

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

DATE: March 13, 1981  
TIME: 9:00 A. M.  
PLACE: DLNR Board Room  
1151 Punchbowl Street  
Honolulu, Hawaii

ROLL  
CALL

Chairman Susumu Ono called the meeting of the Board of Land and Natural Resources to order at 9:10 A. M. The following were in attendance:

MEMBERS

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

STAFF

Mr. Robert Chuck  
Mr. James Detor  
Mr. Mason Young  
Mr. Kenji Ego  
Mr. Libert Landgraf  
Mr. James Yamashiro  
Mr. Roger Evans  
Mrs. Joan K. Moriyama

OTHERS

Dep. A. G. Dona L. Hanaike  
Dep. A. G. Johnson Wong  
Mr. Bert Hatton (Item D-2)  
Mr. Charles Yasuda (Item F-16)  
Mr. Rick Ralston ((Item F-30)  
Mr. Jack Suwa

MINUTES

Mr. Hong moved to approve the minutes of February 13, 1981 as circulated. Mr. Kealoha seconded and the motion was unanimously carried.

The board deviated from the printed agenda and took up the items in the following order:

PERMISSION TO ENTER INTO AN AGREEMENT WITH AMFAC TO JOINTLY  
FUND A FEASIBILITY STUDY FOR THE PUU LUA-KOKEE HYDROPOWER  
PROJECT, ISLAND OF KAUAI, AND PERMISSION TO ENGAGE THE SERVICES  
OF A CONSULTANT

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ITEM D-2

Mr. Chuck said because of the state's efforts in alternate sources of energy, this project is being revived from the standpoint of producing power from the water that is available in the Kokee area.

Staff asked the board for two things: First, to enter into an agreement with Amfac to jointly fund a feasibility study of this project. As indicated in the letter attached to the board submittal, Amfac is already willing to contribute \$20,000 to this study, and the Governor has approved an allotment of \$40,000 for this project, for a combined total of \$60,000. Secondly, to authorize the chairman to engage the services of a consultant to conduct this feasibility study.

Mr. Hong said as far as Amfac is concerned, their maximum contribution is \$20,000. He wanted to know whether the same formula will hold if we exceeded \$60,000.

Mr. Chuck said if they cannot accomplish within the \$60,000 amount, they will have to re-analyze the whole situation. He said staff's recommendation would then probably be on 1/3-2/3 basis for the additional money.

Mr. Kealoha said the question posed by Mr. Hong is a good one. If the study exceeds \$60,000, and the state cannot get any more money, what happens to this project, he asked.

Mr. Higashi said we still have a study on Kauai addressing hydroelectric done about two or three years ago. He asked whether that covers the whole island.

Mr. Chuck said if it is that recent, there was a study that was done by the Corps of Engineers and that covered the whole island. Within the last two years, there was also a DLNR study of the Waialeale water project which is in the Wailua River Basin, different from the Kokee Basin.

Mr. Yamamoto asked whether the electricity rate will be lower on Kauai should this project be successful.

Mr. Chuck said the idea would be that hydroelectric power from this project would be sold to Kauai Electric. It would contribute towards getting off the dependency of oil. Most of the time it's been said, he said, even in geothermal, that it may not reduce the price to the citizens of that island, but it will help to maintain as low price as possible.

Mr. Higashi asked who will be the one selling energy to Kauai Electric if the study is successful.

Mr. Chuck said that one way is the state would be running and owning the the power, and the state would be selling the water to Kauai Electric. However, a portion of this project (the Kitano Hydro) is proposed to be done entirely by Amfac, and they will be selling the power to Kauai Electric.

Mr. Kealoha asked whose water that is. Mr. Chuck said the state owns the water.

Mr. Kealoha wanted to know how much of that water is the state obligated to sell to provide water for Hawaiian Home's ranch lands for their use. He said there are some Hawaiian Homes' tenants up there.

Mr. Detor said that lease held by Kekaha Sugar includes land and water. He said there is a withdrawal provision in the lease. As far as the Hawaiian Homes homesteaders are concerned, they are entitled to some water. They have 300-acre homesteads, and it is not irrigated pasture. He said technically if you have irrigated pasture, under the Hawaiian Homes Act, it cannot exceed 100 acres. So Mr. Detor said there is some question as to whether Manini is entitled to additional water. He said there are two homesteaders there right now--Akita and Manini.

Mr. Kealoha said he hates to see another Hilo Airport situation. If we don't resolve the basic question, he said we might have future problems.

Mr. Chuck said in the first phase it is intended to use state lands not Hawaiian Homes' lands.

Mr. Ono asked whether the EIS comes after the study or whether that is part of the study.

Mr. Chuck said it would be part of the study. The board submittal says environmental assessment. However, after discussing this matter with the chairman, Mr. Chuck said the recommendation now is that we go with an environmental impact statement instead. Mr. Chuck said this has been discussed with Amfac.

Mr. Yamamoto asked whether we are going to have a public hearing after the study is made.

Mr. Chuck said definitely. As part of the study, they might also go into informational meetings.

Mr. Kealoha said there is a ditch system that is presently controlled and operated by Amfac.

Mr. Chuck said Amfac or Kekaha Sugar controls all of the irrigation system at the present time under the lease that they have with our department.

Mr. Kealoha asked whether that would be part of the study. Mr. Chuck said yes. He said most of the information is readily available from Kekaha and staff hopes to get that from Amfac and present it to the consultant.

Mr. Hong asked Mr. Chuck whether their division, prior to this proposal, ever sold any excess energy back to any of the utility companies.

Mr. Chuck said not yet. He said we have had proposals, but those projects were not constructed.

Mr. Hong said if you can spend state money to generate energy on one island, why not the other islands, to assist the utility companies to find sources of energy.

Mr. Chuck said there are some islands without hydro potential, such as Oahu. There is a potential on the Big Island.

Mr. Yagi asked whether the land in question involves a conservation area.

Mr. Chuck said it does involve a conservation area, so they would have to go through a CDUA process.

Mr. Bert Hatton, a representative of Amfac was present. The chairman asked him whether they would be willing to contribute more in case the study exceeds \$60,000.

Mr. Hatton said if it exceeds \$60,000, he would have to go back to management and request that additional funds be put into the project. It would probably be on a 1/3-2/3 basis, and if funds are not excessive, he didn't anticipate any problem. He felt confident, however, that they could do it within the \$60,000 figure because a lot of the background work has been done.

Mr. Higashi asked what method they used in determining the pricing of energy.

The Amfac representative said he wasn't familiar with that.

Mr. Kealoha said the board has taken a position and remains consistent with respect to the method used in the pricing of energy. He further stated that the board's concern should be relayed to Amfac. He suggested that this be made a part of the study.

Mr. Chuck said he would be happy to take that back to Amfac.

Mr. Kealoha asked how long will the study take. Mr. Chuck said the complete study will take a full year.

ACTION Mr. Yamamoto moved to defer Item D-2 until the next board meeting, with the understanding that staff will contact appropriate Amfac people to convey the board's feeling, particularly in the method used in the pricing of energy, and also to get a clear understanding on Amfac's share in financing this project. Mr. Higashi seconded and the motion was unanimously carried.

THERMAL-DILLINGHAM REQUEST FOR APPROVAL OF PLAN OF OPERATION  
GEOHERMAL RESOURCES MINING LEASE NO. R-2, KAPOHO, PUNA,  
HAWAII

ITEM F-12

Thermal Power Company, as operator for the joint venture of Thermal Power Company and Dillingham Corporation, sublessees of Kapoho Land Partnership under State of Hawaii Geothermal Resources Mining Lease No. R-2, has submitted the plan of operations required under Rule 7.2 of Regulation 8 of the Department of Land and Natural Resources. This rule provides that operations of any kind shall not commence prior to submitting such a plan to the chairman for approval of the board.

The plan entails the drilling of two exploratory geothermal wells identified as Kapoho State No. 1 and Kapoho State No. 2. Upon successful completion of the wells, long-flow tests (maximum three months) will be performed so that an accurate assessment of the size of the reservoir can be estimated. They are going to do this in conjunction with the Hawaii Geothermal Project.

ACTION Unanimously approved as submitted. (Higashi/Hong)

DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF HEALTH APPLICA-  
TION FOR LEASE COVERING LAND AT KAAKAUKUKUI, HONOLULU, OAHU

ITEM F-16

This concerned state property on Koula Street in the Fort Armstrong area. The area is presently under Executive Order No. 2742 to the Department of Accounting and General Services for maintenance and storage baseyard purposes and for accommodating civic center activities. The area is no longer used by DAGS but the executive order is still in existence.

The board, back in 1979, voted to recommend cancellation of Executive Order No. 2742 and return of the property to our own department. Then in September of last year the board voted to approve setting it aside to the Department of Agriculture and the Department of Health for their use. The setting aside and the cancellation actions have not as yet been carried out.

Mr. Detor said there is urgent necessity to construct a fruit fly facility on the premises, and they want to do this particularly in connection with the fruit fly problem they have in California. The problem is if we were to cancel the present executive order and then issue a new one, they would be unable to erect the required improvements until the 1982 session of the legislature adjourns. The law does not permit any improvement to be altered or erected to an area that is under an executive order until the cancellation and re-setting aside is posted with the legislature. The earliest this can be done, according to Mr. Detor, is during the 1982 session.

As an alternative, staff proposed that the executive order be left intact, and instead a lease be issued covering the property for the benefits of the Department of Agriculture and Department of Health. This will enable construction to get underway immediately. As far as the facility is concerned, it will be funded by the State of California.

ACTION Unanimously approved staff's recommendation as submitted. (Kealoha/Hong)

ITEM F-20 STAFF RECOMMENDATION FOR CANCELLATION OF GENERAL LEASE NO. S-4140, WAILUA, KAUAI

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At the February 13, 1981 meeting this particular item was deferred for about a month, and there were representatives present at that meeting. The understanding was that they were going to come up with a proposal at today's meeting to pay off at least a major portion of the delinquency, plus 12% interest.

Mr. Yamamoto thought they were supposed to bring in the money today.

Mr. Norito Kawakami said he was representing Mr. Boyd Saderup, who, with this Nielsen Associates will take over the operation of the Garden if satisfactory arrangements can be made. He said they cannot at this point say that they represent the lessees on a non-conditional basis. It is on a conditional basis.

He further stated that since the last meeting, Mr. Saderup has been busy looking into the affairs of the present operators, and he has since found out that the claims of liability against the operation to be much larger than anticipated at that time. He feels that some of the claims can be settled for a fractional of what is being claimed, and he is in the process of doing that.

The reason they were here is to ask for an extension of at least two weeks. It was Mr. Kawakami's own estimation that probably a month is favorable.

Mr. Saderup thought the present people may have the funds to take care the whole thing, but he has not been able to actually confirm this. His group feels that they don't want to put up any money until some of the questions are cleared.

Mr. Yamamoto asked whether the 30-day extension wasn't enough for them.

Mr. Kawakami said once they started the investigation, they found out that the total amount claimed by outsiders were much more.

Mr. Higashi thought it was unfair for them to come over today with such a request when at the last meeting it was the understanding that they were going into a management contract with the lessee.

Mr. Kealoha wanted to know whether they were saying that with an extended time of two weeks to a month that they could reach a management agreement and that back rental would be paid in full.

Mr. Ono said he was confused since there was no one present to speak on behalf of the party or the lessee who is directly involved.

Mr. Kawakami said he was speaking for Mr. Saderup, who represents Nielsen Associates who, for the purposes of this lease termination, was speaking for the lessee. They are general representation, and they are representing to get an extension so that they may work these things out.

Mr. Ono said it took months to come to this kind of a situation. This isn't a recent development, and the lessee knew about this. Now they are talking about an additional two weeks.

Mr. Saderup said the initial request to the board was for a 60-day extension and it appeared, as much as they tried, that they are not going to be able to do that within that time.

Mr. Ono said at the last meeting they promised to come up with a plan for the board. They had one month to communicate and only now they are coming in to say that.

Mr. Saderup said he cannot get the plan ready until two weeks from now. He has been communicating with the bank and with their legal counsel.

Mr. Yamamoto asked if they were given thirty days' extension whether they can come up with all of these.

Mr. Saderup said after two weeks if the plan comes out, the board will get the plan. Nielsen Associates will bring in the money prior to submitting the plan, he said.

Mr. Higashi said it may be profitable to cancel the lease over the assignment of the lease.

Mr. Saderup said it may be difficult for them to take over the corporation and become the controlling interest.

Mr Yamamoto wanted to know how soon this will take effect if we cancel this lease.

Mr. Detor said it can be done in a short order. However, before you get into that, he said you still need to know the bank's position and the SBA's position.

Mr. Detor said the lease is very restricted and the lease does not permit the operation of a restaurant. Some of the activities that are going on there may not be consistent with the lease requirements. He said this has been the major problem in the past. He further stated that this is going to be one of the things that must be considered if they are planning to operate the restaurant, the retail sales and the nightclub operations. They are going to have problems.

**ACTION** The board took the following actions, on Mr. Yamamoto's motion and seconded by Mr. Yagi:

A. Authorized a further extension to April 11, 1981 of the sixty-day cure period provided the lessee (Destinations Development Corporation) in the Chairman's certified letter of December 1, 1980, subject to the total arrearment of \$76,990.44, which sum represents additional rental owing (\$71,059.88), lease rental payment owing (\$4,344.00) and interest (\$1,586.50) of 12% on \$75,403.88 for the period February 6, 1981 to April 11 owing the state under General Lease No. S-4140 to be paid as follows:

.. \$40,000.00 to be paid by March 27, 1981; and

.. the remaining balance of \$36,990.44 to be paid by April 11, 1981.

B. Should Destinations Development Corporation fail to comply with the conditions in Paragraph A above, the following will result:

.. cancellation of G. L. No. S-4140 in the manner specified by law;

.. retention of all sums heretofore paid under GL No. S-4140 as liquidated damages;

.. termination of all rights and obligations of the lessee, effective March 27, 1981 or April 11, 1981, whichever is appropriate;

.. demand the payment of \$17,376.00 from Messrs. Elwyn S. Hewlett, Jr. and Boyd C. Saderup who are "sureties" under that Surety Bond dated September 24, 1973 by and between Destinations Development Corporation and said gentlemen, which serve as security in lieu of the performance bond requirement contained in Paragraph 19 of said General Lease;

.. request the State Attorney General to collect all monies due the State of Hawaii under General Lease No. S-4140;

.. the chairman to take whatever action(s) or to impose such other terms and conditions to carry out the intent of the foregoing board action.

Mr. Kealoha asked whether they are entitled to a cure period. Mr. Detor said no, the default was dated December 1, 1980, and they were given sixty days from that day. The cure period expired on February 6, 1981, but the board extended it for a period of thirty days.

Mr. Detor said the proposal now is to extend that for another thirty days, contingent upon the \$40,000 being sent in by the 27th of March.

Mr. Kealoha said if they cannot fulfill that obligation for the entire amount, he suggested issuing a permit to Nielsen Associates.

Mr. Kawakami said the legal lessee is still Destination Developers. If we are going to give a formal extension, he said, it would still be to Destination Developers. Otherwise you are going to have a new entity.

On the call of the question, Mr. Kealoha and Mr. Ono voted no. The motion passed with a 4-2 vote.

ITEM F-30 STAFF PROPOSAL TO LEASE NUTRIDGE HOUSE, PUU UALAKAA STATE PARK,  
MAKIKI-ROUND TOP DRIVE, HONOLULU, OAHU (SUBMITTAL WAS DISTRIBUTED  
AT THE BOARD MEETING)

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This was a proposal to award a direct lease on a dwelling at Nutridge to Mr. Rick Ralston for a period of three years, under the recreational-residence statutes. This house was formerly under permit to Henry W. Petrin which was cancelled in July 1978. The house has been unoccupied since then and is in a state of disrepair. To rehabilitate it will cost in excess of \$70,000. Mr. Ralston is willing to make those repairs. Staff suggested that plans and specs be submitted to the chairman prior to work being done. The house is under consideration for placement on the Hawaii Register and nomination to the National Register.

Mr. Detor said some months ago there was a proposal to rent it to Rick Ralston and the matter was deferred. The question of historic aspect of the house was thoroughly discussed at that time.

ACTION Mr. Yagi moved to approve staff's recommendation, which was seconded by Mr. Yamamoto, and the motion was carried. (Mr. Kealoha and Mr. Hong were out of the room when this matter was taken up. See below for further action.)

ITEM B-1 REQUEST FOR APPROVAL TO AMEND AN AGREEMENT WITH THE RESEARCH  
CORPORATION OF THE UNIVERSITY OF HAWAII AND HAWAII COOPERATIVE  
FISHERY RESEARCH UNIT - PUAKO AREA (HAWAII) COASTAL RESOURCES  
MANAGEMENT STUDY

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ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM C-1 DISTRICT FIRE WARDENS, ISLAND OF HAWAII

ACTION On Mr. Higashi's motion and seconded by Mr. Yagi, the board unanimously approved the appointments of the following as District Fire Wardens:

Shozo Nagao (District VIII)  
Michael C. Bryan (District XVIII)  
David G. Rietow (District XIII)

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Mr. Kealoha and Mr. Hong were back in the meeting room. They asked the chairman to bring back Item F-30 at this time since they would like to vote on it. The action on Item F-30 above showed that it was approved on a motion by Mr. Yagi and seconded by Mr. Yamamoto. Mr. Kealoha and Mr. Hong said they would also like to cast their yes votes. The action on Item F-30 was recorded to show that the motion was unanimously carried.

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

ACTION The board unanimously approved and appointed Mr. Melvin Miranda as a director of the Kona Soil and Water Conservation District for a term ending June 30, 1983, on Mr. Higashi's motion and seconded by Mr. Yagi.

(See pages 1 to 4 for Item D-2.)



ITEM E-1 FILLING OF A CONSTRUCTION AND MAINTENANCE WORKER I POSITION,  
WEST KAUAI UNIT, KAUAI PARKS SECTION

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ACTION On Mr. Yamamoto's motion and seconded by Mr. Higashi, the board unani-  
mously approved the appointment of Robert Y. Yamada to fill Position No.  
32324, Construction and Maintenance Worker I.

ITEM E-2 REQUEST TO USE CORONATION STAND AT IOLANI PALACE GROUNDS  
FOR WEDDING CEREMONY (SUBMITTAL TO BE DISTRIBUTED AT BOARD  
MEETING)

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Mr. Yamashiro asked to withdraw Item E-2 since the applicant did not submit his request in writing. He said a verbal request was received from Mr. Tom Armstrong for the use of the coronation stand at Iolani Palace Grounds for a wedding ceremony. Mr. Armstrong was informed verbally by the Division of State Parks that his request was denied.

Mr. Armstrong then contacted Mr. Ono who also gave him the same answer that his request was denied. Subsequently, he was asked to put his request in writing so this matter can be listed on the board agenda for the board's consideration. Such request did not come in.

Item E-2 was brought before the board to affirm the actions that were taken by the chairman and the Division of State Parks.

Mr. Kealoha said staff should have prepared a submittal with recommendations to the board regardless of whether it lacked the necessary information from Mr. Armstrong.

Mr. Ono said if it is still the board's policy we can convey the message back to Mr. Armstrong.

Mr. Ono said there was one incident which should be reported to the board. A group used the coronation stand without receiving board approval, and it was well publicized. It was a 4-people luncheon which was privately catered. The timing was bad, he said. He asked whether the board wants to take additional action beyond the official reprimand.

Mr. Kealoha asked the chairman to direct the State Parks Division for a follow-up action and to report its findings to the board.

Mr. Ono said if that is the board's wish, he can communicate with the party involved.

ITEM E-3 AWARD OF CONTRACT, JOB NO. 24-KP-17, RE-ROOFING CABINS, KOKEE  
STATE PARK, KAUAI (TO BE DISTRIBUTED AT BOARD MEETING)

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Bids for this contract were opened yesterday afternoon and Iwamoto Construction, Inc. was the apparent low bidder at \$71,709.00. The budget for this project was \$45,000.00. Mr. Yamashiro said the difference would come from their Wailua paving project and also from their Wailua River project. He said the bids on the Wailua River project came in around \$30,000, well below what they had estimated.

ACTION Unanimously approved as submitted. (Yamamoto/Kealoha)

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Mr. Kealoha asked Mr. Yamashiro whether anybody is occupying the old house at the Ualakaa State Park.

Mr. Yamashiro said a Mr. Taba lives there. Although Mr. Yamashiro was not familiar with the prior arrangements made with Mr. Taba, it was his understanding that Mr. Taba opens and closes the gate to the Ualakaa State Park.

Mr. Kealoha asked the chairman to have someone investigate this matter and to report back to the board.

ITEM F-1      DOCUMENTS FOR CONSIDERATION

KAUAI

Item F-1-a      REVOCABLE PERMIT

ALAN J. COPELAND - portion of the Nawiliwili Harbor Disposal Area - for open storage purposes - \$55.00 per month

The board was informed at its last meeting that the project for a light industrial subdivision has been held up since we don't have the money to proceed. For this reason, staff was recommending that a permit be issued for the use of this area.

ACTION      Unanimously approved as submitted. (Yagi/Kealoha)

With reference to issuing permits at Nawiliwili, Mr. Ono said he was concerned because it is an open area. He said no matter what we tell the people, they are going to feel comfortable after several years and feel that they have some rights to that area. He asked whether it would be feasible to issue permits not to exceed a year.

Mr. Detor agreed with the chairman and thought it would be a good idea to single out Nawiliwili. He said the staff can work out something.

ITEM F-2      RESUBMITTAL - MAUNA LOA MACADAMIA NUT CORP. - APPLICATION TO LEASE LAND AT KANAIO, KAU, HAWAII

This was a resubmittal. It was deferred about a month ago. This was an application by Mauna Loa Macadamia Nut Corporation for macadamia nut production on some 150 acres in Kau. This was formerly a lease to Kapapala Ranch and is located between Pahala and Naalehu. The total area in the permit itself held by Kau Sugar, Richard Smart and Gordon Cran runs about 37,000 acres. Within that area is this 150-acre parcel, and they have about six acres planted in sugar cane right now which they are willing to forego.

Mr. Higashi wanted to know why the term is only for forty-five years. He asked whether we can go for fifty-five years. He said for macadamia you don't get anything for the first seven years.

Mr. Detor said you could. He said if it is legally permissible to go for fifty-five years, he suggested that the rental reopenings be amended to include also at the end of forty-five years. As the submittal is written, rental reopening is for 15, 25 and 35 years.

Mr. Ono asked why we are restricting it to macadamia only. He had some concern if it were to be this specific.

Mr. Detor said the reason for this is because there is definite interest by more than one party. As far as sugar and other uses are concerned, there are plenty more room there. Furthermore, he stated that if we are going to say pasture or diversified agriculture, which he didn't think was suitable, he said we could only go for thirty-five years. He said this was the reason it was held up the last time.

Mr. Detor said we specify sugar and pineapple. He said the fact that the statute single out macadamia nuts for specific treatment, in addition to pineapple and sugar, it has some significance as far as coming up with the recommendation.

Mr. Ono asked whether we need an environmental assessment and who is going to pay for that. Mr. Detor said an environmental assessment is required, and we would have to pay for that.

Mr. Yagi asked whether the six acres, being a portion of the lease and now in sugar, was specified for sugar cane use.

Mr. Detor said there is no lease. The subject 150-acre parcel is a part of a permit which covers 37,000 plus acres. The permit says pasture or sugar cane is permitted.

ACTION Mr. Higashi moved, seconded by Mr. Kealoha, and the board unanimously approved staff's recommendation, as amended, by changing the term to 55 years with an additional reopening at the end of the 45th year.

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Mr. Kealoha said staff was supposed to have prepared a report for the board by the end of February on Jack Ramos' lease. He has not seen it yet and asked Mr. Detor to have something prepared by the next meeting.

ITEM F-3 HAWAIIANA INVESTMENT CO., INC. REQUEST FOR DECLARATION OF ABANDONMENT OF FLUME EASEMENT AT PONAHAHAWAI, SOUTH HILO, HAWAII

Mr. Detor said Hawaiiiana Investment want this board to execute documents for Declaration of Abandonment of Flume Line Easement. Staff recommended that the board authorize execution of the documents, subject to the review and approval of the Attorney General's Office.

ACTION Unanimously approved as submitted. (Higashi/Kealoha)

ITEM F-4 KONA VENTURES, INC. REQUEST FOR AMENDMENT OF PREVIOUS BOARD ACTION (9/14/79, AGENDA ITEM F-21) AUTHORIZING SALE OF REMNANT AT HIENALOLI 5 & 6, NORTH, HAWAII

This related to an action that the board previously took authorizing the sale of a remnant in Kona for \$43,000 in cash. The applicant would like to pay on a time payment plan and has offered to pay 20% down with interest at 10%. Staff agreed to the 20% down but recommended that the interest rate be at 11½%, which we are using now.

Mr. Higashi said this is a condominium project. He asked how the applicant can sell the units when he is not going to get title to the land until he pays in full.

Mr. Detor said he discussed this with the applicant, and asked him how he is going to be able to do this. He said he can work it out.

ACTION Mr. Higashi moved to approve staff's recommendation, Mr. Yamamoto seconded and the motion was carried. Mr. Hong voted no.

ITEM F-5 LAWRENCE AND EDWIN SOUSA APPLICATION TO PURCHASE ABANDONED RAILROAD RIGHT-OF-WAY SEGMENT, WAIAKEA, SOUTH HILO, HAWAII

ACTION Unanimously approved as submitted. (Higashi/Yamamoto)

ITEM F-6 STAFF RECOMMENDATION FOR EXERCISE OF REPURCHASE OPTION, LOT 9 UNIVERSITY HEIGHTS, 3RD INCREMENT, WAIAKEA, SOUTH HILO, HAWAII

Item F-6 was a recommendation to exercise repurchase option in connection with Lot 9 of the University Heights Residential Subdivision. There is a house on it. The party who built the house plans to move to Kona or to Waimea from Hilo. Pursuant to the terms of the patent, he has offered the state the repurchase option. Mr. Detor thought that this could run pretty close to \$200,000. The Ayalas, however, are going to get only \$10,900, insofar as the land is concerned, which was the bid price.

Mr. Higashi said they have only one more year to wait. He asked whether they can change their minds once we approve it. Mr. Detor wasn't sure. He said he can find that out.

Mr. Higashi said he wanted to make sure that Mr. Ayala understands what he is doing, noting that the time is so close. He asked for deferral until he has a chance to personally talk to him.

ACTION This matter was deferred until the next meeting, on Mr. Higashi's motion and seconded by Mr. Yagi.

Mr. Detor asked to take up Item F-11 next before taking up Item F-7 since it involved a previous commitment that the board had made which should be taken up first to rescind that.

ITEM F-11 STAFF RECOMMENDATION FOR RESCISSION OF PREVIOUS BOARD ACTIONS AUTHORIZING SALE OF LEASES COVERING LOTS IN THE PAPA HOMESTEADS, PAPA 1, SOUTH KONA, HAWAII

In 1974 the board authorized the sale of five separate leases in Papa Homesteads in Kona for general agriculture-residence purposes and for general agriculture purposes. Mr. Detor said there was no interest after that and the sale never went through.

Today's agenda involved the sale of these three separate leases with revised terms and conditions. Staff recommended that the board formally rescind its January 25, 1974 action.

ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM F-7 DENNIS YOUNG APPLICATION FOR LEASE COVERING LOT 18, PAPA HOMESTEADS, PAPA 1, SOUTH KONA, HAWAII

This lease is for diversified agriculture-residence purposes and involved Lot 18 of the Papa Homesteads.

ACTION Unanimously approved as submitted. (Higashi/Kealoha)

ITEM F-8 RESUBMITTAL - STAFF RECOMMENDATION FOR AMENDMENT OF PREVIOUS ACTION AUTHORIZING SALE OF EASEMENT ACROSS THE FORMER OOKALA SCHOOL LOT, OOKALA, NORTH HILO, HAWAII

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ACTION Approved as submitted. (Higashi/Kealoha)

Mr. Hong did not vote expressing a conflict of interest.

ITEM F-9 HHA APPLICATION TO PURCHASE PORTION OF LOT 615-B, WAIAKEA HOMESTEADS, 1ST SERIES, WAIAKEA, SOUTH HILO, HAWAII

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This was an application by HHA to buy Lot 615-B of the Waiakea Homesteads in Hilo involving some seventeen acres presently under a permit for pasture purposes. HHA would like to buy it and then develop on it 36 to 40 moderate-income, single-family residential homes.

Mr. Ono asked what the price was going to be. Mr. Detor said they left the consideration open, to be negotiated by the chairman.

Mr. Detor said in the past the board has been quite generous, as far as HHA was concerned, in making lands available at a price. He said we have the legal ability to give it to them or put any price which the board wants. We have generally tied it to the price to whatever they are going to put the package out.

Mr. Ono said they are suggesting \$7,000 per acre as the suggested price. He asked Mr. Detor whether this is in the low or high side.

Mr. Detor said this is considerably below the market price. He said in order to keep the sale price at \$70,000 per unit, they are asking that we convey the fee simple title to the subject property at \$7,000 per acre, or a total purchase price of \$120,000.

Mr. Higashi said in the negotiation we can interject the thought of considering a lease with option to purchase, thereby converting it from lease to fee.

Mr. Detor said because it is in the ceded land category, there is a question of whether the beneficiaries of OHA are entitled to a full consideration of any conveyance made of the land. He didn't think that has been resolved.

Mr. Higashi's personal position was that however and wherever possible they can provide affordable housing for the average person, he would support it as long as the savings are passed on to the consumer.

ACTION Unanimously approved as submitted. (Higashi/Kealoha)

ITEM F-10 STAFF RECOMMENDATION FOR SALE OF SEPARATE LEASES COVERING LOTS 10 AND 11, PAPA HOMESTEADS, PAPA 1, SOUTH KONA, HAWAII

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ACTION Unanimously approved as submitted. (Higashi/Kealoha)

(See page 12 for Item F-11 and page 4 for Item F-12.)

ITEM F-13 HIROSHI MATSUYAMA APPLICATION TO PURCHASE ABANDONED ROAD  
REMNANT, KALAOA 5TH, NORTH KONA, HAWAII

ACTION Unanimously approved as submitted. (Higashi/Yagi)

ITEM F-14 HAWAIIAN ELECTRIC CO., INC. APPLICATION FOR GUY WIRE AND ANCHOR  
EASEMENTS, KAPIOLANI PARK, HONOLULU, OAHU

ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-15 STAFF RECOMMENDATION FOR RENTAL INCREASE, REVOCABLE PERMIT  
NO. S-5781 COVERING DESK SPACE #7, KALANIMOKU BUILDING, HONO-  
LULU, OAHU

ACTION Unanimously approved as submitted. (Hong/Yamamoto)

(See pages 4 and 5 for Item F-16.)

ITEM F-17 STAFF RECOMMENDATION FOR SALE OF LEASE COVERING PORTION OF  
THE GOVERNMENT LAND OF WAILUA, KAUAI (NOW G.L. NO. S-3645)

ACTION Unanimously approved as submitted. (Yamamoto/Hong)

ITEM F-18 STAFF RECOMMENDATION FOR SALE OF LEASE COVERING PORTION OF  
THE GOVERNMENT LAND OF WAILUA, KAUAI (NOW G.L. NO. S-3646)

ACTION Unanimously approved as submitted. (Yamamoto/Hong)

ITEM F-19 KEKAHA SUGAR CO., LTD. REQUEST FOR CONSENT TO SUBLEASE G. L.  
NO. S-4222, WAIMEA, KAUAI

This was a request by Kekaha Sugar Company for consent to a sublease, involving twenty bee hive sites within the lease. The board was informed that staff checked with the Attorney General's Office to see whether such use (bee hives) is legal. They were informed that it is.

Kekaha is going to charge \$60.00 per site. Mr. Detor informed the board that we receive 6% of the gross on the Kekaha lease. Staff suggested that we take half of the rent that they are going to sublease.

Mr. Ono brought out the question about the conservation district. Mr. Detor didn't think this was in a conservation area.

For the board's information, Mr. Detor said with the present price of sugar, the lessee on this lease paid \$1½ million last year.

ACTION Unanimously approved as submitted. (Yamamoto/Hong)

(See pages 5 to 7 for Item F-20.)

ITEM F-21 STAFF RECOMMENDATION FOR SALE OF LEASE COVERING PORTION OF  
THE KALAHEO HOMESTEADS, 1ST SERIES, KALAHEO, KOLOA, KAUAI

ACTION Unanimously approved as submitted. (Yamamoto/Hong)

ITEM F-22 DSSH REQUEST FOR ACQUISITION OF LEASE COVERING SUITES 101, 203 AND 204 AT 23 SOUTH KAMEHAMEHA HIGHWAY, WAHIAWA, OAHU

ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM F-23 DOE REQUEST FOR ACQUISITION OF LEASE COVERING THE 3RD FLOOR AND PART OF THE 4TH FLOOR OF THE AMERICAN SAVINGS BUILDING, KANEOHE, OAHU

ITEM F-24 DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS REQUEST FOR ACQUISITION OF LEASE COVERING OFFICE SPACE IN THE TANI BUILDING, HONOLULU, OAHU

ITEM F-25 DSSH REQUEST FOR ACQUISITION OF LEASE COVERING ROOMS 602, 604, 606, AND 608 OF THE BETHEL-PAUAAHI BUILDING, HONOLULU, OAHU

ITEM F-26 DSSH REQUEST FOR APPROVAL OF RENEWAL OF LEASE COVERING ROOM 802 OF THE BETHEL-PAUAAHI BUILDING, HONOLULU, OAHU

ITEM F-27 DSSH REQUEST FOR APPROVAL OF RENEWAL OF LEASE COVERING ROOM 616 OF THE BETHEL-PAUAAHI BUILDING, HONOLULU, OAHU

ACTION Items F-23 to F-23 were unanimously approved as submitted. (Kealoha/Hong)

ITEM F-28 FILLING OF CLERK-STENOGRAPHER II POSITION, TRANSACTIONS BRANCH, HONOLULU, OAHU

ACTION Mrs. Michele Cortez was unanimously appointed to fill the Clerk-Stenographer II position (Position No. 12693) in the Transactions Branch, on Mr. Hong's motion and seconded by Mr. Yamamoto.

ITEM F-29 JOSEPH YOUNG APPLICATION FOR WATER PIPELINE EASEMENT, WAILUA, KOOLAU, MAUI

ACTION Unanimously approved as submitted. (Yamamoto/Yagi)

(See page 8 for Item F-30.)

ITEM H-1 RESUBMITTAL - REQUEST TO ESTABLISH PERMIT SYSTEM FOR COMMERCIAL FILMING ON STATE LANDS AND MODIFICATION OF CDUA OA-4/26/78-1050

This matter was deferred at the last board meeting to afford the board more time to study the matter. This was a request to establish a permit system for commercial filming on state lands and to modify the CDUA that is in effect now.

Staff basically felt that commercial filming on state land generally is a very viable idea and is good for the State of Hawaii as a whole, in terms of the economic basis by which we attract income. However, staff felt there should be some type of structure so that people who participate in the program can be made aware of the ground rules, particularly in the area which the board may find not suitable for filming. Staff also felt that before they come to the board with policy procedure, that public hearings be held on all islands. Staff further recommended that the board appoint a master to carry out these public hearings.

Staff recommended modifying Conditions 7, 12, 16 and 18, which are presently in existence, as follows:

7. Each commercial filming entity shall prepare a fire contingency plan, acceptable to the Division of Forestry for implementation during the filming activity in areas under the function of the Division of Forestry;
12. The commercial filming entity shall notify appropriate governmental agencies at least forty-eight (48) hours in advance of the filming activity;
16. Use of Natural Area Reserves shall be prohibited except when provided for under Departmental Regulation No. 10;
18. That if the proposed request necessitates an extended use of Conservation/lands/State lands or the construction of major sets, infrastructure, or related improvements beyond a six-month period, a separate CDUA shall be filed, processed, and approved prior to the initiation of the subject request.

In discussing the fees, Mr. Evans said they would be recommending that the fees be on a per-day basis regardless of the amount of time in use.

In coming up with the ground rules, the board suggested that they take into consideration the state land and the conservation land that they are addressing.

The board also brought out the case on the Canadian Club promotion that was held at Mauna Kea. They wanted to know how such case would be addressed. Mr. Evans thought perhaps we can have a category.

ACTION Unanimously approved staff's recommendation as presented. (Kealoha/Yagi)

Mr. Kealoha asked to defer Item H-2 until after the J-items are taken up.  
(See pages

ITEM H-3 REQUEST FOR TEMPORARY VARIANCE WITHIN THE STATE CONSERVATION DISTRICT FOR TRAIL CLEARING AND SURVEYING USES, AINAKOA VALLEY, HONOLULU, OAHU (THOMAS A. HITCH) (SUBMITTAL WAS DISTRIBUTED AT BOARD MEETING)

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Mr. Evans asked to defer this matter until the next meeting.

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

ITEM J-1 LEASE, HONOLULU, INTERNATIONAL AIRPORT, OAHU (UNIVERSAL ENTERPRISES, INC. DBA NAV, INC.)

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ACTION Unanimously approved as submitted. (Kealoha/Hong)

ITEM J-2 ADDENDUM NO. 4 TO LEASE NO. DOT-A-72-21, HONOLULU INTERNATIONAL AIRPORT, OAHU (AVIS RENT-A-CAR SYSTEM, INC.)

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ITEM J-3 ADDENDUM NO. 4 TO LEASE NO. DOT-A-72-24, HONOLULU INTERNATIONAL AIRPORT, OAHU (BUDGET RENT-A-CAR SYSTEMS, INC.)

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- ITEM J-4      ADDENDUM NO. 4 TO LEASE NO. DOT-A-72-22, HONOLULU INTERNATIONAL AIRPORT, OAHU (THE HERTZ CORP.)
- ITEM J-5      ADDENDUM NO. 4 TO LEASE NO. DOT-A-72-23, HONOLULU INTERNATIONAL AIRPORT, OAHU (TAYLOR TRANSPORTATION CO., LTD. DBA NATIONAL CAR RENTAL)
- ACTION      Items J-2 to J-5 were unanimously approved as submitted. (Kealoha/Hong)
- ITEM J-6      RENEWAL OF REVOCABLE PERMITS, CONFORMING USE, AIRPORTS DIVISION
- ACTION      Unanimously approved as submitted. (Higashi/Hong)
- ITEM J-7      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, PIER 34, HONOLULU OAHU (HAWAIIAN INDEPENDENT REFINERY, INC.)
- ACTION      Unanimously approved as submitted. (Kealoha/Hong)
- ITEM J-8      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, NAWILIWILI HARBOR, KAUAI (JOHN MCCLURE, DBA CUSTOM CONCRETE SERVICE)
- ACTION      Unanimously approved as submitted. (Yamamoto/Hong)
- ITEM J-9      CONTINUANCE OF REVOCABLE PERMITS, HARBORS DIVISION
- ACTION      Unanimously approved as submitted. (Hong/Yamamoto)
- ITEM J-10      ISSUANCE OF REVOCABLE PERMIT, HARBORS DIVISION, KEWALO BASIN, HONOLULU, OAHU (U. S. DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL MARINE FISHERIES SERVICE)
- ACTION      Unanimously approved as submitted. (Kealoha/Hong)
- ITEM J-11      USE OF HARBORS DIVISION FACILITIES, PIER 9 PASSENGER TERMINAL, HONOLULU, OAHU (BALIK - BAHAY)
- ACTION      Unanimously approved as submitted. (Kealoha/Hong)
- ITEM J-12      USE OF HARBORS DIVISION FACILITIES, PIER 10 PASSENGER TERMINAL, HONOLULU, OAHU (AMERICAN HAWAII CRUISES)
- ACTION      Mr. Suwa asked to withdraw this item for further review. The board had no objection.
- ITEM J-13      USE OF HARBORS DIVISION FACILITIES, PIER 9 PASSENGER TERMINAL, HONOLULU, OAHU (HOOLAULIMA ANA NO EILEEN R. ANDERSON)
- ACTION      Unanimously approved as submitted. (Hong/Yamamoto)
- ITEM J-14      USE OF HARBORS DIVISION FACILITIES, PIER 10 PASSENGER TERMINAL, HONOLULU, OAHU (FRIENDS OF ARIYOSHI)
- ACTION      Unanimously approved as submitted. (Yagi/Kealoha)

ISSUANCE OF REVOCABLE PERMITS, HONOLULU INTERNATIONAL AIRPORT  
AND KAHULUI AIRPORT (MID-PACIFIC AIRLINES) (SUBMITTAL DISTRIBUTED  
AT BOARD MEETING)

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ITEM J-15

ACTION Unanimously approved as submitted. (Yagi/Hong)

DELEGATION OF AUTHORITY TO CHAIRMAN, BOARD OF LAND AND NATURAL  
RESOURCES

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ITEM H-2

At the last meeting, the board requested an update on the Delegation of Authority to the Chairman. Since the adoption of the original document by the board on February 8, 1974, there have been additional activities which were delegated to the chairman, and they were listed in the submittal as Items 23 to 27.

As far as Item 27, on the termination of revocable permits, the board was informed that Mr. Detor and the Fiscal Office were instructed to work together a procedure in notifying all of the tenants of this new policy when they send out the billing.

Mr. Kealoha said he was not too clear on No. 23 with respect to the environmental requirements.

Mr. Evans explained in detail what Item 23 was all about. He said the board authorized the chairman to comply with any environmental assessments that there may be in conservation district. He said year before last, the legislature added "state land" as a category action in an environmental requirement, therefore, Item 23 included "state lands" as a category action.

Mr. Evans said in order to make it clear, he suggested that rather than to make the chairman "comply with any environmental requirements--", that Item 23 read, "Require compliance with any environmental requirements as it pertains to state lands or conservation district lands."

Mr. Hong said there was one other area that he would like to cover. He didn't know whether this would come under the delegation of authority, and this had to do with the budgetary process. He would like to see the budget process for the department. He said at least the draft should be submitted to the board prior to finalization so the board can review it and get to know more about the department's programs and projects.

Mr. Hong said it may be difficult to go over such matters during the regular board meeting and suggested that possibly once a month, a day prior to a board meeting, the board can hold informal sessions just to review such matters and also the policies and problems dealing with the board.

The board was in unanimous agreement that the Delegation of Authority should be reviewed annually.

Mr. Kealoha said it may be helpful if we can ask the deputy attorney general to review the Delegation of Authority since some of the things listed may be unnecessary, or may be covered by law.

ADJOURNMENT: There was no further business and the meeting was adjourned at 12:25  
P. M.

Respectfully submitted,



JOAN K. MORIYAMA  
Secretary

APPROVED



SUSUMU ONO  
Chairman

jkm