

MINUTES OF THE MEETING OF THE
BOARD OF LAND AND NATURAL RESOURCES

DATE: November 7, 1980

TIME: 9:00 A. M.

PLACE: DLNR Board Room

Kalanimoku Building

1151 Punchbowl Street

Honolulu, Hawaii

ROLL
CALL

The meeting of the Board of Land and Natural Resources was called to order by Chairman Susumu Ono at 9:05 A. M. The following were in attendance:

MEMBERS

Mr. Moses Kealoha
Mr. Stanley Hong
Mr. Takeo Yamamoto
Mr. Roland Higashi
Mr. Thomas Yagi
Mr. Susumu Ono

STAFF

Mr. James Detor
Mr. James Yamashiro
Mr. Kenji Ego
Mr. Robert T. Chuck
Mr. Mason Young
Mr. Raymond Hee
Mr. Robert Lee
Mr. Maurice Matsuzaki
Mrs. Joan K. Moriyama

OTHERS

Mr. Johnson Wong
Ms. Cynthia H. H. Thielen
Dr. Emmett Aluli (Item E-1)
Commander Tim Kelley (Item E-1)
Mr. George Pai (Item F-2)
Mr. A. R. Amor (Item F-2)
Mr. Tamotsu Sahara (Item F-7)
Mrs. Helen Wong (Item F-16)
Dr. Henry Wong (Item E-2)
Mr. Jack Suwa
Mr. Adam Vincent

MINUTES

Since the board members did not have a chance to review the minutes of October 10, 1980, the minutes were deferred until the next board meeting.

Added
Item B-1

Mr. Kealoha moved to add Item B-1 to the board agenda. This was a request for out-of-state travel for Kenji Ego to participate in the Mid-Winter Western Association of Fish and Wildlife Agencies Director's Meeting on December 10 and 11, 1980 at Reno, Nevada. Mr. Hong seconded and the motion was unanimously carried.

The board deviated from the printed agenda to accommodate the people in the audience and took up the items in the following order:

STAFF RECOMMENDATION FOR AMENDMENT OF PREVIOUS BOARD ACTION
AUTHORIZING CANCELLATION OF GRANT OF EASEMENT TO STATE AND
JOIN IN PETITION TO LAND COURT FOR DELETION OF EASEMENT 2, WAIPIO,
KALIHI AND KEAUHOU, HONUULA, MAKAWAO, MAUI

ITEM F-4

This was a proposal to amend a previous action of the board. On June 13, 1980, the board approved deleting a vehicular easement from the road to the beach, and in its place public access to the waters was given through a pedestrian access point at two places with a parking place for sixteen vehicles for each of these places.

The purpose of the board submittal today was to amend the previous action for purpose of land court. The two access points remain the same, except that they are going to designate each of the parking lots as a separate lot and the easements. So we have four particular designations rather than two. In addition to that a dirt road, which runs through there, will be deleted. It is not used any more.

ACTION Unanimously approved as submitted. (Yagi/Kealoha)

PRESENTATION RELATING TO THE FEDERAL NOMINATION OF HISTORIC
SITES ON KAHOOLAWA ISLAND TO THE NATIONAL REGISTER OF HISTORIC
PLACES, KAHOOLAWA (ORAL PRESENTATION)

ITEM E-1

For today's oral presentation, the Protect Kahoolawe Ohana and the navy gave their positions on this subject matter. At the next board meeting, Mr. Ono said we will have recommendations from the Hawaii Historic Review Board. They are also doing a separate review in efforts to come up with recommendations to the board.

Mr. Ono said we will also have review and recommendations from the Division of State Parks.

Mr. Ono said the point that we are addressing here is the navy's nomination of various archaeological sites found on Kahoolawe. The nomination is a result of several years of intensive archaeological work. The consultants have come up with certain findings, and the navy has stated its position. Mr. Ono said this board will eventually have to come up with its position in relation to what the State Historic Preservation Officer (SHPO) would be recommending. So it is essential and desirable to have background information given to the board by the various parties.

Ms. Cynthia Thielen, attorney for Protect Kahoolawe Ohana, made the first presentation. She said the navy contacted her this morning from Washington, D. C., to say that they are willing to backdown. They are going to agree to submit to the Keeper of the National Register the 288 sites which are in dispute for determination of eligibility. Certain things remain to be worked out on that, so she said it is not at all established that this will take place. That is their proposal.

Ms. Thielen said she also talked to the Keeper of the National Register, who had indicated to her that the recommendations and actions of the SHPO are extremely important. So even though the navy is appearing to backdown at this point, she said it no way changes the responsibility and questions that are all before this board.

She said the navy has failed to nominate 288 sites for listing on the National Register or even to submit them for determination of eligibility.

Ms. Thielen requested the land board to advise the SHPO, Mr. Susumu Ono, to use 36 CFR Part 60.11-D, which authorizes him to nominate sites for listing in the National Register. The navy is required by law to nominate all sites which meet the eligibility criteria, and the criteria in relation to Kahoolawe are sites that have yielded or may be likely to yield information important in pre-history or history.

Ms. Thielen said the position of the archaeologists who work for Hawaii Marine Research (HMS) is that all sites, with the exception of Site 109 and Feature B of 189, met the criteria for eligibility.

She mentioned that the Navy's decision maker is Captain B. F. Montoya from Washington, D. C., who has been to Hawaii a couple of times. He has no archaeological background, she said. Captain Montoya hired Ann S. Peak from California, an archaeologist with no field experience or educational background in Hawaiian archaeology. She drafted her own criteria, and based on that determined that the 288 sites are ineligible for listing in the National Register.

Ms. Thielen requested the board to be able to hear from the archaeologists who have worked on the island and who were present today. They were Dr. Robert Hommon and Mr. Hamilton Ahlo.

She said it was very difficult to even get the navy to agree to let the archaeologists be present at this meeting. She said the board shouldn't even take the matter under consideration without being able to listen to what the archaeologists have to say.

Mr. Yagi asked, with all of these archaeological sites, whether the Ohana would feel in later years that they would like to have the navy move out of Kahoolawe.

Dr. Emmett Aluli from the Ohana briefly addressed the board. He said they spent almost four years looking at the EIS on the navy's bombing and also on the historic sites trying to claim preservation of these historic sites, and they found out that this is as far as they could go. They are looking at an out-of-court settlement on the remaining EIS issues--clean water, air, noise, pollution, endangered species, the whales. He said they are committed to their feelings from the beginning that desecration should stop.

Mr. Ono asked Ms. Thielen, in connection with her telephone calls this morning, when she might have a definitive response because the land board has a deadline to meet. Ms. Thielen said she wasn't sure.

Mr. Ono asked Ms. Thielen whether she or a representative from the Ohana would be available for the next land board meeting because the board will be discussing the matter further. Ms. Thielen said yes.

Mr. Yagi said it was his understanding that the Ohana's program is to get the navy out of Kahoolawe. He asked what is going to happen once the navy moves out.

Dr. Aluli said that is their goal. That is another issue that is going to be quite discussed in more detail. He said that island is part of ceded trust land and he didn't know what would happen.

Mr. Hong said once the navy gives up the use of Kahoolawe and the island comes back to the State of Hawaii, what does the Ohana foresee the state's role on Kahoolawe, or what would they like to see the state's role to be.

Dr. Aluli said they have not done that kind of a long-range planning. However, he said the state's role should be to stand strong for lands that they are losing or have lost, and to try to bring them all back under the state's jurisdiction.

Commander Tim Kelley was the next speaker. He is a Director of Real Estate Facilities Planning of the Pacific Division of the Naval Facilities Engineering Command. He prepared a brief background paper on "Kahoolawe Archaeology" which was distributed to the board members. He has been directly involved with this since 1977. The statement which was passed out to the board gave the general background on Kahoolawe archaeology going back to 1976 when, under the sponsorship of the navy, the state archaeologist did some work on the island, which was followed by a joint navy-state effort, joint funded, state-administered program, which continued until the fall of 1977.

At that time because of limitation of resources, the navy took over the responsibility for the archaeological survey of Kahoolawe, and they contracted and continued to contract with HMR. September 1977 was also the focus of the litigation in the district court in Judge Wong's ruling, and part of the ruling was that the navy had not, at that time, complied with the applicable executive order regarding the survey.

In the spring of this year, they believed they would obtain the Multiple Resource Nomination from HMR, as well as the recommendation, with regard to all the sites on the island, why they should be nominated on a case-by-case basis. They learned that the April 15 deadline in the contract could not be met, and that HMR had modified its position and would simply state in the general overview statement that all sites should be nominated, and that is what they did.

Due to the existence of the lawsuit, and the navy having to complete its work under this process, and for a reasonable purpose, the navy thought it would be beneficial to bring in a second opinion. He stated that there are two other considerations that should be addressed as to why did the navy not nominate all sites. First of all, it was inconsistent with what they had been led over for four years to be the probable outcome of the survey of this type. The second consideration that the navy had to look at was that it seemed unlikely that every potential archaeological site, identified on the Island of Kahoolawe, ultimately belonged on the National Register and met the criteria. Nevertheless, they brought in this second opinion. The second opinion differed from the opinion of HMR. The recommendation from the second archaeologist basically was that they believed 171 sites met the criteria. They could not render an opinion on the additional 85 because of insufficient information. They recommended that they seek a determination from the Keeper of the National Register regarding the sites, and the navy proceeded in that direction with a letter from Captain Ben Montoya, who is the responsible person in the Chief of Naval Operations Office.

Commander Kelley didn't want the board to feel that the person in that position has to be an archaeologist. Captain Montoya is an administrator and executor. He works on the recommendation from other people and accepts recommendations. He does not render opinions.

He said the navy had a deadline of August 18 by which it had to nominate, or go back to the judge and ask for another extension. They took their actions and nominated the sites. They also submitted their Multiple Resource Nomination, prepared by HMR, which in substance said all sites should be nominated. At the same time they furnished the site nomination forms which had been prepared by HMR for each site, as well as those which they recommended, to the Keeper of the National Register and to the SHPO. Commander Kelley said the navy views the situation at this time that they have done their job.

Commander Kelley said early this week the navy did initiate the move for stipulation regarding the most recent motion in this case whereby they would request the determination of eligibility from the Keeper's Office, and then the navy would act on his determination and the recommendation of the SHPO.

Mr. Yagi asked the commander, in view of what the counsel for the Ohana had mentioned, what happens if there is a conflict. Commander Kelley said they are not in conflict with proper preservation of archaeological sites. After the nomination process is complete and sites are on the National Register, he said the navy has a continued obligation for the preparation of a management plan for the protection and preservation of the sites. The SHPO will be one of the approving parties, as well as the Department of Interior. He said it is the navy's intent to take that management plan and execute a memorandum of understanding between the Department of Interior, the State of Hawaii and the navy, which would give a tri-part type review process to the navy's actions and any impact on the sites.

Mr. Yagi asked whether the navy intends to stay at Kahoolawe. Commander Kelley said yes. It is the navy's position, as stated many times, that Kahoolawe is an essential training facility for the U. S. Navy in the Pacific.

Mr. Yagi said the navy still maintains this same argument since 1950. In 1950, the ILWU, through Senator Mamoru Yamasaki, who was then a member of the House of Representatives of the Territory of Hawaii, introduced a resolution before the House of Representatives asking Congress of the U. S. to return Kahoolawe to the then Territory of Hawaii. The navy said it was vital to the defense and security of the U. S. Navy, and they continued to bomb Kahoolawe as a practice ground. Their argument has not changed, Mr. Yagi said.

Commander Kelley said it isn't his position or authority to speak for the U. S. Navy on that issue. However, that is the stated position of the U. S. Navy. He said if he could assist the board in providing further background information on the navy's broad training uses of Kahoolawe and requirement for Kahoolawe, he will be happy to get that for the board.

Mr. Yagi said he would appreciate that because that is one of the biggest arguments.

Mr. Ono said the additional data would be helpful to this board to get a better understanding of the question raised by Mr. Yagi, not only as it relates to present archaeological issue, but in other aspect as well.

Mr. Ono said he would also like to have someone from the navy and the consultants to be present at the next board meeting because the board may have specific questions at that time. He said that meeting may be held on Kauai. As soon as a decision is made, he will inform them.

Ms. Thielen renewed her request to have the archaeologists speak on the issues since they were present at the meeting. The board members said they need time to digest what was presented today and did not make a request to hear from the archaeologists at this time.

Mr. Ono concluded that the Kahoolawe matter will be discussed at the next board meeting.

ITEM F-2 RESUBMITTAL - KAPOHO LAND PARTNERSHIP APPLICATION FOR GEOTHERMAL LEASE ON RESERVED LANDS AT KAPOHO, PUNA, HAWAII

This matter was deferred earlier for approximately one month. This is the application of Kapoho Land Partnership, which is a Hawaii Limited Partnership, for a direct issuance of a geothermal lease on reserved lands at Kapoho, Puna, Hawaii.

The reason for the deferment, Mr. Detor said, was to give the board additional time to study the matter and also to provide an opportunity to the applicant to list for the board's satisfaction the public benefit aspects of the application as it relates to whether the lease would be awarded directly or to be disposed at public auction.

The terms and conditions of the original application were identical to today's presentation with one change, as far as the recommendation was concerned. Because the land is in agriculture zone, there was a reference in the submittal that a special permit has to be obtained from the County of Hawaii and the State Land Use Commission, and a public hearing scheduled by the County of Hawaii for October 15, 1980. A hearing did take place and the county did approve the special permit. The special permit was for the purpose of drilling a well which involves only two acres, rather than the whole 815 acres listed in the board submittal. Therefore, the approval of the Land Use Commission was not necessary under the law. It was Mr. Detor's understanding that the county itself can approve in the areas below fifteen acres.

Mr. Johnson Wong asked whether the royalty payment is to be made pursuant to regulation, or as modified without any deduction for transporting, processing, etc. Mr. Detor said they made it pursuant to the regulation.

Mr. Wong said in the Bishop Estate lease, which is being proposed right now, they are modifying the royalty payment to the extent that no deduction will be allowed for transportation, processing, etc. He didn't think that Kapoho should be treated any different than Bishop Estate. Mr. Wong said he also found out subsequent to the regulation that most states do not allow that deduction.

Mr. Detor said they didn't address that. He had assumed that they go by the regulation, and there was no discussion on that. However, he was prepared to recommend to the board that we do not allow deductions.

Mr. Higashi asked that a copy of the lease document be circulated to all of the board members so they can review it. Mr. Detor said Mr. Wong had forwarded the final form of a lease that we are going to use. He will furnish a copy to all of the board members.

Mr. Ono said he received a communication from Thermal Power dated November 5, 1980, which was distributed to the board members. That is the latest communication that we have received subsequent to the last meeting. If the board

members have any specific questions to ask pertaining to that letter, Mr. Ono said he can call on a representative of that company.

Mr. A. R. Amor, President of Thermal Power, said they have endeavored to respond to the concerns which the board raised at the last meeting. They have also met with Mr. Higashi to discuss the issues further and to try to allay his particular concerns which center around public benefits which will accrue to the state and the county from issuance of this state lease. The particular issue that has had most focus is that of pricing. He believed that there are a number of other issues which are equally important which center around the benefits to the islands and which they have referred to in their letter.

On the particular issue of pricing, what they have tried to express is the position of Thermal Power and Dillingham, that at this stage it is extremely difficult to determine accurately or even to make responsible predictions about the price of geothermal energy. It was their feeling that almost certainly the price is going to be lower than the prices for fossil fuel. He said the board should recognize that there is a clear regulatory framework in which the pricing of geothermal energy and the consumer interest in that will be protected. He believed that the PUC has a clear responsibility on behalf of the consumer that price is beneficial to the consumer.

Mr. Amor said the proper sequence should be that the exploration work is allowed to proceed so that the extent and the characteristics and the producibility of the geothermal reservoir can be ascertained, and the design work and the engineering, and all the other variables that go into it can be defined. He said the utility has a very clear responsibility at that point.

Mr. Amor said to establish a clear formula, they don't believe it is possible. They are also concerned and confused about where the regulatory process takes place.

Mr. Ono said as far as leasing the natural resources of the state, this body (Land Board) is the agency. As far as the benefit to the general public, this body is responsible to look after the interest of the people.

Mr. Higashi added that all of the people in the State of Hawaii has an undivided interest in the natural resources that we have, somewhat different from private interest using private money to generate electricity by ultimate means or fossil fuel.

He said every government agency who can play a role in the benefit to the direct consumer should make every effort to make sure that the consumer benefits from it. Mr. Higashi said the board never asked them to figure out the exact price of energy. The board asked them to figure out the methodology to work out how we are going to arrive at the price. He said they met with other people. These people said it is difficult but that they will make every attempt to work on it, together with the board. He said they have already arranged for an appointment with another group starting December 17 to try to work out a methodology.

Mr. Amor said the question that they still have is at what point of time is it taken as a commitment, and how that affects the decision-making process.

Mr. Higashi said in their discussion it was a matter of coming up with a proposal. In the Dillingham study for industrial use of geothermal energy, they gave some hypothetical figures to come up with exact figures on cost per kilowatt. They have exact percentages to reflect every return on the investment. He said this is done in the DOE funded program for industrial use of geothermal use. So he said there are some methods being worked out.

Mr. Amor said what they would like to do, if it is appropriate, is to provide some additional arguments, both about the benefits to the state and the pricing.

Mr. Ono accepted Mr. Amor's offer to provide the board with additional data which the board is looking for. He said in return what the board would like to do is to adopt a set of criteria so the applicant would know what this board expects. He said staff can work directly with the people involved.

Mr. Ono said the applicant may feel that the board is against them in their attempts to tap an alternate energy source. This is not the board's position. To the contrary, he said.

Mr. Higashi said the board has expressed its concerns loud and clear to all of the people interested in developing geothermal energy. The board knows that they are serious and sincere. He hopes that they realize that the board's effort is also serious and sincere.

Mr. Hong said this board is feeling their way through this, and in adding to Mr. Ono and Mr. Higashi's statements, he advised the applicants not to be discouraged because in the overall it is the board's intent to develop this resource for the best interest of the people of Hawaii. He said in the overall balance the developer, as well as the people of Hawaii, will benefit.

Mr. Pai said he would assume the application will be deferred to a period of time. Mr. Ono said he would like this matter deferred and have the staff workout guidelines. Mr. Pai said they will be available to cooperate with the staff.

Mr. Kealoha said the board has gone through this discussion on geothermal energy, and every now and then the question of utility companies and the constraints and limitations of this board arises, but the board has ignored it. Maybe that is something for the court to decide in the final end, he said, but still the board's interests lie in the gray area regarding how far our limitation extend.

ACTION The board was in unanimous agreement to defer this matter for about a month.

Mr. Higashi said there is another developer in energy drilling in the Puna area. He asked the staff to check on the implied reservation, if there is any.

Mr. Detor said they have run a check on it as to whether the grant that covered that particular area has a reservation. It does not. They also checked the date when this took place. He said apparently the grant was issued during the time when the law did not require that a mineral reservation be made. He said he doesn't know how conclusive that is. They don't

have an official opinion on it. He said their examination of it from the actual language on the grant and from the standpoint of the date when that grant was issued would indicate that we don't have a claim on it.

Mr. Higashi asked the staff to check with the attorney general's office on this matter.

ITEM F-7

RESUBMITTAL - CONVEYANCE IN FEE OF TWO REMNANT PARCELS TO UNIVERSITY OF HAWAII, WAAHILA AND KANEWAI, HONOLULU, OAHU, TMK 2-8-29 POR. 1 AND WITHDRAWAL OF PORTIONS OF LAND FROM GOVERNOR'S EXECUTIVE ORDER NO. 1807 (UNIVERSITY OF HAWAII) FOR SUBSEQUENT TRANSFER TO THE CITY AND COUNTY OF HONOLULU

This was a resubmittal and pertained to a conveyance of property to the City and County of Honolulu by the University of Hawaii, and additional conveyance of two remnant parcels that lie within this particular area by the state to the city. The two pieces are state property under the jurisdiction of this board. The submittal at the last meeting indicated that we would convey these two parcels to the city for \$1.00. Mr. Detor said they are changing that recommendation to say conveyance at a price to be set by the chairman.

The University would like the state to convey to the city for a price, but that price to be a credit, along with the rest of them, to the University against the improvement district prices.

Mr. Ono asked how can the University use state assets and spend \$77,000 to pay to the city without authorization from the legislature. He asked whether they can do this.

Mr. Detor said he knows that the Board of Regents do have the authority to convey and buy land, but he couldn't answer Mr. Ono's specific questions.

Mr. Tamotsu Sahara from the University of Hawaii said in 1949 the U. H. purchased the subject parcel from the city. In 1978, the legislature passed a house concurrent resolution requesting that the University convey that land to the city. It was the position of the University that the Board of Regents have fiduciary responsibility so they have to have some kind of payment in return for conveying the land. Since they owe the city half a million dollars in improvement district assessments, they are asking for credit to reduce the University's debt to the city rather than asking for the cash payment.

Mr. Detor said the board should be made aware that the \$33,000 that was originally paid, when the University purchased the property from the city, was money that was appropriated by the legislature for that purpose. As far as the improvement district assessments are concerned, when they are levied against the state, the city goes to the legislature to try to collect the money. However, he didn't think they have collected a dime yet.

Mr. Kealoha didn't feel the board should be involved in what the University is doing with the city. As far as he can see it, they are asking for the two parcels.

Mr. Detor said we are involved to the extent that the executive order is still in existence.

Mr. Kealoha said this request should be presented as two separate submittals.

Mr. Detor said the action that is being requested of the board is:

1. To approve of and recommend to the governor the cancellation of executive order covering the whole thing, including the piece that they own; and
2. To authorize the conveyance of two remnant pieces at a price to be determined by the chairman.

Mr. Kealoha suggested having the parcels appraised. Mr. Detor said that could be done if that is the wish of the board.

Mr. Ono asked who gets to keep the money. This is not stated in the submittal. Mr. Detor said they wanted to be credited, but that was not his recommendation.

Mr. Sahara said the city has informed them that if there is any payment involved that they will request that the two pieces be eliminated.

ACTION Mr. Kealoha moved for deferral. Mr. Higashi seconded and the motion was unanimously carried.

ITEM F-16 FREDERICK A. AND HELEN Y. T. WONG REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (12/15/78, AGENDA ITEM F-24) CONSENT TO TRANSFER OF G. L. NO. S-4297, WAIMANALO, OAHU

At a meeting of February 1978, the board approved a request by the Wongs for an extension of the term of their lease in order that they could qualify for a loan from the Federal Land Bank Association of Hawaii in order to make improvements to the property.

The board approved extending that lease to the year 2007. One of the standard conditions was that there would be no assignment of the lease for a period of five years from the effective date of any mortgage resulting from the extension.

Subsequent to that in December 1978, the board was asked to waive that 5-year, no-transfer restriction in order that the lease could be transferred to a corporation that the Wongs were forming, and which had subsequently been formed. They indicated that they were going to keep 75% of the stock in that corporation in order to raise capital. The board approved waiving that 5-year restriction to the extent necessary so they could form that corporation. At that time the board stipulated that they retain 75% of the stock in the corporation and only sell 25%.

What the Wongs would like to do today is that the board's action be further amended to permit them to sell up to 49% of the shares so they can raise additional capital which they feel is necessary to operate the farm. They would still retain control of the corporation.

Mr. Detor recommended to the board that the board go along to the extent allowing them to sell additional shares in the corporation, but that they retain control.

Mr. Hong said the problem is when we transfer holding of land to a corporation, if the corporation becomes defunct or goes bankrupt, state has no recourse against the individuals.

Mr. Detor said the lease right now is held by the corporation, Mahalo Farms, Inc., so there is no individual involved, although the Wongs own 75% of the stock.

Mr. Hong said this is an example where slowly the control of the ownership is in other hands.

Mr Detor pointed out that the 5-year restriction started in December 1978, so two years have almost gone by now.

Mr. Kealoha said the board doesn't know the problem why they need to raise additional funds. Maybe they overextended itself in the original loan, he said.

Mr. Ono asked whether there has been a review of their cash requirements. They seem to be depleting their cash pretty rapidly. He said the board would need a little bit more evaluation and would also like to know how the farm is operating. He said they have a cash flow problem and asked what is the problem.

Mrs. Helen Wong explained to the board that the reason for this request is because at the time when they made the loan, the project was for a family-size farm. In the meantime, Mr. Wong became ill and is unable to do the physical work. They had to increase the farm operations and they would like to include the hiring of laborers. They have gone to loan companies and to the state for monies. Because of change in their commodity, they are in a very poor cash flow position. Mrs. Wong said they are going from bananas into dendrobiums, and it does take a long time to get into operation and to get into production. They are not able to borrow because there is no cash flow for the first four years.

Mrs. Wong asked for board's permission to allow them to sell a few more shares to get enough capital to expand so they can hire people to make this a viable farm. She said they have no intention of selling the majority shares.

ACTION Mr. Kealoha asked to defer this matter so the board can take a closer look at their operations. The board had no objection to deferring this matter.

Mr. Ono asked the staff to get together with Mrs. Wong and make a site inspection.

ADDED
ITEM B-1 OUT-OF-STATE TRAVEL REQUEST FOR KENJI EGO TO PARTICIPATE IN THE
MID-WINTER WESTERN ASSOCIATION OF FISH AND WILDLIFE AGENCIES
DIRECTOR'S MEETING

ACTION Unanimously approved as submitted. (Kealoha/Yagi)

ITEM D-1 SOIL AND WATER CONSERVATION DISTRICT DIRECTORS

Mr. Yagi asked whether Ralph Ajifu listed here is the same person who is a senator. If he is the same person, he asked whether there is any conflict for the senator to be appointed to the soil and water conservation district office.

Mr. Chuck said there has been a memo in the past, and perhaps it is time to look into it from today's laws and report back to the board. He asked that Senator Ajifu's name be held in abeyance until this matter is resolved.

ACTION Mr. Kealoha moved, seconded by Mr. Yagi, and the board approved to certify the elected persons listed in the submittal, for the terms shown, to serve

as directors of the respective soil and water conservation districts, except Ralph Ajifu, whose name was deleted from the list.

Mr. Hong did not vote on Mr. Les Wishard's appointment because Mr. Wishard is an employee of Davies-Hamakua Sugar Mill so there is a conflict there.

ITEM D-2 ELECTRICAL SERVICES FOR JOB NO. 44-HA-2, PAHOA AGRICULTURAL PARK, PHASE II, KEONEPOKO IKI, PUNA, HAWAII

Mr. Higashi said we work very closely with the electric companies in granting them immediate right of entries, etc., in order to save time, and the state is required to come up with cash beforehand and take the rebate afterwards. Mr. Higashi felt that we should have some sort of an agreement or policy with them.

Mr. Detor said staff did argue before on this point with them, and he was informed that it is a requirement under the PUC regulations. However, Mr. Detor said he has not seen this in writing.

Mr. Higashi asked the staff to check into this.

ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM D-3 APPOINTMENT TO IRRIGATION SYSTEM SERVICE WORKER II POSITION, WAIMANALO IRRIGATION SYSTEM

ACTION Mr. Andres Limasa was unanimously appointed to the Irrigation System Service Worker II position, effective November 17, 1980. (Kealoha/Hong)

ITEM D-4 APPROVAL FOR AWARD OF CONTRACT - JOB NO. 4-OW-8, DRILLING WAILUPE WELL (1845-01), HONOLULU, OAHU

ACTION The board unanimously voted to award the contract for the subject project to Roscoe Moss Company for their low bid of \$187,625.00, subject to release of funds by the Governor. (Kealoha/Hong)

(See pages 2 to 6 for Item E-1.)

ITEM E-2 REQUEST PERMISSION TO USE IOLANI PALACE GROUNDS ON NOVEMBER 9, 1980 BY KGMB-TV FOR PROMOTION OF "HOME GROWN IV" TELEVISION SPECIAL

Mr. Kealoha asked why staff was recommending a commercial use for the Iolani Palace grounds. Our rules are quite clear, he said, in that respect, that there be no commercial use. He personally didn't feel that this use should be permitted. However, should this be permitted, he asked whether there is any stipulation how they are going to use the film. Who is going to own the film? Can we use it in the future? What kind of royalties are we going to impose?

Mr. Kealoha further asked how the records are going to be sold, and why they need a tv. Mr. Yamashiro said the records are going to be at the stores. He said they need to publicize that portion of the record on the tv station.

If the board does approve this request, Mr. Yamashiro said specific conditions will be included, that it cannot be used for any other purposes, or any other conditions that the board may want to place.

Mr. Kealoha said in the educational tv, at the beginning and at the end of the films, there are film clips acknowledging the agencies involved. For example, "State of Hawaii, with the cooperation of the Governor of Hawaii, by its Department of Land and Natural Resources, Division of State Parks." He said he can see that as a community service. However, the intent here is for the tv people to publicize a record or individuals and rerun the film over and over.

Mr. Yagi asked whether they were planning to use it for other commercial uses or specifically for this purpose. Mr. Yamashiro said it was his understanding that it is specifically for Home Grown record.

Mr. Yamashiro said he brought this matter to the board, fully realizing that it is a commercial venture, since the song was written about Iolani Palace. He said for other requests, staff has denied them.

Mr. Hong asked whether there is a clear public benefit. Mr. Yamashiro said the wording "clear" maybe too strong, but public benefit would be in that funds derived from the albums will go to the Waipahu Cultural Park. He didn't know what percentage of the record will be given to the cultural park.

ACTION Mr. Kealoha moved to deny this request. Mr. Hong seconded the motion.

Dr. Henry Wong of Department of Planning and Economic Development made a brief statement. It was his understanding that KGMB is running a special. It's Ron Jacobs' "Home Grown" and it's an annual thing. They want to do on location, and that was the reason for wanting to use Iolani Palace grounds. He said it isn't commercial, per se.

Mr. Kealoha said he has noticed in the papers that tv network has been shooting films, some on state lands, some on private lands, and the board gets phone calls. He said the department should be made aware of all those happenings before it happens.

On the call of the question, the motion to deny was unanimously carried.

ITEM F-1 DOCUMENTS FOR CONSIDERATION

HAWAII

Item F-1-a LAND PATENT

To be issued in confirmation of Land Commission Award No. 10409 to Nahao, Awardee, by application of MRS. AYAME OKAZAKI, current landowner - Kapoauka, Hamakua.

MAUI

Item F-1-b REVOCABLE PERMIT

KEAWAKAPU HOMEOWNERS ASSOCIATION - Government land, being a portion of Kamaole Homesteads, Wailuku - for landscaping and maintenance - \$11.00

KAUAI

Item F-1-c TRANSFER

LESLIE H. IBARA, whose wife is Linda H. Ibara, to LESLIE H. IBARA and LINDA H. IBARA, husband and wife, as tenants by the entirety - Lot 3, Waimea Heights Residential Subdivision, First Increment, Waimea (Kona) (SSA No. S-5440)

Item F-1-d LAND LICENSE

MARK DEVELOPMENT, INC. - To remove 1,200 cubic yards of sand from the state's Kekaha Burrow Pit at Kekaha and an additional 1,000 cubic yards of top soil from state land at Kekaha at royalty rates of \$1.00 per cubic yard of sand and \$.50 per cubic yard of top soil.

Mr. Yamamoto questioned the rates. He noticed that top soil is cheaper than sand. Mr. Detor said it is called top soil but it's really rock material. He said it isn't really good top soil.

Mr. Mason Young, land agent, said actually this top soil is silt sludge material that comes from the cane drainage system.

Mr. Hong asked whether these rates are commercial rates and whether we are in line with others. Mr. Detor said these are rates used on Kauai. Mr. Ono asked the staff to have that verified.

The board was in unanimous agreement to defer this matter.

ACTION Mr. Hong moved to approve Item F-1 as submitted, except Item F-1-d which was deferred. Mr. Yagi seconded and the motion was unanimously carried.

(See pages 6 to 8 for Item F-2.)

ITEM F-3

COUNTY OF HAWAII REQUEST FOR E. O. SETTING ASIDE LAND FOR PARK PURPOSES, OLAA SUMMER LOTS, PUNA, HAWAII

This was a request from County of Hawaii for an executive order covering land in the volcano area for a park. The board gave a right of entry in 1969 to the county to plan and develop a park-playground in the same area. However, the county never went ahead because they were looking at the old Volcano Lodge property at that time which is very close by, thinking maybe to purchase that property. However, they couldn't come up with the money. So now they are going back to the state land proposal. They have \$65,000 and the state has appropriated some \$40,000, so they would like to go ahead.

Mr. Ono asked whether they got the state's portion of the money. Mr. Detor didn't think it has been released yet.

Mr. Ono asked if the money is not released, what happens if they got hung up.

Mr. Higashi said the community is very involved in this. The community will provide labor for the development and will be involved in the construction, together with our efforts, to have the county develop the park within a reasonable time.

In our letter to the county on the board's action, Mr. Higashi directed the staff to strongly urge the county to develop the park.

Mr. Higashi also mentioned a piece of property on Leilani and Kawaiiani Streets, for which an executive order was issued in 1969 to the county, and which has not been developed. He said it is incumbent upon the county when we set aside property to them for a specific purpose that they expedite the use.

ACTION Unanimously approved as submitted. (Higashi/Yamamoto)

(See page 2 for Item F-4.)

ITEM F-5 STAFF RECOMMENDATION FOR CANCELLATION OF GENERAL LEASE NO. S-4615 AND SALE OF A NEW LEASE AT PUBLIC AUCTION, LOT 1-A, UALAPUE LOTS, UALAPUE, MOLOKAI

ACTION Unanimously approved as submitted. (Yagi/Yamamoto)

ITEM F-6 DAGS REQUEST FOR ACQUISITION OF RIGHT OF ENTRY FOR TOPOGRAPHIC SURVEY FOR UNIVERSITY OF HAWAII TROPICAL AQUACULTURE PROGRAM AT WAIALEE, OAHU

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

(See pages 9 and 10 for Item F-7.)

ITEM F-8 STAFF RECOMMENDATION FOR EXTENSION OF LEASE CONTRACT FROM THE U. S. ARMY COVERING STATE USE OF LAND FOR PILOT RECYCLING PLANT PROJECT, HONOLULU, OAHU

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM F-9 RESUBMITTAL - COUNTY OF KAUAI REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (9/26/80, AGENDA ITEM F-16) AUTHORIZING ISSUANCE OF A LEASE COVERING ADDITION TO THE COUNTY LIHUE BASEYARD, LIHUE, KAUAI

ACTION Unanimously approved as submitted. (Yagi/Higashi)

ITEM F-10 JENNIE LYUM REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (11/9/79, AGENDA ITEM F-30) AUTHORIZING ISSUANCE OF A LEASE COVERING LOT 79 OF THE PUU KA PELE PARK LOTS, WAIMEA, KAUAI

ACTION Unanimously approved as submitted. (Yagi/Yamamoto)

ITEM F-11 STAFF RECOMMENDATION FOR CONVEYANCE OF STATE LAND AND EASEMENTS TO THE COUNTY OF KAUAI, WAIPOULI, OLOHENA, KAWAIHAU, KAUAI

ACTION Unanimously approved as submitted. (Yagi/Higashi)

ITEM F-12 STAFF RECOMMENDATION FOR REVIEW AND CONTINUATION OF REVOCABLE PERMITS COVERING STATE LANDS IN THE FIRST LAND DISTRICT (HAWAII)

ACTION Approved as submitted. (Higashi/Yagi)

Mr. Hong did not vote on the Theo. H. Davies' permits because of a possible conflict.

ITEM F-13 STAFF RECOMMENDATION FOR REVIEW AND CONTINUATION OF REVOCABLE PERMITS COVERING STATE LANDS IN THE SECOND LAND DISTRICT (MAUI)

ACTION Unanimously approved as submitted. (Yagi/Higashi)

ITEM F-14 STAFF RECOMMENDATION FOR REVIEW AND CONTINUATION OF REVOCABLE PERMITS COVERING STATE LANDS IN THE THIRD LAND DISTRICT, OAHU

Mr. Detor said there are some changes that he would like to make on the Oahu permits and asked Mr. Raymond Hee to point them out to the board.

Under Exhibit B (Waimanalo), on page 1, the following corrections were made to the recommended monthly rentals:

R. P. No. 1587 to Tadashi Fujieki - from \$10.00 to \$16.00

R. P. No. 1603 to Torao Ogino - from \$10.00 to \$14.00

R. P. No. 2160 to Bernard Vause & Mae K. Vause - from \$10.00 to \$32.00

R. P. No. 2817 to Robert Keim - from \$10.00 to \$16.00

Under Exhibit B (Waimanalo), on page 3, the following correction was made to the recommended monthly rental:

R. P. No. S-4918 to Manuel Rawlins - from \$10.00 to \$11.00

For the Sand Island permits (Exhibit C), the rates are 2½¢ for open space and 5¢ for covered space. Mr. Detor said they were not recommending raising the rates at this time. There are a number of people there who contend that these rates are sufficient and fair in view of the lack of refinements, like bringing in their own electricity, sewer lines, etc.

Mr. Detor said the board changed the rates across the board on February 1, 1977. What the staff would like to do is to get an independent appraisal, rather than looking at it from the staff's standpoint, if the board is agreeable to taking this approach.

Mr. Hong asked how long this will take. Mr. Detor thought a couple of months or so. He said some years back we had two independent appraisals which suggested a substantial boost in rate, and the board actually did approve those increases. Subsequently the board rescinded that action. The contention was that the rates were too high because of lack of amenities there as stated earlier.

Mr. Hong said there should be a reasonable "ballpark" figure, a percentage of increase, by looking at comparables of industrial areas nearby. Regardless of lack of refinements, Mr. Hong said this is prime land. There are lots of people who would like to go in there. He said the board's responsibility is to see that the state gets its fair return on the land.

Mr. Hong suggested that the staff come up with some increase on the Sand Island permits.

Mr. Detor said he can ask his staff to look at that.

Mr. Ono asked how the adjustment was made in 1977. Mr. Detor said it was done in-house.

Mr. Hong was inclined to ask for deferral on the Sand Island permits (Exhibit C). Mr. Detor suggested that since the Sand Island permits are not affected by rental increase anyway, that the board at least approve the continuance of these permits which is necessary legally.

ACTION Mr. Hong moved to approve Item F-14 with a provision that the staff come back at the December meeting with the Sand Island permits with its new rates. Mr. Yagi seconded and the motion was unanimously carried.

STAFF RECOMMENDATION FOR REVIEW AND CONTINUATION OF REVOCABLE PERMITS, COVERING STATE LANDS IN THE FOURTH LAND DISTRICT (KAUAI)

ITEM F-15

ACTION Unanimously approved as submitted. (Yamamoto/Yagi)

(See pages 10 and 11 for Item F-16.)

ITEM H-1

FILLING OF POSITION NO. 28999, CLERK-STENOGRAPHER II, NATURAL AREA RESERVES SYSTEM OFFICE

ACTION The board, on Mr. Yagi's motion and seconded by Mr. Hong, unanimously approved the appointment of Gail Mijo to Position No. 28999, Clerk-Stenographer II, effective November 12, 1980.

ITEM I-1

ADMINISTRATIVE LEAVE ON DUTY STATUS FOR BRUCE L. BIKLE

ACTION Unanimously approved as submitted. (Yagi/Yamamoto)

ITEM I-2

APPOINTMENT OF LICENSE AGENTS

ACTION Mr. Tanaka Store, Inc. and Kapahulu Fishing Supplies were unanimously approved as license agents to sell hunting and fishing licenses. (Yagi/Yamamoto)

ITEM J-1

LEASE OF LAND, FIXED-BASE OPERATORS' SUBDIVISION, SOUTH RAMP, HONOLULU INTERNATIONAL AIRPORT, OAHU (FLIGHT EXECUTIVE, LTD., DBA HAWAII LANDAIR)

ACTION Unanimously approved as submitted. (Yagi/Yamamoto)

ITEM J-2

LEASES FOR LEI VENDING PERMITTEES, GENERAL LYMAN FIELD, HILO, HAWAII

ACTION Unanimously approved as submitted. (Yagi/Hong)

ITEM J-3

ADDENDUM NO. 1 TO LEASE NO. DOT-A-78-22, LIHUE AIRPORT, KAUAI (HAWAIIAN AIRLINES, INC.)

ACTION Unanimously approved as submitted. (Yamamoto/Higashi)

ITEM J-4

ADDENDUM NO. 4 TO LEASE NO. DOT-A-74-33, GENERAL LYMAN FIELD, HAWAII (AIR HAWAII INTERNATIONAL, INC. DBA AMERICAN INTERNATIONAL RENT-A-CAR OF HAWAII)

ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM J-5

REVISION OF RENTAL RENEWAL OF SPACE PERMITS, AIRPORTS DIVISION

ACTION Unanimously approved as submitted. (Hong/Yagi)

ITEM J-6

RENEWAL OF SPACE PERMITS, CONFORMING USE, AIRPORTS DIVISION

ACTION Unanimously approved as submitted. (Hong/Yagi)

ITEM J-7

RENEWAL OF SPACE PERMITS, CONFORMING USE, AIRPORTS DIVISION

ACTION Unanimously approved as submitted. (Yagi/Higashi)

ITEM J-8 ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, UPPER DECK, PIER 10, HONOLULU HARBOR, OAHU (ALOHA CAMERA & GIFT SHOPS, INC.)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-9 ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, KALIHI-KAI, HONOLULU, OAHU (PLAS-TECH, LTD.)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-10 ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, KALIHI-KAI, HONOLULU, OAHU (ALEX JAKUBENKO)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-11 ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, NEAR PIER 23, HONOLULU, OAHU (ALBERS MILLING CO.)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-12 CONTINUANCE OF REVOCABLE PERMITS, HARBORS DIVISION

ACTION Unanimously approved as submitted. (Yamamoto/Hong)

ITEM J-13 RESUBMITTAL - CONTINUANCE OF REVOCABLE PERMIT, H-73-419, PIER 21, HONOLULU, OAHU (DR. H. KARL IHRIG, JR.)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-14 ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, KEWALO BASIN, HONOLULU, OAHU (JAMES OKUDARA, DBA MOBILE MARINE REPAIR)

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

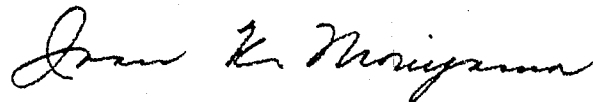
ITEM J-15 RESUBMITTAL - CONTINUANCE OF REVOCABLE PERMIT H-168, LAHAINA SMALL BOAT HARBORS, MAUI (LAHAINA RESTORATION FOUNDATION)

ACTION Unanimously approved as submitted. (Yagi/Yamamoto)

Next Meeting The next meeting is on November 21, 1980. The board members will be informed on the location as soon as possible.


ADJOURNMENT There was no further business and the meeting was adjourned at 12:15 P. M.

Respectfully submitted,



JOAN K. MORIYAMA
Secretary

APPROVED



SUSUMU ONO
Chairman

jkm