

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

DATE: February 13, 1981

TIME: 9:00 A. M.

PLACE: DLNR Board Room, Room 132  
Kalanimoku Building  
1151 Punchbowl Street  
Honolulu, Hawaii

ROLL  
CALL

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

MEMBERS

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

STAFF

Mr. Kenji Ego  
Mr. Libert Landgraf  
Mr. Robert T. Chuck  
Mr. James Detor  
Mr. Wayne Hirata  
Mr. Herbert Yanamura  
Mr. Mason Young  
Mr. Roger Evans  
Mr. Ralston Nagata  
Mr. Charles Neumann  
Mr. Noah Pekelo  
Mrs. Joan K. Moriyama

OTHERS

Deputy A. G. Dona L. Hanaike  
Deputy A. G. Johnson Wong  
Mr. Clifford Lum (Item F-7)  
Mr. E. C. Craddick (Item F-3)  
Mr. S. M. Eisenstat (Item F-3)  
Ms. Judith Forster (Item F-10)  
Mr. Francis Yamada and  
Mr. Robert Tom (Item F-24)  
Mr. George Masuoka (Item F-33)  
Mr. Norito Kawakami (Item F-34)  
Mr. Robert M. Cool (Item F-34)  
Mr. Boyd C. Saderup (Item F-34)  
Mr. Boyce Brown (Item H-5)  
Kauai Bible Church Rep. (Item H-1)  
Mr. Peter Garcia

MINUTES

The minutes of January 9, 1981 were unanimously approved as circulated, on Mr. Hong's motion and seconded by Mr. Yamamoto.

REQUEST FOR APPROVAL FOR DELEGATION OF AUTHORITY TO ALLOW THE CHAIRMAN TO AMEND AGREEMENTS BETWEEN THE DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT AND AQUACULTURE CONTRACTORS TO REFLECT THE TRANSFER OF THE AQUACULTURE DEVELOPMENT PROGRAM TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

ITEM B-1

ACTION Unanimously approved as submitted. (Kealoha/Hong)

FILLING OF POSITION NO. 8738, AQUATIC BIOLOGIST VI, FRESHWATER FISHERIES SECTION CHIEF POSITION

ITEM B-2

ACTION The board, on Mr. Yagi's motion and seconded by Mr. Yamamoto, unanimously approved the appointment of Stanley I. Shima to Position No. 8738, Aquatic Biologist VI, Freshwater Fisheries Section Chief, effective February 16, 1981.

ITEM C-1 REQUEST FOR OUT-OF-STATE TRAVEL FOR EDWIN Q. P. PETTEYS

ACTION The board, on Mr. Higashi's motion, seconded by Mr. Yagi, unanimously approved Mr. Petteys' request for out-of-state travel to participate in the 2nd Western Regional Remote Sensing Conference in Monterey, California, during March 30 to April 2, 1981, and to allow the advancement of travel funds, to be partially reimbursed by NASA.

ITEM C-2 FILLING OF GENERAL LABORER I POSITION, MAUI/MOLOKAI DISTRICT

ACTION Mr. Dwight J. Thompson was unanimously approved to fill the vacant General Laborer I Position No. 27039 for the Maui/Molokai District, on Mr. Yagi's motion and seconded by Mr. Yamamoto.

ITEM C-3 FILLING OF CLERK-STENOGRAPHER II, SR-9, POSITION NO. 26773

ACTION Mrs. Sharon Kokubun was unanimously appointed to fill Position No. 26773, Clerk-Stenographer II, on Mr. Higashi's motion and seconded by Mr. Yagi.

ITEM C-4 APPOINTMENT OF DISTRICT FIRE WARDEN, DISTRICT 17, MOLOKAI

ACTION The board, on Mr. Yagi's motion and seconded by Mr. Higashi, unanimously approved the appointment of Jack Halstead as District Fire Warden for District No. 17, Molokai.

ITEM C-5 AWARD OF TIMBER (LAND) LICENSE

ACTION The board, on Mr. Yamamoto's motion and seconded by Mr. Yagi, unanimously approved staff's recommendations, as follows:

1. That the timber license be awarded to the highest bidder, Terry P. Kamen, at a price of \$1.75 per fresh weight ton of harvested material;
2. That the license be completed in final form as called for in the Notice of Sale and Conduct of Sale documents; and
3. That the chairman and one member of the board be authorized to sign the license for the board.

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Mr. Landgraf extended his appreciation, and that of his staff, to the board for the opportunity given by the board to the young people for employment.

He specifically referred to today's board actions on the hiring of a young man (Item C-2) and a young woman (Item C-3). They both have participated in the Forestry's YACC programs. Mr. Landgraf said it has given the young unemployed adults an opportunity to do on-the-job training to qualify and to enter into the adult professional employment ranks.

ITEM D-1     APPOINTMENT OF SOIL & WATER CONSERVATION DISTRICT DIRECTOR

ACTION     The board, on Mr. Yagi's motion and seconded by Mr. Hong, unanimously appointed Mike O'Keefe as a Director of the Molokai-Lanai Soil and Water Conservation District for a term ending on June 30, 1983.

ITEM D-2     PERMISSION TO ENGAGE THE SERVICES OF BISHOP MUSEUM TO PROVIDE  
ARCHAEOLOGICAL SERVICES FOR THE LALAMILO AGRICULTURAL PARK  
SITE

ACTION     Unanimously approved as submitted. (Higashi/Yagi)

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

ITEM F-3     BARNWELL GEOTHERMAL CORP. APPLICATION FOR GEOTHERMAL MINING  
LEASE ON RESERVED LANDS AT KAPOHO, KANIAHIKU, POHOIKI AND KEA-  
HIALAKA, PUNA, HAWAII

This was an application for a direct lease of geothermal resources on reserved lands in the Puna area. The applicant, Barnwell Geothermal Corporation, has been assigned the occupier's rights by the land owners who were listed in the submittal. The terms and conditions of the proposed lease were the same as the other two geothermal leases which the board acted on previously.

Mr. Detor said the applicant has submitted a criteria, which were circulated to the board members, under which they propose to operate.

Mr. Higashi questioned whether the applicant shouldn't be J. T. Trading Company, Ltd., Auto Imports of Hawaii, Inc. and Promised Land Corporation, instead of Barnwell Geothermal Corporation as indicated in the submittal, and mentioned the subleases that came up at the last board meeting on the Lyman's properties.

Mr. Detor explained that since Barnwell Geothermal Corporation has been assigned the occupier's rights by the land owner, they are the applicant. In the case of the Lyman property, Mr. Detor said the land owner is not Kapoho Land Partnership. The owner assigned the occupier's rights to Kapoho Land Partnership, who in turn are subleasing it to the Dillingham-Thermal joint venture.

The board was not clear in this area and suggested that the staff check this out. While waiting for the answer, the board took up the next item.

(See pages 5 to 7 for further discussion and action on Item F-3.)

ITEM F-7     W. A. LAVALLEE REQUEST FOR REVIEW OF VALUE ESTABLISHED FOR  
ABANDONED RAILROAD RIGHT-OF-WAY SEGMENTS RUNNING ACROSS  
LOT 721, WAIAKEA HOMESTEADS, 2ND SERIES, WAIAKEA, SOUTH HILO,  
HAWAII

This was a request for reconsideration of the price set on the sale of an

abandoned railroad right of way running through Lot 721 of the Waiakea Homesteads in Hilo.

On May 12, 1978, the board approved the direct sale of an abandoned railroad right of way. Subsequent to that, an appraisal was obtained, estimating the value of the railroad right of way at \$46,150.00.

The applicant felt the appraisal was too high and hired his own appraiser who came up with a value of \$11,400.00. Mr. Detor reported that the staff appraiser reviewed it and does not agree with the appraisal.

Mr. Detor said the applicant has asked for an opportunity to appear before the board to point out what they feel should be the basis on which the estimated value should be.

Mr. Higashi said the appraisal done by George D. Hao of Raymond A. Leshner & Co. is an opinion of some sort without substantiating data. He said he had a difficult time understanding it and asked what it was that they had submitted.

Mr. Wayne Hirata said that was a preliminary study for the purpose of providing counseling as to values.

Mr. Higashi said if it is a preliminary study, you cannot have true comparables by looking at two appraisals to see if there was an error in the methodology or values.

Mr. Detor said in a case like this if the board wishes it can adopt an arbitration procedure. He said the law specifies or calls for an arbitration procedure only in the case of rental reopenings. This is not a rental reopening. This is a sale of an abandoned railroad right of way.

Mr. Ono asked who pays for the appraisal fees. Mr. Detor said normally in the lease reopening procedure, the state pays for the first appraisal; the applicant pays for the second; and the applicant and the state split the cost for the third. In this case, however, he said the situation is different because the applicant paid for the initial appraisal, and they also paid for the one that Leshner did for them.

Attorney Clifford Lum said he advised his client that in order to combat any type of appraisal, he needs a full appraisal. He asked for deferment of this item until the full appraisal is complete. He believed that the appraisal should be completed within thirty to sixty days.

Mr. Lum called the board's attention to what he termed as a very important point. Four years previous to the board's action to sell the remnant to Mr. Lavallee, the state had sold the adjoining right of way, which consisted of nearly an acre, and the price for that was \$6,400.00. Four years later, the appraisal is \$46,150.00, he said.

Mr. Higashi said the appraisal is based on the economic value of the easement. The major consideration here is that we have two parcels that are separated and that can be consolidated.

Mr. Ono questioned how they came up with the \$11,000 figure if the appraisal was not completed. That figure bothered him, Mr. Ono said. It seemed to him that it was predetermined before the appraisal was completed.

Mr. Hong said their logic is that the value should be lower because they are nothing but a detriment to the parcel. However, without those remnants, the applicant won't be able to consolidate and subdivide, so the value should be greater, Mr. Hong said.

Mr. Lum said that is true, except that in May 1978, the highest and best use of that area was Ag-3.

ACTION Mr. Higashi had no objection to the request for deferral for sixty days, and so moved. Mr. Hong seconded, and the motion was unanimously carried.

ITEM F-3 (Continued from Page 3)

The board was prepared to discuss Item F-3.

Mr. Detor said the question was whether people who have been assigned the occupier's rights can be considered the applicant. He said the statutes and the rules and regulations bear that, so they can be the applicant.

Mr. Higashi asked whether the applicant is prepared to follow the guidelines set up by the board, and also whether they are aware that we have a criteria set up in which they have to show justification why we should issue a direct lease, rather than to go through public auction.

Mr. E. C. Craddick, representing the applicant, said they have outlined those areas in their application. He also referred to page 4 under Summary of Public Benefits and highlighted some of the benefits.

Mr. Ono asked how long it will take to get locally-trained crews to work independently. Mr. Craddick said they have a crew of four on each shift. They have all Hawaiian crews. He said it took them about five years to train the real well qualified, eager men. Mr. Craddick said it is anticipated that this training program will ultimately provide experienced local trained contractors and eliminate the need of hiring mainland employees.

Mr. Hong asked what would they say is the net worth of that partnership today, and referred to the Financial Resources Section. Mr. Craddick said the net worth is the same. When you drill a well it becomes a capitalized item, so it becomes a net worth item. Barnwell Geothermal Program, Hawaii limited partnership, was initially capitalized in excess of \$3 million, Mr. Craddick said.

Mr. Hong said on the commencement and completion dates of the well, they have three years to begin drilling. He asked what their time schedule was.

Mr. Craddick said they already started on the first well on Monday. He said it takes them about a month or two to test it.

Mr. Ono asked to comment on the consumer benefits on page 5.

Mr. Craddick said they paid a lot of attention to this. They realize the importance of not only developing an alternate energy source, but developing this in an economical manner so it would have a favorable impact on the price of energy in the state, particularly on the Big Island. Their policy is that they don't consider it a success unless they do provide it at a price

under the fossil fuel rates. At the present time, he said there is a Federal law that requires the utility to buy an alternate energy source at the available cost. Mr. Craddick said one stipulation they have on this is whatever savings that are realized is passed on to the public. That describes their policy.

Mr. Higashi asked whether they are going to use Public Utility Regulatory Policy Act (PURPA) as a vehicle for pricing. Mr. Craddick said they don't intend to use that in the methodology or structure in their pricing.

Mr. Higashi said when he met with Mr. Craddick, they discussed the methodology. He said he had assumed that a copy of the methodology of figuring the price would be submitted with their proposal.

Mr. Craddick said the problem is they don't want to disclose too much of the precise methodology that they used. He said there are other competitors.

Mr. Higashi realized that, but he said the prior applicant did supply the board with some formula, based on cost and on a very complicated process. They also submitted to the board a pricing methodology as a philosophical point as to how they are going to sell energy.

Mr. Higashi said if he had something in writing, which was promised some-time ago, he was going to introduce that today. He would feel more comfortable, he said, in issuing a direct lease if he had something like that. He realized that the prior applicant discussed the same feeling that it is complicated, but they cooperated.

A Mr. Eisenstat said they have taken the position from the outset that they would not key their price to the price of fossil fuel. He said the record will indicate that they did this on their own initiative. They will initially start it out low, and then they will escalate it in a manner that is not keyed to fossil fuel, and they are prepared to put that in writing. With reference to the question of PURPA, he said Mr. Craddick set forth their position very clearly. Their biggest problem is in dealing with the utility. They will not rely on PURPA, but the presence of PURPA hopefully will remove the utility towards coming together with them and the other developers in the area.

Mr. Higashi said he would like to ask for deferral of this item until such time as we have some methodology as to the way of arriving at the price.

Mr. Eisenstat promised the board that they can submit this information within twenty-four hours, and asked the board to consider this request, subject to them submitting this information within twenty-four hours.

Mr. Higashi said according to the county permits, there is no setback as to boundaries. Mr. Eisenstat said no. They will go out of their way to insure that any inconvenience caused to the local residents will be kept to the minimum. They have established their own monitoring equipment at their own expense to monitor the level of the well. He said it is their feeling that they have to live in a community and they have to have the local people understand them and be happy with them.

ACTION Mr. Higashi moved to approve this request, subject to the applicant submitting additional information on the methodology of pricing, and subject further to review and approval by the chairman and a board member of such material;

and forwarding the material with a transmittal from the chairman to the PUC for possible use by PUC for their decision-making process. Mr. Hong seconded, and the motion was unanimously carried.

ITEM F-10 JUDITH FORSTER REQUEST FOR PERMISSION TO CONSTRUCT AN ADDITIONAL DWELLING ON LOT 21 OF THE LALAMILO FARM LOTS, WAIMEA, SOUTH KOHALA, HAWAII

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This was deferred at the last board meeting. Under the provisions of the original conveyance of the Lalamilo Farm Lots, only one dwelling is allowed on the land, provided, however, the board may, at its discretion, authorize additional dwellings. The particular conveyance also states that the land shall be used for agricultural purposes only and cannot be put to some other use unless that use is authorized by the board. Agricultural use is defined and limited to the growing of orchard and truck crops.

Mr. Detor stated that Mrs. Kawasaki, owner of Lot 21, has subdivided the lot and she is in the process of selling 20.103 acres of the 26 acres to Judith Forster, who has asked the board for permission to erect a dwelling on the 20-acre portion of Lot 21. There is already a dwelling on that part of the lot that Mrs. Kawasaki is going to retain. Mrs. Kawasaki is in her 70's and is retired.

In addition to that, Ms. Forster wants to raise protea. Mr. Detor said technically that is not an agriculture use within the framework of the provisions covered in the patent.

Mr. Detor said the board in previous instances have approved additional dwellings for employee housing, but not for subdivision purposes.

Mr. Detor further stated that about a year or more ago the board adopted a policy of denying all requests for construction of additional dwellings on subdivided portions of these lots.

The applicant is asking for one because she is going to operate it as a farm, and she wants to have a place from which to operate. The land has been subdivided.

Mr. Detor pointed out that when the board adopted the policy of refusing to allow dwellings on subdivided portions, it was not in recognition of Ag-5 zoning. The department is trying to avoid a proliferation of 5-acre lots which would turn it into a residential-type subdivision. The idea was to keep the farm character of the subdivision as much as possible.

Ms. Judith Forster, who has been selling real estate for the last three years, briefly addressed the board. She has arranged to purchase the 20-acre portion of the 26-acre parcel. To go into this project, she said she needs to live there and manage it. She said the land is not being used now and the area has not been fully farmed.

Mr. Higashi said it really is not necessary to live on the land, and Ms. Forster agreed. He said the merit of the project should be based on production.

Ms. Forster said Mrs. Kawasaki lives on the property, so there is some degree to safeguard it. However, Ms. Forster said the land is very big and Mrs.

Kawasaki is elderly. With thousands of plants there, valued at \$2 each, she would be concerned with the rain and wind damage.

Mr. Ono asked Ms. Forster whether she plans to give up her real estate practice. She said she could because she does not intend to do very much business. She is doing it on a part-time basis now.

Mr. Ono said the board has concerns about using that property as a base of operation for her real estate or any other business.

Mr. Ono said he has strong reservations about using farm lots for other types of activities than farming. He said there has been some proliferation in the Lalamilo area in taking away some productive land because of subdivisions and putting houses. If we continue to move in that direction, he said Lalamilo, which is intended for agriculture purposes, will no longer serve that purpose.

Ms. Forster said that is the reason she brought her plans to show the board members her operation.

Mr. Higashi informed the board that he is aware that there are other people who are subdividing their lots into three, 5-acre lots and offering them at \$27,000 per acre. He said if the board approves this, the board would have to approve the others because everybody else feels the same way--that they have a marketing plan and they have a feeling of making it productive.

He said if they can work out a reconsolidation of the parcel, put it back to its original shape, and the operation is big enough, the board could probably consider the house for employee housing.

ACTION Mr. Higashi moved to accept staff's recommendation, which was to approve Ms. Forster's request for approval to raise protea, and denied her request to construct a dwelling on Lot 21-A.

Mr. Ono said he had some mixed feelings because he was in favor of Ms. Forster's effort to expand the protea industry, but objected to creating more subdivision in the Lalamilo area.

Mr. Yagi seconded, and the motion was unanimously carried.

ITEM F-24 HAWAII JUNIOR GOLF ASSOCIATION APPLICATION TO LEASE LAND UNDER THE PIIKOI-KEEAUMOKU VIADUCT, HONOLULU, OAHU

This application was for a lease covering the use of airspace under the Piikoi viaduct. This would be a direct lease under the provisions of Section 171-43.1 of the Hawaii Revised Statutes, which allows direct leases to be awarded to eleemosynary or nonprofit corporations who have been certified to be tax exempt by the Director of Taxation.

What the applicant proposes to do is to use it for educational and youth athletic purposes, more particularly to construct and operate a Hawaii Junior Golf Center. They propose a minimum expenditure of \$150,000.00, to commence within twelve months of the awarding of the lease.

The Department of Transportation and the Federal Bureau of Public Roads have approved this particular use. The terms and conditions proposed were listed in the submittal.



Mr. Detor said this started a couple of years ago and at that time staff wrote to the Director of Taxation to have him certify the tax exempt status of the applicant. Staff checked with the Tax Office for an update. The Tax Office has informed us that they need additional information to satisfy the terms and conditions of the law.

Mr. Detor suggested that this particular proposal be approved, subject to the Director of Taxation certifying the current tax exempt status of the organization.

ACTION Mr. Yagi moved to approve staff's recommendation, subject to an updated certification of tax exempt status of the applicant by the Director of Taxation. Mr. Kealoha seconded and the motion was unanimously carried.

ITEM F-33 RESUBMITTAL - HIROSHI AZEKA AND DAVID THOMPSON REQUEST FOR CONSENT TO SUBLEASE PREMISES COVERED BY GENERAL LEASE NO. S-4575, NAWILIWILI, LIHUE, KAUAI

This was a resubmittal. The board at the last meeting discussed at some length the question of the rental rate. The matter was deferred in order to enable the lessees to furnish our staff appraiser with additional information based on which he could make a reassessment of the suggested new rental rate.

Mr. Wayne Hirata, staff appraiser, briefly reviewed the hand-out passed out to the board members. He pointed out the several asterisks in the hand-out and explained that these are items that either represented changes, or why they were left as is.

Under Effective Income, he said he added that in because he made an allowance for the amount of 4% gross income tax that the lessee would have to pay from his income.

Under Reserves for Replacement of Structural Components and Foundation, that remained as is because his estimate was based on \$100,000. The \$113,000 is the total cost of the building. Mr. Hirata felt that this is more than adequate.

On the Reserves for Repainting, since the last board meeting, the lessees have submitted an estimate for repainting. Mr. Hirata said the reason he did not include it on the first evaluation was because according to the sublease the tenant is responsible for all maintenance, including painting, to the satisfaction of the lessor (meaning Azekas and Thompsons). They have submitted a letter stating that this was a misunderstanding that they will be responsible. So Mr. Hirata allowed their estimate as a deduction.

On the Return on Investment, Mr. Hirata said he made a change. Originally he had set \$150,000 because that was based on what they had submitted to the staff. The lease was sold at public auction with a building requirement. For that reason, he took the \$150,000, and their proof of compliance with the building requirement. Staff did not know that this was an estimate, as they claimed. So staff took this as proof that they complied with the building requirement. Subsequently, they submitted an itemized list of actual construction expenses. Mr. Hirata said he allowed most of them, except for items which he felt should be the responsibility of the lessees--meaning water bills, installation of water meter, repair for Bobcat tractor and appraisal costs. That came up to a revised figure of \$155,000. He said the \$165,000 is to allow for the lessees' estimate of the labor charge that they put in themselves. So that made a new total of \$165,000.00.

Mr. Hirata further stated that he went through the calculation and came up with the new revised figures which indicated an increase.

Based on the new information and the conclusion that the staff appraiser arrived at, Mr. Detor asked to amend the recommendation to \$19,730.00 a year, rather than the \$28,680.00 as indicated in the submittal. Staff's recommendation was to increase the rental from \$5,280.00 to \$19,730.00 a year.

Mr. Hirata said at the last board meeting the lessee made a statement that we are not supposed to raise the rent above the basic lease rental which was bid at public auction. He said our reference is Chapter 171-36 (6), where the evaluation of the sublease is based on the rental rate charged to their tenant. It is tied in to what rental they are receiving. It is not tied in to the market rental.

Mr. George Masuoka, representing the lessees, said he checked with several appraisers on Kauai regarding what would be the fair rent expected by a person investing the amount of money into a project like this, not what would be the fair rental value. He said he asked for an appraisal, but due to the shortness of time, they will not be able to complete a satisfactory appraisal. However, he said all of them said 12% return on your money would be all right if it was a net return. In this case, this is not considered a return of capital by the lessee. For this reason he said he is objecting to the proposed increase in rental.

He said the other thing that was forgotten by the state appraiser is that although the sublessee does say that they will be responsible for all maintenance, it does say fair wear and tear excepted. In other words, reasonable wear and tear will have to be the cost.

Mr. Masuoka further pointed out to the board that the state appraiser did not take into consideration the fact that his client acted as his general contractor, and did a lot of work himself. He said his client should not be penalized because he tried to keep the cost down to himself.

Mr. Yagi strongly felt that it should be based on the \$150,000 investment rather than the \$207,000 figure because this figure could be blown out.

Mr. Ono said the board's position is that the state should get a share of the windfall.

**ACTION** Mr. Yamamoto moved to approve the amended recommendation presented by the staff to increase the annual rental to \$19,730.00 per annum. Mr. Hong seconded the motion.

Mr. Masuoka said it was his understanding from Deputy Attorney General Johnson Wong that in the event that the sublease is cancelled then the rent reverts back to the original rent. He said this is what Mr. Wong represented to him.

Mr. Ono questioned the staff whether the vacancy factor was built into the \$5,500 figure. Mr. Hirata said it is and this is more than enough. According to the sublease, he said they don't even have to send to the tenants bills for rental. All other expenses have to be incurred by the tenant.

Mr. Ono didn't want the state to agree to reverting back to the original \$5,280 per year rent just because somebody vacates because there is already a built in vacancy factor.

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

ITEM F-34 STAFF RECOMMENDATION FOR CANCELLATION OF GENERAL LEASE NO. S-4140, WAILUA, LIHUE, KAUAI

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The board, by previous action, authorized service of a notice of default because of rental delinquency in the amount of \$71,059.88. Pursuant to the provisions of the law, they were given a 60-day period in which to cure the breach by making payment of the back rental. This particular time ran out on February 6, 1981.

Mr. Detor said a copy of the notice and this particular submittal were made available to the Bank of Hawaii and the Small Business Administration who are the mortgagees. He said they are involved in a \$250,000.00 loan, which was consented to by the board in 1979. As of this date, there has been no payment made on the \$71,059.88 delinquency. Since the 60-day cure period has expired, staff recommended that the lease be cancelled.

Mr. Detor informed the board that he has received a request from the Bank of Hawaii which asked for a deferment of this particular action in order to give them an opportunity to assess their particular position.

Mr. Yamamoto asked how many years of accumulation is this \$71,059.88.

Mr. Mason Young said this is approximately from 1976 to the present. What has happened is as part of the lease provisions, the lessee has to pay a percentage of the gross receipts. When our auditors checked their books they found out that this additional rent was owing us.

Mr. Robert Cool, officer with the Bank of Hawaii, briefly addressed the board. They are the mortgagee which arose out of a loan some ten years ago which involved approximately \$200,000 to the bank and the SBA and the remaining \$50,000 was to the State of Hawaii, DPED.

Mr. Cool asked the board for deferment until they have the time to assess their position. He felt that the minimum time that they can achieve this would be by the next board meeting.

Mr. Ono asked whether some of the things they plan to do in the next two weeks could have been done during the 60-day cure period.

Mr. Cool said this is a good question and, without getting too involved in this, stated that they have worked nearly ten years with this loan. He said they had many conversations with the lessees, and they were quite hopeful of this being resolved before it came down to the deadline. He said it did not materialize. They need to get some evaluation of the property for their use, and they are ready to make that decision. They are not alone in making this type of decision, they do have the SBA to answer to.

Mr. Yagi wanted to know what happens if this company goes bankrupt. Mr. Cool said they had this option. If they feel that there is value there, they would step in to protect their position.

Mr. Detor said they could foreclose if they wanted to.

Mr. Detor recommended that this item be at least deferred until the next meeting in order to give the bank an opportunity to check it out from their standpoint.

Mr. Yamamoto moved to defer this matter for two weeks. Mr. Yagi seconded the motion.

Mr. Ono directed a question to the legal counsel on the delinquent amount. He asked whether the state can collect interest on the delinquency after the 60-day period.

Deputy Attorney General Hanaike said they would have to check that out.

Mr. Detor said the understanding that he got from Mr. Johnson Wong is that you cannot charge interest on delinquent accounts unless a provision to that effect is in the lease.

Before voting on the motion, Mr. Norito Kawakami, attorney, was given an opportunity to address the board.

Mr. Kawakami introduced Mr. Boyd Saderup, who is in the process of setting up a group called the Nielsen Associates. Preliminary papers have been signed and they are in the process of negotiating with Destination Development Company, the lessee, to take over the operation. Part of the proposed agreement is that the group will make up for deficiencies.

Mr. Saderup said he became involved in the park in 1973 as a consultant. In September 1973, he came aboard the company as a secretary and was able to get investors to put into the park something closer to \$400,000.00. He said the area has an appraised value of about \$4 million. From 1974 until October of 1980, he was divorced from the park.

When he came back to look at it on January 28, 1981, the improvements amounted to about \$210,000. Somewhere between 1975 and 1980, the management of the finance side got into a tilt position. So he signed an agreement to assume over management again of the park and he was supposed to start in 1981.

He said he met with Mr. Detor and Mr. Young to present their plans. He felt that he needed 30 to 60 days to commence with their plan--a minimum of thirty days to come to the board with not only the full disclosure and a plan of recovery and money, but also to put the park back in the business with the proper management; the next thirty days to finalize the plans to provide for the funds to pay significant payment for the lessee, both to the bank and also to the state.

Mr. Higashi asked whether in their plan they are going to propose a deferred payment on the balance.

Mr. Saderup said it would be \$30,000 or \$40,000 upfront. He said the interest that the chairman talked about would be a part of it, and he would accept the interest payment on the money that is due.

In 1973-74, he said he did the same thing. He went around to the bank, the SBA, IRS, on a personal basis and they cleaned all the problems that were

there. He said it can be done again. He said it is a beautiful facility and it is ready to go.

Mr. Kealoha asked whether he intends to keep the same officers, the same corporation intact. Mr. Saderup said yes. What they are doing is an operational management agreement. He said Destination Development would still have the lease.

This bothered Mr. Kealoha. He asked why they are not taking over the management. Mr. Saderup said this would be a problem. They have a conflicting thing.

Mr. Ono said the cure period ended on February 6. He asked Mr. Saderup whether they are willing to pay interest on the delinquent account from the 7th. Mr. Saderup said yes, and thought that 12% interest rate is fair.

Mr. Yamamoto said he would approve this provided they would come up with the full \$71,000.00.

Mr. Saderup said that they would pay half or more and the \$71,000 would be their objective. It would be a total plan.

**ACTION**

Mr. Yamamoto withdrew his earlier motion and moved to defer this matter until March 13, 1981, with the understanding that the applicant would come up with a full plan, and interest at 12% to be paid on the delinquent amount from February 7, 1981. Mr. Yagi seconded, and the motion was unanimously carried.

**ITEM H-5**

**CDUA FOR CONSTRUCTION OF FENCE, WALL, GATE, SHOWER, AND SHED AT HAENA, KAUAI (BRIAN KENNELLY)**

This was an after-the-fact application. Mr. Evans said they have received a recent communication from the Kauai Planning Department on this matter, who suggested that the plan submitted by the applicant reflect an existing storage shed in close proximity to the real property line. A search of the Kauai County Planning Department indicates that no zoning permit for the structure was ever issued. They recommended that this application not be approved, particularly as the structure does not meet the 15-foot county setback requirement.

Staff recommended (1) denial of the application on the basis that the proposed use conflicts with the objectives of the limited subzone; (2) that the board sanction this matter with a fine in the amount of \$2,500; and (3) the administrative cost of \$300 be reimbursed by the land owner.

Mr. Yamamoto said he discussed this matter with the applicant and was informed that the shed was on the property when he bought the land. Mr. Yamamoto also noted that the staff has a separate violation for the fence and gate. He said whenever you put up a fence the gate goes with it.

Mr. Evans said the reason for the separation between the fence and the gate is because the fence is 4 feet high, and there are two gates that are ten feet high.

Mr. Hong said staff is not recommending removal of the structures. He wanted to know why.

Mr. Evans felt that by the board denying this application, the applicant would have to remove the improvements.

Mr. Hong said if that is what the staff is trying to say, it should be so stated in the submittal.

Mr. Hong agreed with Mr. Yamamoto that the fence and gate are related structures and should be considered as one violation.

Mr. Yamamoto said the owner also said he has removed the outdoor shower.

Mr. Evans said staff analysis is based upon a field inspection that was made after the application came in. While the application was being processed, our staff saw it existing at that time.

Mr. Boyce Brown, the attorney for the applicant, gave a brief history on this matter. He said Mr. Kennelly applied for a permit to build a house on the property. He got that permit. He built the house in strict compliance with the terms of the permit. Later on, Mr. Kennelly purchased an adjacent empty lot and planned to use it as a yard for his adjacent house and lot.

In January of last year, somebody supposedly called this department to report that they thought there was a grading activity going in violation of the regulation of this department. Mr. Brown said he had an opportunity to review that report, and interviewed the person who was supposed to have been the person who called in this complaint. The lady said she never called in with such a complaint.

Mr. Brown said the inspector did not observe any illegal grading activity. However, the inspector did observe a fence, a shed and an outdoor shower. So on August 18, 1980, Mr. Kennelly was informed that he was in violation. Within seven days Mr. Kennelly responded, and wrote to Mr. Ono on September 5, 1980, which is quoted in part as follows:

"Please accept my apologies for having failed to obtain the Department of Land and Natural Resources' permission to construct the shower stall, rock wall, and fence around my property (the shed was already part of the property when I purchased it in 1978). I did not realize that written permission was required except for major construction such as a dwelling, and I did seek and receive the DLNR's permission prior to constructing our house.

"I have read Regulation No. 4 and Chapter 183-41 of the Hawaii Revised Statutes, and I am hopeful that it will be possible to obtain a deviation from the rules on the basis that the shower stall, wall and fence do not adversely affect the environment, do not conflict with the objective of my conservation subzone, and are not inconsistent with the public health, safety, or welfare. The fence and wall are particularly important to us as we have two small children and two dogs and we are very concerned about their safety in light of our close proximity to a heavily traveled road in front of our house.

"If such a deviation is possible, I would very much appreciate it. In the alternative, I have filled out the Conservation District Use Application enclosed with your letter and attach it for your review along with a \$50 application fee. Mr. Lee and Mr. Nakamura of your Kauai office have been very helpful in providing advice and direction in this matter."

Mr. Brown said as far as the Kauai Planning Department's statement on the setback requirement violation, that can be remedied.

Mr. Yamamoto said he would like to go on the site next week and asked for deferment.

ACTION The board had no objection to deferring this matter with the understanding that Mr. Yamamoto will report on his investigation at the next board meeting.

ITEM H-1 CDUA FOR CUTTING, GRADING AND EXCAVATION USE AT OMAO, KAUAI  
(KAUAI BIBLE CHURCH)

ACTION Unanimously approved as submitted. (Yamamoto/Yagi)

ITEM H-7 RESUBMITTAL - CDUA FOR SINGLE FAMILY RESIDENCE USE AT KAU,  
HAWAII (LYDIA S. YOUNG)

This matter was deferred at the last meeting. The reason for deferral at that time was that staff had recommended denial for a conditional use in the limited subzone. At that time the board had suggested that new information be analyzed by the staff to see if nonconforming could actually be applicable. Subsequently, staff has analyzed the information. They have met with the applicant and also with Bishop Estate.

Mr. Evans said nonconforming use is involved and that Parcel 11 (which consists of 1.821 acres) and Parcel 12 (consisting of 4.108 acres) were made parcels prior to 1964, and as such suggested that one house be allowed on each one of these parcels.

Mr. Evans said there is a difficulty in that Regulation 4 specifically relates to parcel of land. Mr. Young has transmitted some evidence that this is a lot prior to 1974. As a result, Mr. Evans said they have sent this information to the Attorney General's Office and asked for a ruling whether lot means the same as parcel. He said if lot does not mean the same, then staff would have to suggest to the board that there is no nonconforming use. If lot does mean the same as parcel, then the staff can suggest to the board that there maybe nonconforming use. Mr. Evans has not received an answer from the Attorney General's Office yet.

Based on all of the information and since no nonconforming use existed, staff recommended denial.

Mr. Higashi asked whether the parcel or lot have a tax key number.

Mr. Young said the owner can get a tax key when he wants one. In this case, in 1954 there was one owner for the whole subdivision so he didn't get a separate parcel number. He said this subdivision was given to the tax office in 1945. So Mr. Young felt that they are qualified for nonconforming use.

Mr. Kealoha questioned why you need to get a definition from the Attorney General's Office if the tax map key showed "housetlot"?

Mr. Evans said this is to make sure that when we are talking about a parcel that it includes housetlot. He said the way the regulation reads, it says parcel.

Mr. Kealoha said when the regulation was drawn up, we did not consult with the tax people.

Mr. Johnson Wong couldn't understand the problem--the difference between lot and parcel.

Mr. Hong asked whether taxes have been paid separately from the other lots.

Mr. Evans said taxes were paid on the 4-acre parcel.

Mr. Ono asked Mr. Wong whether he could get something back to the board by the 18th. Mr. Wong said Monday is a holiday and the 18th is on Wednesday. He could not guarantee coming out with an opinion within three days. He said it is an unreasonable request. If they are unable to come up with an answer because of lack of information, he said they are going to recommend disapproval. Then the applicant has to reapply.

ACTION Mr. Higashi moved to approve the request provided that the opinion from the attorney general's office is received on or before the 18th of this month. If the opinion says lot and parcel are not synonymous, then the recommendation is denied.

Mr. Ono said if on the 19th the attorney general's office says the parcel and lot are not synonymous, they can reapply.

Mr. Higashi asked whether we can waive the fee on the re-application. Mr. Evans said no.

Mr. Higashi also asked how soon the applicant can be heard after he reapplies. Since all of the basic information is in, the board felt that the application can be processed without delay.

Mr. Kealoha seconded the motion. On the call of the question the motion was unanimously carried.

ITEM E-1 PERMISSION TO ADVERTISE FOR BIDS, JOB NO. 14-KP-17, REROOFING OF CABINS, KOKEE STATE PARK, WAILUA, KAUAI

ACTION Unanimously approved as submitted. (Higashi/Hong)

ITEM E-2 OUT-OF-STATE TRAVEL REQUEST TO THE ANNUAL MEETING OF THE NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

ACTION Unanimously approved as submitted. (Higashi/Hong)

ITEM E-3 REQUEST FOR ADMINISTRATIVE LEAVE AND PER DIEM FOR ARCHITECTURAL HISTORIAN FOR 1981 ANNUAL MEETING OF THE SOCIETY OF ARCHITECTURAL HISTORIANS IN VICTORIA, BRITISH COLUMBIA, CANADA

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM E-4 APPROVAL TO EXECUTE GRANT AGREEMENT FOR VARIOUS FEDERAL HISTORIC PRESERVATION GRANT-IN-AID PROJECTS FOR DEVELOPMENT PURPOSES

ACTION Approved as submitted. (Yagi/Yamamoto)

The record showed that Mr. Ono abstained from voting on this item.



ITEM F-1    DOCUMENTS FOR CONSIDERATION

HAWAII

Item F-1-a    REVOCABLE PERMITS

SPENCER K. SCHUTTE - portion of the Puukapu Watershed Project, Waimea, South Kohala - for pasutre - \$10.00 per month

Item F-1-b

THEO. H. DAVIES & COMPANY, LTD. dba DAVIES HAMAKUA SUGAR COMPANY (all of TMK 3-9-01:6, consisting of approximately 1.76 acres, at Ookala, North Hilo) to accommodate expansion of short cane harvesting unloading system essential to the operations of the Ookala processing factory - monthly rental to be determined by staff appraisal, same subject to approval by the chairman.

(Mr. Hong stepped out during the discussion on Item F-1-b, and the record showed that he did not participate in any action taken by the board on this matter.)

ACTION: Item F-1-b was approved as submitted, on Mr. Higashi's motion, seconded by Mr. Yagi.

Item F-1-c

ASSIGNMENT BY WAY OF AGREEMENT OF SALE

FORTUNATO GARCIA TEHO and SUSANNAH VENTURA TEHO, husband and wife, as tenants in common as to an undivided one-half interest, BERNARDO VILLA and SUSANNAH TEHO VILLA, husband and wife, as tenants in common as to an undivided one-fourth interest, and FORTUNATO TEHO, JR. and NORMA CHOCK TEHO, husband and wife, as tenants in common as to an undivided one-fourth interest, as assignor/seller, to WILLIAM CHRISTIAN FISHER, II, single, as assignee/buyer - GL No. S-4330 (Lot 4, Hilo Industrial Development)

Item F-1-d

ASSIGNMENT BY WAY OF AGREEMENT OF SALE

MIKE DIETZ GOLF SHOPS, INC., a Hawaii Corporation, as assignee/seller, and BAYSHORE REALTY INVESTMENT, INC., a Hawaii corporation, as assignee/purchaser - GL No. S-4316

Mr. Detor asked to make an amendment to the heading for Items F-1-c and F-1-d. It should correctly read "Sale of Leasehold by Agreement of Sale," because the actual agreement does not take place until the terms of the agreement of sale have been fully settled.

Mr. Detor also asked the board to add Conditions 3 and 4 to Items F-1-c and d, as follows:

3. Written consent of all holders of record of security interest.
4. Consent is for this sale only, and that the assignment of the lease and consent thereto shall not take place until the agreement of sale has been fully satisfied.

Mr. Higashi informed the board of a possible conflict on Item F-1-d and did not participate in any action taken by the board on this item.

ACTION: Mr. Yagi moved to approve Items F-1-d as amended. Mr. Kealoha seconded and the motion was carried.

OAHU

Item F-1-e    SUBLEASE  
PRODUCE CENTER DEVELOPMENT, LTD., Sublessor, to JAPAN FOOD (HAWAII), INC., a Hawaii corporation, sublessee - GL No. S-4405 (portion of the Produce Distribution Center Building located on Parcel 2-B of the State of Hawaii's Food Distribution Center, 1st Increment, Kaakaukui, Honolulu)

Item F-1-f    PRODUCE CENTER DEVELOPMENT, LTD., Sublessor, to PRIMO DISTRIBUTING CO., INC., a Hawaii corporation, Sublessee - (same as above)

Items F-1-e and f were deferred at the last meeting.

Mr. Kealoha said he asked for the deferral for the primary reason to look into the entire produce center. The board felt that we could be illegal, or the uses for subleases could have been illegal. Now they are sub-leasing some more. He said this should be stopped and put it to what it was originally intended for.

Mr. Detor said Mr. Kealoha is correct. However, these two subleases have been in existence. Item F-1-e was consented to by the board back in 1975. What the board consented to involved 25,000 square feet which they later reduced it to 17,500 square feet. The reason staff brought this back is because there is a change in the area.

For Item F-1-f, Mr. Detor reported tha this was never consented to by the board but it has been in existence since 1976.

Mr. Kealoha asked for deferral again on Items F-1-e and F-1-f. He said originally there were lots of concerns for the produce people because the Iwilei people did not go in where they were supposed to. The Iwilei people were supposed to have moved out about three years ago. He said we should resolve this problem and have a meeting.

The board had no objection to deferring Items F-1-e and F-1-f.

Item F-1-g    LAND LICENSE  
KEN'S STONE MASONRY - Kaena Quarry Site, Kaena, Waialua

The board, having found that the public interest will be best served by disposition of this license by negotiation without recourse to public auction, unanimously authorized publication of a notice of disposition as required by law; and approved the issuance of a land license to the applicant to remove 1,000 cubic yards of boulder rock at 50¢ per cubic yard, under the terms and conditions listed in the submittal.

Mr. Ono asked whether the 50¢ per cubic yard is the prevailing rate. Mr. Detor said yes. He said under the old license it was ten to fifteen cents.

**ACTION**    Mr. Higashi moved to approve Items F-1-a, Item F-1-c and Item F-1-g as presented, Mr. Yagi seconded, and the motion was unanimously carried.

(For Items F-1-b, d, e and f separate actions were taken.)

- ITEM F-2 ANTHONY DE MATTOS APPLICATION TO PURCHASE PORTION OF HOMESTEAD ROAD RESERVE, MANOWAIOPAE HOMESTEADS, NORTH HILO, HAWAII
- ACTION Unanimously approved as submitted. (Higashi/Yamamoto)
- (See pages 3 and 5 to 7.)
- ITEM F-4 S. C. RANCH REQUEST FOR EXTENSION OF TIME WITHIN WHICH TO INSTALL IMPROVEMENTS, GENERAL LEASE NO. S-4477, HAMAKUA, HAWAII
- Mr. Higashi wanted to know whether we are allowed by law to extend it. Since this was sold at public auction and the terms and conditions went with the sale, he suggested that this matter be withdrawn so staff can check into this.
- ACTION Mr. Higashi asked for deferral until we get the attorney general's ruling. The board had no objection to deferring this item until the February 27th meeting.
- ITEM F-5 TOYOSO KOBAYASHI, ET AL APPLICATION TO PURCHASE ABANDONED RAILROAD RIGHT-OF-WAY SEGMENT, WAIAKEA, SOUTH HILO, HAWAII
- ACTION Unanimously approved as submitted. (Higashi/Kealoha)
- ITEM F-6 JOSEPH PICKERING APPLICATION FOR EASEMENT AT PUAKO, LALAMILO, SOUTH KOHALA, HAWAII
- ACTION Mr. Higashi asked for deferral. There was no objection by the board to defer.
- There was a brief discussion on this matter and Mr. Kealoha suggested that the applicant rent the whole thing.
- (See pages 3 to 5 for Item F-7.)
- ITEM F-8 PUNA SHORES, INC. REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (3/14/80, AGENDA ITEM F-2) AUTHORIZING SALE OF EASEMENT, WAIAKEA, SOUTH HILO, HAWAII
- ACTION Unanimously approved as submitted. (Higashi/Kealoha)
- ITEM F-9 ALAN KUWAHARA REQUEST FOR DEFERMENT OF GENERAL LEASE NO. S-4671 LEASE RENT, KEONEPOKO NUI, PUNA, HAWAII
- Since this was sold at public auction, Mr. Higashi said we should make this subject to attorney general's review.
- ACTION Unanimously approved subject to attorney general's review. (Higashi/Kealoha)
- (See pages 7 and 8 for Item F-10.)
- ITEM F-11 STAFF RECOMMENDATION FOR AMENDMENT OF PREVIOUS BOARD ACTION (1/9/81, AGENDA ITEM F-2) ON KEAHOLE AIRPORT BOUNDARY ADJUSTMENTS, NORTH KONA, HAWAII
- ACTION Unanimously approved as submitted. (Higashi/Yagi)

- ITEM F-12      STAFF PROPOSAL FOR DIRECT SALE OF TWENTY-EIGHT LEASES IN THE PANAEWA AGRICULTURAL PARK, WAIAKEA, SOUTH HILO, HAWAII
- Mr. Higashi suggested that we get together with the county for the processing use. We should apply for the special use permit.
- ACTION      Unanimously approved as submitted. (Higashi/Kealoha)
- ITEM F-13      O. H. GILLILAND REQUEST FOR APPROVAL OF ADDENDUM TO R. P. NO. S-5021, WAIAKOA, KULA, MAUI
- ACTION      Unanimously approved as submitted. (Yagi/Higashi)
- ITEM F-14      FRANK SANTOS, JR. APPLICATION TO PURCHASE ABANDONED ROAD SEGMENT AT KUIAHA-PAUWELA HOMESTEADS, MAKAWAO, MAUI
- ACTION      Mr. Detor asked for deferral. There was no objection by the board.
- ITEM F-15      DIVISION OF FORESTRY REQUEST FOR EXECUTIVE ORDER SETTING ASIDE OLD HANA SCHOOL SITE, HANA, MAUI
- ACTION      Unanimously approved as submitted. (Yagi/Yamamoto)
- ITEM F-16      COUNTY OF MAUI REQUEST FOR EXECUTIVE ORDER SETTING ASIDE OLD HANA SCHOOL SITE, HANA, MAUI
- ACTION      Mr. Yagi asked for deferral on this item. There was no objection by the board.
- ITEM F-17      THE QUEEN'S MEN APPLICATION FOR ROAD EASEMENT, WAILUKU, MAUI
- Mr. Yagi abstained from voting because of a possible conflict.
- ACTION      Approved as submitted. (Higashi/Yamamoto)
- ITEM F-18      LOUIS HAO APPLICATION TO PURCHASE PORTION OF GOVERNMENT LAND AT KALAE, KAHANUI, MOLOKAI
- ACTION      Unanimously approved as submitted. (Yagi/Yamamoto)
- ITEM F-19      DOT REQUEST FOR EXECUTIVE ORDER SETTING ASIDE SUBMERGED LAND AT MANELE BAY, LANAI
- ACTION      Unanimously approved as submitted. (Yagi/Hong)
- ITEM F-20      COMMUNITY PLANNING, INC. (ON BEHALF OF QUEEN'S MEDICAL CENTER) REQUEST FOR CONSENT TO PETITION LAND COURT FOR CONSOLIDATION, RESUBDIVISION, AND DESIGNATION OF EASEMENT, AND CANCELLATION OF EASEMENT, LAND COURT APPLICATION 966, HALAWA, OAHU
- ACTION      Unanimously approved as submitted. (Kealoha/Yagi)
- ITEM F-21      ERNEST MORGADO, ET AL, APPLICATION FOR LEASE, WAIANAE-KAI, WAIANAE, OAHU
- ACTION      Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-22 HAWAIIAN ELECTRIC CO., INC. AND HAWAIIAN TELEPHONE CO. APPLICATION FOR ELECTRIC AND COMMUNICATION LINE EASEMENT, OLD VINEYARD STREET GARAGE PROJECT SITE, HONOLULU, OAHU

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-23 C&C HONOLULU BOARD OF WATER SUPPLY, REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (10/10/80, AGENDA ITEM F-15) GRANTING EASEMENT ACROSS THE WAIANAE II ELEMENTARY SCHOOL GROUNDS, WAIANAE, OAHU

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

(See pages 8 and 9 for Item F-24.)

ITEM F-25 PACIFIC SURF & SPORTS APPLICATION FOR R. P. COVERING SPACE AT DUKE KAHANAOMU OR FT. DERUSSY BEACH FOR STAGING OF 1981 PRINDALE 16 NATIONAL CHAMPIONSHIPS, HONOLULU, OAHU

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ACTION Mr. Kealoha moved to deny this request, Mr. Hong seconded, and the motion was unanimously carried.

ITEM F-26 STAFF RECOMMENDATION FOR CANCELLATION OF REVOCABLE PERMIT NO. S-5167, LOT 517, SAND ISLAND, HONOLULU, OAHU

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-27 U. S. CORPS OF ENGINEERS REQUEST FOR RIGHT OF ENTRY TO CONDUCT FLOOD CONTROL TOPOGRAPHIC SURVEY, KAHAWAINUI STREAM, LAIE, OAHU

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-28 DPS REQUEST FOR ACQUISITION OF LEASE COVERING ROOMS 105 AND 106 OF THE TANI BUILDING, HONOLULU, OAHU

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-29 COUNTY OF KAUAI REQUEST FOR EXECUTIVE ORDER SETTING ASIDE LAND FOR PARK PURPOSES, HANAPEPE, KAUAI

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ACTION Unanimously approved as submitted. (Yagi/Hong)

ITEM F-30 STAFF RECOMMENDATION FOR E. O. SETTING ASIDE HANAIEI PIER TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES, HANAIEI, KAUAI

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Mr. Hong asked whether this would mean that we have to repair the pier if we took over. He said DOT should have jurisdiction. He asked what effect it would have if we do not accept jurisdiction.

Mr. Detor said they could say, in the law covering set asides, if it is not being used for the purpose for which it was set aside, we are supposed to take it back.

Mr. Hong said on the same note, we should take a look at all of DOT's inventory and if they are not using the area for the purpose to which it was set aside, take it back.

Mr. Kealoha said they should knock down the building before we take it back. He said they are not only turning over the building to us but the headaches, too, because you have the water skiers there, the hobby cats flying all over the place, motor boats, live-on boats, etc., and they always call DOT.

Mr. Detor said State Parks has use for it. Mr. Ono said the county park is adjacent to this pier. We may set aside it to the county after we put it up to standards. Mr. Kealoha added that they are serving lifeguard services, too.

ACTION Mr. Kealoha moved to defer, Mr. Hong seconded, and the motion was unanimously carried.

ITEM F-31 STAFF RECOMMENDATION FOR CANCELLATION OF R. P. NO. S-5772, LOTS 4 AND 5, BLOCK K, KAPAA TOWN LOTS, KAPAA, KAUAI

ACTION Mr. Yamamoto moved, seconded by Mr. Hong, and the board unanimously approved staff's recommendation as submitted.

ITEM F-32 STAFF RECOMMENDATION TO RESCIND PORTION OF PREVIOUS BOARD ACTION (5/25/79, AGENDA ITEM F-18) AUTHORIZING AWARD OF LEASES AT WAIMEA, KAUAI

Mr. Detor asked to withdraw this item. He would like to take another look at it. He talked to Mr. Johnson Wong and it was Mr. Wong's feeling that since a settlement was reached that Downes has cured it, even though he hasn't paid the full amount. Mr. Detor felt that since he hasn't paid in full, we should not give the other place.

ACTION The board had no objection to Mr. Detor's request and this matter was withdrawn.

(See pages 9 to 13 for Items F-33 and F-34.)

ITEM F-35 STAFF RECOMMENDATION FOR ADOPTION OF STANDARD GEOTHERMAL MINING LEASE COVERING STATE AND RESERVED LANDS

ACTION Unanimously approved as submitted. (Kealoha/Yagi)

ITEM G-1 FILLING OF CONVEYANCING SUPERVISOR'S POSITION

ACTION The board, on Mr. Kealoha's motion, seconded by Mr. Yagi, unanimously approved the appointment of George H. P. Bailey to Position No. 139, Conveyancing Supervisor, effective February 17, 1981.

ITEM I-1 APPOINTMENT OF LICENSE AGENT

ACTION The board, on Mr. Kealoha's motion and seconded by Mr. Yagi, unanimously approved staff's recommendation to deny the appointment of "The Armory" as a license agent.

(See page 15 for Item H-1.)

ITEM H-2 CDUA FOR CONSOLIDATION AND RESUBDIVISION AT NORTH KOHALA, HAWAII (R. M. TOWILL CORP.)

ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM H-3 CDUA FOR RELIEF STORM DRAIN CONSTRUCTION USE AT WAILUPE, OAHU  
(GRAY, RHEE & ASSOCIATES)

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Mr. Kealoha asked whether the opening comes out to the water. Mr. Evans said yes.

Mr. Kealoha wanted to know what kind of covering they are going to use. Mr. Evans said the design standards have not come in yet. They should come in as soon as the use is approved.

Mr. Kealoha said there are lots of people there, lots of net fishing going on, and children are wandering around. He suggested mesh wire covering for the opening.

Mr. Evans said he will add a condition requiring that the drainage pipe opening be closed in some fashion.

ACTION Unanimously approved as amended. (Kealoha/Hong)

ITEM H-4 CDUA FOR STONEWALL REPAIR USE AT KEEI I, SOUTH KONA, HAWAII  
(ISAMU OSHIMA)

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Mr. Evans asked for deferment. He received a call from the attorney, who was only recently hired by the applicant, and who has asked for deferral for two weeks.

ACTION The board had no objection to deferring this matter until the next board meeting.

(See pages 13 to 15 for Item H-5.)

ITEM H-6 CDUA FOR EXPLORATORY AND DRILLING USE AT MANOA, HONOLULU, OAHU  
(C&C/BOARD OF WATER SUPPLY)

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Mr. Kealoha asked whether they need a drilling permit from DOWALD. Mr. Evans said this matter was referred to DOWALD. They have no objection and endorsed this project. They did not go any further.

ACTION Unanimously approved as submitted. (Kealoha/Hong)

(See pages 15 and 16 for Item H-7.)

ITEM J-1 LEASE - CONCESSION, WOMEN'S RESTROOMS AT VARIOUS TERMINAL  
FACILITIES AT HONOLULU INTERNATIONAL AIRPORT, OAHU (CLARENCE  
WATSON DBA, SANI VEND PRODUCTS)

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ACTION Unanimously approved as submitted. (Kealoha/Yamamoto)

ITEM J-2 MODIFICATION NO. 6 TO LEASE NO. A-62-13, HONOLULU INTERNATIONAL  
AIRPORT, OAHU (CANADIAN PACIFIC AIR LINES, LTD.)

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ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-3 MODIFICATION NO. 1 TO LEASE NO. DOT-75-13, PASSENGER PROCESSING  
CENTER - MAIN TERMINAL, BUILDING 339, SECOND FLOOR, OAHU (UNITED  
STATES OF AMERICA)

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ACTION Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-4      ADDENDUM NO. 5 TO LEASE NO. DOT-A-78-2, HONOLULU INTERNATIONAL AIRPORT, OAHU (MARRIOTT CORP.)

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-5      RENEWAL OF REVOCABLE PERMITS, CONFORMING USE, AIRPORTS DIVISION

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-6      REQUEST FOR APPROVAL OF CONTINUANCE OF REVOCABLE PERMITS, HIGHWAYS DIVISION

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-7      ISSUANCE OF A DIRECT LEASE, HARBORS DIVISION (COUNTY OF MAUI)

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-8      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION (AIKANE CORP.)

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-9      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION (UNITED STATES LINES, INC.)

ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ITEM J-10      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION (TRILOGY EXCURSIONS)

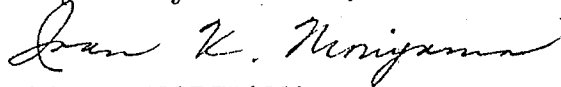
ACTION      Unanimously approved as submitted. (Kealoha/Hong)

ITEM J-11      USE OF HARBORS DIVISION FACILITIES (ROYAL HAWAIIAN WORLD SOCCER CROWN)


ACTION      Unanimously approved as submitted. (Hong/Yamamoto)

ADJOURNMENT: There was no further business and the meeting was adjourned at 1:25 P. M.

Respectfully submitted,

  
JOAN K. MORIYAMA  
Secretary

APPROVED

  
SUSUMU ONO  
Chairman

jkm