

MORIHARA LAU & FONG LLP

LINNEL T. NISHIOKA 4279-0
841 Bishop Street, Suite 400
Honolulu, Hawaii 96813
Telephone: (808) 528-4200

THE LAW OFFICE OF ISAAC HALL

ISAAC D. HALL 2238-0
2087 Wells Street
Wailuku, Hawaii 96793
Telephone: (808) 244-9017

Attorneys for Molokai Properties Limited

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of:	)	DOCKET NO. A06-764
)	
MOLOKAI PROPERTIES LIMITED,)	
a Hawaii Corporation)	
	)	PETITION FOR LAND USE BOUNDARY
To Amend the Agricultural Land Use District	)	AMENDMENT; VERIFICATION;
Boundary into the Conservation Land Use	)	EXHIBITS "1" - "3"; AFFIDAVIT OF
District for Approximately 252 Acres of Land	)	LINNEL T. NISHIOKA ATTESTING TO
and into the Rural Land Use District for	)	SENDING OF THE NOTIFICATION OF
Approximately 613 Acres of Land and To	)	PETITION FILING; AND CERTIFICATE
Amend the Conservation Land Use District	)	OF SERVICE
Boundary into Rural Land Use District for)	
Approximately 10 acres at Lā'au Point,)	
Molokai, TMK: (2) 5-1-02:30 (Portion))	

PETITION FOR LAND USE BOUNDARY AMENDMENT

VERIFICATION

EXHIBITS "1" - "3"

**AFFIDAVIT OF LINNEL T. NISHIOKA ATTESTING TO
SENDING OF THE NOTIFICATION OF PETITION FILING**

CERTIFICATE OF SERVICE

TABLE OF CONTENTS

1. Petition for Land Use Boundary Amendment
2. Verification
3. Exhibit "1" Environmental Impact Statement Preparation Notice
4. Exhibit "2" Petitioner's Deed to the Petition Area
5. Exhibit "3" BIL International 2005 Annual Report
6. Affidavit of Linnel T. Nishioka Attesting to Sending of the Notification of Petition Filing
7. Certificate of Service

PETITION FOR LAND USE BOUNDARY AMENDMENT

MOLOKAI PROPERTIES LIMITED (“MPL” or “Petitioner”) is the owner of the approximately 6348-acre parcel identified as TMK: (2)5-1-02:30 located on the western part of the island of Molokai. Currently, most of TMK: (2)5-1-02:30 is classified as Agriculture, with the strip of land along the coastline classified as Conservation. Petitioner seeks to reclassify 613 acres from Agriculture to Rural, and 252 acres from Agriculture to Conservation and 10 acres from Conservation to Rural. The remainder of TMK: (2)5-1-02:30 (i.e., 5473 acres) will retain its classification as Agriculture.

The State Land Use Commission (“Commission”) has the authority and jurisdiction to entertain this petition pursuant to Hawaii Revised Statutes (“HRS”) §§ 205-3.1 and 205-4. This petition is filed in accordance with HRS Chapter 205 and Title 15, Chapter 15 of the Hawaii Administrative Rules (“HAR”).

I. Background

Ever since the pineapple plantations began phasing out their operations on Molokai beginning in the 1970s and finally ceasing all cultivation by the mid-1980s, the Molokai community has grappled with the issue of revitalizing the island’s economy and providing jobs for its residents. At the same time, Molokai Properties Limited (MPL), the largest private landowner on Molokai, and the owner of most of the developable land on the island, was doing the same in an effort to preserve and protect its assets and investments. Unhappily, throughout the 1990s and until 2003, MPL dba Molokai Ranch and its parent company, Brierley Investments (later to become BIL International Limited), had isolated itself from the Molokai community through a lack of consultation on its development plans. As a result, MPL’s plans for use of its lands generally met with strong community opposition. Meanwhile, Molokai’s economy continued to struggle.

In 2003, MPL, which had acquired the abandoned Kaluakoi Hotel, Kaluakoi Golf Course and surrounding land, and the Molokai Enterprise Community (EC), a 501(c)(3) non-profit organization, whose mission is to help Molokai residents empower themselves to implement their community strategic plan and, thereby, control their own destiny, began meeting to discuss a mutual interest in re-opening the Kaluakoi Hotel. Out of those discussions grew a partnership of EC and MPL to create a visionary plan for Molokai Ranch’s 60,000+ acres that would reflect the kind of community the residents desired.

The resultant Community-Based Master Land Use Plan for Molokai Ranch is the product of more than 150 community and special interest group meetings, to which the community was invited to participate. More than 1,000 Molokai residents participated in the planning process, which involved long hours of impassioned debate, critical thinking, and soul-searching. This comprehensive land-planning process, certainly the most unique ever to have taken place in Hawaii, hopefully will lead to a reconciliation of families that had been separated by controversy for more than a decade. It created a partnership between a company and its island neighbors that had been acrimonious and adversarial; and contributed to personal growth for those involved in

the process. Importantly, it set the stage for Molokai's future – a future in which self-determination by the island's residents is assured.

II. Key Points of the Community-Based Master Land Use Plan

Key points of the Community-Based Master Land Use Plan for Molokai Ranch, agreed between EC, representing the Molokai community, and MPL, include:

- Renovate and re-open the 152-room Kaluakoi Hotel and upgrade the Kaluakoi Golf Course. Re-opening of the hotel was the primary focus of the Land Use Plan and is crucial to revitalizing the Molokai economy by providing more than 100 jobs for Molokai residents. Hotel renovations and golf course upgrades are estimated to cost more than \$30 million, which will be funded through sales of the La'au Point rural-residential lots.
- Creation of the La'au Point rural-residential subdivision to consist of no more than 200 rural-residential lots, each approximately 1.5 to 2+ acres in size. An open space buffer area will surround the residential lots, and cultural and environmental preservation zones will protect significant cultural and natural resources forever. Sales of the lots are crucial to funding the Kaluakoi Hotel renovations and golf course upgrades. Also, a portion of the sales revenues will fund an endowment for the proposed Molokai Community Development Corporation ("CDC").
- Continue Molokai Ranch's current tourism and agricultural operations, ensuring continued employment of its current staff of 150 employees.
- Active protection and enhancement of subsistence gathering, an important element of life on Molokai, by, among other things, ensuring access to the shoreline. Access to protected areas will be foot-access only, and the perpetual right to subsistence gathering will be noted on appropriate land titles.
- MPL will gift land and other income streams or revenue sources, with an appraised value of more than \$50 million, to a Molokai Land Trust ("MLT") and CDC.
- Through donations to MLT and the proposed CDC, and the imposition of protective easement restrictions, development will be restricted on more than 55,000 acres (85% of MPL's lands), thereby protecting the rural and agricultural nature of the island.
- The MLT and the CDC will assume ownership and management of 26,200 donated acres. Another 24,000+ acres will remain in MPL ownership; however, it will be placed under restrictive Agricultural and Conservation Open Space easements enforceable by MLT.
- Formation of a Molokai Land Trust, whose mission will be:
 - Protecting historic, cultural, and archaeological sites;
 - Preserving precious natural and environmental resources; and
 - Enhancing indigenous rights through the protection of subsistence gathering.

The Molokai Land Trust will be gifted the majority of the 26,200 acres which will remain in protection and without any development.

- Creation of a Molokai Community Development Corporation, whose mission will be:
 - Developing affordable homes for the Molokai community;
 - Expanding educational opportunities that build capacity among Molokai's youth; and
 - Assisting MLT with project funding.
- To assist the CDC with its mission of providing affordable homes, MPL will convey, as part of the 26,200 acres, 1,100 acres of land mauka of Kaunakakai for future housing development.
- Additionally, MPL will gift CDC the following as part of the 26,200 acre gift:
 - A 5-acre parcel in central Kaunakakai zoned light industrial, which will be available for development in 2011;
 - A 3.2-acre parcel adjacent to the Community College, which will be sold to Maui Community College at market value;
 - \$100,000 from the sale by MPL of a 5-acre site to the County for a new Kaunakakai Fire Station (which is part of the 1,100 acres mauka of Kaunakakai);
 - An endowment from the La`au Point subdivision, based on:
 - A net 5 percent of the sale revenue of all 200 lots in the La`au Point development. The value is estimated to be \$10 million over 5 years; and
 - A percentage, yet to be determined, of subsequent revenue when lots, or lots with houses, are re-sold. This will provide CDC will a perpetual income source.
- MPL will put aside 200 acres around the towns of Kualapu`u and Maunaloa to be made available for community housing. Although MPL will retain ownership, development decisions and timing will be made by the community and not by MPL.

III. La`au Point

La`au Point, along the shoreline bluffs on the southwest coastline of Molokai, is the subject of this Petition. Although this Petition is but one part of a comprehensive Master Land Use Plan involving all of MPL's 60,000+ acres, which would be viable only as an integrated whole, the only lands that are subject to State Land Use reclassification are approximately 875 acres at La`au Point.

La`au Point has many features and that provide unique opportunities. The natural topography and slope of the site provide exceptional coastal and ocean views from many vantage points. An archaeological inventory identified a number of significant archaeological, historical, and cultural sites within the area. Coastal and mauka areas are utilized for subsistence hunting and gathering. Some livestock is pastured there, and wild deer currently roam the land.

The La`au Point project proposes protection and preservation of significant archaeological, historical, and cultural sites, the preservation of environmentally sensitive areas

within conservation zones, easements to protect subsistence gathering, and a 200-lot rural-residential subdivision, surrounded by an open-space buffer. The mauka boundary of the rural-residential subdivision will be defined by a deer and livestock fence to minimize conflicts with adjacent subsistence hunting and pasture usage. The fence will also protect the open space and coastal conservation areas from livestock and deer.

Each rural-residential lot will be approximately 1.5 to 2+ acres in size. It is anticipated that only about 30 percent of the La`au Point homeowners will be permanent residents, and the population of La`au Point is expected to be somewhat older than the general population.

Subdivision and sale of 200 rural-residential lots at La`au Point is crucial to the economic viability of the Master Land Use Plan. Proceeds from the sale of these lots will fund the renovations and upgrading of the Kaluakoi Hotel and Golf Course. They will also fund an endowment to assist CDC in carrying out its mission of developing affordable homes for Molokai residents, expanding educational opportunities for Molokai's youth, and assisting the Molokai Land Trust with project funding.

IV. Petition

1. PETITIONER:

Molokai Properties Limited, a Hawai`i Corporation
745 Fort Street Mall, Suite 600
Honolulu, Hawai`i 96813

2. COMMUNICATIONS:

Communications regarding this Petition should be addressed to the following:

PETITIONER: Peter Nicholas, President and CEO
Harold Edwards, Senior Vice President
Molokai Properties Limited
745 Fort Street Mall, Suite 600
Honolulu, Hawai`i 96813
Telephone: (808) 534-9509
Fax: (808) 521-2279

PETITIONER'S ATTORNEYS Morihara Lau & Fong LLP
Linnel Nishioka, Esq.
841 Bishop Street, Suite 400
Honolulu, Hawai`i 96813
Telephone: (808) 528-4200
Fax: (808) 531-8466

The Law Office of Isaac Hall
Isaac Hall, Esq.
2087 Wells Street
Wailuku, Hawai'i 96793
Telephone: (808) 244-9017
Fax: (808) 244-6775

3. Environmental Impact Statement

Attached as Exhibit "1" is an Environmental Impact Statement Preparation Notice ("EISPN") covering the proposed land uses at La`au Point ("Project"). The EISPN was prepared by PBR Hawaii. The Project will require, among other things, a Community Plan amendment, a proposed use of lands in the conservation district, and a reclassification of lands classified as conservation, thereby triggering the requirements of HRS Chapter 343. HAR § 11-200-6(b)(2)(A). In accordance with HRS § 343-5(c), that a determination as to the requirement of an environmental impact statement be made at the earliest practicable time, Petitioner requests (a) that the Commission determine that it is the appropriate accepting authority, and (b) issue an EISPN for the Project.

4. Petition Area

The petition proposes the reclassification of a portion of TMK: (2)5-1-02:30. TMK: (2)5-1-02:30 is an approximately 6348-acre parcel, most of which is currently classified as Agriculture, with approximately 183 acres along the shoreline currently classified as Conservation. Under this petition, Conservation District acreage will increase by approximately 252 acres to 435 acres; 613 acres will be reclassified to Rural, 10 acres will be reclassified from Conservation to Rural and 5473 acres will retain its current Agriculture District classification. See attached map labeled as Figure 7 to Exhibit "1".

5. Petitioner's Interest in Property

Molokai Properties Limited is the fee simple owner of the Petition Area. See attached deed labeled as Exhibit "2".

6. Present Use of Property

The Petition Area is currently unoccupied. Lands proposed for Rural District classification had previously been used for agricultural and ranch operations. Wild deer currently roam the land.

Coastal areas that are proposed for inclusion in the Conservation District are mostly used for subsistence fishing and hunting.

7. Purpose of Reclassification and Conformity to Reclassification Standards

Approximately 613 acres will be reclassified to Rural to accommodate the 200-lot rural residential subdivision at La`au Point. Each lot in this subdivision will be approximately 1.5 to 2+ acres in size, and an open space buffer will surround the residential lots. This low-density development proposal conforms to the standard for Rural District boundaries as set forth in paragraph (2) of HAR § 15-15-21.

HAR § 15-15-20 (4) instructs that lands necessary for the conservation, preservation, and enhancement of scenic, cultural, historic, or archaeological sites should be classified as Conservation. The areas proposed for expansion of the Conservation District include concentrations of archaeologically and culturally important sites. Additionally, the Conservation district all along the shoreline will be expanded landwards in recognition of the cultural importance of these shoreline areas in Native Hawaiian subsistence practices. The small reclassification of conservation to rural lands is for the proposed County Park.

8. Proposed Development

No development is proposed on a significant portion of the Petition Area. Indeed, the 252 acres to be reclassified from Agriculture to Conservation will ensure that those lands will not be developed, and that the natural and cultural resources will be protected and preserved.

A 200-lot rural-residential subdivision is proposed for the 613 acres to be reclassified as Rural. Each rural-residential lot will be approximately 1.5 to 2+ acres in size. It is anticipated that only about 30 percent of the La`au Point homeowners will be permanent residents, and the population of La`au Point is expected to be somewhat older than the general population.

The mauka boundary of the rural-residential subdivision will be defined by a deer and livestock fence to minimize conflicts with adjacent subsistence hunting and pasture usage. The fence will also protect the open space and coastal conservation areas from livestock and deer.

Subdivision and sale of 200 rural-residential lots at La`au Point is crucial to the economic viability of the Master Land Use Plan. Proceeds from the sale of these lots will fund the renovations and upgrading of the Kaluakoi Hotel and Golf Course. They will also fund an endowment to assist CDC in carrying out its mission of developing affordable homes for Molokai residents, expanding educational opportunities for Molokai's youth, and assisting the Molokai Land Trust with project funding.

9. Development Timetable

The entitlement process is projected to be completed in mid-2007. Completion of construction documentation will take approximately six months, allowing a construction start in early 2008. Infrastructure construction is expected to take two years. Build-out of the residential units would commence in 2010 and stretch over a period of approximately fifteen years or more.

10. Petitioner's Financial Condition

MPL is a wholly owned subsidiary of BIL International Limited. BIL is publicly traded and has equity of US\$1 billion. A copy of the BIL International 2005 Annual Report which includes the company's audited financials for the year ended June 30, 2005 are included with this petition as Exhibit "3".

11. Soils and Topography

Soils and topography of the Petition Area are described in the EISPN, Exhibit "1". A complete description and assessment of the Project's impact on the soils and topography will be included in the EIS.

12. Environmental and Other Impacts

A summary assessment of the impact the proposed Project would have on the environment, agriculture, recreational, cultural, historic, scenic, flora and fauna, groundwater, and other resources in the area is included in the EISPN, Exhibit "1". A complete description of these resources and impact assessment will be included in the EIS.

13. Public Services and Facilities

A summary assessment of the availability or adequacy of public services and facilities, such as schools, parks, wastewater systems, solid waste disposal, drainage, water, transportation systems, public utilities, and police and fire protection, is included in the EISPN, Exhibit "1". A complete assessment of the impact the proposed Project would have on public services and facilities will be included in the EIS.

14. Location of Project in Relation to Adjacent Land use Districts

Nearly all of the land surrounding the Petition Area is classified as Agriculture. A strip of land all along the coastline is classified as Conservation.

15. Location of Project in Relation to Economic Centers

Most of the island's economic activity is centered in Kaunakakai, in central Molokai. Tourism, ranching, and agricultural activities also take place in Maunaloa and Hoolehua.

Currently, there is little economic activity in West Molokai. The reopening of the Kaluakoi Hotel and upgrading of the Golf Course are crucial to the revitalization of the economy, not only of West Molokai, but of the entire island.

16. Economic Impacts

According to the Molokai Community Plan, limited economic opportunity is the most significant problem facing the community, due to the limited availability of jobs. The island's

economy depends on tourism and agriculture, with West Molokai being a significant center for tourism and related recreational amenities. The reopening of the Kaluakoi Hotel, which has broad community support, is crucial to the revitalization of Molokai's economy and is projected to provide approximately 100 jobs for Molokai residents.

A summary assessment of the economic impact of the proposed Project is included in the EISPN, Exhibit "1". A complete impact assessment will be included in the EIS.

17. Impact on Agriculture

Soils in the Petition Area are either not suitable for agricultural production or marginal agricultural soils. Some of the lands had been used for ranching and agriculture in the past, but are not currently used. After pineapple cultivation ceased on Molokai in the mid-1980s, there has been a surplus of agricultural lands on Molokai, including in areas more suitable for agricultural production by soil type and availability of water.

Outside of the Petition Area, but part of the Community-Based Master Land Use Plan, more than 14,000 acres of MPL's 60,000+ acres will be preserved, through restrictive easements, for future agricultural uses.

A summary assessment of the Project's impact on agriculture is included in the EISPN, Exhibit 1. A complete agricultural impact assessment will be included in the EIS.

18. Housing

The La`au Point rural-residential subdivision will provide 200 lots. In addition, pursuant to the Community-Based Master Land Use Plan, MPL will convey 1,100 acres of land above Kaunakakai to CDC for the development of affordable homes for the Molokai community. In addition to conveying the 1,100 acres, MPL will provide CDC with the following:

- A 5-acre parcel in central Kaunakakai zone light industrial, which will be available for development in 2011 and generate income for CDC;
- A 3.2-acre parcel adjacent to the Community College, which will be sold to the Maui Community College at market value;
- \$100,000 from the sale by MPL of a 5-acre site to the County for a new Kaunakakai Fire Station (as part of the 1,100-acre gift of land mauka of Kaunakakai) ;
- Endowment from the La`au Point community, which is structured as follows:
 - A net 5 percent of the sale revenue of all 200 lots in the La`au Point community. The value of this revenue is estimated to be \$10 million over five years.
 - A percentage, yet to be determined, of subsequent revenue when lot, or lots with houses, are re-sold.

The moneys generated by the above will provide CDC with income for the development of affordable homes, as well as to accomplish its other missions, which are to ensure funding for projects of the Molokai Land Trust and provide educational opportunities that will build capacity among the island's young people.

Additionally, 200 acres around the towns of Kualapu`u and Maunaloa will be available for community housing. Although MPL will retain ownership, development decisions will be made by the community and not by MPL.

Self-determination is a critical component behind the creation of the CDC and this plan for development of community housing. Moreover, placing housing development in the hands of a community organization, rather than a developer, provides the opportunity for appropriate development timing, which is important in a slow-growing community like Molokai.

A summary assessment of the Project's impact on housing is included in the EISPN, Exhibit 1. A complete impact assessment will be included in the EIS.

19. Need for Reclassification

The La`au Point project is a critical component of the Community-Based Master Land Use Plan, which sets forth the community's vision for the future of MPL's 60,000+ acres. It provides for the protection of important archaeological, historical, and cultural sites in the area and ensures subsistence gathering and hunting.

Subdivision and sale of 200 rural-residential lots at La`au Point is crucial to the economic viability of the Master Land Use Plan. Proceeds from the sale of these lots will fund the renovations and upgrading of the Kaluakoi Hotel and Golf Course. Lot sales will also fund an endowment to assist CDC in carrying out its mission of developing affordable homes for Molokai residents, expanding educational opportunities for Molokai's youth, and assisting the Molokai Land Trust with project funding.

20. Conformity to Hawaii State Plan

An assessment of the conformity of the proposed reclassification to the applicable, goals, objectives, and policies of the Hawaii State Plan, HRS Chapter 226, and the applicable priority guidelines and functional plan policies will be provided in the EIS.

21. Conservation District Law, Chapter 183C, Hawaii Revised Statutes

The purpose of the State Conservation District law is to conserve, protect, and preserve the important natural resources of the State through appropriate management and use to promote their long-term sustainability and public health, safety and welfare. Pursuant to the Conservation District law, the Lā`au Point community may require a Conservation District Use Permit for the subdivision of land within the Conservation District or to comply with other regulations governing the Conservation District. The Draft EIS will include a discussion of the Board of Land and Natural Resources criteria regarding the Conservation as specified in Section 13-5-30 of the Conservation District Administrative Rules

22. Conformity to Coastal Zone Management Program

An assessment of the conformity of the proposed reclassification to objectives and policies of the Coastal Zone Management Program, HRS Chapter 205A, will be provided in the EIS.

23. Conformity to County General Plan

The Maui County General Plan sets forth the desired sequence, patterns, and characteristics of future development through long-range objectives focusing on the social, economic, and environmental effects of development coupled with specific policies designed to implement the objectives. The relevant objectives of the General Plan pertaining to La`au Point, along with a discussion of how the Project conforms to these objectives and policies, will be included in the EIS.

24. Conformity to Molokai Community Plan

The Molokai Community Plan was most recently updated in 2001. It reflects current and anticipated conditions for the island of Molokai and addresses planning goals, objectives, policies, and implementation considerations as a decision-making guide in the region through the year 2010. The Molokai Community Plan provides specific recommendations to address the goals, objectives and policies contained in the General Plan, while recognizing the values and unique attributes of Molokai, to enhance the region's overall living environment.

The Molokai Community Plan Land Use Map designates specific areas of the La`au Point site as AG (Agriculture) and C (Conservation). Petitioner will seek a Community Plan Amendment to change the area of the proposed rural-residential subdivision from AG to Rural.

The relevant objectives and policies of the Molokai Community Plan pertaining to La`au Point, along with a discussion of how the community conforms to these objectives and policies, will be included in the EIS.

25. Conformity to County Zoning

Except for coastal lands currently in the conservation district, the La`au Point site is zoned Agricultural. For the La`au Point lands to be subdivided into rural-residential lots, Petitioner will seek a county zoning change from Agricultural to Rural.

26. Traditional and Customary Native Hawaiian Rights

The Community-Based Master Land Use Plan provides for the active protection and enhancement of subsistence gathering, an important element of life on Molokai, by, among other things, ensuring access to the shoreline.

A description of traditional and customary Native Hawaiian rights and practices in and around the Petition Area, as well as the Project's impact upon such rights and practices, will be included in the EIS.

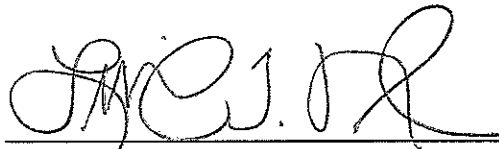
27. Written Comments

An EISPN is attached to the Petition. Assuming the Commission determines that it is the appropriate accepting authority for the EIS, Petitioner will circulate the EISPN for public comment and will furnish the written comments and responses on both the EISPN and the Draft EIS to the Commission with the Final EIS.

V. **Request**

Based on the foregoing, Petitioner respectfully requests that the Land Use Commission amend the State land use district boundaries of the Petition Area from the State Land Use Agricultural District to the State Land Use Conservation District and the State Land Use Rural District, and State Land Use Conservation District to the State Land Use Rural District in the manner proposed and for the purposes described above.

DATED: Honolulu, Hawaii, April 27, 2006.



LINNEL T. NISHIOKA
ISAAC D. HALL

Attorneys for Petitioner

VERIFICATION

PETER NICHOLAS, the person named, being duly sworn on oath, states that he is President and CEO of Molokai Properties Limited, a Hawaii corporation, and as such is authorized to make this verification on behalf of Molokai Properties Limited; that he has read the foregoing Petition for Land Use District Boundary Amendment and knows the contents thereof; and that the same are true and correct to the best of his knowledge, information and belief.



PETER NICHOLAS

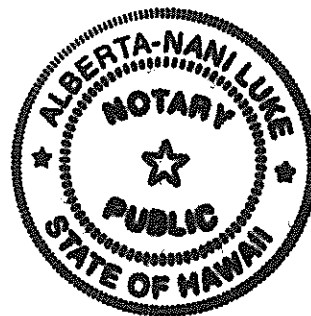
Subscribed and sworn before me
this 21st day of April, 2006.

Alberta-Nani Luke

Notary Public, State of Hawaii

ALBERTA-NANI LUKE

My commission expires: APR 25 2008



LĀ‘AU POINT

ENVIRONMENTAL IMPACT STATEMENT PREPARATION NOTICE

WEST MOLOKA‘I, MOLOKA‘I, HAWAI‘I

Prepared for:

Accepting Authority
State of Hawai‘i Land Use Commission
&
Molokai Properties Limited

Prepared by:



April 2006

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
1.1	SUMMARY.....	1
1.2	LOCATION.....	2
1.3	LAND OWNERSHIP.....	2
1.4	IDENTIFICATION OF THE APPLICANT.....	2
1.5	IDENTIFICATION OF THE ACCEPTING AUTHORITY.....	2
1.6	PLANNING CONSULTANT.....	2
1.7	COMPLIANCE WITH STATE OF HAWAI‘I AND MAUI COUNTY ENVIRONMENTAL LAWS.....	3
1.8	STUDIES TO BE CONDUCTED AND INCLUDED IN THE EIS.....	3
2.0	DESCRIPTION OF LĀ‘AU POINT.....	5
2.1	BACKGROUND INFORMATION.....	5
2.1.1	Location and Surrounding Uses.....	5
2.1.2	Description of the Property.....	5
2.1.3	Detailed Land Use History.....	6
2.2	COMMUNITY-BASED MASTER LAND USE PLAN.....	7
2.2.1	The Community Planning Process.....	7
2.2.2	Key Points of the Community-Based Master Land Use Plan.....	8
2.2.3	Moloka‘i Land Trust.....	9
2.2.4	Moloka‘i Community Development Corporation (CDC).....	9
2.3	GENERAL PROJECT DESCRIPTION OF LĀ‘AU POINT.....	10
2.3.1	Concept.....	10
2.3.2	Community Description.....	12
2.3.3	Access and Subsistence Gathering.....	13
3.0	DESCRIPTION OF THE NATURAL ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATION MEASURES.....	15
3.1	CLIMATE.....	15
3.2	GEOLOGY AND TOPOGRAPHY.....	15
3.3	SOILS.....	16
3.3.1	Soil Conservation Survey.....	16
3.3.2	Land Study Bureau Detailed Land Classification.....	17
3.3.3	Agricultural Lands of Importance to the State of Hawai‘i (ALISH).....	17
3.4	AGRICULTURAL IMPACT ASSESSMENT.....	18
3.5	NATURAL HAZARDS.....	19
3.6	FLORA.....	20
3.7	FAUNA.....	20
3.8	MARINE ENVIRONMENT.....	21
4.0	ASSESSMENT OF THE HUMAN ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATION MEASURES.....	23
4.1	ARCHAEOLOGICAL AND HISTORIC RESOURCES.....	23
4.2	CULTURAL RESOURCES.....	23
4.3	TRAILS AND ACCESS.....	24
4.4	ROADWAYS AND TRAFFIC.....	24
4.5	NOISE.....	25
4.6	AIR QUALITY.....	25

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

4.7	VISUAL RESOURCES.....	26
4.8	SOCIAL AND ECONOMIC CHARACTERISTICS.....	26
	4.8.1 Population	26
	4.8.2 Housing.....	27
	4.8.3 Economy	27
4.9	INFRASTRUCTURE AND UTILITIES	28
	4.9.1 Drainage Facilities	28
	4.9.2 Water System.....	29
	4.9.3 Wastewater Facilities.....	30
	4.9.4 Solid Waste.....	30
	4.9.5 Electric and Communication Systems	30
4.10	PUBLIC SERVICES.....	30
	4.10.1 Schools.....	30
	4.10.2 Police Protection	31
	4.10.3 Fire Protection	31
	4.10.4 Health Care Services.....	32
	4.10.5 Recreational Facilities.....	32
5.0	RELATIONSHIP TO LAND USE PLANS AND POLICIES	35
5.1	STATE OF HAWAI‘I.....	35
	5.1.1 Chapter 343, Hawaii Revised Statutes.....	35
	5.1.2 State Land Use Law Chapter 205, Hawaii Revised Statutes	35
	5.1.3 Hawai‘i Coastal Zone Management Program, Chapter 205A, Hawaii Revised Statutes.....	36
	5.1.4 Conservation District Law, Chapter 183C, Hawaii Revised Statutes.....	36
	5.1.5 Hawai‘i State Plan, Chapter 226, Hawaii Revised Statutes.....	36
	5.1.6 State of Hawai‘i Functional Plans.....	36
5.2	COUNTY OF MAUI.....	36
	5.2.1 General Plan of the County of Maui	36
	5.2.2 Moloka‘i Community Plan	37
	5.2.3 County of Maui Zoning	37
	5.2.4 Special Management Area.....	37
5.3	APPROVALS AND PERMITS	37
6.0	ALTERNATIVES TO THE PROPOSED ACTION.....	39
7.0	FINDINGS AND DETERMINATION	41
	7.1 SIGNIFICANCE CRITERIA	41
	7.2 DETERMINATION.....	42
8.0	CONSULTED PARTIES AND PARTICIPANTS IN THE EIS PROCESS.....	43
	8.1 INDIVIDUALS AND ORGANIZATIONS TO BE CONSULTED DURING THE EIS PROCESS	43
9.0	REFERENCES.....	45

APPENDIX A	COMMUNITY-BASED MASTER LAND USE PLAN FOR MOLOKAI RANCH
-------------------------	---

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

LIST OF FIGURES

Figure		Follows Page
1	Regional Location Map.....	2
2	Tax Map Key	2
3	Proposed Land Trust & Land Use Districts Map.....	8
4	Proposed Ownership Map.....	8
5	Cultural and Historic Resources Map.....	12
6	State Land Use District Boundary Map.....	12
7	Project Area & LUC Petition Area.....	12
8	Natural Resources Conservation Services Soil Survey Map.....	16
9	Detailed Land Classification Map	18
10	Agricultural Lands of Importance to the State of Hawaii (ALISH)	18
11	Tsunami Inundation Zone	20
12	Flood Insurance Rate Map.....	20
13	Subsistence Fishing Management Zone.....	24
14	Conservation District Subzones Map.....	36
15	Moloka‘i Community Land Use Map.....	38
16	County Zoning Map.....	38
17	Special Management Area Map.....	38

LIST OF TABLES

Table		Page
1	Lā‘au Point Community Land Use Summary.....	13
2	Petition Area	35
3	Necessary Permits & Approvals	38

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

LIST OF ACRONYMS

ALISH	Agricultural Lands of Importance to the State of Hawai'i
BIL	Brierley Investments Limited
CC&Rs	Covenants, Conditions, and Restrictions
CDC	Moloka'i Community Development Corporation
CWRM	State Commission on Water Resource Management
CZM	Hawai'i Coastal Zone Management Program
DOE	State Department of Education
EC	Moloka'i Enterprise Community
EIS	Environmental Impact Statement
EISPN	Environmental Impact Statement Preparation Notice
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Map
HAR	Hawai'i Administrative Rules
HRS	Hawai'i Revised Statutes
LUC	State Land Use Commission
MECO	Maui Electric Company
MPL	Molokai Properties Limited
NRCS	Natural Resource Conservation Services
PUC	Moloka'i Public Utilities Commission
SLUDBA	State Land Use District Boundary Amendment
SMA	Special Management Area
TMK	Tax Map Key

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

BACKGROUND

Ever since the pineapple plantations began phasing out their operations on Moloka'i beginning in the 1970s and finally ceasing all cultivation by the mid-1980s, the Moloka'i community has grappled with the issue of revitalizing the island's economy and providing jobs for its residents. At the same time, Molokai Ranch (now known as Molokai Properties Limited), the largest private landowner on Moloka'i and the owner of most of the developable land on the island, was doing the same in an effort to preserve and protect its assets and investments. Unhappily, throughout the 1990s and until 2003, Molokai Ranch and its parent company, Brierley Investments (later to become BIL International Limited), had isolated itself from the Moloka'i community through a lack of consultation with the community on its development plans. As a result, Molokai Ranch's plans for use of its lands generally met with strong community opposition. Meanwhile, Molokai's economy continued to suffer.

In 2003, Molokai Properties Limited (MPL), which had acquired the abandoned Kaluako'i Hotel, and the Moloka'i Enterprise Community, a 501(c)(3) non-profit organization, whose mission is to help Moloka'i residents empower themselves to implement their community strategic plan and, thereby, control their own destiny, began meeting together to discuss a mutual interest in re-opening the Kaluako'i Hotel. Out of those discussions grew a partnership of the Enterprise Community and MPL to create a visionary plan for Molokai Ranch's 60,000+ acres that would reflect the kind of community the residents desired.

The resultant Community-Based Master Land Use Plan for Molokai Ranch is the product of more than 150 community and special interest group meetings, the majority of which every member of the community was invited to take part in. More than 1,000 Moloka'i residents participated in the planning process, which involved long hours of impassioned debate, critical thinking, and soul-searching. This comprehensive land-planning process, certainly the most unique ever to have taken place in Hawai'i, will hopefully lead to a reconciliation of families that have been separated by controversy for more than a decade.

The Plan created a partnership between a company and its island neighbors that had been acrimonious and adversarial; and it contributed to personal growth for those involved in the process. Importantly, Community-Based Master Land Use Plan process set the stage for Moloka'i's future – a future in which self-determination by the island's residents is assured.

The prospect of Molokai Ranch lands being split up and sold, or BIL selling MPL because it would never be economically viable, and the community facing the resultant prospect of never again being able to have the opportunity of planning its future, made the urgency of reaching consensus on the Community-Based Master Land Use Plan of critical importance to both the Moloka'i Enterprise Community and local MPL staff.

This Environmental Impact Statement Preparation Notice (EISPN) is one component of the implementation of an integrated Community-Based Master Land Use Plan for Molokai Ranch. Because this Lā'au Point EISPN cannot be viewed in isolation, the entire Community-Based Master Land Use Plan has been included as Appendix A. The Moloka'i Enterprise Community (EC) and MPL are proud of its unique precedents, its achievements, and its vision.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

(This page intentionally left blank.)

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

1.0 INTRODUCTION

This Environmental Impact Statement Preparation Notice (EISPN) is prepared in accordance with Chapter 343, Hawaii Revised Statutes (HRS), and Title 11, Chapter 200, Administrative Rules, Department of Health, State of Hawai‘i. Proposed is an applicant action by Molokai Properties Limited (also known as Molokai Ranch) for the creation of the Lā‘au Point community in the West Moloka‘i region of the island of Moloka‘i (portions of TMK (2)5-1-02:30).

1.1 SUMMARY

Project Name:	Lā‘au Point
Location:	West Moloka‘i
Judicial District:	Moloka‘i
Landowner:	Molokai Properties Limited
Applicant:	Molokai Properties Limited
Tax Map Key:	(2) 5-1-02:30; 5-1-06: 157; 5-1-08: 04, 03, 06, 07, 13, 14, 15, 21, and 25
Project Area:	1,492 acres
SLUDBA Petition Area:	875 acres
Existing Use:	Vacant
Proposed Use:	Single-family rural-residential lots, required infrastructure, access road, cultural preserves, parks, and shoreline access
Land Use Designations:	State Land Use: Agricultural and Conservation Conservation District Subzones: General and Limited Community Plan: Agricultural and Conservation County Zoning: Agricultural Special Management Area (SMA): within the SMA
Permits/Approvals Required:	Compliance with Chapter 343, Hawaii Revised Statutes State Land Use District Boundary Amendment Conservation District Use Permit Community Plan Amendment Change in Zoning Special Management Area Use Permit Grading/Building Permit NPDES permit
Accepting Authority:	State Land Use Commission

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

1.2 LOCATION

The Lā'au Point community site is located at Lā'au Point, along the shoreline bluffs on the southwest coastline of Moloka'i, within the County of Maui (see Figure 1).

1.3 LAND OWNERSHIP

Molokai Properties Limited owns the lands identified as TMK (2) 5-1-02:30; (2) 5-1-06: 157; (2) 5-1-08: 04, 03, 06, 07, 13, 14, 15, 21, and 25 (see Figure 2).

1.4 IDENTIFICATION OF THE APPLICANT

The applicant is Molokai Properties Limited.

Contacts: Peter Nicholas, President and CEO
Harold Edwards, Senior Vice President
Molokai Properties Limited
745 Fort Street Mall, Suite 600
Honolulu, Hawai'i 96813
Telephone: (808) 534-9509
Fax: (808) 521-2279

1.5 IDENTIFICATION OF THE ACCEPTING AUTHORITY

In accordance with Chapter 343, HRS, privately initiated EIS documents must be accepted by the government agency empowered to approve permits for a project. "The authority to accept a final statement shall rest with the agency initially receiving and agreeing to process the request for approval." A State Land Use District Boundary Amendment is required for this project. As such, the State Land Use Commission is the accepting authority.

Contact: Anthony Ching, Executive Officer
State Land Use Commission
P.O. Box 2359
Honolulu, Hawai'i 96804
Telephone: (808) 587-3822
Fax: (808) 587-3827

1.6 PLANNING CONSULTANT

Molokai Properties Limited's planning, environmental, and entitlement consultant is PBR HAWAII.



Source: U.S. Geological Survey

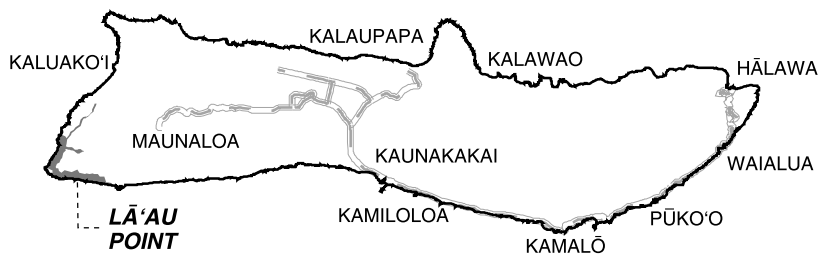
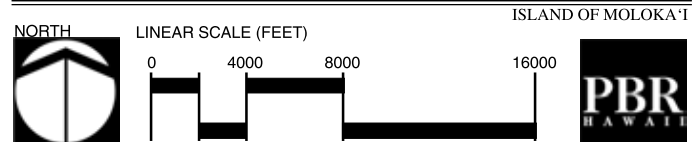
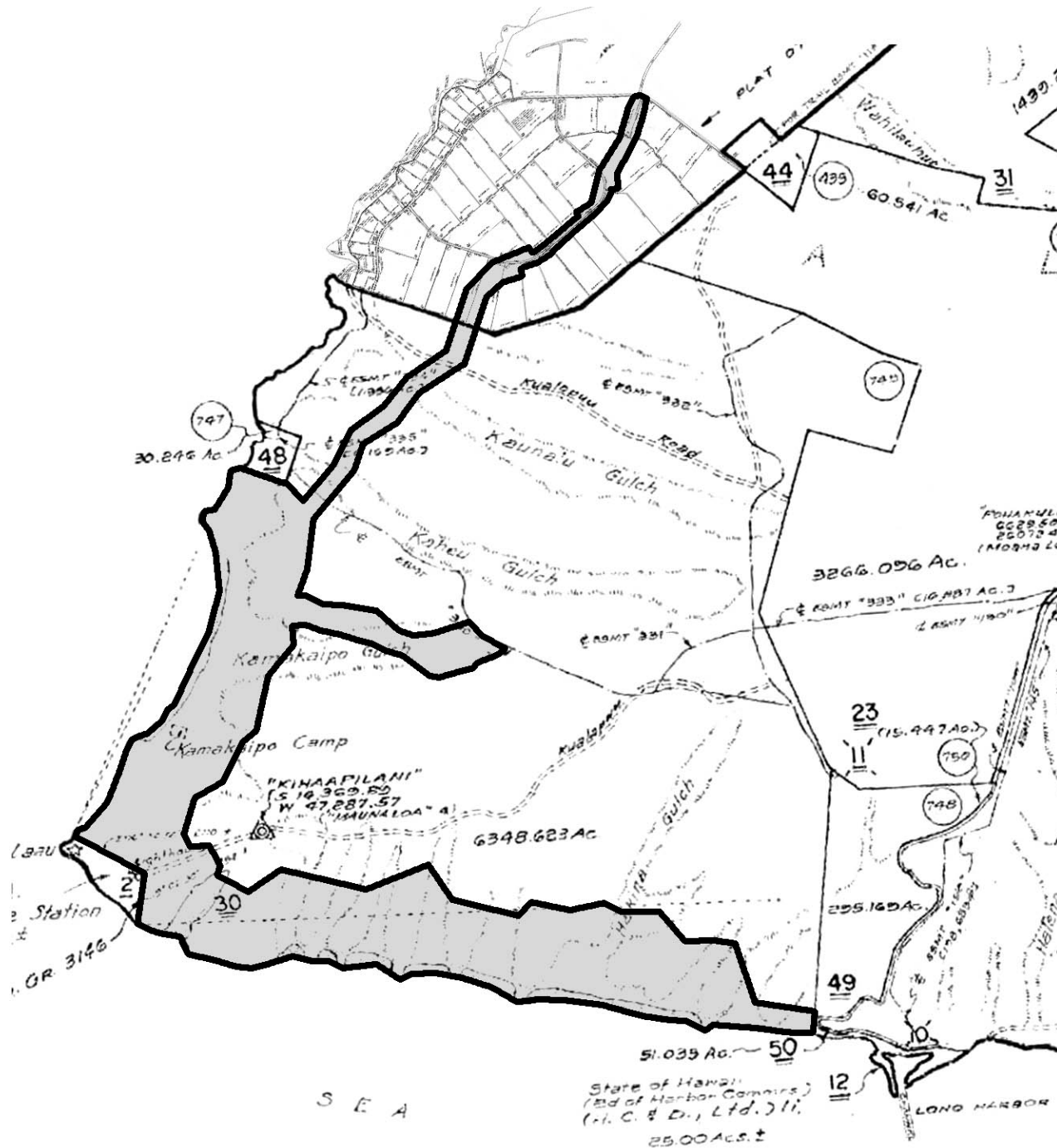


Figure 1

Regional Location Map

Lā'au Point





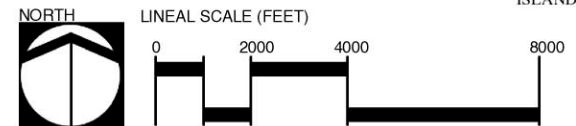
LEGEND

Project Area

Source:
County of Maui Tax Map Key

Figure 2
Tax Map Key

Lā'au Point



ISLAND OF MOLOKAI



Disclaimer:
This map has been prepared for general planning purposes only.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Contact: Thomas S. Witten, ASLA
President
PBR HAWAII
1001 Bishop Street
ASB Tower, Suite 650
Honolulu, Hawai'i 96813
Telephone: (808) 521-5631
Fax: (808) 523-1402

1.7 COMPLIANCE WITH STATE OF HAWAI'I AND MAUI COUNTY ENVIRONMENTAL LAWS

This document has been prepared in accordance with the provisions of Hawaii Revised Statutes (HRS) Chapter 343 (Environmental Impact Statement Law) and Hawaii Administrative Rules Title 11, Department of Health, Chapter 200, Environmental Impact Rules. Section 343-5, HRS, establishes nine "triggers" that require compliance with these regulations. Three triggers are applicable to the Lā'au Point community, including:

1. Community Plan Amendment,
2. Use of Conservation District land, and
3. Proposed wastewater treatment facility.

Molokai Properties Limited has initiated the preparation of an environmental impact statement (EIS) to address potential impacts related to the Lā'au Point community.

In addition, construction of Lā'au Point may involve or impact State and/or County lands relating to infrastructure improvements for roadways, water, sewer, utility, drainage, or other facilities. While the specific nature of each improvement is not known at this time, the EIS is intended to address all current and future instances involving the use of State and/or County lands relating to Lā'au Point.

1.8 STUDIES TO BE CONDUCTED AND INCLUDED IN THE EIS

This EISPN provides a preliminary description of the environment, alternatives considered, preliminary impacts, and proposed mitigation measures. The information contained in this report has been developed from site visits, generally available information regarding the characteristics of the site and surrounding areas, and preliminary technical consultant reports. Technical studies to assess the existing natural and physical conditions of the site and potential impacts to the property and the surrounding area are being prepared and will be included in the Draft EIS. These studies include:

- Air Quality Study,
- Archaeological Inventory Survey,
- Cultural Impact Assessment,
- Preliminary Drainage Report,
- Preliminary Engineering Report,

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

- Flora and Fauna Survey,
- Noise Assessment Study,
- Marine Biology and Water Quality Assessment,
- Marketing and Economic Impact Study,
- Traffic Impact Analysis Report, and
- Water Plan Analysis

2.0 DESCRIPTION OF LĀ'AU POINT

2.1 BACKGROUND INFORMATION

2.1.1 Location and Surrounding Uses

Molokai Ranch, owned by Molokai Properties Limited, encompasses approximately 60,000+ acres, comprising about 35 percent of the island of Moloka'i. A majority of Molokai Ranch is located on Moloka'i's west end, extending eastward from the west coast, from 'Ilio Point to the Mo'omomi Preserve in the north, and from Lā'au Point to the Pālā'au Homesteads in the south.

Important resources in the west end of Moloka'i include subsistence food sources and cultural sites. Many residents hunt and fish in various places within this region. They also come to important cultural sites for traditional and spiritual practices. The Mo'omomi Preserve, along the north coast, is owned and managed by The Native Conservancy and supports a native-dominated lowland dry forest and shrub landscape and a carefully managed subsistence fishing zone. On the west coast lies Pāpōhaku beach and dunes, one of the longest, mostly intact coastal dune systems in the state. To the south, Lā'au Point is an unspoiled coastal environment, mostly used for subsistence fishing and hunting.

The preservation and enhancement of cultural sites through placing more land into conservation and protection, and providing increased access to land along the shoreline at Lā'au Point for subsistence gathering is a critical aspect of the Community-Based Master Land Use Plan.

The main population center in West Moloka'i, and headquarters for Molokai Ranch, is the small town of Maunaloa. Molokai Ranch operates the Lodge, which offers activities that introduce visitors to ranch life. Activities include mountain biking, horseback riding, hiking, and rodeo skills. Molokai Ranch employs approximately 150 people and is the largest private employer on the island. MPL has an operational cash deficit of \$3.7 million per annum. The Community-Based Master Land Use Plan will address that deficit and assure an economic future for its employees.

MPL is supported financially by its parent BIL International Limited, a publicly traded company which has audited equity of US\$1 billion.

Along the shores south of Maunaloa is Hale o Lono and abandoned Kolo Wharf. Maunaloa Highway connects the west end to the Moloka'i Airport, Kaunakakai, and the rest of the island. An un-manned USA Lighthouse Station is located at the tip of Lā'au Point.

2.1.2 Description of the Property

The Lā'au Point community site is located within a 6,348-acre vacant parcel identified as TMK (2)5-1-02:30. The land is relatively dry, supporting mostly dryland kiawe forest and shrub vegetative zones with many non-native species. In the past the land has been used for agricultural and ranch operations. Some of the estimated 15,000 deer contained on Molokai Ranch's property roam throughout the Lā'au parcel.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

The current land use designations of the Lā'au Point site, TMK (2)5-1-02:30, are as follows:

- State Land Use: Agricultural and Conservation
- Conservation District Subzones: General and Limited
- Moloka'i Community Plan: Agricultural and Conservation
- Maui County Zoning: Agricultural
- Special Management Area (SMA): within the SMA

The Southwest Moloka'i coast is very diverse and offers a total of approximately 5.2 miles of shoreline from Hale O Lono Harbor to Kaupoa Beach. Stretches of white sand beach are broken by large, rocky outcroppings. The lava rock bluffs are generally steep and difficult to negotiate, but just inside the breaking waves are opihi, limu, and reef fishes. This EISPN, and the Community-Based Master Land Use Plan that it is an integral part of, will ensure those resources are protected forever.

The Draft EIS will contain photographs of the site.

2.1.3 Detailed Land Use History

Molokai Ranch's beginnings were as a cattle ranch belonging to the High Chief Kapuāiwa who later became Kamehameha V. Bernice Pauahi Bishop, daughter of Paki and Konia, the last descendant of the Kamehameha dynasty, inherited title to these lands from those to whom these lands were given in 1848 at the time of the great Mahele, among them Princess Ruth or Ke'elikolanu. Mrs. Bishop did not inherit the land of Kaluako'i on the west end of Moloka'i, for this had been granted to her husband Charles R. Bishop, in 1875. When American Sugar Company was formed, most of these lands were acquired from her estate and Kaluako'i was acquired from Mr. Bishop. Subsequently, small land holdings were purchased and sold.

In 1897, Molokai Ranch was formed by a group of men including Judge Alfred S. Hartwell, Alfred W. Carter, and A.D. McClellan. They had purchased 70,000 acres of land in fee simple from the Bishop interests. With an additional 30,000 acres leased from the Government, cattle-raising became their principal enterprise.

Early in 1898, the American Sugar Company Limited took over the land (now owned by Molokai Ranch) and leaseholds of large tracts of government land lying between the ranch lands.

American Sugar Company was unsuccessful in cane sugar cultivation due to saline well water. The company was purchased in 1908 by Charles M. Cooke, son of the early missionary teacher, Amos Starr Cooke. He established the Molokai Ranch, which his son George P. Cooke subsequently managed.

By 1923, the Libby, McNeill & Libby Company had begun raising pineapple in the Maunaloa area on lands leased from Molokai Ranch. They continued operations until selling to the Dole Corporation in 1972. Del Monte, then known as California Packing Corporation, arrived in 1927 and made their headquarters at Kualapu'u. They soon commenced large-scale pineapple

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

cultivation, mostly on land leased from Molokai Ranch. Dole ceased its Moloka'i operations on January 1, 1976. Del Monte phased out its operations in the mid-1980s.

In the early 1970s, Molokai Ranch entered into a partnership with Louisiana Land and Exploration Company for the development of the Kaluako'i Resort. It subsequently sold its interest in the undertaking. Molokai Ranch later tried diversification into mainland commercial property. After initial success, the cash requirements of these investments led to the eventual sale of Molokai Ranch stock to Brierly Investments, Limited who became its sole stockholder in 1987. At that time, Molokai Ranch consisted of approximately 52,000 acres.

In October 2001, BIL International, on behalf of MPL, re-acquired 6,300 acres on the southwest corner of Moloka'i previously known as the Alpha parcel. In December 2001, Molokai Ranch acquired the land holdings of Kukui (Moloka'i), Inc., that included the abandoned Kaluako'i Hotel, the Kaluako'i Golf Course and the undeveloped lands of the resort area.

2.2 COMMUNITY-BASED MASTER LAND USE PLAN

2.2.1 The Community Planning Process

What began in 2003 as discussions on the re-opening of the Kaluako'i Hotel led to a desire by Molokai Properties Limited (MPL) and The Moloka'i Enterprise Community (EC), a federally-designated 501(c)(3) public charity organization, to create a visionary plan for Molokai Ranch's 60,000+ acres that would reflect the wishes of the Moloka'i community. Between September 2003 and September 2005, Molokai Properties Limited, in an EC-sponsored process, joined with over 1,000 community participants to discuss a Community-Based Master Land Use Plan for Molokai Ranch.

The Community-Based Master Land Use Plan resulted from two years of community meetings, long hours of impassioned debate, critical thinking, and soul searching by Moloka'i residents. Between February 2004 and May 2004, five committees: Environment, Cultural, Economics, Tourism, and Recreation, met for 100 days to develop aspects of the plan. The Conservation Fund assisted with the process, produced maps, and guided the process of the thinking that was needed to establish a Land Trust to manage lands that MPL would gift to the Moloka'i community (see Figure 3).

During the process draft plans were presented to various community organizations and the general public to receive their input. During this time, a Land Use Committee finalized the guidelines for policies and principles for land management, except for the segments on development at Lā'au Point and Water Use. In October 2004, the Alternative to Lā'au Development Committee was formed to look at alternatives to development at Lā'au Point. On August 1, 2005, the Lā'au Point and Water Use segments of this plan were adopted by the Land Use Committee and the Plan in its entirety was later adopted by the Enterprise Community Board.

The result of this process was an integrated Plan that addresses all the uses of Molokai Ranch's property, including the Lā'au Point community site. The implementation of the Community-Based Master Land Use Plan by the Moloka'i community is now ready to move forward.

LĀ'AU POINT

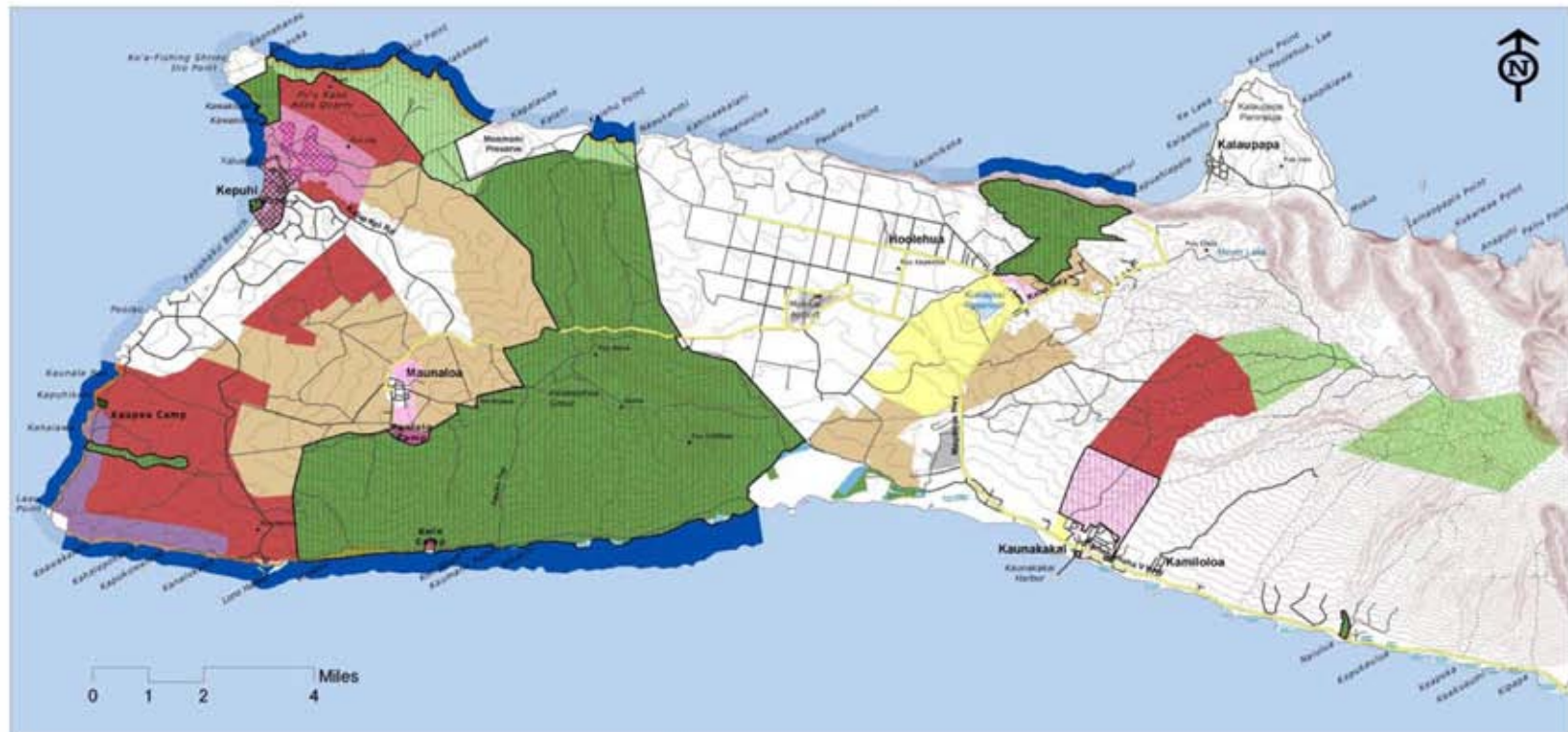
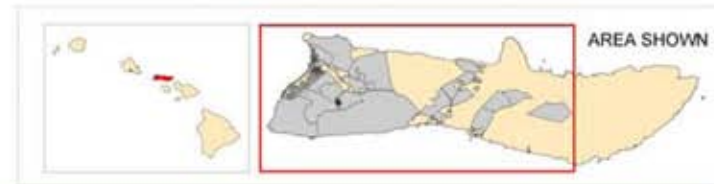
Environmental Impact Statement Preparation Notice

Appendix A contains the entire Community-Based Master Land Use Plan.

2.2.2 Key Points of the Community-Based Master Land Use Plan

The Community-Based Master Land Use Plan is an agreement between the Moloka'i Enterprise Community, representing the Moloka'i community, and MPL. Key points include:

- Creating the Lā'au Point community, which will consist of no more than 200 rural-residential lots, each approximately 1.5 to 2+ acres in size. An open space buffer area will surround the residential lots, and cultural and environmental preservation zones will protect significant cultural and natural resources forever. Sales of the lots are crucial to funding the Kaluako'i Hotel renovations and golf course upgrades (see below). In addition, a portion of the sales revenues will fund an endowment for both the Moloka'i Land Trust and a yet-to-be formed Community Development Corporation (see Section 2.2.4).
- Meeting the community's desire to renovate and re-open the 152-room Kaluako'i Hotel and upgrade the Kaluako'i Golf Course, is estimated to cost more than \$30 million. These facilities are crucial for revitalizing the Moloka'i economy and will provide more than 100 jobs for Moloka'i residents. The re-opening of the hotel was a primary focus of the Land Use Plan. Funding for the Kaluako'i Hotel and Golf Course renovations will come from sales of the Lā'au Point rural-residential lots.
- Having the funding for its current tourism and agricultural operations, ensuring the continued employment of its current staff. MPL is currently cash negative from its operations by approximately \$3.7 million annually and is supported by its parent company BIL International Limited.
- Actively promoting the protection and enhancement of subsistence, an important element of life on Moloka'i, that includes ensuring access to the shoreline across the property for subsistence gathering. Access to areas that have been closed to the community for generations will be walking access only, and the perpetual right to subsistence gathering will be noted on the titles of all access areas.
- Gifting land and other income streams or revenue sources, with an appraised value of more than \$50 million, to a Moloka'i Land Trust and to a Moloka'i Community Development Corporation (see Sections 2.2.3 and 2.2.4).
- Preventing development on over 55,000 acres (85 percent) of its property in perpetuity through Land Trust donations and Protective Easement restrictions, thereby protecting the rural and agricultural nature of the island. The Moloka'i Land Trust (see Section 2.2.3) will assume ownership and management of the donated land that is to be preserved. The easement lands will remain in MPL ownership; however, they will be covenanted with restrictive easements enforceable by the Moloka'i Land Trust (see Figure 4). Removing the development opportunities from these lands by either restricting



Prepared by:
The Conservation Fund
October 7, 2005

- | | | | | |
|--|----------------|---------------------------|-----------------------|-----------------------|
| Potential Land Trust Property (26,400 acres) | Major Road | LAND USE DISTRICTS | AGRICULTURE | DEVELOPMENT |
| Subsistence Fishing Zone | Secondary Road | CULTURAL RESOURCE | Hi-Value or Intensive | Resort |
| Partnership Subsistence Fishing Zone | Minor Road | NATURAL RESOURCE | Aquaculture | Residential Shoreline |
| Coastal Conservation District (State) | 4WD Road | RURAL LANDSCAPE RESERVE | Other/Extensive | Community Expansion |
| Alternate Golf Course at Kaluakoi | Trail | | | Industrial |
| Current Development at Kaluakoi | | | | |

Figure 3
Proposed Land Trust & Land Use Districts
Lā'au Point

ISLAND OF MOLOKAI



Note: For planning purposes only.

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

them to Open Space Conservation or to Agriculture will cost MPL in “lost revenue opportunity cost” more than \$25 million.

- Protecting Subsistence through a future application to the State to establish a subsistence fishing zone from the coast to the outer edge of the reef or where there is no reef, out to a quarter mile from the shoreline along the 40-mile perimeter of the property. MPL will end commercial hunting, allowing only the community to hunt on Land Trust lands and on retained MPL property.

2.2.3 Moloka‘i Land Trust

A Land Trust, called Moloka‘i Land Trust, is now being formed to own and manage the 26,200 acres (40 percent) that MPL will donate to the Moloka‘i community under this Community-Based Master Land Use Plan. A steering committee has been preparing for the organization’s formation for five months.

The Moloka‘i Land Trust has the agreed unique mission of:

- Protecting historic cultural archeological sites.
- Preserving the precious natural and environmental resources.
- Enhancing indigenous rights through the protection of subsistence gathering.

The land donation includes two sites with hotel zoning at Kaluako‘i, a 15-acre site that is part of the Kaupoa Camp parcel, the important Ka‘ana cultural site, and land at Nā‘iwa where the historic Makahiki Games were performed that had been planned by previous Ranch management in the 1990s for a golf course and future development.

As a sign of good faith and to enable the Moloka‘i Land Trust to begin its important work, MPL will donate a parcel of land of 1,600 acres, on the coastline between Mo‘omomi and ‘Ilio Point, as soon as the Moloka‘i Land Trust obtains its tax-exempt status. This is regardless of the outcome of this application.

Under the protective easements, 14,390 acres will be protected forever for agricultural use, and 10,560 agricultural-zoned lands will be protected as Open Space on which no buildings will be permitted. The Land Trust will administer agreed land use policies for these areas.

To ensure the Moloka‘i Land Trust is adequately funded for its administration costs, MPL will assign to the Land Trust existing communications rentals on the land to be donated. These currently total \$250,000 per annum with a capitalized value of more than \$2.5 million.

2.2.4 Moloka‘i Community Development Corporation (CDC)

The Community-Based Master Land Use Plan also proposes the creation of the Moloka‘i Community Development Corporation (CDC), an entity which currently plans to have the following mission:

- Develop affordable homes for the Moloka‘i Community.
- Expand educational opportunities that will build capacity among the island’s youth.
- Assist the Land Trust with project funding.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

To assist the CDC with providing affordable housing, MPL will put aside 200 acres around the towns of Kualapu'u and Maunaloa, and gift 1,100 acres of land above Kaunakakai, some of which can be used for future housing for the Moloka'i community.

Unlike in the past when MPL decided when these towns were expanded, in the future under this Plan, the expansion of these towns will be decided by the community.

In addition to land for housing, MPL will gift the CDC with the following assets that can be used for community development:

- A 5-acre parcel in central Kaunakakai zoned light industrial, which will be available for development in 2011.
- A 3.2-acre parcel adjacent to the Community College, which will be sold to the Maui Community College at market value.
- \$100,000 from the sale by MPL of a 5-acre site to the County for a new Kaunakakai Fire Station (contained within the 1,100 site above Kaunakakai).
- Endowment from the Lā'au Point community, which are to be structured as follows:
 - A net 5 percent of the sale revenue of all 200 lots in the Lā'au Point community. The value of this revenue is estimated to be \$10 million over five years.
 - A percentage, yet to be determined, of subsequent revenue when lot, or lot and house, is re-sold. This will provide the CDC with a perpetual income.

2.3 GENERAL PROJECT DESCRIPTION OF LĀ'AU POINT

2.3.1 Concept

This EISPN has been prepared for the proposed Lā'au Point community, located along the shoreline bluffs on the southwest coastline of Moloka'i. Although this EISPN is but one part of a comprehensive Community-Based Master Land Use Plan for all of MPL's 60,000+ acres, which would be viable only as an integrated whole, the only lands that are subject to the provisions of Chapter 343, Hawaii Revised Statutes (HRS) (Environmental Impact Statement Law) and Title 11, Chapter 200, Hawaii Administrative Rules (Environmental Impact Rules), are the project area of 1,492 acres at Lā'au Point, which includes the petition area of approximately 875 acres.

The Lā'au Point community is the result of extensive community involvement and sensitive environmental and resource planning. Lā'au Point provides many unique features and opportunities, unlike any other community in Hawai'i. The natural topography and slope of the site provide exceptional coastal and ocean views from many vantage points. The natural drainageways and gulches will be preserved as open space and the numerous significant archaeological, cultural, and historic sites are placed within cultural preservation zones. Environmentally-sensitive areas are preserved within conservation zones. Lā'au Point aims to appeal to people that respect the unique character of the site and Moloka'i, and that support conservation, cultural site protection, and coastal resource management. Residents of the Lā'au Point community will be educated and informed about the environment and culture, and taught

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

to “mālama ‘āina,” take care of the land and sea, through strict Covenants, Conditions, and Restrictions (CC&Rs) attached to the subdivision.

Prior to site planning and design of the Lā‘au Point community, an archaeological inventory was conducted for the property. Cultural and resource protection zones (approximately 1,000 acres) were identified to denote areas where groupings of archaeological and historic sites exist (see Figure 5). Access roads and the rural-residential lots have been planned to respect these cultural preservation zones and archaeological sites. In addition, conservation areas, such as streams, gulches, and floodways will be maintained as open space. An archaeological preserve (approximately 116 acres) will be created at Kamāka‘ipō Gulch.

The majority of the Lā‘au Point site is within the Agricultural State Land Use District, and the coastline lies within the Conservation District (see Figure 6). The applicant will seek a State Land Use District Boundary Amendment (SLUDBA) to change approximately 613 acres from the Agricultural District to the Rural District, to allow the Lā‘au Point rural-residential community. The following uses are proposed for the 613 acres of Agricultural District land to be re-districted to Rural District:

- 200 house lots (on 400 acres);
- Roadways (on approximately 132 acres);
- Infrastructure (on approximately 13 acres);
- Parks (on approximately 8 acres); and
- Open space (on approximately 60 acres).

In addition, the applicant proposes to expand the existing Conservation District by 252 acres along the shoreline and related resource areas. This proposed expansion will provide for 451 acres in the Conservation District.

The applicant will also seek to re-district approximately 10 acres from the Conservation District to the Rural District to allow proposed County parks. After all park improvements are completed, the park lands (which will be in the Rural District) are planned to be reverted to the Conservation District.

Therefore, the total petition area is 875 acres (see Figure 7).

Subdivision and sale of the 200 rural-residential lots at Lā‘au Point are crucial to the economic viability of the Community-Based Master Land Use Plan (see Section 2.2). Proceeds from the sale of these lots will fund the renovations and upgrading of the Kaluako‘i Hotel and Golf Course. Proceeds will also, as previously outlined in Section 2.2.4, fund an endowment to assist the CDC in carrying out its mission of developing affordable homes for Moloka‘i residents, expanding educational opportunities for Moloka‘i’s youth, and assisting the Moloka‘i Land Trust with project funding.

The Conservation District and other areas to be protected (approximately 451 acres) within Lā‘au Point project area will be the subject of an easement held by the Moloka‘i Land Trust, with guidelines for uses reflecting the importance of the area culturally, archaeologically, and to subsistence gathering. These protected lands will be part of an entity that is controlled jointly by Lā‘au Point homeowners and the Land Trust. All decisions relating to this area: maintenance,

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

subsistence protection, archaeological site protection, and resource management will be the shared responsibility between the Land Trust and the homeowners, who will share equally in the costs to achieve these goals.

The Moloka'i Land Trust will have an ownership and management role in all Conservation District land (451 acres), with the possible exception of the two County Parks (total of 18 acres) proposed at each end of the community. Additionally, the Land Trust will hold an open space easement on approximately 4,800 acres of the parcel.

Through an agreement between Molokai Properties Limited and the Moloka'i Enterprise Community, the SLUDBA application will ensure that the Lā'au Point community promotes the importance of maintaining subsistence activities in the Conservation District areas and other protected areas.

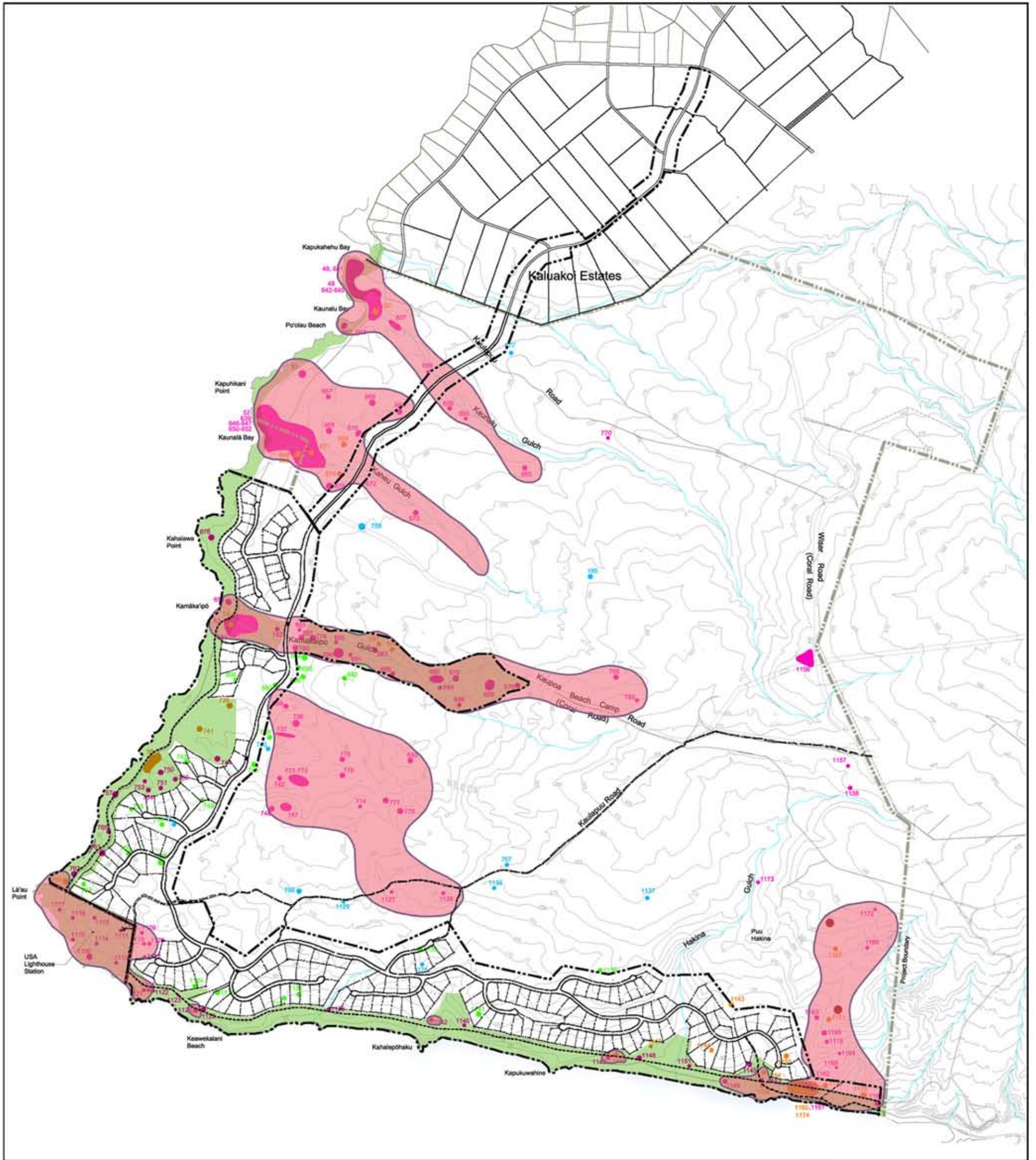
The mauka boundary of the Lā'au Point community will be defined by a deer and livestock fence to minimize conflicts with adjacent subsistence hunting and pasture usage of the remainder of the parcel. The fence will also protect the open space and coastal conservation areas from livestock and deer.

Through the planning process for Lā'au Point, it was determined that lot lines will be at least 50 feet behind the current Conservation District boundary; therefore, the makai boundary for the community will be determined by the current Conservation District or the Special Management Area (SMA) boundary line, whichever is greater. In addition, lot boundaries that are a minimum of 50 feet from the current Conservation District or SMA boundary will have covenants requiring an additional 50-foot building setback. The result of these specified setbacks results in providing substantial building setbacks from the shoreline. To further preserve the shoreline and other areas, the applicant will seek to expand the State Conservation District in specific areas (See Figure 7). This expansion of the Conservation District will re-designate the Conservation District boundary; however, lot lines and setbacks are based on the current (April 2006) Conservation District boundaries (Figure 6).

2.3.2 Community Description

The Lā'au Point community will comprise three main types of areas: rural-designated area, open space buffer, and conservation and preservation land. The rural-designated area within the Lā'au Point community will consist of 200 rural-residential lots, each approximately 1.5 to 2+ acres in size (see Figure 7). It is anticipated, and will be outlined in an Economic and Fiscal Impact Report to be detailed under the EIS requirements, that only about 30 percent of the Lā'au Point homeowners will be permanent residents, and the population of Lā'au Point is expected to be somewhat older than the general population.

An access road corridor will run north-south from Pohakuloa Road to Kaupoa Beach Camp Road, connecting with Kailuako'i Road and Kulawai Loop. An open space buffer area will surround the residential lots. The coastal conservation land encompasses the proposed expanded Conservation District boundary, which includes the coastline, gulches, and cultural preserves. The Lā'au Point community will include rural-residential lots, off-site access road corridor, open space, cultural and environmental preservation zones, and beach park areas, and will total approximately 1,492 acres (see Table 1).



Legend

- Cultural Protection Zone (with Archaeological site to be preserved) ± 1,000 acres
- Shoreline Conservation Zone ± 451 acres
- Project Area

Archaeological Sites

- Preserve
- Burial / Possible Burial
- Additionally Recorded Burial (May 2004)
- Data Recovery
- No Action

Figure 5
Cultural & Historic Resources Map
Lā'au Point

ISLAND OF MOLOKAI



Note: For planning purposes only.



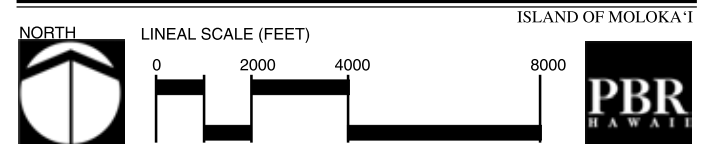
LEGEND

- Land Use Districts
- AG: Agricultural
- C: Conservation
- Project Area
- Petition Area

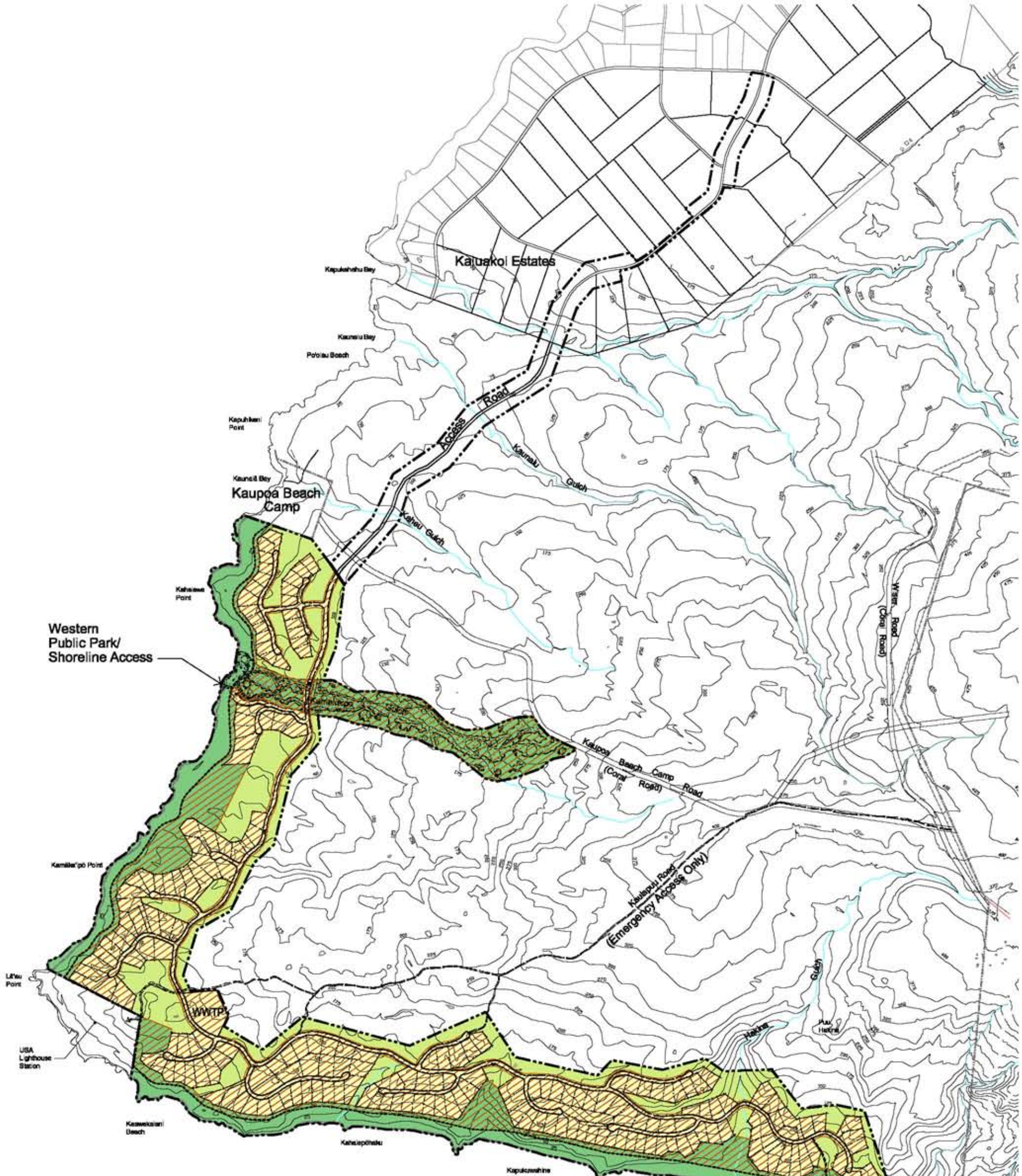
Source:
Warren S. Unemori Engineering

Figure 6
State Land Use District Boundary Map

Lā'au Point



Disclaimer:
This map has been prepared for general planning
purposes only.



Petition Area Summary

	Agricultural to Rural	
	House Lots (200)	± 400 Acs.
	Roadways	± 132 Acs.
	Infrastructure	± 13 Acs.
	Parks	± 8 Acs.
	Open Space	± 60 Acs.
	Total Agricultural to Rural	± 613 Acs.
	Conservation to Rural (Park)	± 10 Acs.
	Agricultural to Conservation	± 252 Acs.
	Total Petition Area	± 875 Acs.

Project Area Summary

	Petition Area	± 875 Acs.
	Existing Conservation District (along Shoreline)	± 199 Acs.
	Remains in Agricultural District	± 280 Acs.
	Offsite Road Corridor	± 138 Acs.
	Total Project Area	± 1,492 Acs.

Figure 7
Project Area & LUC Petition Area
Lā'au Point

LĀ‘AU POINT

Environmental Impact Statement Preparation Notice

Table 1. Lā‘au Point Community Land Use Summary

Land Use	Acreage
Rural-Residential House Lots	400
On-site Roadways	132
Infrastructure	13
Off-site Road Corridor	138
Conservation & Preservation	451
Rural Open Space	60
Parks	18
Agricultural Land	280
TOTAL	1,492 acres

As previously discussed in Section 2.3.1, the Moloka‘i Land Trust will have an ownership and management role in all Conservation District land, with the possible exception of the two County Parks (total of 18 acres), which will be conveyed to Maui County Department of Parks and Recreation. The Land Trust would solely own and manage the Kamāka‘ipō Gulch (116 acres), and jointly own and manage the remaining 335 acres of Conservation District land with the Lā‘au Point community homeowners’ association. The homeowners’ association will own and manage the 280 acres of Agricultural District land that contains the common areas between lot clusters and the mauka buffer zone of the lot areas.

The Lā‘au Point community will be accessed via the access road corridor extension from Kaluako‘i Road at the western boundary. The community will feature curvilinear roadways designed to fit into the terrain. All roadways within the community will be built to County of Maui standards as specified in Chapter 18.16 of the Maui County Code. Adherence to the standards includes providing the required street width to allow for adequate Fire Department and emergency vehicle access.

To provide public access to the shoreline and to help manage the coastal resources, the community will include two public parks, one by Kamāka‘ipō Gulch on the west end of the community, and the other near Hale O Lono Harbor at the southeast end (see Figure 7).

2.3.3 Access and Subsistence Gathering

To protect the cultural and natural resources at Lā‘au Point, access to the area must be carefully managed. Protection of the shoreline for subsistence gathering is of great importance to the people of Moloka‘i. Therefore, perpetual right to subsistence gathering will be noted on the titles of the areas to be preserved. Access will be restricted to foot only between the two planned shoreline public parks to conserve resources, with an acknowledgement of Native Hawaiian gathering rights as defined by law for subsistence purposes, in a designated subsistence management area. Vehicular parking will be provided at both ends of the residential community in the planned public parks, with; strict access measures to will ensure that resources are not depleted. Other protections to subsistence gathering will be specified in the Covenants, Conditions, and Restrictions (CC&Rs) for Lā‘au Point.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

(This page intentionally left blank.)

3.0 DESCRIPTION OF THE NATURAL ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATION MEASURES

3.1 CLIMATE

Like all of Hawai'i's islands, Moloka'i has an array of micro-climates: tropical rainforest, dry desert, steep green valleys, and rolling plains. This diversity is a result of the influence of prevailing trade winds. Windward areas, on the east and north sides of the island, receive the most rain. On the south and west sides, drier conditions prevail. Lā'au Point, located in Southwest Moloka'i, is characterized by dry conditions.

Temperatures on Moloka'i average about 75 degrees Fahrenheit, rarely going 6 or 7 degrees above or below. In the winter (December through March), night time temperatures may drop to the lower 60s and rainfall is more likely to occur. As one of the driest areas on the island, Southwest Moloka'i has very little rainfall (average annual rainfall of less than 15 inches).

Temperatures in the spring, summer, and fall are very similar, with warm days (up to 85 degrees Fahrenheit) cooled by the trade winds and evenings in the mid to lower 70s.

Potential Impacts and Mitigation Measures

Lā'au Point is not expected to have an effect on climatic conditions and no mitigation measures are planned.

3.2 GEOLOGY AND TOPOGRAPHY

Moloka'i was formed by three separate volcanoes, as evidenced by the island's environmental diversity compressed within its small land area. Moloka'i can be divided into three major sections: East Moloka'i, the Central Ho'olehua plain, and West Moloka'i.

The mountains of East Moloka'i are over 1.8 million years old and are dominated by extremely steep sea cliffs that rise over 3,000 feet on the north coast. The Kalaupapa Peninsula, located on the north-central coast, remains isolated from the rest of Moloka'i because of its steep cliffs that rise to 1,600 feet and are negotiable only on foot or by mule (Juvik and Juvik, 1998).

West Moloka'i, where Lā'au Point is located, was formed by a volcanic dome that is 1.9 million years old and only 1,381 feet high. Moloka'i's south shore features Hawai'i's most extensive coastal reef system, with offshore reefs stretching over 14,000 acres.

The topography of the Lā'au Point community site ranges from 0 feet mean sea level (msl) at the shoreline to approximately 175 msl in the mauka areas.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

Impacts on the geology of the site could be caused by alterations, such as grading, to accommodate Lā'au Point. To the extent possible, improvements will conform to the contours of the land, limiting the need for extensive grading of the site. No structures will be built in the gulches, except for drainage retention and erosion abatement structures in roadways that cross gulches. Appropriate engineering, design, and construction measures will be undertaken to minimize potential erosion due to grading of soils during construction. As such, significant geological impacts are not expected. Further information on soils and grading is provided in the Section 3.3 below.

3.3 SOILS

There are three soil suitability studies prepared for lands in Hawai'i whose principal focus has been to describe the physical attributes of land and the relative productivity of different land types for agricultural production. These are: 1) the U.S. Department of Agriculture Natural Resource Conservation Services Soil Survey (NRCS); 2) the University of Hawai'i Land Study Bureau Detailed Land Classification; and 3) the State Department of Agriculture's Agricultural Lands of Importance to the State of Hawai'i (ALISH) system.

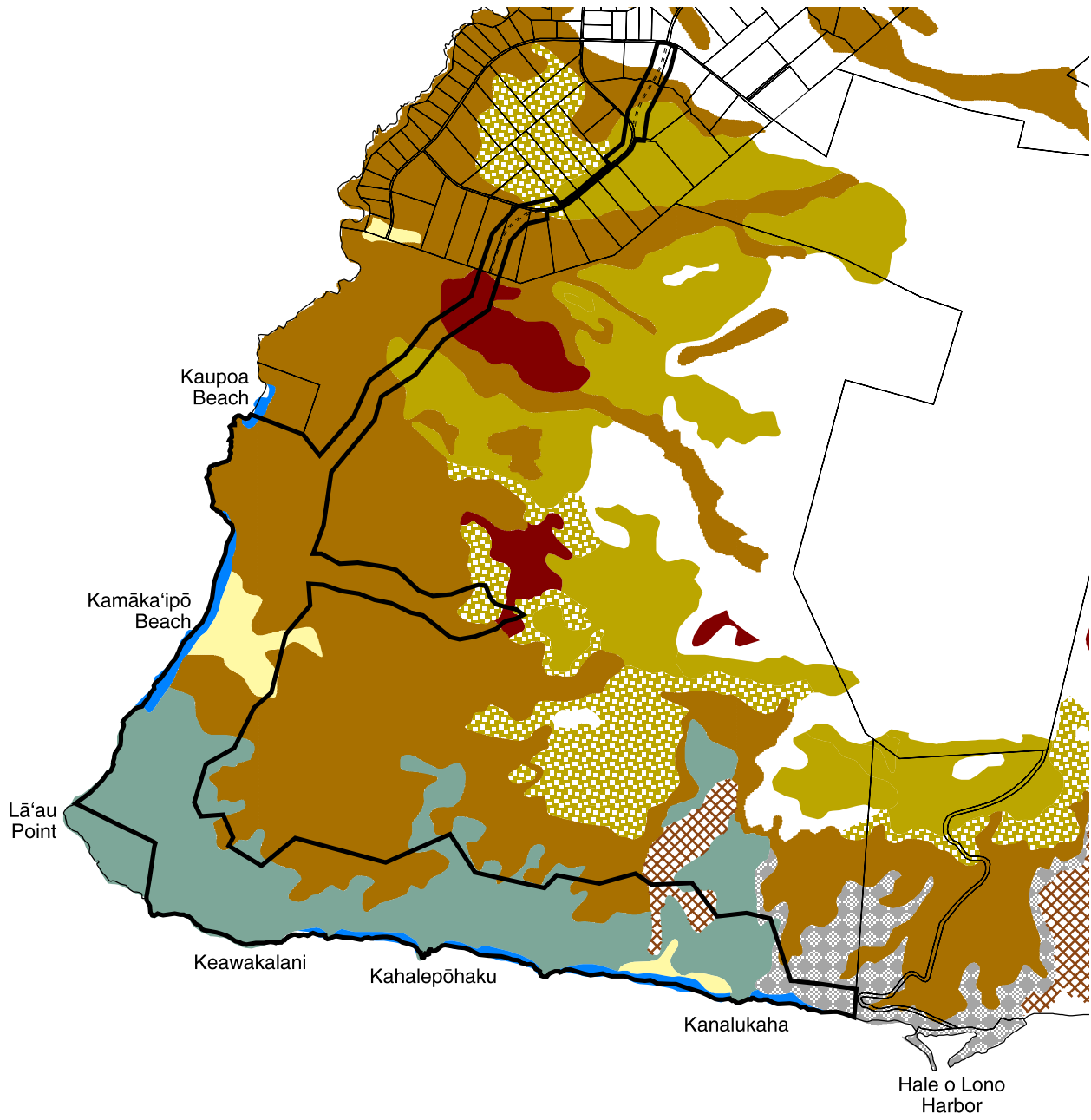
3.3.1 Soil Conservation Survey

The *Soil Survey of the Islands of Kauai, Oahu, Maui, Molokai, and Lanai* (NRCS, 1972) classifies the soils of the Lā'au Point site as Kapuhikani Extremely Stony Clay, Very Stony Land, Rock Land, Beaches, Mala Silty Clay (see Figure 8).

Under the NRCS's Land Capability Grouping, soil types are rated according to eight levels, with I being the highest classification level and VIII, being the lowest. Lower case letters following the classification level indicate specific subclasses. Brief descriptions of soils of the Lā'au Point site, along with their Land Capability Grouping rating, are provided below.

Kapuhikani Extremely Stony Clay (KKTC) – These soils are well-drained and extremely stony with slope ranges from 3 to 15 percent, and elevation ranges from nearly sea level to 500 feet. These soils are used for wildlife habitat and pasture. Runoff is slow to medium, and the erosion hazard is slight to moderate. The project area contains a significant amount of this type of soil. KKTC soils are rated Class VII, non-irrigated. Class VII soils have very severe limitations that make them unsuited to cultivation (i.e., abundant stones and shallow soil).

Very Stony Land (rVS, rVT2) – Very Stony Land (rVS) occurs where 50 to 90 percent of the surface is covered with stones and boulders. The slope ranges from 7 to 30 percent. Elevations range from sea level to 1,500 feet. This land type is used for pasture and wildlife habitat. Pasture improvement is very difficult because of the many stones. Very Stony Land, eroded (rVT2) supports a thicker stand of vegetation than Very Stony Land because it has more soil material.



LEGEND

- Soil Types**
- BS: Beaches
 - HvA, HvB: HOLOMUA Silt Loam
 - HvB3, HvC3: HOLOMUA Silt Loam, Severely Eroded
 - KKTC: KAPUHIKANI Extremely Stony Clay
 - MmA: MĀLA Silty Clay
 - PJD2: PAMOA Stony Silty Clay, Eroded
 - rRK: Rock Land
 - rVS: Very Stony Land
 - rVT2: Very Stony Land, Eroded
- Project Area

Source:
Natural Resources Conservation Service GIS (1995)

Figure 8
Natural Resources Conservation Service
Soil Survey Map

Lā'au Point

ISLAND OF MOLOKAI

NORTH

LINEAL SCALE (FEET)

0 2000 4000 8000

Disclaimer:
This map has been prepared for general planning
purposes only.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

A majority of the Lā'au Point project site contains rVT2 soil. This soil is classified as VIIs, non-irrigated. Type VII soils have very severe limitations that make them unsuited to cultivation and that restrict their use largely to pasture or range, woodland, or wildlife. Subclass VIIs soils are limited mainly because they are shallow, droughty, or stony.

Rock Land (rRK) - Rock land is made up of areas where exposed rock covers 25 to 90 percent of the surface. The rock outcrops and very shallow soils are the main characteristics. This land type is nearly level to very steep and is used for pasture, wildlife habitat, water supply, and urban development.

Beaches (BS) - Beaches occur as sandy, gravelly, or cobbly areas that are washed and reworked by ocean waves. The beaches consist mainly of light-colored sands derived from coral and seashells. Beaches have no value for farming. Where accessible and free of stones, beaches are highly suitable for recreational uses and resort development.

Mala Silty Clay (MmA) – This series consists of well-drained soils on bottoms of drainageways and on alluvial fans on the coastal plains. Elevations range from nearly sea level to 100 feet. These soils are used for pasture, alfalfa, truck crops, orchards, and wildlife habitat. The soil is slightly acidic to neutral in the surface layer and upper part of the subsoil, and moderately alkaline in the lower part of the subsoil. Permeability is moderate, runoff is slow, and the erosion hazard is no more than slight.

In low areas, this soil is subject to flooding for short periods during heavy rains. Many shallow wells have been dug in this soil. The water in the wells is brackish, and care is required if it is used for irrigation purposes. The soil is easily compacted, and subsoiling may be necessary. MmA is classified as VIc, non-irrigated.

3.3.2 Land Study Bureau Detailed Land Classification

The University of Hawai'i's Land Study Bureau Detailed Land Classification - Island of Maui classifies the lands of the Lā'au Point site as ranging from "D" (poor) to "E" (very poor) (see Figure 9). This classification is based on a five-class productivity rating using the letters A, B, C, D, and E, with A representing the highest class of productivity and E the lowest.

The Lā'au Point community consists of very poor (rated "E") soils, except for 24 acres of poor (rated "D") soils within the Kamāka'ipō Gulch. Soils classified as "D" and "E" are marginal agricultural soils. Soils rated "E" are considered as having little or no suitability for soil-based agricultural production.

3.3.3 Agricultural Lands of Importance to the State of Hawai'i (ALISH)

The Agricultural Lands of Importance to the State of Hawai'i (ALISH) system classifies some of the lands within the Lā'au Point site as "Other Important Agricultural Land", and the majority of the lands as "Unclassified" (see Figure 10). The lands designated as "Unclassified" provide no value for soil-based agriculture.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Other Agricultural Land is land other than Prime or Unique Agricultural Land that is of statewide or local importance for the production of food, feed, fiber, and forage crops. The lands in this classification are important to agriculture in Hawai'i, yet they exhibit properties such as seasonal wetness, erosion, limited rooting zone, slope, flooding, or drought, which exclude them from the Prime or Unique Agricultural Land classifications. These lands can be farmed satisfactorily (i.e., by applying greater inputs of fertilizer and other soil amendments, constructing drainage improvements, and implementing erosion control practices and flood protection measures) and produce fair to good crop yields when managed properly.

Potential Impacts and Mitigation Measures

The Lā'au Point community will be built north and east of the actual Lā'au Point. Part of the development process will include grading portions of the area.

Under the ALISH soil rating system, a majority of the Lā'au Point property is unclassified, and therefore, provides no value for soil-based agriculture.

Impacts to the soils of the site include the potential for soil erosion and the generation of dust during construction. Clearing and grubbing activities will temporarily disturb the soil retention values of the existing vegetation and expose soils to erosion. Some wind erosion of soils could occur without a proper watering and re-vegetation program. Heavy rainfall could also cause erosion of soils within disturbed areas of land; however, Southwest Moloka'i is one of the driest areas on the island, with average annual rainfall of less than 15 inches.

All construction activities will comply with all applicable Federal, State, and County regulations and rules for erosion control. Before issuance of a grading permit by the County of Maui, an erosion control plan and best management practices will be prepared describing the implementation of appropriate erosion control measures. All construction activities will also comply with the provisions of Chapter 11-60.1, Hawaii Administrative Rules, Section 11-60.1-33 on fugitive dust.

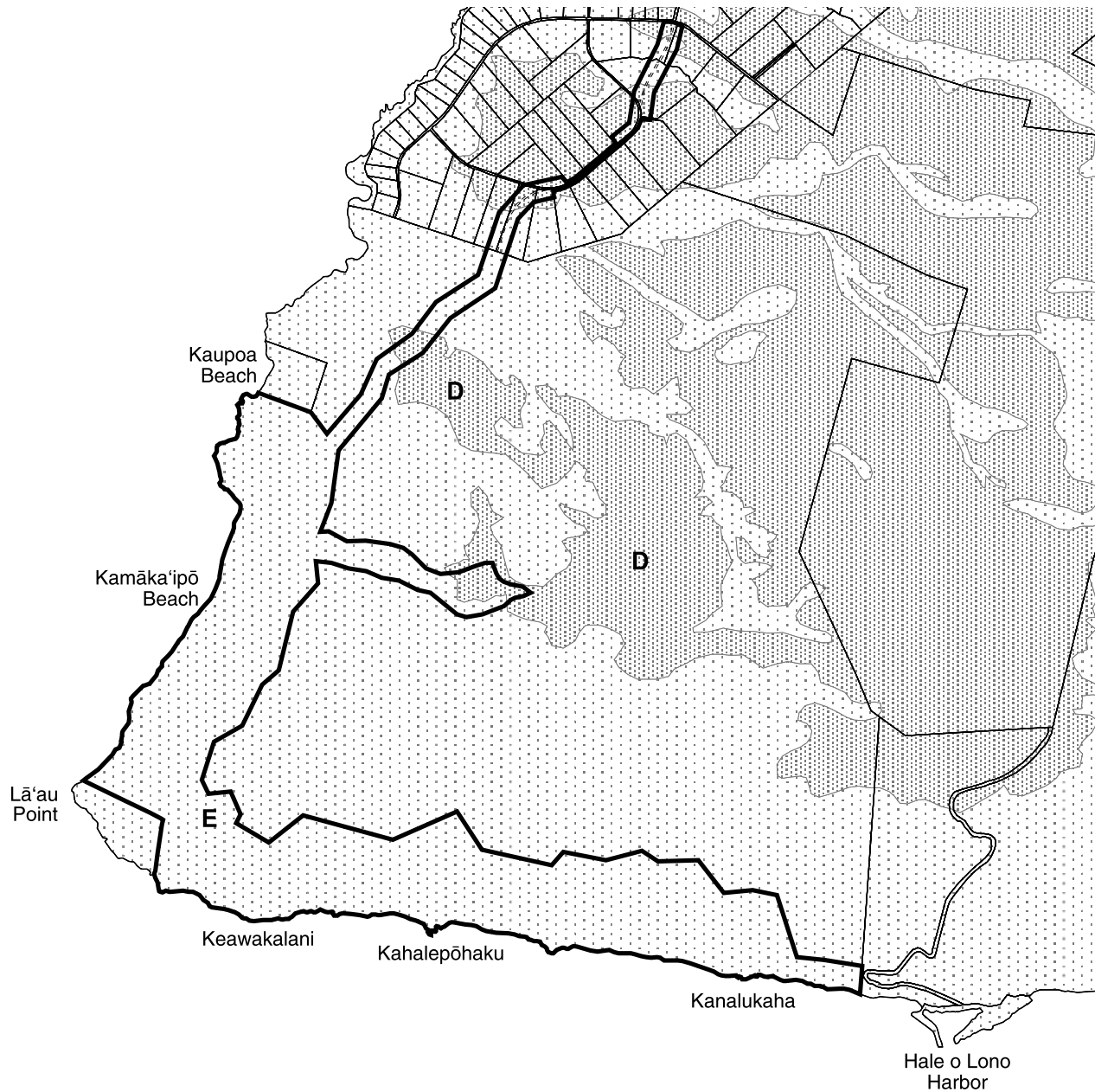
After construction, the establishment of permanent landscaping will provide long-term erosion control. The Draft EIS will include additional mitigation measures.

3.4 AGRICULTURAL IMPACT ASSESSMENT

The Lā'au Point community site is currently vacant. No ranching activities have occurred at the site since 2000.






Potential Impacts and Mitigation Measures

As previously discussed above in Section 3.3 (Soils), the majority of the Lā'au Point property is unclassified by the ALISH soil rating system. These lands provide no value for soil-based agriculture. Other agricultural activities in the project area, such as cattle grazing, ceased in 2000. Therefore, the Lā'au Point community will not take any active agricultural land out of production and will not impact Molokai Ranch's agricultural operations.



LEGEND

Agricultural Land Productivity Rating

-  A (Excellent)
-  B (Good)
-  C (Fair)
-  D (Poor)
-  E (Very Poor)

 Project Area

Source:
Land Study Bureau (1967)

Figure 9
Detailed Land Classification Map

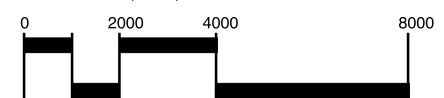
Lā'au Point

ISLAND OF MOLOKAI

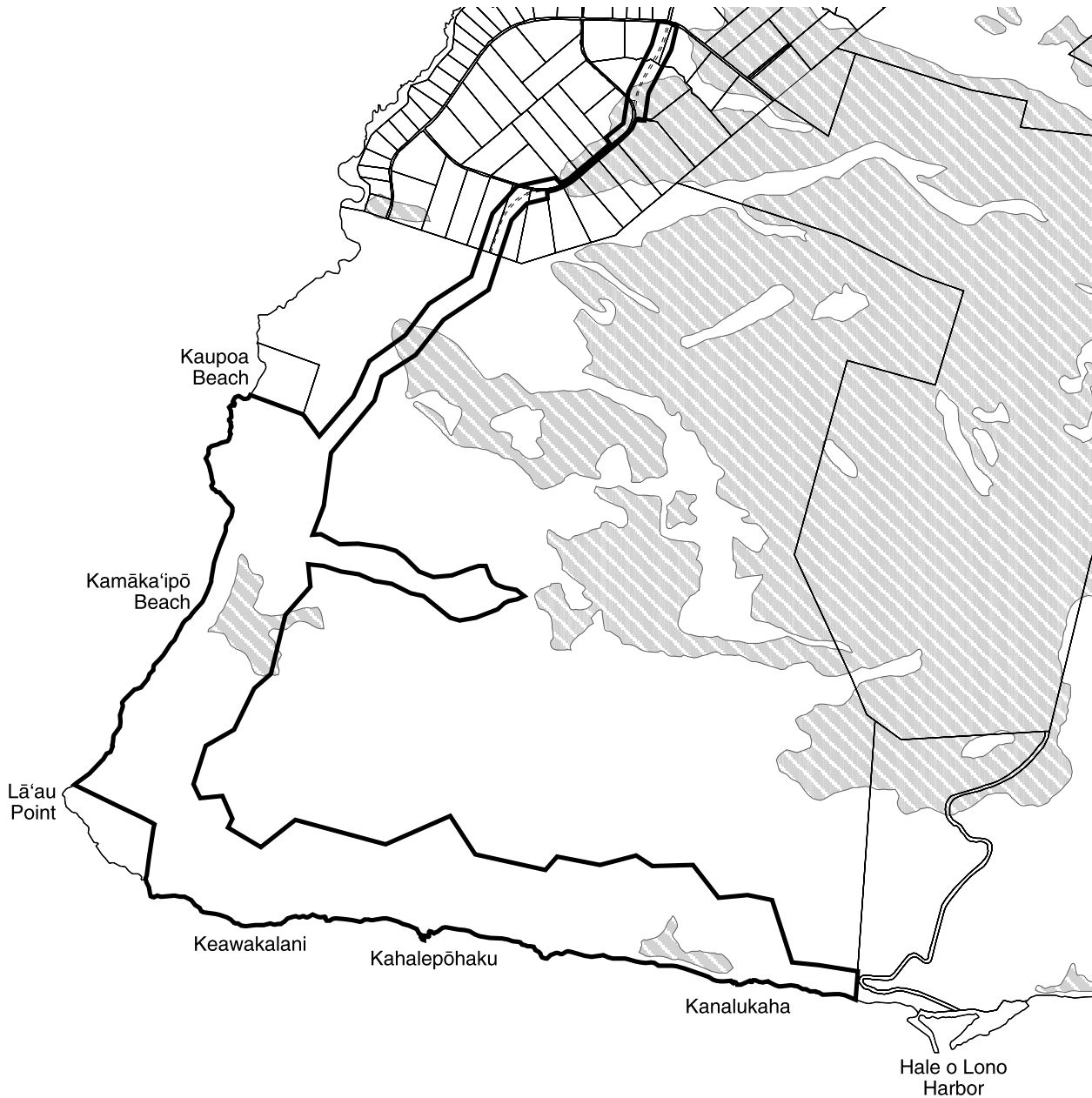
NORTH








LINEAR SCALE (FEET)



Disclaimer:
This map has been prepared for general planning
purposes only.



LEGEND

- ALISH Types
-  Prime ALISH Lands
 -  Unique ALISH Lands
 -  Other ALISH Lands
 -  Not Classified
-  Project Area

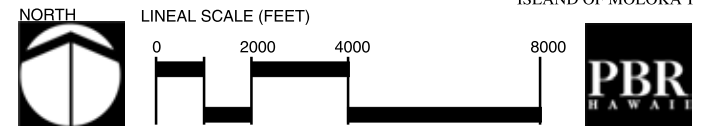
Source:
State Department of Agriculture (1977)

Figure 10

Agricultural Lands of Importance to the State of Hawaii (ALISH)

Lā'au Point

ISLAND OF MOLOKAI



Disclaimer:
This map has been prepared for general planning purposes only.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Alternatively, through protective easements in favor of the Moloka'i Land Trust, 14,390 acres of land will be protected for agriculture (see Section 2.2.3).

3.5 NATURAL HAZARDS

Natural hazards impacting the Hawaiian Islands include hurricanes, tsunami, volcanic eruptions, earthquakes, and flooding.

Devastating hurricanes have impacted Hawai'i twice in since 1980: Hurricane 'Iwa in 1982 and Hurricane 'Iniki in 1992. While it is difficult to predict these natural occurrences, it is reasonable to assume that future events could be likely given the recent record.

Tsunami are large, rapidly moving ocean waves triggered by a major disturbance of the ocean floor, which is usually caused by an earthquake but sometimes can be produced by a submarine landslide or a volcanic eruption. About 50 tsunami have been reported in the Hawaiian Islands since the early 1800s. Seven caused major damage, and two of these were locally generated. Only a small portion in the southeast of the Lā'au Point site is designated as a Civil Defense Tsunami Evacuation Zone (see Figure 11).

Volcanic hazards in the Lā'au Point area are considered minimal due to the extinct status of the volcanoes comprising Moloka'i.

In Hawai'i, most earthquakes are linked to volcanic activity, unlike other areas where a shift in tectonic plates is the cause of an earthquake. Each year, thousands of earthquakes occur in Hawai'i, the vast majority of them so small they are detectable only with highly sensitive instruments. However, moderate and disastrous earthquakes have rocked the islands.

Flood hazards are primarily identified by the Flood Insurance Rate Map (FIRM) prepared by the Federal Emergency Management Agency (FEMA), National Flood Insurance Program. According to the FIRM, the shoreline areas of the Lā'au Point site are Zone V25, which is an area inundated by 100-year flooding with velocity hazard (wave action); no base flood elevations have been determined (see Figure 12).

Potential Impacts and Mitigation Measures

Lā'au Point will not exacerbate any hazard conditions. No structures will be allowed to be built within the 100-year floodplain (Zone V25), and the potential impact of destructive winds and torrential rainfall caused by hurricanes will be mitigated by compliance with the Maui County Building Code. Likewise, the stringent CC&Rs and Lā'au Point Construction Rules and Design Guidelines will ensure that all structures be constructed for protection from earthquakes in compliance with the requirements of the Maui County Building Code. Although a portion of the site is located within the Civil Defense Tsunami Evacuation Zone (Figure 11), no structures will be allowed to be built in these areas.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

3.6 FLORA

Vegetation is dominated by Kiawe (*Prosopis pallida*) with an understory of alien weeds and grass. Some small patches of native, dryland plants, such as Ma'o (*Gossypium sandwicense*) and 'Ilima (*Sida fallax*), are also scattered throughout the site. No wetland habitats exist; however, ephemeral streams occur in the ravines following periods of heavy rain (Bruner, 2005).

Potential Impacts and Mitigation Measures

The Draft EIS will contain the results of the flora survey and the complete survey report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, if necessary, will be implemented based on the results of the survey.

The Lā'au Point community site will include new landscaping appropriate to the coastal preserve setting. Where feasible, new landscaping will include native and indigenous plants. To minimize the use of water for irrigation, drought-tolerant hardy plants and grasses.

3.7 FAUNA

No endangered, threatened, or protected animal species were observed during the avifaunal and feral mammal field survey of the Lā'au Point site (Bruner, 2005). No land birds, native waterbirds, or seabirds were observed; however, migratory and alien birds were tallied during the survey. Most mammals typically found in the area are introduced, and include rats, mice, axis deer, and mongoose.

The endangered Hawaiian Owl (Pueo), Hoary Bat, and Monk Seal infrequently occur on-site. None of these mammals were observed during the recent field survey.



Potential Impacts and Mitigation Measures

The Draft EIS will contain the results of the avifaunal and feral mammal field survey, and the complete survey report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, if necessary, will be implemented based on the results of the survey.

The creation of the Lā'au Point community will be sensitive to natural systems and define areas for environmental protection. A State Land Use District Boundary Amendment is proposed to expand the existing Conservation District. This request is reflective of the community's desire to preserve shoreline resources. The Lā'au Point community site will include new landscaping appropriate to the coastal preserve setting. New landscaping will include native and indigenous plants, perhaps making the area more attractive to the species of birds and mammals that are present.



LEGEND

-  Tsunami Inundation Zone
-  Project Area

Source:
Pacific Disaster Center (1998)

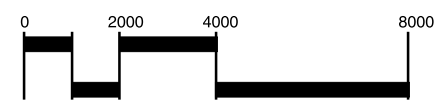
Figure 11
Tsunami Inundation Zone

Lā'au Point

NORTH



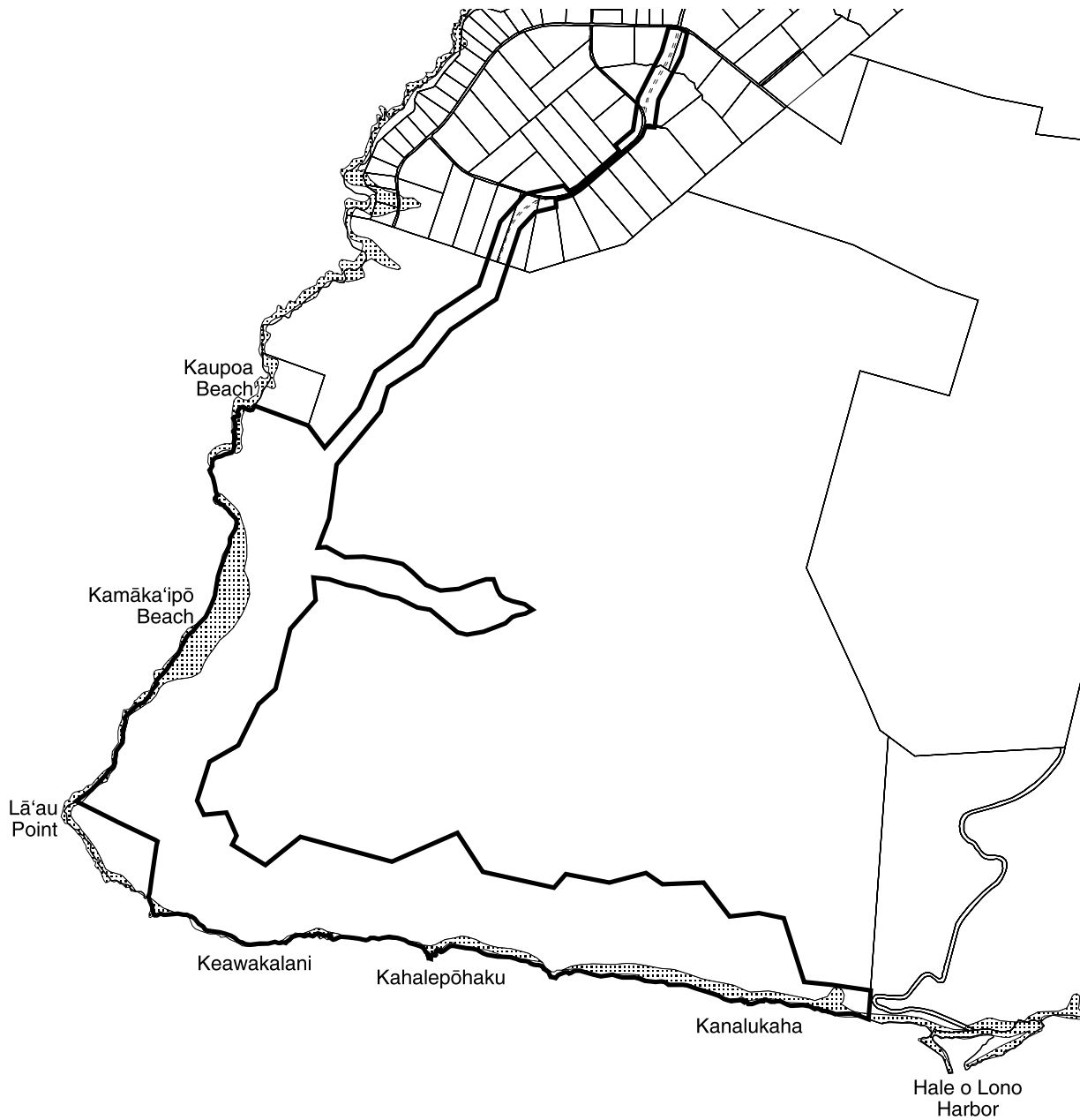
LINEAR SCALE (FEET)



ISLAND OF MOLOKAI





Disclaimer:
This map has been prepared for general planning
purposes only.



LEGEND

Flood Zones

-  Zone A: 100-Year Floodplain
-  Outside Floodplain/Minimal Flooding Area

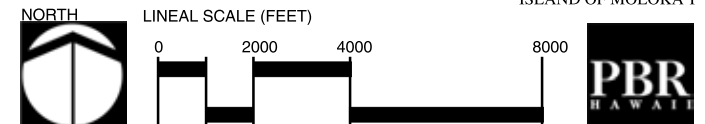
 Project Area

Source:
Federal Emergency Management Agency
(Panel ID: 1500030025B, 1981)

Figure 12
Flood Insurance Rate Map

Lā'au Point

ISLAND OF MOLOKAI



Disclaimer:
This map has been prepared for general planning
purposes only.

3.8 MARINE ENVIRONMENT

A marine environment assessment was conducted by The Environmental Company (TEC), Inc. Marine habitat characteristics are described in the assessment as typical wave-exposed, low-relief reef type with generally low coral cover. The assessment found that fish characteristics at Lā'au Point are generally lower than average values reported from large-scale studies statewide. The amount of fish was more than four times lower at Lā'au compared to no-take Marine Life Conservation Districts (MLCDs) and 42 percent lower than open access areas across multiple habitat types statewide.

Numbers of individual fishes were higher north than south of Lā'au Point. Diversity, evenness, and species richness were higher north of the point as well. However, overall fish biomass was low. There are small schools of surgeonfishes (manini – *Acanthurus triostegus*, kala lolo – *Naso brevirostris*, na'ena'e – *A. olivaceus*), planktivores, triggerfishes, herbivores, and apex predators, primarily a single island jack (ulua – *Carangoides orthogrammus*) and two individuals of the introduced peacock grouper (roi – *Cephalopholis argus*).

Potential Impacts and Mitigation Measures

Six sites offshore of the vicinity of Lā'au Point have been characterized to serve as a baseline for comparison with future surveys. The Draft EIS will contain further results of the marine environment assessment and the assessment report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, if necessary, will be implemented based on the results of the assessment.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

(This page intentionally left blank.)

4.0 ASSESSMENT OF THE HUMAN ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATION MEASURES

This section describes the existing conditions of the human environment, potential impacts of Lā'au Point, and mitigation measures to minimize any impacts.

4.1 ARCHAEOLOGICAL AND HISTORIC RESOURCES

The Lā'au Point site is currently undeveloped. There are many known archaeological or historic resources, including burials throughout the property, though some areas have higher concentrations. Archaeological maps, coupled with oral history interviews provide insight as to the types of sites, hence cultural land uses that may be found on the Ranch lands. The majority of sites in the Lā'au Point region are of fishing villages and ko'a (Figure 5).

Potential Impacts and Mitigation Measures

The Draft EIS will contain archaeological survey results and the complete survey report will be included as an appendix of the Draft EIS. A preservation plan along with appropriate mitigation measures, as necessary, will be implemented based on the results of the survey.

Molokai Properties Limited is committed to preserving known archaeological and cultural sites. Buffer zones will be created around archaeological sites, and no homesites or lots will be placed where sites are known to exist. Areas with concentrations of archaeological and cultural sites will be placed into permanent protection.

In addition, Molokai Properties Limited and its contractors will comply with all State and County laws and rules regarding the preservation of archaeological and historic sites. Should historic remains such as artifacts, burials, concentrations of shell or charcoal be encountered during the construction activities, work will cease immediately in the immediate vicinity of the find and the find will be protected from further damage. The contractor shall immediately contact the State Historic Preservation Division, which will assess the significance of the find and recommend appropriate mitigation measures, if necessary.

4.2 CULTURAL RESOURCES

The name Lā'au Point comes from a legend involving the shark god of Kainalu. The shark god left his home off of Moloka'i and traveled to Kaua'i. Romping in the ocean with the shark god of Kaua'i, a large floating branch from a hau tree got stuck on the Moloka'i shark's back. As he swam back toward Moloka'i, the branch came loose and washed ashore off of the southwest point. The people on the beach saw it float ashore and took the branch to a fertile bit of land and planted it. Their chief, Kuama, said they should call the place Ka Lae O Ka Lā'au (the Point of the Branch). The tree that grew from the branch was short and sprawled close to the ground. The beautiful blossoms were offered by the people of Moloka'i to their gods (Townscape, 2005).

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

In the summer of 1993, the Governor's Moloka'i Subsistence Task Force met with subsistence practitioners in focus groups to map sites important for fishing, ocean gathering, hunting, forest and stream gathering, gardening, raising animals, and trails to access the resources (see Figure 13). The map shows that the entire coastline of the MPL lands is important for subsistence fishing and ocean gathering. It also indicates that the MPL lands are very important for subsistence hunting. Forested areas on MPL lands are also accessed for subsistence gathering.

Potential Impacts and Mitigation Measures

A cultural impact assessment for the Lā'au Point site is being conducted to identify impacts to cultural resources that may be associated with the property. The assessment will include research of historical records and documents and interviews with people knowledgeable with the area, particularly subsistence practitioners.

The Draft EIS will contain the results of the cultural impact assessment and the complete report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, as necessary, will be implemented based on the results of the assessment.

Community access to the shoreline for cultural practices will be improved after the creation of the Lā'au Point community. A public coastal trail is planned to be made following the shoreline through the Lā'au Point site, ensuring that the community has access to the subsistence resources. In addition, community parking for shoreline access will be created.

4.3 TRAILS AND ACCESS

The site has been unimproved for several decades, and access to, and use of, the area by the public has been limited. The shoreline areas are difficult to access and there is no defined access trail or convenient parking.

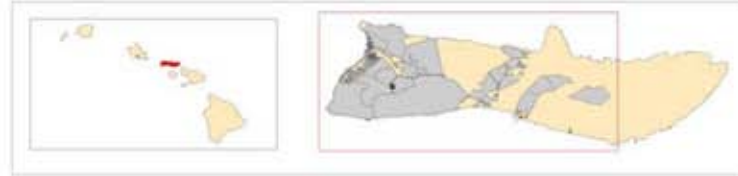
Potential Impacts and Mitigation Measures

MPL recognizes and reaffirms all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by descendants of Native Hawaiians.

The Lā'au Point community will include improved beach access, community parking, and walking trails. The Draft EIS will contain the trail plans and further discussion on trails and access for the area.

4.4 ROADWAYS AND TRAFFIC

There are no roads to the Lā'au Point community site. A Traffic Impact Assessment Report (TIAR) for Lā'au Point is being prepared by Phillip Rowell & Associates.



- | | | |
|---|------------------------|----------------|
| Community-Based Subsistence Fishing Zone | Molokai Ranch Property | Major Road |
| Adjacent to MPL and Trust-Owned Lands | Homestead | Secondary Road |
| Contingent on Partnership Agreements | Camp | Minor Road |
| | Ancient Fishpond | 4WD Road |
| | | Trail |
| | | 100' Contours |

Map Prepared By:
The Conservation Fund
October 7, 2005

Figure 13
Subsistence Fishing Management Zone
Lā'au Point

ISLAND OF MOLOKAI



Note: For planning purposes only.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

The Draft EIS will contain the results of the TIAR and the complete report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, as necessary, will be implemented based on the results of the TIAR.

4.5 NOISE

The Lā'au Point site is currently exposed to daytime ambient noise from wind, the ocean, and occasional distant aircraft.

Potential Impacts and Mitigation Measures

Potential impacts to the acoustic environment of the site will primarily relate to short-term construction activity noise.

Although there are no residential properties adjacent to the Lā'au Point community site, all construction activities will comply with Chapter 11-46, HAR (Community Noise Control). Proper mitigation measures will be employed to minimize construction-related noise and comply with all Federal and State noise control regulations. Increased noise activity due to construction will be limited to daytime hours and occur only during the construction period.

The noise assessment study for the Lā'au Point community is being prepared by DL Adams & Associates. The complete study, along with discussion of potential impacts and proposed mitigation measures, will be included in the Draft EIS.

4.6 AIR QUALITY

The air quality in the Southwest Moloka'i region is believed to be relatively good. Existing impacts to air quality include distant volcanic emissions (VOG) and fugitive dust emissions during periods where field activity may expose soils.

Regional and local climate along with the amount and type of human activity generally dictate the air quality of a given location. The climate of the Southwest Moloka'i region is affected by its coastal location and nearby mountains. Winds are variable but are often trade winds from the north or northeast. Temperatures in the area are generally very consistent and moderate, with an average daily range of about 75 degrees Fahrenheit.

Both Federal and State standards have been established to maintain ambient air quality. At the present time, seven parameters are regulated, including: particulate matter, sulfur dioxide, hydrogen sulfide, nitrogen dioxide, carbon monoxide, ozone, and lead. State of Hawai'i air quality standards are more stringent than the comparable national standards, except for those pertaining to sulfur dioxide and particulate matter, which are equivalent.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

Construction of the Lā'au Point community may result in short-term impacts on air quality either directly or indirectly as a consequence of construction and use (i.e., clearing and grading). However, these potential air quality impacts will be short term, and it is anticipated that no State or Federal air quality standards will be violated during or after the construction of the Lā'au Point community.

The Draft EIS will contain the results of the air quality study being conducted by B.D. Neal & Associates; the complete survey report will be included as an appendix of the Draft EIS. Appropriate mitigation measures, as necessary, will be implemented based on the results of the study.

4.7 VISUAL RESOURCES

Views from within the Lā'au Point community site to surrounding areas include many panoramic vistas mauka and makai. The Draft EIS will contain site photographs.

Potential Impacts and Mitigation Measures

The existing landscape and views around Lā'au Point will change with the creation of the rural residential community. Lā'au Point will provide finished rural residential lots. To minimize visual impacts caused by the Lā'au Point community, all homes will be subject to stringent CC&Rs and Lā'au Point Construction Rules and Design Guidelines. All homes will have a height restriction of 25 feet, and can only be one-story tall. Buildings must maintain a low-profile rural character and respect the natural environment. Restrictions on building height, materials, colors, and style are important factors to blend homes into the environment.

4.8 SOCIAL AND ECONOMIC CHARACTERISTICS

A market study, economic impact analysis, and public cost/benefit assessment for the Lā'au Point community is being prepared by Knowledge Based Consulting Group (KBCG). Projections and conclusions of the report will be included in the Draft EIS and the complete report will be included as an appendix of the Draft EIS.

4.8.1 Population

The resident population of Moloka'i is 7,404 persons, according to the 2000 United States Census. This is 0.6 percent of the State's total population. The population of West Moloka'i is 2,569 persons (DBEDT, 2001), mainly situated in Kaluako'i Resort and Maunaloa Village. The rest of West Moloka'i is generally open range lands with some agricultural crop production.

Currently, there are no residents living in the Lā'au Point community site.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

Preliminary estimates project that the population of Lā'au Point at build-out in 2023 will include approximately 174 permanent residents and a maximum of 325 seasonal residents (KBCG, 2006). The Draft EIS will include additional information regarding the projected population of Lā'au Point.

4.8.2 Housing

Through the creation of the Community-Based Master Land Use Plan for Molokai Ranch (see Section 2.2), the Moloka'i community members involved in the Community-Based Master Land Use Plan process (hereby referred to as "the Community") clearly indicated their desire to plan its own future. Throughout the community-planning process, the vesting of land back into community hands and ensuring the development returns (Lā'au Point income) be shared by the community was part of a larger vision by the Community to plan and finance housing for the community itself without the involvement of the developer.

The community process identified up to 100 acres around each of the towns of, Kualapu'u and Maunaloa for the future development of 'Ohana Neighborhood Communities to be developed by partnering various community resources such as Habitat for Humanities, Self-Help Housing and others. As previously noted, approximately 1,100 acres will also be gifted to the CDC, a large portion of which can be used for community homes. The Community desires a link between affordable housing and other community-facilities present at each of the three communities to insure that they be developed as balanced communities. The Community does not support a large affordable housing project in one area only.

There will be a continuing need in the future for more housing for Moloka'i families at affordable prices based on incomes. Molokai Ranch, the Moloka'i Enterprise Community and others in the community, such as Habitat for Humanity to name just one organization, can coordinate the planning and implementation of future affordable housing projects. Molokai Ranch can reserve lands at realistic prices around Kualapu'u and Maunaloa to ensure the development of these for future affordable homes. The community can plan its own affordable housing in Kaunakakai without recourse to MPL.

Homes will be developed and managed by the Moloka'i Community Development Corporation (CDC) and/or MPL or other appropriate housing entities.

The economic value of the land donations, and the income from Lā'au Point, will enable the Moloka'i CDC to plan, site, and construct affordable homes itself.

4.8.3 Economy

Moloka'i's economy depends upon tourism and agriculture. West Moloka'i is a significant center for tourism and related recreational amenities. According to the Moloka'i Community Plan, limited economic opportunity is the most significant problem facing the community, due to the limited availability of jobs.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Molokai Ranch operates the Lodge, which offers activities that introduce visitors to ranch life. Activities include mountain biking, horseback riding, hiking, and rodeo skills. Molokai Ranch employs 150 people and is the largest private employer on the island. MPL has an operational cash deficit of \$3.7 million per annum. The Community-Based Master Land Use Plan will address that deficit and assure an economic future for its employees.

Potential Impacts and Mitigation Measures

Moloka'i's visitor occupancies have been low for many years; however, forecasts show Moloka'i visitor unit occupancy rising over time, in proportion to overall growth of Maui County's average visitor count (SMS, 2002). As previously discussed in Section 2.2.2, funding for the Kaluaki'o Hotel and Golf Course renovations will come from sales of the Lā'au Point rural-residential lots. These facilities are crucial to revitalizing the Moloka'i economy and are projected to provide approximately 100+ jobs for Moloka'i residents.

The Moloka'i Compatible Tourism Plan, due to be published in mid-2006, indicates there is almost unanimous community support for the re-opening of the Kaluako'i Hotel as a mid-range hotel.

In addition, sales of the Lā'au Point rural-residential lots will offset the value of donated land and potential "lost-opportunity cost" of developing land of more than \$75 million.

Spending by permanent and seasonal residents of Lā'au Point, and Community Association services are projected to support approximately 60 on-going jobs upon full build-out in 2023 (KBCG, 2006). The full economic impact analysis report of the Lā'au Point community will be included in the Draft EIS.

4.9 INFRASTRUCTURE AND UTILITIES

Preliminary engineering and drainage reports are being prepared for Lā'au Point. Conclusions and recommendations of the reports will be included in the Draft EIS and the complete reports will be included as appendices of the Draft EIS.

4.9.1 Drainage Facilities

There are no perennial streams on the Lā'au Point community site. There are numerous intermittent streams, which generally only have flows during or immediately following heavy rainfalls. The entire west end is relatively dry and in need of erosion control measures.

The existing drainage pattern in the Lā'au Point community area generally follows a north-south or east-west (mauka to makai) direction toward the ocean. Existing drainage conditions on-site and the nearshore water quality fronting the site is believed to be relatively good.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

The Draft EIS will contain the results of the preliminary drainage report by Unemori Engineering, Inc., and the complete report will be included as an appendix in the Draft EIS. Appropriate mitigation measures, as necessary, will be implemented based on the recommendations of the reports.

4.9.2 Water System

Molokai Properties, Limited (MPL) operates three water systems, two of which are subject to State Public Utilities Commission (PUC) regulation. All three systems are subject to regulation by the State's Commission on Water Resource Management (CWRM).

The two PUC-regulated systems are the Kaluako'i and Waiola o Moloka'i, Inc. systems. The Kaluako'i System's source is Well 17 in Kualapu'u, which has a water use allocation of 1,018,000 gallons per day (GPD). The Waiola system supplies drinking water to the remaining communities on Molokai Ranch land.

The third system, Molokai Ranch Mountain System, is the initial ranch water system. It is over 100 years old and moves surface water approximately 20 miles from the central mountains of Moloka'i to the far corners of MPL's land. As with all surface systems, the mountain system's yield is highly weather-dependent. In winter storm months, flows of 1,300,000 GPD can be achieved, while in summer drought months, low yields of 65,000 GPD have occurred.

The Lā'au Point site is currently undeveloped and is not serviced by any water system.

Potential Impacts and Mitigation Measures

MPL does not require any more drinking water than what is currently proposed for allocation in the Community-Based Master Land Use Plan (Appendix A). MPL will retain its 1.5 million GPD of potable water: 1,018,000 GPD from Well 17 and 500,000 GPD from the Molokai Ranch Mountain System. MPL proposes to develop 1,000,000 GPD from the abandoned Kākahale brackish water well in the Kamiloloa aquifer sector for future non-potable water needs. MPL will not transmit brackish water from the Kākahale well to the West End by the Moloka'i Irrigation System (MIS) system. MPL will use transmission alternatives. MPL will also make its excess potable water capacity available for the use of communities outside its property.

Upon approval of the Community-Based Master Land Use Plan, MPL will sign covenants preventing it from ever seeking further water permits from the CWRM. MPL will also abandon the Waiola Well application.

In addition, MPL will continue its water conservation campaign to Kaluako'i residents and future Lā'au Point residents by reducing consumption, shutting off irrigation systems during rainfall, and restructuring the water rates.

A Water Plan Analysis is being completed by Ishikawa, Morihara, Lau & Fong LLP. The Draft EIS will include estimates of the amount of water needed for the Lā'au Point community, potential sources, potential impacts, and proposed mitigation measures.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

4.9.3 Wastewater Facilities

The Lā'au Point site is currently undeveloped and is not serviced by any wastewater system.

Potential Impacts and Mitigation Measures

The Draft EIS will include estimates of the amount of wastewater to be generated by the Lā'au Point community, options for a private wastewater treatment facility, and proposed mitigation measures, if necessary.

4.9.4 Solid Waste

The Lā'au Point site is currently undeveloped and does not have solid waste disposal.

Potential Impacts and Mitigation Measures

The Draft EIS will include information related to the Lā'au Point community and the need for solid waste disposal.

4.9.5 Electric and Communication Systems

There is no existing electric, telephone, or cable service for the Lā'au Point site. Electrical power on Moloka'i is supplied by the Moloka'i Division of the Maui Electric Company (MECO). Telephone service is supplied by Hawaiian Telcom. Cable and television service is supplied by Oceanic Time Warner Cable.

Potential Impacts and Mitigation Measures

Molokai Properties Limited will coordinate any facility expansion requirements for electrical and communication systems. The Draft EIS will include estimates of the amount of electricity needed for the Lā'au Point community, potential impacts, and proposed mitigation measures.

4.10 PUBLIC SERVICES

4.10.1 Schools

The nearest educational facilities are Maunaloa Elementary School (grades K-6) in Maunaloa Town, and Moloka'i Intermediate School (grades 6-8) and Moloka'i High School (grades 9-12), located in Central Moloka'i.

Enrollment for Maunaloa Elementary School has been decreasing. Enrollment dropped from 73 students in 2003 to 69 students in 2004 (Maui County, 2005), and to its current 2005-2006 school year enrollment of 57 students (DOE, 2006).

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

According to Department of Education (DOE) school multipliers¹ for new communities, it is estimated that the Lā'au Point community will contain 56 elementary, 29 middle, and 31 high school students. However, this DOE formula does not take into consideration the unique character of the Lā'au Point community and the expectation that seasonal residents and retirees will occupy a substantial share of the community. Therefore, adjustments to the DOE formula may be justified given the following factors (KBCG, 2006):

- Only approximately 30 percent of Lā'au Point residents are expected to be permanent residents;
- Lā'au Point residents will be somewhat older than the general population;
- About 25 percent of the Lā'au Point permanent residents are expected to have children under 18;
- Expected Lā'au Point population of schoolchildren is less than 25 percent of what is expected on a pro rata basis.

Considering these factors, the expected school-age population of Lā'au Point permanent residents is projected to be less than 10 children ages 5 through 12, and less than 15 children ages 13 through 17 (KBCG, 2006).

4.10.2 Police Protection

Police protective services on Moloka'i are provided by the Maui Police Department. Lā'au Point falls within the Maui Police Department's (MPD) Moloka'i Patrol District V.

Potential Impacts and Mitigation Measures

The Draft EIS will include a discussion of potential impacts the Lā'au Point community will have on police services, and mitigation measures, if necessary.

4.10.3 Fire Protection

There are three fire stations on Moloka'i. The Holehua Station, 20 miles away, is the closest station to Lā'au Point.

Potential Impacts and Mitigation Measures

The Draft EIS will include a discussion of potential impacts the Lā'au Point community will have on fire protection services, and mitigation measures, if necessary.

¹ Elementary: 200 SF homes x 0.279 = 55.8 students
Middle: 200 SF homes x 0.143 = 28.6 students
High: 200 SF homes x 0.154 = 30.8 students

4.10.4 Health Care Services

Moloka'i General Hospital, located in Kaunakakai, is a 30-bed rural healthcare facility with the only emergency room and urgent care clinic on the island. The hospital provides acute, long-term care, and low-risk obstetrical inpatient services. It also offers kidney health, diabetes management, preventive health, high-risk weight management, compassionate care/hospice services, family planning and family support services on an outpatient basis.

Potential Impacts and Mitigation Measures

The Draft EIS will include a discussion of potential impacts the Lā'au Point community will have on health care services, and mitigation measures, if necessary.

4.10.5 Recreational Facilities

The Molokai Ranch lands contain various recreational activities for both residents and visitors. The west and south coasts of the ranch lands contain stunning and relatively undeveloped beaches. The beach and nearshore areas are used at various times for sunbathing, picnicking, swimming, fishing, snorkeling, scuba diving, whale watching, surfing, and paddling by residents and visitors.

There is a significant number of trails throughout the property for hiking, biking, and horse riding. There are also cultural trails, which run along the coast.

Molokai Ranch provides access to numerous activities, such as kayaking, mountain biking, horse riding, as well as a paniolo cultural museum in Maunaloa town. It also maintains camping facilities at Kaupoa Camp, which is now available to the community at affordable prices at selected times of the year. Maui County maintains camping sites at Pāpōhaku Beach Park, located on the north end of Pāpōhaku Beach. There is an 18-hole golf course at Kaluako'i and a 9-hole course at the Ironwoods Golf Course.

In addition to Molokai Ranch's recreational facilities, the following are public parks and recreation areas available on Moloka'i:

- Duke Maliu Regional Park,
- Halawa Park,
- Cooke Memorial Pool,
- Kakahai'a Park,
- Kaunakakai Ball Park,
- Kaunakakai Lighthouse Park,
- Kilohana Community Center,
- Kualapu'u Park,
- Mitchell Pauole Center,
- One Ali'i Park,
- Papohaku Beach Park,
- Pu'u Hauole Park, and
- Maunaloa Park.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Potential Impacts and Mitigation Measures

The Lā'au Point community is not expected to have a significant impact on public regional recreation facilities. To provide access to the shoreline and to help manage the coastal resources, the Lā'au Point community will include two County parks (total approximately 18 acres), one by Kamāka'ipō Gulch (1.5 acres) on the west end of the community, and the other (16.5 acres) near Hale O Lono Harbor at the south end (see Figure 12).

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

(This page intentionally left blank.)

5.0 RELATIONSHIP TO LAND USE PLANS AND POLICIES

State of Hawai‘i and County of Maui land use plans and polices relevant to the Lā‘au Point community, and required permits and approvals, are described below.

5.1 STATE OF HAWAI‘I

5.1.1 Chapter 343, Hawaii Revised Statutes

Compliance with Chapter 343, HRS is required as described in Section 1.7.

5.1.2 State Land Use Law Chapter 205, Hawaii Revised Statutes

The State Land Use Law (Chapter 205, HRS), establishes the State Land Use Commission (LUC) and gives this body the authority to designate all lands in the State into one of four districts: Urban, Rural, Agricultural, or Conservation. The majority of the Lā‘au Point community site is within the Agricultural District, and the coastline lies within the Conservation District (see Figure 6). Within the Conservation District, the project site falls within the General and Limited Subzones (see Figure 14).

The applicant has sought a State Land Use District Boundary Amendment (SLUDBA) to change the proposed lot areas from the Agricultural District to the Rural District, to allow rural residential lots. In addition, the applicant has proposed to expand the Conservation District along the shoreline and related resource areas (see Table 2 and Figure 7). The Draft EIS will include an assessment of the conformity of the Lā‘au Point community to the LUC standards for determining Rural and Conservation District boundaries.

Table 2. Petition Area

District	Acreage
Agricultural (AG) to Rural (R)	
• House lots (200)	400
• Roadways	132
• Infrastructure	13
• Parks	8
• Open Space	60
Conservation (C) to Rural (R)	10
Agricultural (AG) to Conservation (C)	252
TOTAL	875 acres

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

5.1.3 Hawai'i Coastal Zone Management Program, Chapter 205A, Hawaii Revised Statutes

The objectives of the Hawai'i Coastal Zone Management (CZM) Program, as set forth in Chapter 205A, Hawai'i Revised Statutes, include the protection and maintenance of the State's coastal resources. The Draft EIS will include a discussion of how the Lā'au Point community conforms to the Hawai'i CZM Program.

5.1.4 Conservation District Law, Chapter 183C, Hawaii Revised Statutes

The purpose of the State Conservation District law is to conserve, protect, and preserve the important natural resources of the State through appropriate management and use to promote their long-term sustainability and public health, safety, and welfare. Pursuant to the Conservation District law, the Lā'au Point community may require a Conservation District Use Permit for the subdivision of land within the Conservation District or to comply with other regulations governing the Conservation District. The Draft EIS will include a discussion of the Board of Land and Natural Resources criteria regarding the Conservation as specified in Section 13-5-30 of the Conservation District Administrative Rules.

5.1.5 Hawai'i State Plan, Chapter 226, Hawaii Revised Statutes

The Hawai'i State Plan (Chapter 226, HRS), establishes a set of goals, objectives and policies that serve as long-range guidelines for the growth and development of the State. The sections of the Hawai'i State Plan directly applicable to the Lā'au Point community, along with a discussion of how the community conforms to the State Plan, will be included in the Draft EIS.

5.1.6 State of Hawai'i Functional Plans

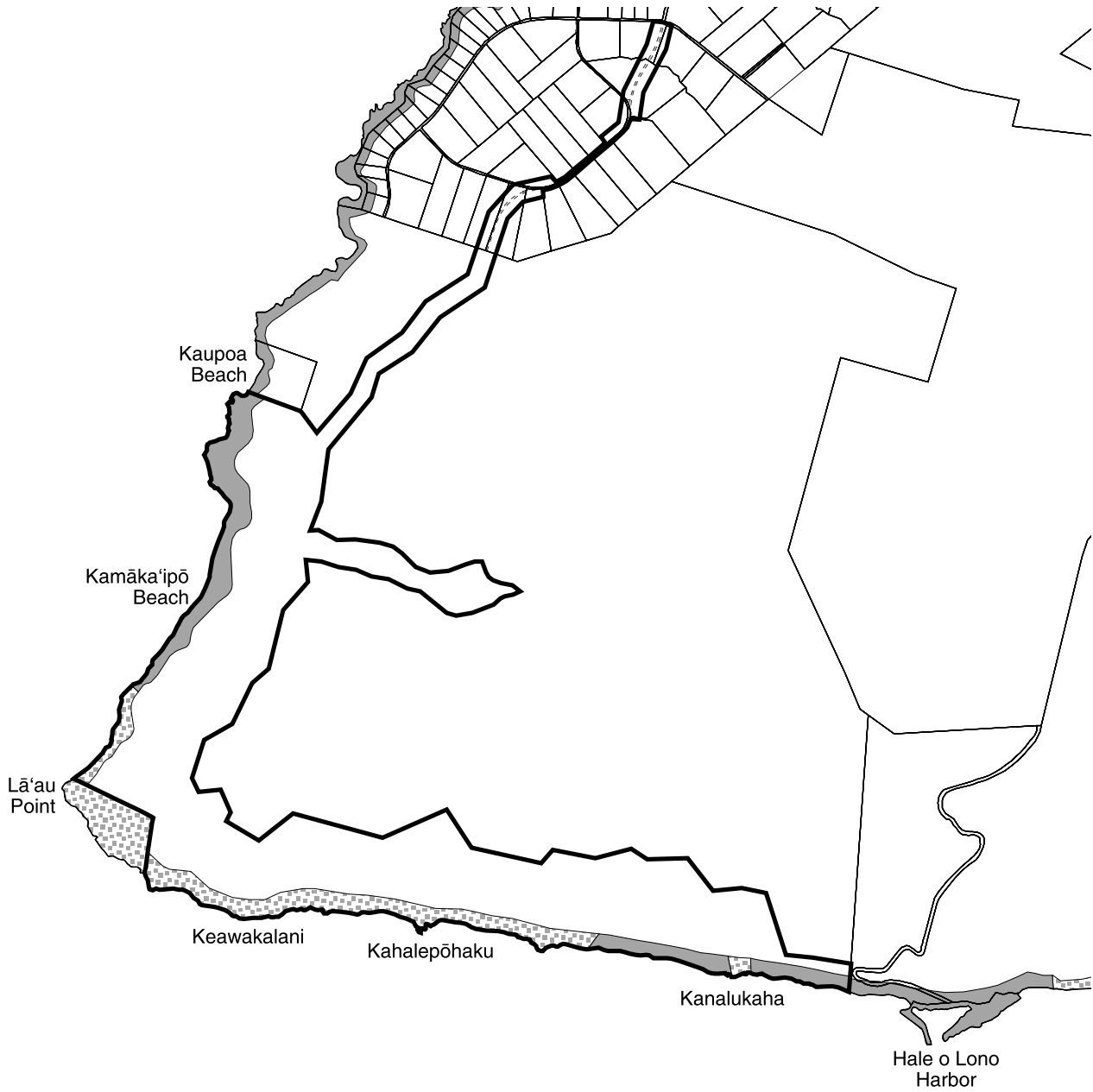
The Hawai'i State Plan directs State agencies to prepare functional plans for their respective program areas. There are 13 state functional plans that serve as the primary implementing vehicle for the goals, objectives, and policies of the Hawai'i State Plan. The functional plans applicable to the Lā'au Point community, along with each plan's applicable objectives, policies, will be discussed in the Draft EIS.

5.2 COUNTY OF MAUI




Relevant land use plans and Ordinances of the County of Maui that pertain to Lā'au Point include the General Plan, the Moloka'i Community Plan, and the Maui County Code.

5.2.1 General Plan of the County of Maui

The County of Maui Charter requires that the Maui County General Plan set forth the desired sequence, patterns, and characteristics of future development. This is accomplished through long-range objectives focusing on the social, economic, and environmental effects of development coupled with specific policies designed to implement the objectives. The relevant



LEGEND


- Conservation Subzones
 -  General
 -  Limited
-  Project Area

Source:
 State Department of Land and Natural Resources
 (1995)
 Warren S Unemori Engineering


Figure14
 Conservation District Subzones Map

Lā'au Point

ISLAND OF MOLOKAI

NORTH  LINEAR SCALE (FEET)

0 2000 4000 8000



Disclaimer:
 This map has been prepared for general planning
 purposes only.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

objectives and policies of the General Plan pertaining to Lā'au Point, along with a discussion of how the project conforms to these objectives and policies, will be included in the Draft EIS.

5.2.2 Moloka'i Community Plan

The Moloka'i Community Plan, most recently updated in 2001, is one of nine community plans for Maui County. It reflects current and anticipated conditions for the island of Moloka'i and addresses planning goals, objectives, policies, and implementation considerations as a decision-making guide in the region through the year 2010. The Moloka'i Community Plan provides specific recommendations to address the goals, objectives, and policies contained in the General Plan, while recognizing the values and unique attributes of Moloka'i, to enhance the region's overall living environment.

The Moloka'i Community Plan Land Use Map designates specific areas of the Lā'au Point site as Agricultural (AG) and Conservation (C) (see Figure 15). The applicant will seek a Community Plan Amendment to change the area of the proposed houselots from Agricultural (AG) to Rural (R).

The relevant objectives and policies of the Moloka'i Community Plan applicable to the proposed Lā'au Point community, along with a discussion of how the community conforms to these objectives and policies, will be included in the Draft EIS.

5.2.3 County of Maui Zoning

The Lā'au Point community site is in the County of Maui Agricultural zone (Figure 16). The applicant will seek a Change in Zoning from the County of Maui to change the County zoning of the community site from the County Agricultural zone to the County Rural zone. While portions of the property are within the State Conservation District, the County of Maui does not zone land within the Conservation District.

5.2.4 Special Management Area

The area of Lā'au Point is within the County's Special Management Area (SMA), pursuant to Chapter 205A, HRS and Chapter 202, Special Management Area Rules for the Moloka'i Planning Commission (see Figure 17). Approval of a Special Management Area Use Permit is required for the project. The objectives and policies of the Special Management Area, along with a discussion of how the project conforms to these objectives and policies, will be included in the Draft EIS.

5.3 APPROVALS AND PERMITS

An approximate list of permits and approvals required for the Lā'au Point community is presented below.

LĀ‘AU POINT




Environmental Impact Statement Preparation Notice

Table 3. Necessary Permits and Approvals

Permit/Approval	Responsible Agency
Chapter 343, HRS Compliance	State Land Use Commission Office of Environmental Quality Control
State Land Use District Boundary Amendment	State Land Use Commission
Community Plan Amendment	County of Maui Planning Department Moloka‘i Planning Commission Maui County Council
Change in Zoning	County of Maui Planning Department Moloka‘i Planning Commission Maui County Council
Special Management Area	County of Maui Planning Department Moloka‘i Planning Commission Maui County Council
Chapter 6E, HRS Compliance	State Historic Preservation Division
Conservation District Use Permit	Department of Land & Natural Resources
Grading/Building Permits	County of Maui Department of Public Works & Environmental Management
National Pollutant Discharge Elimination System (NPDES) Permit	State Department of Health
Grading & Building Permits	County of Maui Department of Public Works & Environmental Management



LEGEND

- Land Uses
-  AG: Agricultural
 -  C: Conservation
 -  Project Area

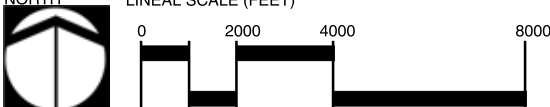
Source:
County of Maui (2006)

Figure 15
Molokai Community Land Use Map

Lā'au Point

ISLAND OF MOLOKAI

NORTH LINEAL SCALE (FEET)



PBR
HAWAII

Disclaimer:
This map has been prepared for general planning
purposes only.



LEGEND

Zoning Districts
 [Grey Box] Agricultural

[Thick Black Line] Project Area

Source:
 County of Maui (2006)

Disclaimer:
 This map has been prepared for general planning purposes only.

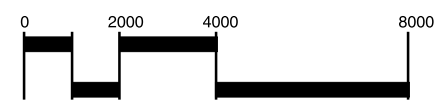
Figure 16
 County Zoning Map

Lā'au Point

NORTH



LINEAL SCALE (FEET)



ISLAND OF MOLOKAI





LEGEND

 Special Management Area

 Project Area

Source:
County of Maui (1998)

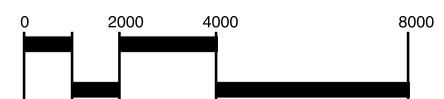
Figure 17
Special Management Area Map

Lā'au Point

NORTH



LINEAR SCALE (FEET)



ISLAND OF MOLOKAI



Disclaimer:
This map has been prepared for general planning
purposes only.

6.0 ALTERNATIVES TO THE PROPOSED ACTION

In compliance with the provisions of Section 11-200-17(f), HAR (Environmental Impact Statement Rules), the Draft EIS will contain a detailed discussion of the alternatives to use of the site for the Lā'au Point community. Alternatives to be discussed may include:

- No action,
- Large lot subdivision and sale of parcels,
- Subdivision of 25-acre lots, in accordance with existing Agricultural zoning and Community Plan policy, and
- The preferred alternative.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

(This page intentionally left blank.)

7.0 FINDINGS AND DETERMINATION

7.1 SIGNIFICANCE CRITERIA

While this EISPN is preliminary to the Draft EIS, the currently known information presented here has been evaluated according to the significance criteria as specified in Section 11-200-12, HAR (Environmental Impact Statement Rules). As a result of this preliminary information, it is anticipated that the proposed Lā'au Point community:

- 1) Is not likely to involve an irrevocable commitment to natural archaeological or cultural resources;
- 2) Will increase the range of beneficial uses of the environment;
- 3) Will not conflict with the State and County's long-term environmental policies, goals and guidelines;
- 4) May substantially and positively affect the economic or social welfare of the community or State;
- 5) Does not substantially affect public health;
- 6) Does not involve substantial secondary impacts such as population changes or effects on public facilities;
- 7) Does not involve a substantial degradation of environmental quality;
- 8) Cumulatively will not have considerable effect upon the environment and will not involve a commitment for larger actions;
- 9) Does not substantially affect a rare, threatened, or endangered species or its habitat;
- 10) Is not detrimental to air or water quality or ambient noise levels;
- 11) Does not appear to affect environmentally sensitive areas such as a flood plain, tsunami zone, erosion prone areas and geologically hazardous land, estuary, fresh water, or coastal waters.
- 12) Will not substantially affect scenic vistas and view planes identified in county or state plans or studies; and,
- 13) Will require additional energy consumption.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

7.2 DETERMINATION

The proposed Lā'au Point community will amend a Community Plan, use Conservation District land, and include a proposed wastewater treatment facility. These are triggers for environmental assessments, and in accordance with Chapter 343, HRS and Title 11, Chapter 200, HAR (Environmental Impact Statement Rules), this EISPN has been prepared.

Because the applicant, Molokai Properties Limited, wishes to provide a thorough environmental review of Lā'au Point, the preparation of an environmental impact statement (EIS), is being undertaken rather than a less intensive environmental assessment (EA).

8.0 CONSULTED PARTIES AND PARTICIPANTS IN THE EIS PROCESS

Various Federal, State, and County agencies, as well as organizations and members within the community, will be consulted in the preparation and review of the Draft EIS.

8.1 INDIVIDUALS AND ORGANIZATIONS TO BE CONSULTED DURING THE EIS PROCESS

This EISPN will be distributed to the following agencies, organizations, and individuals. Comment letters that will be received on this EISPN will be included in the Draft EIS.

County of Maui

- Department of Planning
- Department of Fire Control
- Department of Housing & Human Concerns
- Department of Parks & Recreation
- Police Department
- Department of Public Works & Environmental Management
- Department of Water Supply

State of Hawai‘i

- Department of Accounting and General Services
- Department of Agriculture
- Department of Business, Economic Development & Tourism
- Department of Business, Economic Development & Tourism - Land Use Commission
- Department of Business, Economic Development & Tourism - Office of Planning
- Department of Business, Economic Development & Tourism, Energy - Resources & Technology Division
- Department of Health - Environmental Planning Office
- Department of Health - Office of Environmental Quality Control
- Department of Land and Natural Resources
- Department of Land and Natural Resources - Historic Preservation Division
- Department of Transportation
- Office of Hawaiian Affairs
- University of Hawai‘i Environmental Center

Federal

- U.S. Army Engineer Division
- U.S. Fish and Wildlife Services

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

Private Organizations & Individuals

- Maui Electric Company, Ltd.
- Hawaiian Telcom
- Honolulu Advertiser
- Honolulu Star-Bulletin
- Molokai Dispatch
- Councilmember Danny Mateo
- Moloka'i Planning Commission Chair

9.0 REFERENCES

- Baker, H.L. et al. (1965). *Detailed Land Classification, Island of Hawai'i*. L.S. Land Study Bureau, University of Hawai'i.
- Bruner, P.L. (2005). *Avifaunal and Feral Mammal Field Survey of Moloka'i Ranch, Lā'au Point Property, Moloka'i*. Report prepared for Molokai Properties Limited.
- County of Maui. (1990). *General Plan of the County of Maui 1990 Update*. Wailuku, Hawai'i.
- County of Maui. (2001). *Moloka'i Community Plan*. Wailuku, Hawai'i.
- County of Maui, Office of Economic Development. (2005). *Maui County Data Book 2005*. Wailuku, Hawai'i.
- Hawai'i State Department of Agriculture (1977). *Agricultural Lands of Importance to the State of Hawai'i*. Honolulu, Hawai'i.
- Ishikawa, Morihara, Lau & Fong LLP (2006). *Analysis of the Water Plan for the Community-Based Enterprise Community/Molokai Ranch Master Land Use Plan*. Honolulu, Hawai'i.
- Juvik, S.P. & Juvik, J.O. (Eds.). (1998). *Atlas of Hawaii. 3rd Edition*. Honolulu: University of Hawai'i Press.
- Knowledge Based Consulting Group (KBCG) (2006). *Economic and Fiscal Impacts of the Proposed Lā'au Point Residences on Moloka'i*. Report prepared for Molokai Properties Limited.
- Macdonald, G. A., Abbott, A.T., & Peterson, F.L. (1983). *Volcanoes in the Sea: The Geology of Hawai'i*. Honolulu: University of Hawai'i Press.
- State of Hawai'i Department of Business, Economic Development & Tourism (DBEDT), Research and Economic Analysis Division, Hawaii State Data Center. (2001). *2000 Census Tract Names and 1990 and 2000 Resident Population for the State of Hawai'i*. Honolulu, Hawai'i
- State of Hawai'i Department of Education (DOE) (2006). *Official Enrollment Count 2005-2006 School Year*. Accessed from DOE website: <http://doe.k12.hi.us/reports/enrollment.htm>
- The Environmental Company, Inc. (TEC) (2005). *Description of the Existing Marine Environment around Lā'au Point, Moloka'i for the Lā'au Point Residential Community Proposed by Molokai Properties Limited*. Report prepared for Molokai Properties Limited.
- Townscape, Inc. (2005). *Community-Based Master Land Use Plan for Molokai Ranch*. Report compiled for Moloka'i Enterprise Community: Land Use Committee and Molokai Properties Limited.

LĀ'AU POINT

Environmental Impact Statement Preparation Notice

United States Department of Agriculture, Soil Conservation Service. (1972). *Island of Kauai, Oahu, Maui, Molokai, and Lanai, State of Hawaii.*

O:\JOB17\1733.10 Molokai Ranch-Laau Pt EIS\EIS\EISPN\EISPN FINAL.doc

Appendix A

Community-Based Master Land Use Plan for Molokai Ranch

COMMUNITY-BASED MASTER LAND USE PLAN FOR MOLOKA'I RANCH

FINAL

By:
LAND USE COMMITTEE
MOLOKA'I ENTERPRISE
COMMUNITY

Compiled By:
TOWNSCAPE, INC.

NOVEMBER 14, 2005



**COMMUNITY-BASED
MASTER LAND USE PLAN FOR MOLOKA'I
RANCH**

FINAL

By:
LAND USE COMMITTEE
MOLOKA'I ENTERPRISE COMMUNITY

Compiled By:
TOWNSCAPE, INC.

NOVEMBER 10, 2005

Acknowledgements

In a rare display of community initiative, this Community Plan is the result of countless community meetings, long hours of impassioned debate, critical thinking and soul searching. Numerous individuals who, in loving dedication to Moloka'i-nui-a-Hina, have contributed their time and energy over the course of two years to complete the Community-Based Master Land Use Plan for Moloka'i Ranch.

Mahalo to the following individuals and organizations listed below and to the hundreds of Moloka'i residents who took part in committee discussions and who are too numerous to name.

The members of the Land Use Communitte (LUC): Vannie Ainoa, Lawrence Aki, William Akutagawa, Ella Alcon, George and Pat Benda, Rikki Cooke, Cheryl Corbiell, Stacy Crivello, Zhantell Dudoit, Jimmy Duvauchelle, Harold Edwards, Kekama Helm, Dewitt Jones, Barbara Kalipi, Halona Kaopuiki, Moki Kim, David Lunney, Colette Machado, Danny Mateo (ex-officio), Davianna McGregor, Ed Misaki, Peter Nicholas, Milton Pa, Kuulei Perez, Walter Ritte, John Sabas, DeGray Vanderbilt, Matt Yamashita.

The Conservation Fund for their technical assistance and graphic contributions to the final plan document.

Bob Agres and Staff, Hawai'i Alliance for Community-Based Economic Development
Clyde Namu'o, Administrator and Staff of the Office of Hawaiian Affairs
Department of Ethnic Studies, University of Hawai'i
Department of Hawaiian Home Lands, Moloka'i Office
Department of Urban and Regional Planning, University of Hawai'i
John Kaimikaua for his insights
Ke Aupuni Lōkahi Board and Staff
Moloka'i Media Center
Moloka'i Properties Ltd., Staff
Photos by Richard A. Cooke III
The Moloka'i Dispatch
Townscape, Inc.

Tourism Sub-Committee

Co-Chairs: Cheryl Corbiell and Kammy Purdy; Participants: Vannie Ainoa, Lawrence Aki, Billy Akutagawa, George Benda, Cheryl Corbiell, Stacy Crivello, Zhantell Dudoit, Jimmy Duvauchelle, Harold Edwards, DeWitt Jones, David Lunney, Colette Machado, Peter Nicholas, Kuulei Perez, Walter Ritte, John Sabas, DeGray Vanderbilt, Karen Joao, Hazel Kaakimaka, Clare Mawae, Maria Holmes, Bill Kapuni, Kyno Ravelo, Ken Bare, Julia Hoe, Joseph Plocich, Kulia Keliikuli-Peters, Frances Feeter, Teri Waros, Maria Holmes, Dave Dawson, Karen Joao, Tani Smee, Dayna Harris, Tuddie and Kammy Purdy, Donald and Joanna Sunshine, Winnie Lopez, Melody Kahinu, Peter Birnbaum, Piliialoha Kalaiwaa, Deanna Keliihoomalu, Leanda Rawlins, Joseph Pentak, Sandy Beddow, Mahiki Lanford, Joseph Pentals, Cheryl Pritchard, Catherine Aki, Kealoha Peltier, Joe Mawae, Elizabeth Puaoi, Sarah Stricklin, Tanya Mendija, Darlene Toth, Julie Lopez, Damien Place, Marie Place, John Wordin.

Cultural Sub-Committee

Chair: Colette Machado, Kākoʻo: Halona Kaopuiki; Participants: Lawrence Aki, William Akutagawa, Stacy Crivello, Harold Edwards, Moke Kim, Colette Machado, Davianna McGregor, Walter Ritte, Peter Nicholas, Russel Kallstrom, Ghandharva Ross, John Sabas, Claud Sutcliffe, Jimmy Duvauchelle, John Pele, Donald Sunshine, Joanna Sunshine, Pilipo Solatario, Julie Kaupu, Keoni Lindo, Keliipio Mawae, George Pescaia, Roxanne French, Paul Bartram, Loretta Ritte, Kiha Robello, Walter Mendes, Bill Kapuni, Debra Spencer, Catherine Aki, Teri Waros, Mikiala Ayau, Irene Kaahanui, Penny Martin, Patsy Nicholas, Louise Bush, Henry Paleka Sr., Melanie Collins, Liko Mawae, Jasmine Mawae, Dayna Naeole, Joe Mawae, Annette Pauole-Ahakuelo, Vanda Hanakahi, Hano Naehu, Gayla Haliniak, Michael Tancayo, Mahalani Davis, Edward Ayau, Arun Amarsi.

Recreation Sub-Committee

Chair: Zhantell Dudoit; Participants: Jimmy Duvauchelle, Peter Nicholas, Kuulei Perez, John Sabas, Maria Holmes, Melody Kahinu, Ron Kimball, Liko Wallace, Mike Sabas, Hazel Kaakimaka, Tim and Susan Forsberg, Teri Waros, Mike Holmes, Moku Buchanan, Joey Joao, Cliff Kaponu, Darrel Relto, Leanda Rawlins, Deanna Keliihoomalu, Clifford Dudoit, Clare Mawae, Bill Feeter.

Environment Sub-Committee

Co-Chairs: Rikki Cooke and Ed Misaki; Participants: George Benda, Stacy Crivello, Jimmy Duvauchelle, Harold Edwards, DeWitt Jones, Barbara Kalipi, Halona Kaopuiki, Colette Machado, Ed Misako, Peter Nicholas, Walter Ritte, John Sabas, DeGray Vanderbilt, George Maioho, Bill Barnett, Kanoho Helm, James Millar, Keoki Pescaia, Ghandarva Ross, Paul Bartram, Loretta Ritte, Valerie Monson, Harvey James, Teri Waros, Ron Kimball, Greg Jenkins, Francis Feeter, Cheryl Pritchard, Ken Bare, Malia Akutagawa, Wilma Grambucsh, Debra Spencer, Annette Pauole-Ahakuelo, Bill Garnett, David Haferman, James Millar, Chris Hammond, Mikal Berrt, Arun Amarsi, Wade Busher, Russel Kalstrom.

Economic Sub-Committee

Co-Chairs: Stacy Crivello and DeGray Vanderbilt; Participants: Lawrence Aki, George Benda, Cheryl Corbiell, Jimmy Duvauchelle, Harold Edwards, DeWitt Jones, Barbara Kalipi, Colette Machado, Peter Nicholas, Walter Ritte, John Sabas, Malia Akutagawa, Cathy Barber, Liette Corpus, Mahealani Davis, Ron Kimball, Yolanda Reyes, Debra Spencer, Teri Waros, Greg Jenkins, Ken Bare, Valerie Monson, Harvey James, Frances Feeter, Cheryl Pritchard, Keoni Lindo, Alton Arakaki, Julie Kamakana, Annette Pauole-Ahakuelo, James Sheldon, Donna Paoa, Barbara Haliniak, Pat Kamakana, Elizabeth Puaoi, D. Mele Carroll, Janice Bohanna, Robert Bohanna, Harvey James, Neal Bal, Greg Jenkins, Pat Benda, George Benda.

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY 1

 1.1 ORIGIN 1

 1.2 GOALS 1

 1.3 PROCESS 2

 1.4 VISION STATEMENT 2

 1.5 RESOURCE ASSESSMENT 3

 1.6 PRECEDENTS 4

 1.7 LAND USE PLAN SUMMARY 6

 1.8 IMPLEMENTATION 13

2 INTRODUCTION 15

 2.1 HISTORY 15

 2.2 VISION STATEMENT 21

 2.3 GOALS AND OBJECTIVES 22

 2.4 PLANNING PROCESS 23

3 RESOURCES 27

 3.1 BACKGROUND OF PROJECT AREA 27

 3.2 CULTURAL AND ARCHAEOLOGICAL RESOURCES 28

 3.3 SUBSISTENCE RESOURCES 30

 3.4 ENVIRONMENTAL RESOURCES: TERRESTRIAL AND AQUATIC 33

 3.5 AGRICULTURAL RESOURCES 39

 3.6 RECREATIONAL RESOURCES 40

 3.7 MPL URBAN AND COMMERCIAL RESOURCES AND EXISTING ZONING
..... 41

4 COMMUNITY GUIDELINES FOR LAND USE PRINCIPLES AND
POLICIES 43

 4.1 MANAGEMENT POLICIES 43

5 LAND USE PLAN 77

 5.1 OVERVIEW OF LAND USE DISTRICTS 77

 5.2 OVERLAY ZONES 110

 5.3 OWNERSHIP/MANAGEMENT 112

6 WATER PLAN 115

 6.1 MOLOKA'I PROPERTIES, LIMITED EXISTING WATER SYSTEMS 115

 6.2 KALUAKO'I SYSTEM (MOLOKA'I PUBLIC UTILITIES, INC. (MPU)) 115

 6.3 EXISTING SYSTEM LOSSES 116

 6.4 WAIOLA O MOLOKA'I, INC. SYSTEMS 116

TABLE OF CONTENTS

6.5	MOLOKA'I RANCH MOUNTAIN (AG) SYSTEM	116
6.6	MPL AND THE MIS	118
6.7	WATER NEEDS GOING FORWARD.....	118
6.8	LĀ'AU POINT WATER USE	119
6.9	WATER USAGE UNDER PROPOSED MASTER PLAN	121
6.10	THE ROLE OF WATER CONSERVATION	122
6.11	CONTINGENCY PLANNING.....	123
6.12	WATER AND HAWAIIAN RIGHTS	124
7	IMPLEMENTATION	127
7.1	LAND TRUST	127
7.2	ZONING AND OTHER REGULATORY APPROVALS.....	129
7.3	PHASING	136
7.4	WATER IMPLEMENTATION	140

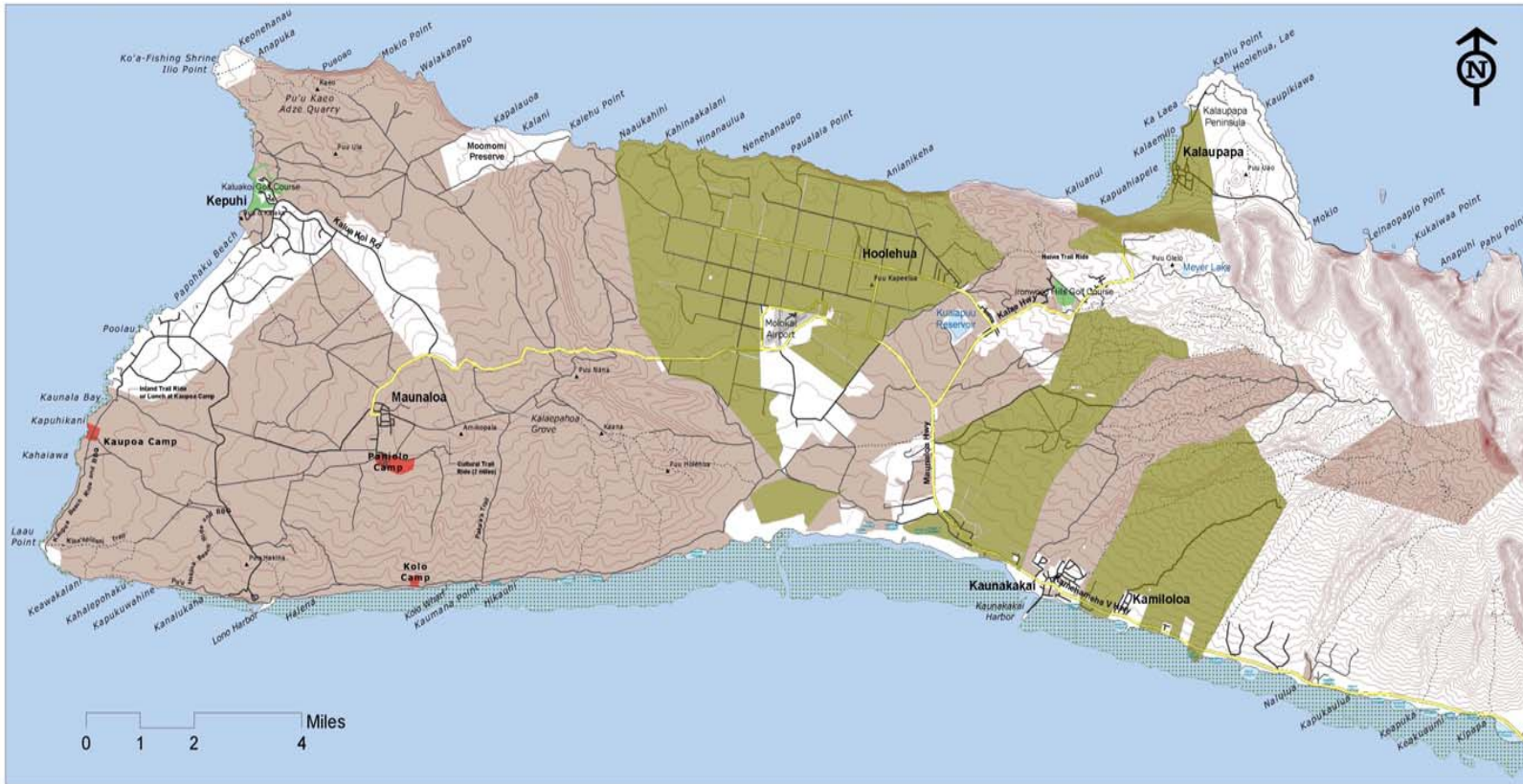
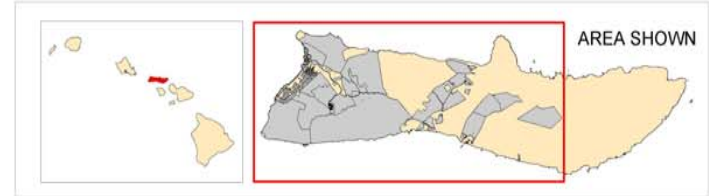
MAPS

Moloka'i Base Map	iii
Proposed Land Trust and Land Use Districts	9
Proposed Land Ownership and Management	11
Subsistence Sites	31
Soil Erosion Aerial Photo.....	37
Cultural Resource Protection.....	59
Cultural Resource District	79
Natural Resource Protection	83
Proposed Development Areas	89
Kaluako'i Hotel Site Plan	95
Proposed Industrial Zoning Change	107

APPENDICES

Appendix 1	Moloka'i Ranch Lands Map
Appendix 2	Cultural Sites of Kaluako'i Map and Lā'au Point Cultural & Resource Protection Zone Map
Appendix 3	Natural Resources: Terrestrial Map, Aquatic Map, and Summary Map
Appendix 4	Agricultural Suitability Classification & Proposed Agricultural Easement Lands Map and Agricultural Easement Land Map
Appendix 5	Community Expansion: Kaunakakai Map, Maunaloa and Kualapu'u Maps
Appendix 6	Hunting Map
Appendix 7	Subsistence Fishing Management Zone Map
Appendix 8	Recreation/Trails Map
Appendix 9	Cultural Resource Overlay Zone Map
Appendix 10	References

MOLOKA'I RANCH LANDS: BASE MAP



Prepared by: The Conservation Fund
October 21, 2005

- Molokai Ranch Property
- DHHL Land
- Coral Reef
- Camp
- Golf Course
- Major Road
- Secondary Road
- Minor Road
- 4WD Road
- Trail

This page intentionally left blank.

1 EXECUTIVE SUMMARY

1.1 ORIGIN

A vision for the future protection of the land's precious resources, a desire to create a sustainable economy for the community and a strong sense of cultural heritage, were the principal focus of community representatives and Moloka'i Properties Limited (MPL) when they began discussing a Community-Based Master Land Use Plan for Moloka'i Ranch in January 2004.

What began almost a year earlier as discussions on the re-opening of the Kaluako'i Hotel led to a desire by MPL and The Moloka'i Enterprise Community, Ke Aupuni Lōkahi (KAL) to create a Plan for MPL's 65,000 acres that would truly be visionary and reflect the wishes of the community.

KAL was formed in 1998, developing a 10-year strategic plan to stimulate the island's economy. Today the KAL has more than 50 projects.

MPL, the largest landowner on the island, had through its decade of ownership by BIL International Limited, isolated itself from the community through a lack of consultation about its future plans.

It was the willingness of these two organizations to come together as equal partners in a planning process which involved representatives of the community that led to the Plan contained within this document.

But the results of the Plan mean more than what is contained on these pages.

The results mean a coming together of the community and a reconciliation of families that had been separated by controversy for more than a decade; a partnership between a company and its island neighbors, and personal growth for all involved.

The planning process was formally launched in August 2003 as a KAL project under Project #47: Community-Based Compatible Development.

In February 2004, the MPL Community-based Master Land Use Plan for Moloka'i Ranch was included as part of the project.



1.2 GOALS

The goal of the project and the plan was to create new employment and training opportunities for Moloka'i residents and to provide the Moloka'i community with

certainty about their future. Its objectives are:

- Develop sustainable economic activities that are compatible with Moloka'i and the vision of the Moloka'i Enterprise Community.
- Secure the role of the community in the management of MPL's 65,000 acres.
- Re-open the Kaluako'i Hotel and create 100 plus jobs.
- Protect cultural complexes and sites of historic significance on MPL lands.
- Protect environmentally valuable natural resources and agricultural land, pasture and open space.
- Create a land trust with donated lands from MPL.

The Master Land Use Plan provides a framework by which the agreed upon principles serve to guide future land use and management activities for the MPL and Moloka'i Land Trust lands.

1.3 PROCESS

From March 2004 through May 2004, five committees: Environment, Cultural, Economics, Tourism, and Recreation met for 100 days with a total of 1,000 participants to develop the plan.

The meetings were announced, open to the public, and most of the meetings were aired on the Akaku Channel 53. The Conservation Fund was hired by MPL to plan the process, produce maps, and to guide the formation of a land trust to manage lands that MPL would gift to the Moloka'i community.

KAL and MPL presented the draft plan to various community organizations and the general public to receive their input. During this time, a Land Use Committee finalized the guidelines for policies and principles for land management, except for the segments on the development at Lā'au Point and Water Use.

In October 2004, the Alternative to Lā'au Development Committee (ALDC) was formed to look at alternatives to the proposed development at Lā'au Point.

On August 1, 2005, the Lā'au Point and Water Use segments of this plan were adopted by the Land Use Committee.

Final approval of the draft CB Master Land Use plan by the KAL is scheduled for early November. The ALDC report will be considered at the same time.

1.4 VISION STATEMENT

*Moloka'i is the last Hawaiian Island. We who live here choose not to be strangers in our land. The values of **aloha 'āina** and **mālama 'āina** (love and care for the land) guide our stewardship of Moloka'i's natural resources, which*

nourish our families both physically and spiritually.

*We live by our **kupuna's** (elders') historic legacy of **pule o'o** (powerful prayer). We honor our island's Hawaiian cultural heritage, no matter what our ethnicity, and that culture is practiced in our everyday lives. Our true wealth is measured by the extent of our generosity.*

*We envision strong **'ohana** (families) who steadfastly preserve, protect and perpetuate these core Hawaiian values.*

We envision a wise and caring community that takes pride in its resourcefulness, self-sufficiency and resiliency, and is firmly in charge of Moloka'i's resources and destiny.

*We envision a Moloka'i that leaves for its children a visible legacy: an island **momona** (abundant) with natural and cultural resources, people who **kōkua** (help) and look after one another, and a community that strives to build an even better future on the **pa'a** (firm) foundation left to us by those whose **iwi** (bones) guard our land.*

1.5 RESOURCE ASSESSMENT

MPL owns approximately 65,000 acres on the island of Moloka'i. The bulk of these land holdings are located on the west end of the island. There are also three tracts of land located in the central portion of Moloka'i.

The MPL properties contain a vast array of cultural and archaeological, subsistence, environmental (both terrestrial and aquatic), agricultural, recreational, and economic-based resources.

In order to develop the plan, committees were established to collect and interpret the information necessary to formulate the plan.

Sub-Committee members identified and assessed various resources including terrestrial and aquatic environments, agricultural use areas, physical infrastructure, residential and commercial areas, cultural and archaeological sites and subsistence areas. Various documents and maps were gathered and rendered as follows:

Agriculture: Soil suitability; agricultural lands of importance; current agricultural uses.

Archaeological: Site inventories (west end Moloka'i) and Lā'au.

Residential and Commercial: Maunaloa, Kualapu'u and Kaunakakai towns.

Hunting: Identification of bow and rifle and no hunting safety areas.

Natural Resources:

- Terrestrial: Native dominated landscapes including coastal, lowland and montane, and wet cliff areas;

vertebrate and invertebrate rare species; and non-native plant landscapes.

- Aquatic: Ancient fishponds, wetlands including tidal (marine/coral reef and estaurine areas) and non-tidal, erosion areas, and critical watersheds for reef



protection.

Industrial: Existing Moloka'i Industrial Park.

Recreation: Hiking and bike trails, horse trails, State trails, surfing areas, visible viewsheds, golf courses, and historic Monsarrat trail.

Subsistence Fishing: Ancient fishponds, camp sites, and fishing zones.

1.6 PRECEDENTS

This Plan creates a number of unique precedents:

1.6.1 Community Planning

A Land Use Plan that was initiated, designed and will be implemented by the community of Moloka'i. It is the result of a two-year planning process involving every member of the community who wished to participate.

1.6.2 Land Trust

A total of 26,200 acres or 40% of Moloka'i Ranch lands is donated to a Moloka'i Land Trust that has the unique mission of:

- Protecting historic cultural archeological sites.
- Preserving the precious natural and environmental resources.
- Enhancing indigenous rights through the protection of subsistence gathering.

1.6.3 Easements

A further 24,950 acres (38% of the property) are placed under new Land Trust protective easements, of which:

- 14,390 acres will be protected forever for agriculture use.
- 10,560 acres will remain open space.

1.6.4 Protection from Development

The combination of the donated land, existing and new easements protect more than 85% or 55,000 acres of the property from development.

1.6.5 Subsistence

The recognition of Native Hawaiian subsistence rights, and protecting for the

community, the hunting and fishing resources of the island, by:

- Seeking to establish a subsistence fishing zone from the coast to the outer edge of the reef or where there is no reef, out a quarter mile from the shoreline along the 40 mile perimeter of the property.
- Ending commercial hunting, and allowing only the community to hunt on the property.
- Ensuring access to the shoreline will be available only by foot.

1.6.6 Community Expansion

Only Moloka'i residents will decide future expansion of existing communities in the areas with a total of 200 acres around Kualapu'u and Maunaloa to be made available for community housing, and in the 1,100 acres above Kaunakakai to be donated to the Moloka'i Land Trust for community expansion.

1.6.7 Jobs for the Community

The Kaluako'i Hotel will be re-opened for visitor accommodation creating more than 100 permanent jobs for the local community. By outsourcing various hotel functions such as laundry, gift shop, beach shack and spa, and by committing to use local produce, small business opportunities will be created for the community.

1.6.8 Development

Integral to the development of a 200-lot subdivision at Lā'au Point, the community has ensured it will:

- Be restricted to 500 acres
- Through protective easements to the Land Trust, protect more than 1,000 acres of beachfront, archeological sites and environmental areas, giving the community an important voice in the future of this area.
- Protect the shoreline for subsistence gathering by only allowing foot access for the community.
- Ensure covenants will limit water use, minimize disturbance to the landscape, prevent pollution of the ocean through pesticides and minimize the visual impact of buildings.
- Be the subject of a land use boundary change from agriculture to rural through the Land Use Commission.
- Allow community input.

1.6.9 Land Trust Funding

The community will share in the development returns of the Lā'au Point subdivision by a fee paid to a community entity with every sale transaction, including subsequent re-sales.

Existing communications rents on Land Trust lands of approximately \$250,000 will be assigned to the Land Trust for operating funds.

1.6.10 Water

This Plan guarantees the community that there will be no increase in drinking water currently supplied to the west end of the island, and that excess drinking water capacity from Moloka’i Properties Limited’s Well 17 will be made available for the use of the community.

1.7 LAND USE PLAN SUMMARY

The Community-Based Master Land Use Plan establishes five **Land Use Districts:** Cultural, Natural Resources, Rural Landscape Reserve, Agricultural, and Development. These Districts define the primary functions for the 65,000 acres of land under consideration in this Plan. See Proposed Land Trust and Land Use Districts Map on page 9.

In an effort to include all uses and activities for these lands, **Overlay Zones** indicate distinct yet complementary uses within the overall district.

The Districts and Overlays serve a key function of this Master Land Use Plan, namely, **land use activities or management strategies must conform to the requirements of the District or the overlay zone.**

The Plan also proposes new **Ownership and Management** for the 65,000 acres. Significantly, eighty-five percent (85%) of the lands will either be protected by the Moloka’i Land Trust or will constitute part of a new conservation or agricultural easement in perpetuity. The easement

lands will remain in MPL ownership. See Ownership Map on page 11.

Ownership

Moloka’i Land Trust:	26,200 acres
Conservation/Easements:	24,950 acres
Existing Easements:	4,040 acres
Other MPL Lands:	9,810 acres
Total	65,000 acres

1.7.1 Land Use Districts

Cultural: The Cultural District is to protect the historic and cultural sites and resources for current and future spiritual, cultural, and subsistence uses.

Natural Resource: The purpose of this district is to support the protection and restoration of significant natural ecological/biological resources, i.e., sensitive ecosystems, indigenous and endemic species, watersheds, and wildlife habitat, particularly where they have been degraded, but still remain relatively intact.

Rural Landscape Reserve: The principle purpose of this district is the maintenance of the rural landscape – to preserve the traditional Moloka’i character and to provide scenic viewsheds and open space buffers.

Agricultural: The purpose of this district is to perpetuate the traditional base of Moloka’i’s economy in agriculture. This district includes lands where commercial agriculture and aquaculture

operations are encouraged. These areas are suitable for agriculture and aquaculture cultivation that will not result in degradation of the natural landscapes.

Development: This category applies to areas targeted by MPL for the purpose of revenue-generating development. MPL should work with the community to ensure that development projects are suitable and sensitive to their surroundings, preserve significant ecological and cultural resources, and provide economic benefit to the Moloka'i community.

1.7.2 Overlay Zones

Hunting: Hunting areas, almost 40,000 acres, will be used for allowable types of community hunting including bird, bow, and rifle. Hunting areas near towns will maintain buffer zones as an added measure of safety.

Subsistence Fishing: This zone encompasses areas from the coast to the outer edge of the reef or where there is no reef, out a quarter mile from the shoreline or to the outer edge of the reef along a 40 mile perimeter of the property including the partnership lands. Areas not under MPL ownership will require collaborative management by other landowners at: Lā'au Point, Pāpōhaku Beach, 'Īlio Point, the area between Kapālauo'a and Kaiehu Point, and the area between Mo'omomi and Nā'iwa.

Trails (Historic and Recreation): This overlay documents the access routes and existing trails, leaving the decisions regarding use to the land-owner(s). Use of trails should be consistent with the land district or applicable overlays in which they are located and Native Hawaiian rights.

Natural Resource: This overlay supports the sensitive ecological resources that are in need of management, i.e., areas prone to erosion and in need of watershed management. It also protects important ecological areas that support rare species, native ecosystems, and/or coastal habitats.

Cultural: The purpose of this overlay is to identify areas with significant cultural resources regardless of the land use district in which they are found.



1.7.3 Ownership and Management

MPL Lands: Approximately 9,810 acres is retained by MPL for community

expansion, resort, golf course, and residential shoreline development.

- Community Expansion: Future growth of townships in Maunaloa, Kaunakakai, and Kualapu'u.
- Resort and Golf Course: Retain existing establishments, including refurbishment of the Kaluako'i Hotel and existing Golf Course and future development of a 250-acre golf course in place of the current Maunaloa Golf Course shown in the Moloka'i Community Plan.
- Lā'au Point Development: Development of a 200-lot subdivision at Lā'au Point.

Moloka'i Trust Lands: The Land Trust, approximately 26,200 acres, contains the following features.

- Cultural sites at Kawela Plantation (34.895 acres) and Kaiaka Rock.
- Lands mauka of Kaunakakai for community expansion (1,160 acres).
- The Makahiki Grounds mauka of Kualapu'u, through to Nā'iwa.
- A large strip of land from Kawakanui beach, north to 'Īlio Point, extending to Ho'olehua and down to Pālā'au until Hale O Lono Harbor, including the Kā'ana area.

- The fishing village site, 15 acres, adjacent to the north boundary of Kaupoa Camp.

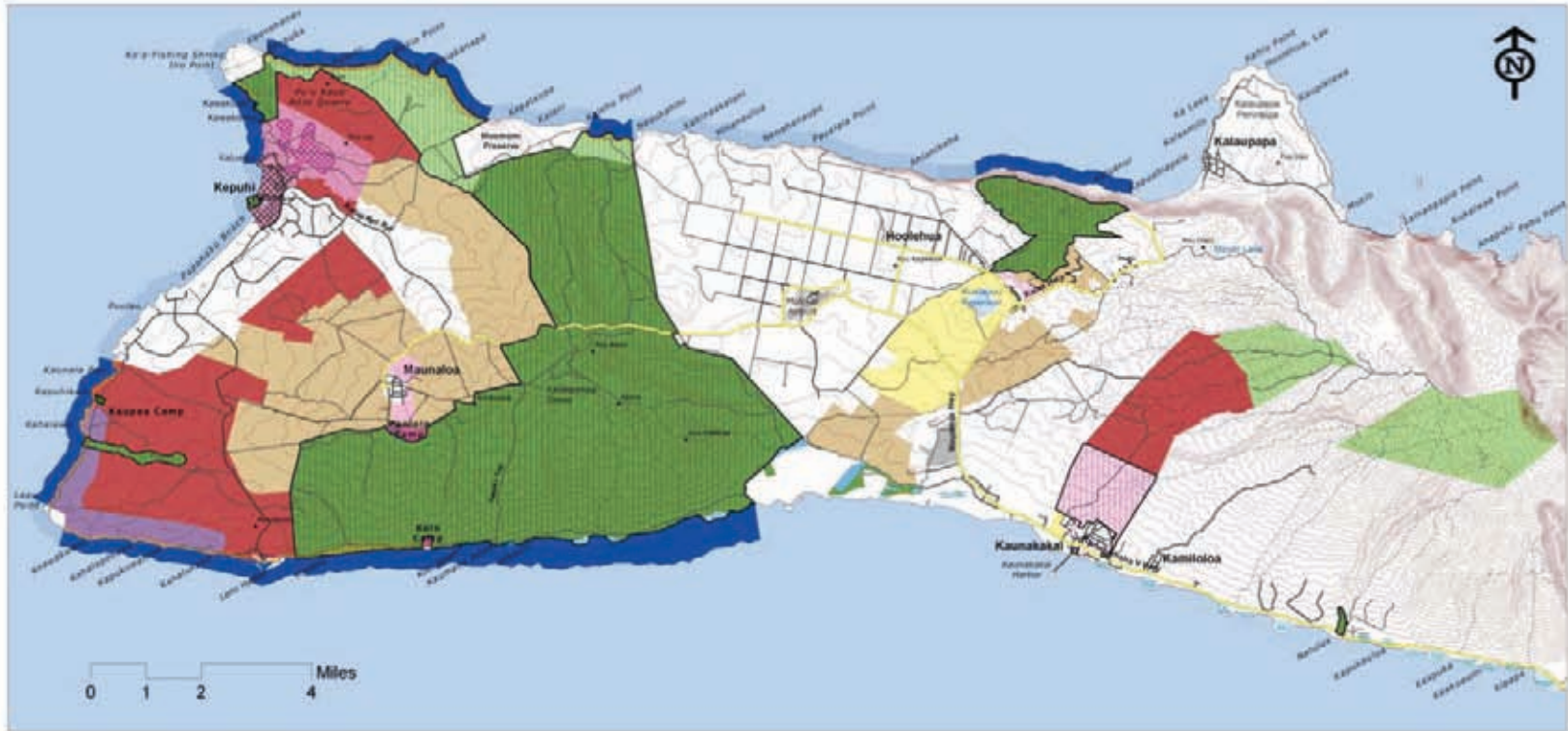
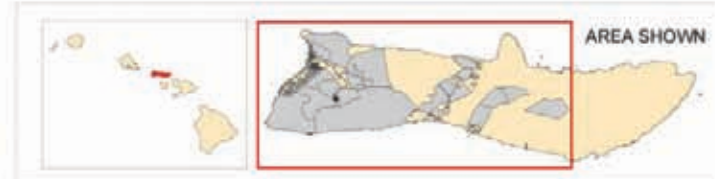
Lands Owned by MPL with Easements to the Moloka'i Land Trust: The MLT would enforce the use of the specified 24,950 acres for Agricultural and Rural Reserves.

- The Moloka'i Land Trust would hold easements over the Agricultural Reserve and Rural Reserve Lands, while MPL would retain the title.
- The easement provides permanent dedication of lands for specific uses that are registered on the land title deed.

Lands Owned by MPL with Easements to Other Entities: Contains approximately 4,040 acres, which consists of lands owned by MPL, but protected by existing conservation easements.

- These areas are known as the Preserves, i.e. the Moloka'i Forest Reserve and the Kamakou Preserve.

MOLOKA'I RANCH MASTER USE PLAN PROPOSED LAND TRUST & LAND USE DISTRICTS



0 1 2 4 Miles

- | | | | | |
|---|--|--|--|--|
| <ul style="list-style-type: none"> Potential Land Trust Property (26,400 acres) Subsistence Fishing Zone Partnership Subsistence Fishing Zone Coastal Conservation District (State) Alternate Golf Course at Kaluakoi Current Development at Kaluakoi | <ul style="list-style-type: none"> Major Road Secondary Road Minor Road 4WD Road Trail | <p>LAND USE DISTRICTS</p> <ul style="list-style-type: none"> CULTURAL RESOURCE NATURAL RESOURCE RURAL LANDSCAPE RESERVE | <p>AGRICULTURE</p> <ul style="list-style-type: none"> Hi-Value or Intensive Aquaculture Other/Extensive | <p>DEVELOPMENT</p> <ul style="list-style-type: none"> Resort Residential Shoreline Community Expansion Industrial |
|---|--|--|--|--|

Prepared by:
The Conservation Fund
October 7, 2005

This page intentionally left blank.

This page intentionally left blank.

1.8 IMPLEMENTATION

In order for the Master Land Use Plan to be implemented, other actions will be required. This section outlines what additional requirements are needed to implement the Plan. A schematic of what is needed and the input from the various parties is presented at the end of this section.

1.8.1 Stakeholder Agreement

This agreement will be between the Ke Aupuni Lōkahi Molokaʻi representing the community, and Molokaʻi Properties Limited. It will cover all aspects of the Plan and provide for a transition to a Molokaʻi Land Trust:

- Donation of lands and easements
- The reopening of the Kaluakoʻi Hotel
- The binding of Native Hawaiian rights on the land titles
- Agreements by the EC to support the regulatory process for entitlements such as the Lāʻau Point development
- The extension of the industrial area
- The community housing expansion areas
- Lāʻau Point development CC&Rs and protection zones

Other issues such as the implementation of the Water Plan will also be covered by agreements in this document.

The timing of implementation of this agreement will be detailed as well.

1.8.2 Molokaʻi Land Trust and A Proposed Community Development Corporation

A community land trust will be formed to own and manage the 26,200 acres that MPL will donate to the Molokaʻi community under this plan. The Land Trust will also administer land use policies that permanently protect another 24,950 acres under agricultural and rural landscape reserve easements.

The mission statement, goals, and objectives of the Molokaʻi Land Trust will be detailed in the Trust’s formation document.

A Community Development Corporation has been proposed and is being discussed.

Any relationship issues between MPL and the Land Trust or a proposed Community Development Corporation will be spelled



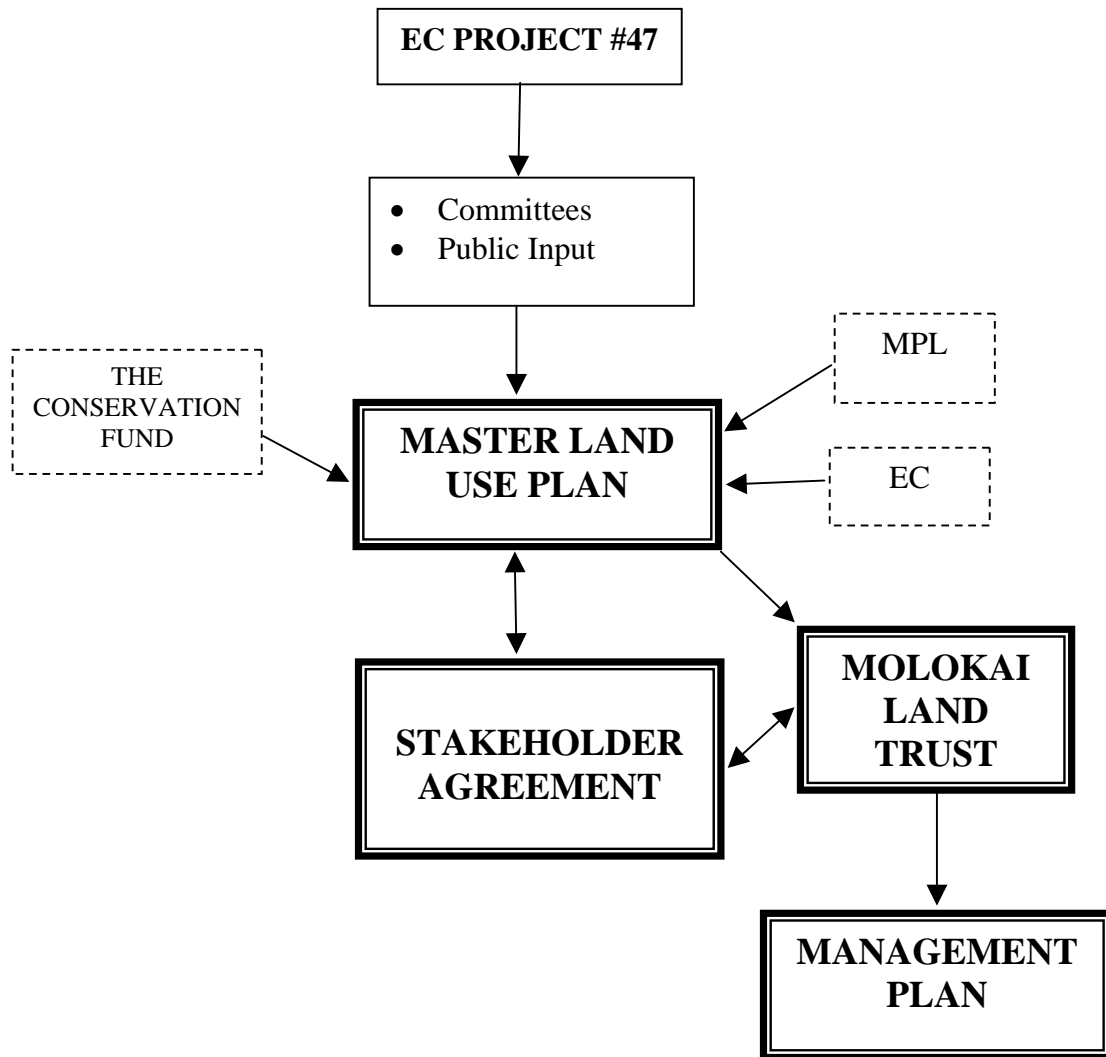
out and agreed to in the aforementioned document.

1.8.3 Management Plan

This document, which outlines how the Land Trust will manage its assets for the benefit of the community, an essential element in retention of its 501c3 status,

will be prepared by the Moloka'i Land Trust immediately after its formation. It will undertake a community input process and rely heavily on the work of the various committees and the Land Use Committee established under Project #47: Community-Based Master Planning Process for Moloka'i Ranch.

SCHEMATIC OF PROCESS



2 INTRODUCTION

MPL currently owns approximately 65,000 acres, which encompasses over one-third of the total 166,000 acres of the island of Moloka'i. Most of the property is located on the west end, but there are also three substantial areas of MPL land in the central part of the island (See Appendix 1, Moloka'i Ranch Lands).

This section provides a brief historical overview of these lands, the Plan vision, overall goals, and the planning process.

2.1 HISTORY

The island of Moloka'i has long been characterized by its rural-agricultural base that was first established by the early *kānaka maoli* (original people or Native Hawaiians). One of the earliest settlement dates for Hawai'i, 500-600 A.D., established by carbon-14 testing, was found on the Hālawa Valley shoreline along the windward coast of Moloka'i.

Early inhabitants subsisted on fish, as evidenced by the archaeological sites of stoned fishponds and abundant *ko'a* (fishing shrines). Many ancient *heiau* (temples) sites demonstrate a strong sense of tradition, culture, and spirituality (Moloka'i Community Plan, 2001).

Like all the Hawaiian Islands, Moloka'i has a windward side that receives a

significant amount of rainfall, and a leeward side that is typically hot and dry. Subsequently, the island has generally had a higher concentration of settlement and agriculture on the more lush east side.

Despite its dry climate, the western end



of Moloka'i is rich in natural and cultural resources, which attracted people there. The areas on the leeward side with the most resources and use by the *kānaka maoli* were the coasts and the summit area surrounding Maunaloa.

2.1.1 Western Moloka'i Coastal Areas

The North, West, and South coasts of western Moloka'i vary dramatically in their topography, and therefore in their settlement patterns. The North Coast tended to be devoid of permanent settlement due to the sea cliffs and its exposure to strong winds and big north swells.

Mo'omomi is the only exception. Composed mostly of sand dunes and low

coastal vegetation, Mo'omomi was used as a fishing station. Located near this area is the *Kalaina Wāwae* (carved footprints), which are a series of oblong depressions that are said to represent human footprints. These footprints were made as a prophecy of the arrival of the boot-wearing Caucasian. In addition, the sand dunes of Mo'omomi were used for burials (Pāpōhaku Dunes Draft Preservation Plan, 2005).

One *mo'olelo* (legend/history), associated with 'Īlio Point, the northwest corner of the island, is told about a Red Dog. In brief, the shark god of Kainalu had an ancestor whose bones washed ashore on this end of Moloka'i. The people there gathered the bones and made a shrine. To visit his ancestor on land, the shark god took the form of a red dog. Every fifth year, he trotted to his ancestor's shrine, paid homage, and then slipped into the water. This *mo'olelo* represents the important Hawaiian values of respect and homage to ancestors.

The West Coast was also exposed to strong winds and big North swells, but protected embayments along it served as safe places for landing canoes and shelter. Residential clusters were concentrated near these bays, generally below the 50-foot elevation in order to access marine resources.

There are also mouths of gulches strewn up and down the West and South Coasts, unlike the North Coast. They served as shelter and had sources of fresh water.

There is evidence of habitation near these gulches, and fishing villages in the areas of Pāpōhaku, Kepuhi, and Kawākui Iki.

The West Coast has a very high concentration of cultural sites and its historical uses are well known. *Ko'a*, were found in abundance along the entire coastline, indicating the rich ocean resources found here. It was possible for the *kānaka maoli* of Kaluako'i to access the coastline due to the *Ke alapupu i Moloka'i* (the shell road at Moloka'i), which was constructed by the Maui *ali'i* (royalty) Kiha-a-Pi'ilani. This coastal trail connected the important fishing places. (See Appendix 8, Recreation/Trails Map.)

Pāpōhaku Beach and the area surrounding it are historically significant. North of the beach is Kaiaka Rock. This major outcropping is home to a *heiau* facing Pāpōhaku Beach, which was used as an observation tower for fishing and scouting purposes.

Just below Kaiaka Rock is a canoe *heiau*, which is a rare type of shrine. Its existence indicates the importance of this area for canoe launching and landing.

Pāpōhaku Beach still serves as a major canoe access point for the West Coast. In addition to fishing and canoe access, the beach maintains a spiritual use. The dunes along Pāpōhaku Beach served as burial grounds, as did the sandy areas and dunes of Mo'omomi and *Keonelele* (Flying Sands). *Keonelele* is the sandy, inland area that connects the two coastal

dune systems. Lastly, to the south of Pāpōhaku is Pu'u Ko'ai, the area where bodies were prepared for burial.

The name Pāpōhaku, meaning stone wall, comes from the story of a chief from east Moloka'i who boarded canoes with some of his people and set off around the island. When they reached the southwest coast of Moloka'i, they met some fishermen who had a large catch of 'ōpelu. They started to eat the 'ōpelu until another group of fishermen came by and told them to stop because it was the season of 'ōpelu kapu. However, since the visiting chief only had a kapu for eating turtle, they continued to eat. The fishermen became angry and attacked the visiting chief and his men.

Overpowered, they were brought before the kahuna. The visiting chief became very ill, and it was decided that a human sacrifice was needed to save the chief from death. One of his men offered himself as a sacrifice and the chief recovered. The kahuna ordered a tree to be planted on the grave of the willing victim. The chief was afraid the waves would wash the sand from the grave, and so ordered his men to build a stone wall in respect and remembrance. Over two hundred feet long when it was created, the wall represented the Hawaiian values of preserving that which is sacred or scarce (kapu of the 'ōpelu) and respect for deeds of unselfishness.

The South Coast generally had calmer waters and shallow reef systems that

were not found on the West and North Coasts. The shallow reef area off of Lā'au Point, called "Penguin Banks," was well known to be a rich fishing area. Along the boulder coastline were habitats for edible mollusks such as 'opihi, pūpū'awa, pipipi, and a'ama crab, while the nearshore area had an abundance of algae and edible seaweed such as limu kohu.

Several fishponds were constructed on the eastern portion of the South Coast, along with two important fishing villages, located at Kapukawahine and Kanalukaha. Situated in the upland area of Lā'au Point are bell stones, which the kākā maoli would ring to announce to the village of Kanalukaha the arrival of ali'i by canoe. Also, the area around Hale o Lono has been noted as the fourth extensive burial locality on the west end of the island.

The name Lā'au Point comes from another mo'olelo involving the shark god of Kainalu. This time, the shark god left his home off of Moloka'i and traveled to Kaua'i. Romping in the ocean with the shark god of Kaua'i, a large floating branch from a hau tree got stuck on the Moloka'i shark's back. As he swam back towards Moloka'i, the branch came loose and washed ashore off of the southwest point. The people on the beach saw it float ashore and took the branch to a fertile bit of land and planted it. Their chief, Kuama, said they should call the place *Ka Lae O Ka Lā'au* (the Point of the Branch). The tree is short and sprawls

close to the ground. The beautiful blossoms were offered by the people of Moloka'i to their gods (Pāpōhaku Dunes Draft Preservation Plan, 2005).

2.1.2 Maunaloa Summit Region

This summit region extends from Maunaloa town on the west, along the ridge, to Pu'u Nānā on the east; all above 900 feet in elevation. Traditional dryland agriculture thrived in this area with the cooler temperatures that resulted from the elevation and strong winds.

There was also believed to be a native forest of kukui, hala, 'ie'ie, 'iwa ferns, ginger, and hau, which served to break the winds that today blow unabated across Kaluako'i. Crops grown there included sweet potato, dryland taro, sugarcane, and banana.

This area was home to numerous adze quarries and adze manufacturing sites. The adzes were used by the kānaka maoli of Kaluako'i and east Moloka'i. Site surveys have found shop refuse, such as adze chips, and adzes in all stages of finish. Both the adze manufacturing and agricultural areas were intermingled with house sites and rows of stone walls. These archaeological sites indicate significant levels of settlement in the Maunaloa region.

The summit zone, generally thought of as being the most sacred, is also where the head of major gulches are located. This



area is known for its association with gods and 'anā'anā (sorcery).

Approximately one mile northeast of 'Amikopala is a hill with an outcropping of rock. The largest of these rocks is the piko stone, where newborns' umbilical cords would be placed. The Maunaloa summit plateau was also the location for games and ali'i recreation.

One important *wahi pana* (sacred place) on the summit region is Kā'ana. It was revered by many hula practitioners as the birthplace of the hula, or *ka hula piko* (the navel or center of hula).

Kapo'ulakīna'u lived at Ma'ohelaia on Maunaloa, and originated the hula, enlisting the aid of her younger sister Laka to help teach others. She decided to never to leave the mountain, so she remained there in the form of a rock.

West of Kā'ana is Paka'a's Trail. It begins near the beach on the west side of Kolo Gulch and runs inland (mauka) for approximately 2 miles to the slopes below 'Amikopala. The trail is paved

with large stones and has a width of 6 feet. There are chunks of sandstone or coral placed alongside of the trail, at intervals of roughly 20 feet, presumably as guides for using the trail at night. Paka'a was the servant of Keawenuia'umi, the king of Hawai'i (1525). After his enemies conspired against him, Paka'a left the island of Hawai'i and sailed to the southwest side of Moloka'i, where he lived in disguise. There he married the daughter of the high chiefs of that section, built several houses and planted fields of crops. Paka'a used this trail to go from his home near Kolo Wharf to his sweet potato fields (Summers, 1971).

2.1.3 Formation of Moloka'i Ranch

Moloka'i Ranch's beginnings were as a cattle ranch belonging to the High Chief Kapuāiwa who later became Kamehameha V. Bernice Pauahi Bishop, daughter of Paki and Konia, the last descendant of the Kamehameha dynasty, inherited title to these lands from those to whom these lands were given in 1848 at the time of the great Mahele, among them Princess Ruth or Ke'elikolanu. Mrs. Bishop did not inherit the land of Kaluako'i on the west end of Moloka'i, for this had been granted to her husband Charles R. Bishop, in 1875. When American Sugar Company was formed, most of these lands were acquired from her estate and Kaluako'i was acquired from Mr. Bishop. Subsequently, small holdings were purchased and sold.

In 1897, Moloka'i Ranch was formed by a hui (group) of men including Judge

Alfred S. Hartwell, Alfred W. Carter, and A.D. McClellan. They had purchased seventy thousand acres of land in fee simple from the Bishop interests. With an additional thirty thousand acres leased from the Government, stock-raising became their principal enterprise.

Early in 1898 the American Sugar Company Limited took over the land (that now belongs to the Moloka'i Ranch) and leaseholds of large tracts of government land lying between the ranch lands.

American Sugar Company was unsuccessful in its cane sugar cultivation due to saline water in its well, and the company was purchased in 1908 by Charles M. Cooke, son of the early missionary teacher, Amos Starr Cooke. He established the Moloka'i Ranch, which his son George P. Cooke subsequently managed.

By 1923, the Libby, McNeill and Libby Company had begun raising pineapple in the Maunaloa area on lands leased from Moloka'i Ranch. They continued operations until selling to the Dole Corporation in 1972. Del Monte, then known as California Packing Corporation, arrived in 1927 and made their headquarters at Kualapu'u. They soon commenced their large-scale pineapple cultivation, mostly on land leased from Moloka'i Ranch. Dole ceased its Moloka'i operations on January 1, 1976. Del Monte phased out its operations in the mid-1980s.

In the early 1970s Moloka'i Ranch entered into a partnership with Louisiana

Land and Exploration Company for the development of the Kaluako'i Resort. It subsequently sold its interest in the undertaking when it was unable to fund the required cash calls. The Ranch later tried diversification into mainland commercial property. After initial success, the cash requirements of these investments led to the eventual sale of Moloka'i Ranch stock to Brierly Investments, Limited who became its sole stockholder in 1987. At that time, Moloka'i Ranch consisted of approximately 52,000 acres.

In October 2001, Moloka'i Ranch re-acquired 6,300 acres on the southwest corner of Moloka'i then known as the Alpha parcel; in December 2001 Moloka'i Ranch acquired the land holdings of Kukui (Moloka'i), Inc. that had acquired the Kaluako'i Hotel and the undeveloped lands of the resort area from Kaluako'i Corporation.

2.1.4 MPL Lands in Central Moloka'i

From west to east, the first tract of MPL land begins mauka of the Pālā'au Homesteads and runs north around Kualapu'u and the Reservoir, up to and including Nā'iwa.

Nā'iwa has numerous cultural sites such as petroglyphs, heiau, caves, and makahiki sites. One site contains large, upright, weathered stones. Several of these stones have figures carved or scratched in them, appearing to represent humans (Summers, 1971).

Another significant site is called *Na Imu Kalua Ua* (the ovens to bake rain) Heiau. It consists of a series of open compartments formed by flat stones placed on edge at right angles to one another. Local tradition says that these stones would catch and retain the large "lumps" of rain that fell in the area. The rain would then be cooked to dissipate it (Summers, 1971).

South of Nā'iwa, on the south and west slopes of Kualapu'u hill, there used to be many sweet potato patches, which were defined by rows of stones. One mo'olelo claims that the name of Kualapu'u used to be *Ka 'Uala Pu'u* (The Sweet Potato Hill) (Summers, 1971).

Further east, the next tract of MPL land begins in the south, around Kaunakakai. From town it continues north up to and including the Moloka'i Forest Reserve. The old name for Kaunakakai was *Kaunakahakai* (Resting-on-the-beach).

It was a place for canoe landings and for fishing. West of the Kaunakakai wharf is a platform that was part of Kamehameha V's home, Malama. The beach in front of this site was used exclusively by the ali'i for sun bathing.



To the west of Kaunakakai was once a site used to make salt. Sea water was run into salt pans at high tide, and retained there when the tide ebbed. Lastly, Kaunakakai and the area mauka of it had numerous heiau and petroglyphs (Summers, 1971).

The third area of MPL land in central Moloka'i is actually composed of two tracts of land from the same ahupua'a: Kawela, a 34-acre parcel with cultural significance, and Kamakou Preserve, an ecologically important 2,774-acre parcel. Kawela was the site of famous ancient battles and contains the remains of many fallen warriors. One of the most destructive battles of Kamehameha I was fought here.

Another, earlier battle was fought between Kapi'iohokalani of O'ahu and the Moloka'i chiefs, who were allied with Alapa'inui of Hawai'i. The main archaeological sites at Kawela are petroglyphs and burial mounds. Kamakou Preserve is located mauka of Kawela. Though it has less cultural sites, it continues to be a healthy, native-dominated, montane wet forest ecosystem today.

The island as a whole has gone through numerous population shifts and economic changes. The population began to increase dramatically in the early 1920s, from approximately 1,000 to 4,427 people by 1930. The first change occurred when the Government passed the Hawaiian Homes Commission Act in

1921, resulting in the settlement of Kalama'ula, Ho'olehua, Pālā'au, and Kapa'akea.

The establishment of two pineapple plantations, Libby, McNeil and Libby (later Dole Pineapple) at Maunaloa in 1923, and California Packing Corporation (Del Monte) in 1927 at Kualapu'u, further encouraged the gradual population shift west from the more populated eastern areas of the island.

These plantations both closed down during the 1970s and 1980s, leaving the island again dependent on diversified agriculture, primarily vegetable farming, and cattle ranching. In the late 1970s, resort development at the west end of the island at Kaluako'i became an influence on the island's economy. The population increased during this period to 6,049. With a very gradual increase since then, the current population remains relatively stable at approximately 7,000 (Moloka'i Community Plan, 2001).

2.2 VISION STATEMENT

This vision statement projects the long-term future for Moloka'i, its environment, spirit, culture, and people.

*Moloka'i is the last Hawaiian Island. We who live here choose not to be strangers in our land. The values of **aloha 'āina** and **mālama 'āina** (love and care for the land) guide our stewardship of Moloka'i's natural*

resources, which nourish our families both physically and spiritually.

*We live by our **kupuna's** (elders') historic legacy of **pule o'o** (powerful prayer). We honor our island's Hawaiian cultural heritage, no matter what our ethnicity, and that culture is practiced in our everyday lives. Our true wealth is measured by the extent of our generosity.*

*We envision strong **'ohana** (families) who steadfastly preserve, protect and perpetuate these core Hawaiian values.*

We envision a wise and caring community that takes pride in its resourcefulness, self-sufficiency and resiliency, and is firmly in charge of Moloka'i's resources and destiny.

*We envision a Moloka'i that leaves for its children a visible legacy: an island **momona** (abundant) with natural and cultural resources, people who **kōkua** (help) and look after one another, and a community that strives to build an even better future on the **pa'a** (firm) foundation left to us by those whose **iwi** (bones) guard our land.*

2.3 GOALS AND OBJECTIVES

The management of Moloka'i Ranch and the members of the EC have worked hard through this process in order to define and achieve their primary goals of conserving the cultural and natural

resources of Moloka'i and stimulating the local economy. The following are the objectives of the Plan:

- Develop sustainable economic activities that are compatible with Moloka'i and the vision of the Moloka'i Enterprise Community.
- Secure the role of the community in the management of MPL's 65,000 acres.
- Re-open the Kaluako'i Hotel and create 100 plus jobs.
- Protect cultural complexes and sites of historic significance on MPL lands.
- Protect environmentally valuable natural resources and agricultural land, pasture and open space.
- Create a land trust with donated lands from MPL.



2.4 PLANNING PROCESS

The process followed this general outline and timeframe:

August 2003: Moloka'i EC creates EC Project #47 for Compatible Community-Based Development.

January 2004: Community-Based Master Use Planning begins with a two-day planning seminar with The Conservation Fund ("TCF"), a renowned Washington-based land planning organization.

February 2004: EC approves the Community-Based Master Use Plan for Moloka'i Ranch as part of EC Project #47.

March 2004: Committees meet and develop Principles and Policies, and map Land Use Districts (Cultural, Recreation, Environment, Economics, and Tourism Committees).

May 2004: Committees complete work. Land Use Committee forms and begins to compile and approve "Guidelines for Principles and Policies of Land Use," except for Lā'au Point and Water.

August 2004 – March 2005: Community presentations outline the Community-Based Master Use Plan for Moloka'i Ranch.

October 2004: Alternative to Lā'au Development Committee forms.

January 2005: Panel of Water Experts holds Community Forum; the MPL Water Plan is presented.

April 2005: Seminar on Moloka'i Land Trust, and formation of a Land Trust Steering Committee.

May/June/July 2005: Land Use Committee meetings focus on Lā'au Development proposal.

August 1, 2005: Decision on Motions for Lā'au Development and Land Use Planning.

September – December 2005: Compilation of Community-Based Master Land use Plan for Moloka'i Ranch.

2.4.1 Committee Process: Cultural, Environmental, Recreation, Tourism, and Economics

The idea to create five committees came at the conclusion of the 2-day planning seminar with TCF in January of 2004. The group proposed a committee-based process to efficiently and thoroughly collect, synthesize, and interpret the information necessary to formulate the Plan.

The committees were comprised of individuals with knowledge and expertise in the specific areas of culture, environment, recreation, tourism, and economics. The Committees were charged with the following:

- **Goals & Objectives:** Formulate goals and objectives for the Plan by devising clear statements that can guide its development. What specifically should the Plan seek to achieve?
- **Data/Information Collection:** Assemble information relevant to each topic's specific issues through document research, site analysis, and/or expert consultations. The information was then reported on maps and/or provided in written form, as appropriate.
- **Analysis & Interpretation:** Each committee then began to evaluate, synthesize the data, and identify the most important resources and develop guidelines for prioritization. Committees were asked to concentrate on capturing the spectrum of opinions, perspectives and ideas, rather than deriving a consensus.

The committees' work had the following functions and methods for data collection and analysis:

- **Environment Committee:** Research opportunities to conserve natural resources where they still exist and restore native communities and/or landscapes where they have been eliminated. Collect and map the information

pertaining to biological significance, environmental quality, and community interests.

- **Economics Committee:** Provide input and research facts on issues dealing with the creation of incoming-generating activities that will provide job opportunities for Moloka'i residents. Research issues connected to agriculture, aquaculture, commercial development, and residential development. Review and assess the accuracy of maps of productive agricultural and aquaculture lands, along with economic statistics, market studies, and physical and regulatory infrastructure.
- **Recreation Committee:** Collect information on existing recreation sites and activities, and map them. Provide data on use and potential conflicts created by use between residents and visitors.
- **Tourism Committee:** Develop guidelines and criteria to direct future recommendations on tourism that does not compromise the lifestyles and traditional activities of islanders.
- **Cultural Committee:** Collect and map locations and significance of archaeological sites. Identify areas of traditional use, such as

hunting, fishing, gathering, and ongoing cultural activity.

2.4.2 Formation of the Land Use Committee

In May 2004, representatives of the five committees formed the Land Use Committee. This committee received the recommendations of the committees, recommended Land Use Districts reflecting primary uses and worked to produce a Land Use Plan and Policies and Principles for land use on the property.

2.4.3 Public Input and Review

Throughout the process, Project #47 solicited public input and review. Between August 2004 and March 2005, there were 12 community meetings and 24 community and focus group presentations regarding the Community-Based Master Land Use Plan for Moloka'i Ranch.

The meetings were held island wide, in Kaunakakai, Kualapu'u, Mana'e, Maunaloa, and Ho'olehua, with over 1,000 participants. Community feedback was taken into account during the development of the Plan.

This page intentionally left blank.

3 RESOURCES

3.1 BACKGROUND OF PROJECT AREA

The island of Moloka'i is comprised of approximately 260 square miles. Formed by a series of three volcanoes, it has an elongated shape with diverse topography and rainfall patterns. According to its physical characteristics, the island is divided into three main sections – West Moloka'i, East Moloka'i, and Central Moloka'i.

The west end makes up about 30 percent of the total area, and is relatively dry with gentle slopes. The eastern half of the island is mostly comprised of mountains and gulches that are covered in rainforests and mixed mesic forests, which are vegetation zones found in wet climates.

The only perennial streams that reach the sea are on East Moloka'i. The remaining 20 percent of the land mass makes up Central Moloka'i, which is relatively level and has soil suitable for cultivation. The southern coast is lined almost entirely with coral reef, except where it has been removed for the Kaunakakai Harbor. In contrast, the northern coastline is mostly sheer sea cliffs, making it largely inaccessible, except for the peninsula of Kalaupapa.

The current (2005) population of Moloka'i is approximately 7,000. Kaunakakai, located about midway along the south coast, is the island's primary

population and commercial center. There are also the small plantation communities of Maunaloa and Kualapu'u, as well as the less compact, rural Hawaiian homestead settlements, Ho'olehua and Kalama'ula. The southeast coast contains a settlement pattern along Kamehameha V Highway, which becomes more rural and scattered as it extends from Kaunakakai to Hālawa Valley. The peninsula of Kalaupapa and some of the surrounding area on the northern coast constitute the County of Kalawao.

Moloka'i Ranch Land

The property of Moloka'i Ranch is located primarily on the west end of the island, though there are also three tracts of land in Central Moloka'i. The boundary of the western property extends eastward from the west coast; from 'Ilio Point to Mo'omomi in the north, and from Lā'au Point to the Pālā'au Homesteads in the south.

The land on the west end of Moloka'i is relatively dry, supporting mostly dryland forest and shrub vegetative zones that are now overrun with non-native species. There is also a substantial amount of erosion caused by years of agricultural and ranch use. (See Appendix 1. Moloka'i Ranch Lands.)

Generally, the most important resources in the west end are subsistence food sources and cultural sites. Many residents hunt and fish in various places

within this region. They also come to important cultural sites for traditional and spiritual practices. The Mo'omomi Preserve along the north coast is managed by a partnership of organizations and supports a native dominated lowland dry forest and shrub landscape and a carefully managed subsistence fishing zone. On the west coast lies Pāpōhaku beach and dunes, one of the longest, mostly intact coastal dune systems in the state. To the south, Lā'au Point is a pristine coastal environment, mostly used for subsistence fishing and hunting.

The main population center in West Moloka'i is the small town of Maunaloa, where MPL is headquartered. Along the shores south of Maunaloa is Hale o Lono and Kolo Wharf. Maunaloa Highway connects the west end to the Moloka'i Airport, Kaunakakai, and the rest of the island.

MPL also owns three large tracts of land in Central Moloka'i. From west to east, the first tract encompasses Nā'iwa, Pālā'au State Park, the area surrounding Kualapu'u town and Reservoir, and continues south to the Pālā'au Homesteads.

The second tract includes land immediately surrounding Kaunakakai and a large area mauka of town, including the Moloka'i Forest Reserve.

The third tract is the Kamakou Preserve, which consists of 2,774 acres of an

important native rainforest ecosystem with a conservation easement to and managed by The Nature Conservancy. In addition to these large tracts of land, MPL also owns a 34-acre parcel located south (and makai) of the Kamakou Preserve, at Kawela. This parcel is significant for its cultural history and archaeological sites.

3.2 CULTURAL AND ARCHAEOLOGICAL RESOURCES

The cultural maps, "Cultural Sites of Kaluako'i, Moloka'i" and "Lā'au Cultural Sites" located in Appendix 2, identify the archaeological sites within the MPL property located on the west end. (The central properties also contain important cultural sites but they are not graphically represented in these maps.)



There are various cultural sites, including burials throughout the property, though some areas have higher concentrations. Archaeological maps, coupled with oral history interviews provide insight as to the types of sites, hence cultural land uses that may be found on the Ranch lands.

Evidence suggests that Mo'omomi, to the north, was an ancient fishing station and burial ground. The area is also noted for the presence of the Kalaina Wāwae, which prophesized the arrival of the boot-wearing Caucasian.

The area along the west coastline, between 'Īlio Point and Pāpōhaku Beach, has a high concentration of remnant shelters, caves, and mounds. This area includes the Kawākiu Iki Complex and the Kawākiu Nui North that are believed to have been utilized for habitation.

Oral history accounts confirm that this area was used for temporary fishing villages, which explains the remnants of ancient homes and fishing shrines along the coast. A historical trail, Ke alapūpūkea Moloka'i (the shell road at Moloka'i), runs from Mo'omomi, around 'Īlio Point, and to the south, through Pāpōhaku Beach, to Lā'au Point, east to Iloli in the south.

This coastal trail was constructed with white shells (pūpūkea) to ensure safe nighttime travel under the direction of Maui Island Chief Kiha-a-Pi'ilani. Po'olau, the area immediately south of

Pāpōhaku, is an area rich with habitation, agricultural and natural communities, and bunker sites. This was also the location of a Naval Reservation and a gunnery range for the U.S. military.

Another area with a high concentration of cultural sites is located to the east of Maunaloa. Along the southeast edge of the abandoned pineapple fields are numerous ko'a, heiau, and petroglyphs, as well as remnants of enclosures and platforms that were once used for agriculture and habitation.

This area also has evidence of adze quarries and adze manufacturing. This summit zone is the location of the head of major gulches, which explains its association with the gods and sorcery. It is also where Kā'ana is situated, which is believed to be the birthplace of hula.

The entire property is dotted with burials, especially those areas composed of sand, since this was a common material in which burials were placed. The main burial sites include the dunes of Mo'omomi and Pāpōhaku, and Keonelele, the area where sand is believed to blow southwest from Mo'omomi towards Pāpōhaku.

The "Lā'au Cultural Sites" map illustrates the numerous archaeological sites located in the Lā'au Point area. The majority of sites in this region are of fishing villages and ko'a.

Lastly, the central properties contain important archaeological sites and complexes as well, though they are not included on these maps. The area furthest north in the first tract of central MPL land is Nā'iwa. It is rich with petroglyphs, heiau, caves, and other sites, such as the area that contains large, upright, weathered stones with figures carved into them.

The other main areas with archaeological sites include the region mauka of Kaunakakai and Kawela. Numerous petroglyphs and heiau have been identified in the gulches mauka of Kaunakakai, while the Kawela Cultural Complex is well known to contain burial mounds and the remains of fallen warriors from ancient battles.

3.3 SUBSISTENCE RESOURCES

In summer 1993, the Governor's Moloka'i Subsistence Task Force met with subsistence practitioners in focus groups to map sites important for fishing, ocean gathering, hunting, forest and stream gathering, gardening, raising animals, and trails to access the resources.

This map was published in the final report of the Task Force. Practitioners identified sites that had been used in the past, were currently used, and sites where they would want to go if access were opened.

The map shows that the entire coastline of the MPL lands is important for

subsistence fishing and ocean gathering. It also indicates that the MPL lands are very important for subsistence hunting. Forested areas on MPL lands are also accessed for subsistence gathering.

This page intentionally left blank.

3.4 ENVIRONMENTAL RESOURCES: TERRESTRIAL AND AQUATIC

The terrestrial and aquatic natural resources are illustrated on the following three maps, which are located in Appendix 3:

- “Moloka‘i Resource Assessment: Natural Resources – Terrestrial”
- “Moloka‘i Resource Assessment: Natural Resources – Aquatic”
- “Moloka‘i Ranch Resource Summary: Natural Resources”

The “Natural Resources – Terrestrial” map shows that the Ranch property is dominated by non-native species (shown in gray). The topography and rainfall patterns of West Moloka‘i indicate that the area, at one time, was lowland dry forest and shrub. The vegetation of this landscape includes mostly grasses and shrubs, with few species of trees. Such coastal and lowland dry forest and shrublands occur on the lower leeward slopes of the higher Hawaiian Islands.

However, over 90 percent of the Hawaiian low shrublands have been lost to development or displacement by alien vegetation. On the Ranch land, these native ecosystems were permanently altered by cattle grazing, followed by the cultivation of sugarcane and pineapple. These activities caused severe degradation and erosion of the west end. The area is now dominated by invasive species such as the kiawe tree and Christmas berry, which have spread throughout the property.

The northwestern edge of the island has a few remaining pockets of native dominated landscape communities. The Mo‘omomi Preserve (on the “Natural Resources – Terrestrial” map), which is managed by The Nature Conservancy, is one of these native lowland dry forest and shrubland communities that still exists in the state.

The preserve is 921 acres and harbors more than 22 native Hawaiian plant species, four of which are globally rare or endangered. These rare plants, like ‘akoko and ‘ena‘ena, thrive in the dry, windy, salt-sprayed environment. The preserve is also an important nesting site for the endangered green sea turtle.

There are a few small areas of the native dominated coastal dry shrubland and grassland communities along the northwestern corner (shown in purple on the “Natural Resources – Terrestrial” map). This landscape community is similar to the Mo‘omomi Preserve community, but has less species diversity.

The west end also has some occurrences of Natural Heritage rare vertebrates and plant species, such as the ‘akoko. The endangered Hawaiian monk seal frequents the beaches of the west end.

The Ranch property in the Forest Reserves of the island contains some occurrences of rare plant species as well as an important native dominated montane mesic forest and wet forest.

Erosion

Eroding lands are one of the most significant problems that need immediate attention. A substantial portion of MPL's Maunaloa lands have bare soils that erode during seasonal storms. The worst problems occur along the south shore from Punakou to Halena as the inner reef waters are red from land-based sedimentation. (See Soil Erosion Aerial Photo on page 37.)

Similar problems occur elsewhere along the coast, but the western and northern coastal waters have huge winter surf that help flush away the seasonal sedimentation.

Therefore, where possible, hunting could keep deer herds from denuding the landscape. It is also important to preserve Puu Nānā (top of Maunaloa mountain) forested areas and increase forestry plantings to retain and improve moisture cycle. Access, use and construction plans should also prevent erosion of dirt road ways and trails.

The Mo'omomi to 'Īlio Point coastal section is the most important biological resource on Moloka'i Ranch's lands. This area is not only important biologically, but is a very rugged and beautiful coastline. The terrestrial native coastal beach strand is some of the best strand left in the main Hawaiian Islands. Many rare plants like 'akoko and 'ena'ena still exist in healthy numbers as do common species like hina hina, nehe, 'aki'aki, pau o hi'iaka, and nama. The coastal dunes

and rocky cliffs also provide nesting sites for several sea bird species including; wedge-tailed shearwater ('ua'u kani), Great frigatebird (iwa), and tropic birds (white-tailed – koa'e kea and red-tailed – koa'e 'ula).

Erosion is the main environmental concern in the 'Īlio Point to Kawakiu and Kepuhi area where human impact will cause problems.



There is severe sedimentation of the inshore reef between Punakou and Halena. With the exception of Pālā'au, it would not be possible to do sedimentation ponds as there is not much flat land along that coastline and therefore, re-vegetation of the adjacent slopes would be the primary solution for that area.

The Pālā'au inshore waters have significantly less sedimentation due to the thick mangrove growth along the shoreline. Although the mangroves are acting as a filter to flood waters and provide nursery sites for inshore marine species, there are concerns that

eventually the mangroves will infringe on the fringing coral reef systems.

The “Natural Resources – Aquatic” map illustrates the substantial coral reef protection area that runs along the south shore of the Ranch property. It begins at Hale o Lono and extends east along much of the southern shore of the island. The protected area includes numerous fishponds.

The fringing reef along this coastline is a treasured resource of Moloka‘i. The inshore areas along this area are also important hatcheries/breeding grounds for many key subsistence marine fish species. This is confirmed by the many ko‘a locations.

Inshore marine species still are abundant along the rugged coastline and tidal pool systems. The limited access is the main reason why this northwest coastline has remained unchanged the past few decades.

At the very tip of the northwest corner is ‘Īlio point, an abandoned US Coast Guard station site, which is owned by the State of Hawai‘i. Although not part of the Ranch lands, this area needed to be clean of old metal debris, and possible live ordinance. This Plan seeks that the State portion of ‘Īlio Point should also be put in conservation protection as it contains very high quality native coastal beach strand, inshore tidal pools and fisheries.

In the Kepuhi to Lā‘au Point area where MPL is planning development, there are several pockets of beach strand or

terrestrial systems of note. It is important that any development plans require an erosion plan, recognizes and enhances pockets of native beach strand/vegetation, and includes no incompatible beach activities (i.e. motorized vehicles on the beach, harvesting of sand, and military exercises).

Beginning at Hale o Lono and extending east is an area of land mauka of the coral reef protection area, which is marked for reclamation and erosion control. Protection of this land is critical for continued health of the coral reef and marine ecosystem, which are sensitive to excessive run-off.

It is important to note the absence of perennial streams on the Ranch property. There are numerous intermittent streams, which generally only have flows during or immediately following heavy rainfalls. The entire west end is relatively dry, and in need of erosion control measures.

The “Moloka‘i Ranch Resource Summary: Natural Resources” map shows those regions prone to erosion, which have been identified as “Priority Areas” for Watershed/Aquatic Resource Protection. That map also illustrates the Priority Areas for Rare Species/Native Ecosystem Preservation and Coastal Habitat Management Protection.

This page intentionally left blank.

**ISLAND OF MOLOKA'I
AERIAL PHOTOGRAPH - 1998**

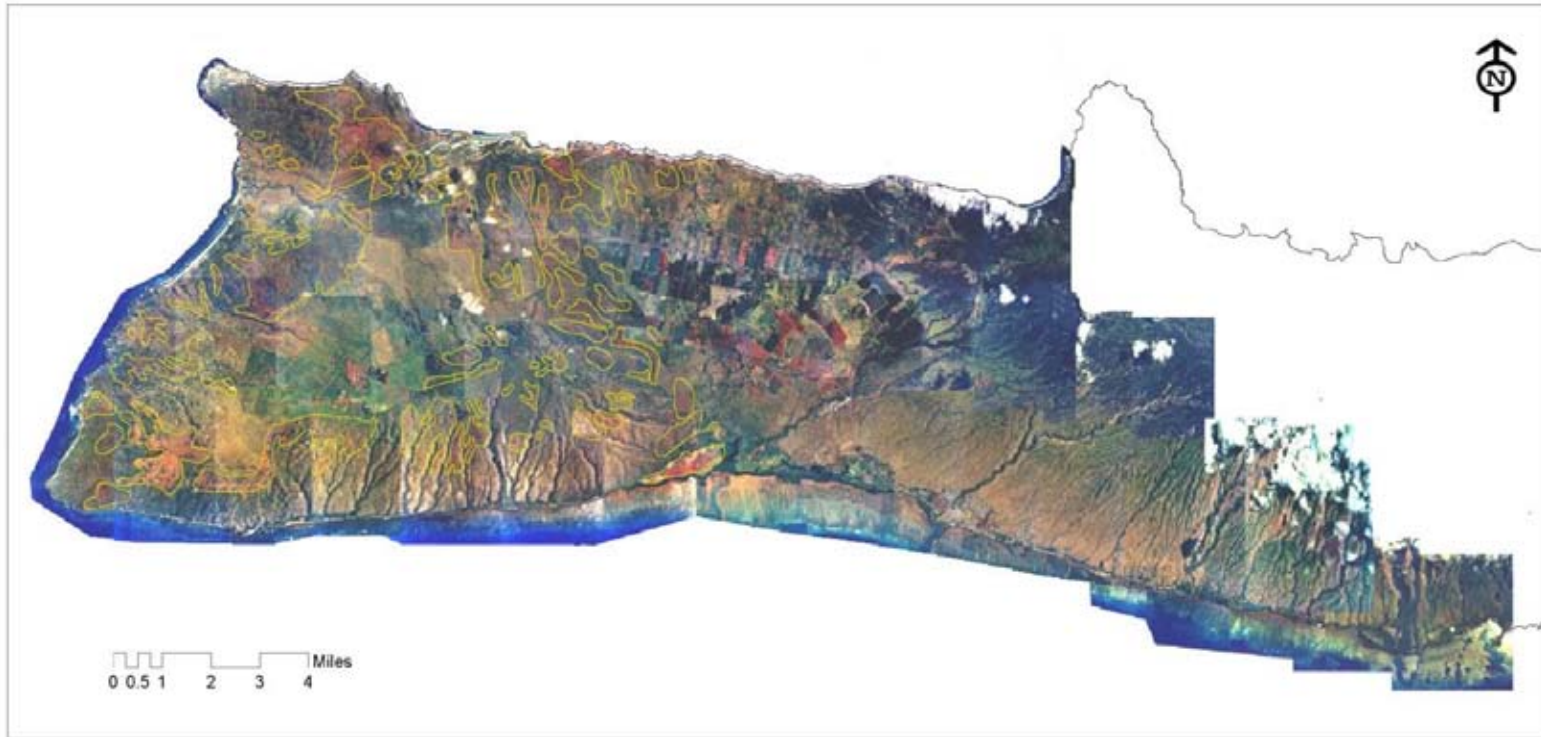
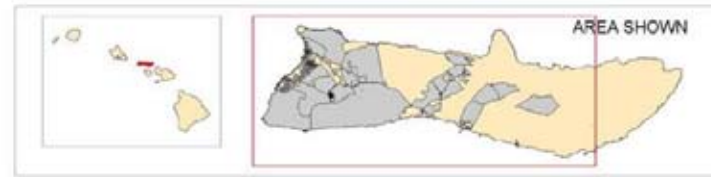


Photo Courtesy of: Air Survey Hawaii, Inc.

This page intentionally left blank.

3.5 AGRICULTURAL RESOURCES

The “Agricultural Suitability Classification & Proposed Agricultural Easement Lands” map is in Appendix 4. It illustrates the agricultural resources of the project area and the proposed agricultural lands. The dotted black lines encircle the areas proposed for the agricultural easements, a total of 14,390 acres. The ag lands in Central Moloka‘i are located near numerous water sources for irrigation. The ag lands in Western Moloka‘i are serviced by water lines that vary from ¾ inches to 8 inches in diameter.



The Agricultural Lands of Importance generally overlap with the areas defined for ag easements. They consist of substantial areas of dark green on the suitability map, which indicates Class I: 0 – 2.99% slope, signifying that the land is suitable for cultivation.

The ag lands in West Moloka‘i are composed of the Moloka‘i-Lahaina soil

association, i.e. deep, nearly level to moderately steep, well-drained soils that have a moderately fine textured or fine textured subsoil. Moloka‘i soils are suitable for pineapple, pasture, truck crops, and wildlife habitat.

To the north, near Pu‘u Ula, and to the west, ag lands are classified as very stony land-rock land association, indicating gently sloping to very steep, rocky and stony land types on uplands and in gulches and valleys.

The ag lands located in Central Moloka‘i are also largely composed of the Moloka‘i-Lahaina association. Within these soil associations there are two main soil types found within the ag easements:

Moloka‘i silty clay loam (MuB): Slopes range from 3 to 7 percent. Runoff is slow to medium, and the erosion hazard is slight to moderate. Included in mapping were a few small areas that are eroded to soft, weathered rock.

Hoolehua silty clay (HzC): Slopes range from 7 to 15 percent. Runoff is slow to medium, and the erosion hazard is moderate.

Referring again to the “Agricultural Suitability Classification & Proposed Agricultural Easement Lands”, the ag parcel furthest east also contains significant amounts steeper slopes. It is composed of similar soil associations, but also contains areas of Rough broken land-Oli association, which indicates

shallow to deep, very steep to precipitous soils in gulches and moderately deep to deep, gently sloping to steep, well-drained soils that have a medium textured and moderately fine textured subsoil. That land is suitable for pasture, woodland, orchard, recreation, and wildlife.

3.6 RECREATIONAL RESOURCES

The Moloka'i Ranch lands contain various recreational activities for both residential and visitor recreational activities. The west and south coasts of the ranchlands contain stunning and relatively undeveloped beaches.



However, the rip currents and shorebreaks on the west end make entering the water extremely dangerous in the winter months and during certain weather patterns. Nonetheless, the beach and nearshore areas are used at various times for sunbathing, picnicking, swimming, fishing, snorkeling, scuba diving, whale watching, surfing, and paddling by residents and visitors.

There are a significant number of trails throughout the property for hiking, biking, and horse-riding, that are popular with residents and tourists alike. There are cultural trails and the Historic Trail mapped by Monsarrat, which runs along the west coast. There is a proposed Na Ala Hele State Trail to be located on the central property.

The Ranch provides access to numerous activities, such as kayaking, mountain biking, horse riding, as well as a paniolo cultural museum and workshop in Maunaloa town. It also maintains camping facilities at Kaupoa Camp. Maui County maintains camping sites at Pāpōhaku Beach Park, located on the north end of Pāpōhaku Beach.

Currently, there is an 18-hole golf course at Kaluako'i and 9-holes at the Ironwoods Golf Course. In the future, MPL may open another golf course north of the Kaluako'i resort area. Lastly, there are areas set aside for public bow and rifle hunting, which are differentiated from the subsistence hunting areas.

3.7 MPL URBAN AND COMMERCIAL RESOURCES AND EXISTING ZONING

Although the majority of MPL land is undeveloped, it is zoned for agricultural, urban, and commercial uses.

3.7.1 Maunaloa

Designated “Country Town Business District”, Maunaloa’s main thoroughfares have 13 MPL commercial sites located along them. This County designation allows for quaint country-town commercial properties, which would suit a wide range of activities including retail businesses, arts or culture outlets or professional offices. These sites range in size from 8,700 sq ft to 31,500 sq ft and are competitively priced at approximately \$14-16 per sq ft.

3.7.2 Kaunakakai

Kaunakakai serves as the main population center on the island. It is home to the majority of grocery stores, restaurants, and general services for island residents. The Kaunakakai Wharf is still used for transporting goods between Moloka’i and the rest of the Hawaiian Islands.

This Plan maintains that the old ball park retain its existing use. The Community Plan’s recommendation for this area is to redesignate it from “Public/Quasi Public” to “Park,” so that the current uses as rodeo, fairgrounds, and park are maintained. MPL owns parcels within

the town center and a large area mauka of town, including areas to be considered for Community Expansion.

3.7.3 Kualapu’u

Kualapu’u is a small plantation community located between Kaunakakai and Maunaloa, just north of the Maunaloa Highway and east of the Moloka’i Airport.

3.7.4 Kaluako’i

This resort zoned area just north of Pāpōhaku Beach contains three condominium projects, the golf course and the Kaluako’i Hotel, which is currently shut down. One of the goals of this Plan is to generate the investment revenue to re-open the Hotel. All three condo projects are privately owned; some of the 300 plus units are included in a rental pool and are rented out. The Ted Robinson designed golf course has been restored and improved but needs further renovation.

3.7.5 Pāpōhaku

Located along white, sandy Pāpōhaku Beach, is the Pāpōhaku Ranchlands Subdivision. It contains 273 lots, a few of which are currently for sale. Less than 100 of the lots have been built upon, and of those, less than half of the owners live there full-time. This means that the Pāpōhaku area remains relatively quiet for most of the year (Pāpōhaku Dunes Draft Preservation Plan, 2005).

3.7.6 The Lodge at Maunaloa

A member of the *Small Luxury Hotels of the World*, The Lodge contains 22 guest rooms. The Lodge's main building features a living room with a two-story stone fireplace, an upstairs library & TV room, the Maunaloa Room for dining, the Paniolo Lounge for lite dining, a TV sitting area and billiards room, the Lodge den with computer and wireless internet access, the Lōkahi meeting room, a heated outdoor infinity pool, and a fitness center offering spa treatments with separate saunas, workout room, shower and lockers.

long term needs for both heavy and light industrial users.

3.7.7 Beach Village

A 40-tent platform visitor accommodation operation located at Kaupoa Beach on a 31-acre parcel.

3.7.8 Industrial Park

Centrally located to Moloka'i's main town of Kaunakakai, commercial harbor and the Ho'olehua airport, the Moloka'i Industrial Park consists of 22 improved lots.

All lots have prepared building pads and are accessed from paved roads with curbs, gutters, and sidewalks. These lots range in size from 22,000 sq ft to 55,000 sq ft and are fully serviced with water, underground electricity, and phone connections. Lot prices begin at \$200,000.

MPL owns this only industrial park on the island. The first increment was developed in the late 1990's to meet the island's

4 COMMUNITY GUIDELINES FOR LAND USE PRINCIPLES AND POLICIES

These guidelines are intended to guide Moloka'i Properties Ltd. and the Moloka'i Land Trust in setting policies for the implementation of the Moloka'i Ranch Community-Based Master Land Use Plan and the establishment of the Moloka'i Land Trust.



4.1 MANAGEMENT POLICIES

The wisdom of our kupuna and their relationship to the land and sea has proven well with centuries of managing and living in a manner that caused the land and sea to flourish abundantly. It provided future generations with more than enough for their continued survival without destroying their fragile, island environment and precious resources for over two thousand years.

A single, most important and vital principle of our kupuna and their

relationship to their land comes from the word “Mālama ‘Āina” or “Care for the land”. To “mālama” not only means to care for the land physically, it also means to care for the land spiritually. It also means to regulate the use of land and ocean resources to ensure the continuance of those resources for future generations. *(Written by John Kaimikaua, March 30, 2004)*

What distinguishes Hawaiian custom and practice is the honor and respect for traditional ‘ohana cultural values and customs to guide subsistence harvesting of natural resources. Such ‘ohana values and customs include but are not limited to the following:

- Only take what is needed.
- Don't waste natural resources.
- Gather according to the life cycle of the resources. Allow the resources to reproduce. Don't fish during their spawning seasons.
- Alternate areas to gather, fish, and hunt. Don't keep going back to the same place. Allow the resource to replenish itself.
- If an area has declining resources, observe a kapu on harvesting until it comes back. Replant if appropriate.
- Share what is gathered with family and neighbors.
- Take care of the kupuna who passed on the knowledge and experience of what to do and are now too old to go out on their own.

- Don't talk openly about plans for going out to subsistence hunt, gather or fish.
- Respect the resources. Respect the spirits of the land, forest and ocean. Don't get loud and boisterous.

(Native Hawaiian Access Rights/McGregor/2/12/04)

Hawaiian Subsistence, Cultural and Religious Beliefs, Customs and Practices

Hawaiian custom and practice encompasses the full range of traditional, subsistence, cultural, and religious activities Hawaiian 'ohana or extended families have engaged in for many centuries to live as a people and survive in a unique island environment. There are customs and practices related to each major aspect of Hawaiian lifestyle and livelihood including:

- Community life
- Family
- Human well-being and spirituality
- Stewardship and use of natural and cultural resources
- Rights
- Economics

The Governor's Task Force on Moloka'i Fishpond Restoration and the Governor's Moloka'i Subsistence Task Force developed a useful definition of subsistence. According to these task forces:

Subsistence is the customary and traditional uses of wild and cultivated renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, transportation, culture, religion, and medicine; for barter, or sharing, for personal or family consumption and for customary trade.

Land and Natural Elements – The Foundation of Hawaiian Subsistence, Culture and Religion

TO HAWAIIANS, THE LAND AND NATURAL ELEMENTS ARE THE FOUNDATION OF SUBSISTENCE, CULTURAL, AND RELIGIOUS BELIEFS, CUSTOMS, AND PRACTICES.

The land and the natural environment are alive, respected, treasured, praised, and even worshipped. The land has provided for generations of Hawaiians, and will provide for those yet to come.

Hawaiian subsistence practitioners speak of their cultural and spiritual relation to the lands of their region and their commitment to take care of it and protect it for future generations. The land is not viewed as a commodity; it is the foundation of their cultural and spiritual identity as Hawaiians. The land is a part of their 'ohana and they care for it as they do the other living members of their families.

Hawaiian Stewardship and Use of Natural and Cultural Resources

The ahupua'a is the basic unit of Hawaiian natural and cultural resource management. An ahupua'a runs from the sea to the mountains and contains a sea fishery and beach, a stretch of kula or open cultivable land and higher up, the forest.

A land should run from the sea to the mountains, thus affording to the chief and his people a fishery residence at the warm seaside, together with products of the high lands, such as fuel, canoe timber, mountain birds, and the right of way to the same, and all the varied products of the intermediate land as might be suitable to the soil and climate of the different altitudes from sea soil to mountainside or top.

Hawaiians consider the land and ocean to be integrally united and that these land sections also include the shoreline as well as inshore and offshore ocean areas such as fishponds, reefs, channels, and deep sea fishing grounds. Coastal shrines called fishing ko'a were constructed and maintained as markers for the offshore fishing grounds that were part of that ahupua'a.

Fresh water is the most important thing for life and needs to be considered in every aspect of land use and planning. The Hawaiian word for water is wai and the Hawaiian word for wealth is waiwai,

indicating that water is the source of well-being and wealth.

Insights about the natural and cultural resources inform those who use the land about how to locate and construct structure and infrastructure so as to have the least negative impact upon the land.

The practitioners are sensitive to the condition of the landscape and resources and their changes due to seasonal and life cycle transformations. This orientation is critical to the preservation of the natural and cultural landscape.

An inherent aspect of Hawaiian stewardship and use of cultural and natural resources is the practice of Mālama 'āina or conservation to ensure the sustainability of natural resources for present and future generations.

These rules of behavior are tied to cultural beliefs and values regarding respect of the 'āina, the virtue of sharing and not taking too much, and a holistic perspective of organisms and ecosystems that emphasizes balance and coexistence. Maintaining spiritual, cultural, and natural balance with the elemental life forces of nature.

Hawaiian families who rely upon subsistence as a primary part of their diet respect and care for their surrounding natural resources. They only use and take what is needed in order to allow the natural resources to reproduce. They share what is gathered with family and

neighbors. Through understanding the life cycle of the various natural resources, how changes in the moon phase and the wet and dry seasons affect the abundance and distribution of the resources, the subsistence practitioners are able to plan and adjust their activities and keep the resources healthy.

Hawaiian Fishing Responsibilities and Rights

If subsistence fishing is disrupted, the lifestyle of the families who rely upon the fishing for their diet will be negatively impacted. This will precipitate a chain of negative impacts for those families. Systemic change is likely to occur such as disruption of the 'ohana system of exchange and sharing of foods caught and gathered.

The diet of the families would worsen. The standard of living would be negatively impacted by the increased cost of purchasing food, due to the lack of fish, seaweed, and other marine foods which are part of their regular diet. The inability to fish and gather marine foods regularly relied upon might impair the ability of the 'ohana (extended family) to celebrate life cycle events – baby lū'au, weddings, or birthdays.

In ancient Hawai'i the right to fish in any given area of the sea depended upon rank. The "ali'i nui" or high chief of the island owned all the land and its adjacent fishing areas in his personal and sovereign capacity. He gave the chiefs

under him, or "konohiki", the ahupua'a and their adjacent fisheries to manage. In return, the konohiki paid tribute to the ali'i nui by giving him their oaths of allegiance and portions of bounties that the ahupua'a tenants under them harvested from the land and sea.



The konohiki fishing area extended from the shoreline to the edge of the reef. Where there was no reef, the konohiki had a private fishing right that extended one mile seaward of the shore. Traditionally, the tenants of an ahupua'a shared the use of fisheries that were adjacent to the ahupua'a with the konohiki. Duty required them to reserve portions of their catch and certain species of marine life for the konohiki and ali'i nui (*Externalities Workbook/Native Hawaiian Impacts/ 12/17/96*).

According to Native Hawaiian Rights Handbook by Melody K. Mackenzie, "within the boundaries of the ahupua'a, the maka'ainana also had liberal rights to use the ahupua'a resources. These

included the right to hunt, gather wild plants and herbs, fish offshore, and use parcels of land for taro cultivation together with sufficient water for irrigation. All these activities were regulated by an intricate system of rules designed to conserve natural resources and provide for all ahupua'a residents."

"Implicit in ancient Hawaiian regulations regarding water and land is the concept of mutual benefit and sharing," D. Malo Hawaiian Antiquities (1951 ed).

Access along the shore, between ahupua'a or districts, to the mountains and sea, and to small areas of land cultivated by native tenants, was a necessary part of early Hawaiian life. Use of Hawai'i's trails was open to all classes of people and was governed by *Mamalahoe Kanawai, the Law of the Splintered Paddle*. This first law of Kamehameha, punishable by death, "guaranteed the safety of those using the highway trail of old."

In early Native Hawaiian life, gathering activities served to supplement the everyday food, religion, clothing, housing, and medicinal supplies of the people. They gathered both cultivated and non-cultivated items from the mountains and into the sea, including hunting and fishing.

Tenants of the ahupua'a also had a right to take fish, subject to the right of the Konohiki to manage and conserve the fisheries.

The legal basis for Traditional Hawaiian Access is founded on *Native Hawaiian Ahupua'a Tenant Rights*, and are derived from three sources: (1) *The Common Law of England: Section 1-1 Common Law and Hawaiian Usage*; (2) *The State of Hawai'i Revised Statutes: HRS 7-1*; (3) *The Hawai'i State Constitution: Article XII Sec. 7*.

This plan recognizes and reaffirms all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by descendants of Native Hawaiians who inhabited the Hawaiian Islands prior to 1778. These rights will be the foundation upon which we build our Management Plan for West Moloka'i.

Relative Importance of Management Area

Subsistence fishing reduces dependence on purchased seafood. The availability of an alternative food source gives residents a sense of self-sufficiency and freedom.

Subsistence fishing provides other, less definable benefits. Time spent in subsistence fishing cultivates intimacy and harmony with the ocean, reinforcing a strong sense of kinship with nature that is the foundation of Hawaiian spirituality and religion. While engaged in fishing and gathering activities, practitioners share experiences and gain knowledge that provides continuity between the past

and the present and that builds trust and cooperation.

These shared experiences reinforce beliefs and values that are critical for perpetuation of Hawaiian cultural identity. Subsistence fishing emphasizes group identity and relationships rather than individual economic accomplishment. Food obtained through subsistence fishing is distributed within the community and is consumed at family and community gatherings.

The prevalence and economic and social importance of subsistence activities on Moloka'i is well documented (Governor's Moloka'i Subsistence Task Force, 1994). A survey commissioned by the Task Force concluded that, without subsistence as a major means of providing food and supplementing income, Moloka'i families would have a greatly reduced standard of living.

Subsistence is an essential and viable sector of the overall island economy. Subsistence fishing not only provides food, but contributes to a healthy diet. Obtaining equivalent food items, such as fish, from stores can be costly and families on fixed incomes are known to purchase cheaper, less healthy foods. Subsistence activities require physical exertion and provide opportunities for relatively inexpensive recreation that contributes to better health.

Beyond the immediate economic and health advantages of subsistence fishing

are other benefits that serve to enhance family identity and community cohesion and to perpetuate traditional values. Subsistence resources have allowed Moloka'i to endure economic hardship without major social disruption (Governor's Moloka'i Subsistence Task Force, 1994).

Moloka'i is unlikely to experience economic growth or social dislocation on a scale that would change the underlying lifestyle. Subsistence fishing on Moloka'i will continue to be an integral part of the island's economy. In fact, the subsistence lifestyle so prevalent on Moloka'i is viewed by many on the more urbanized islands as a preferred lifestyle, which protects against downturns in the cash economy (Proposal to Designate Mo'omomi Community-Based Subsistence Fishing Area/Northwest Coast of Moloka'i/Hui Mālama O Mo'omomi/April 1995).

Many families on Moloka'i, particularly Hawaiian families, continue to rely upon subsistence fishing, hunting, gathering, or cultivation for a significant portion of their food. Availability of the natural resources needed for subsistence is essential to Moloka'i households where the unemployment rate is consistently higher than on other islands and a significant portion of the population depend upon public assistance.

Without subsistence as a major means for providing food, Moloka'i families would be in a dire situation. Subsistence

provides families with the essential resources that compensate for low incomes and a means for obtaining food items that may be prohibitively costly under a strict cash economy.

Food items like fish, limu, and deer meat, which are normally obtained through subsistence are generally unavailable or are very costly in stores. If families on fixed incomes were required to purchase these items, they would probably opt for cheaper, less healthy foods that would predispose them to disease and other health problems. In this respect, subsistence not only provides food, it also ensures a healthy diet that is critical to the prevention of disease.

Subsistence on Molokaʻi will continue to be essential to the lifestyle of the people. Community-based management of the resources, rooted in traditional values of aloha ʻāina and mālama ʻāina and empowered with the responsibility for monitoring of the resources will be critical in assuring a subsistence lifestyle for future generations on Molokaʻi. The other major facet to the perpetuation of subsistence activities and the protection of the necessary natural resources will be the recognition of subsistence as an essential and viable sector of the overall economy and balancing future economic development and growth on the island to assure its continuation.

Molokaʻi provides a rare example of how residents adapted to changing economic circumstances without massive external

intervention. Historical accounts have indicated that when agribusiness closed on Molokaʻi, subsistence became a more vital aspect of the economy. Through community-based efforts, residents organized to successfully stave-off tourism development while promoting values related to community and family integrity. Subsistence and other community-based endeavors are considered the forces that bind together the social elements necessary for cultural perpetuation. Subsistence should not be viewed as a replacement economy per se, but as a tradition that has survived after macroeconomic strategies (i.e., plantations, ranches) failed.



Any economic recovery strategy that is selected should allow for subsistence to continue to play a significant role. This is especially critical on Moloka'i where natural resources are available and subsistence is an integral part of lifestyle. Community planning is a proactive strategy that should encourage a functional coexistence and balance between subsistence, the market economy, and government.

As the natural and cultural resources of Moloka'i are no longer as abundant as the current generation of adults remembers them to be in their childhood, management of the resources traditionally used by the people of Moloka'i for subsistence has become more urgent.

Beyond the immediate economic and health advantages that come with subsistence are other qualities that serve to enhance family and community cohesion and perpetuate culture and spirituality. Subsistence is an activity that provides prescribed roles for its members. Family members of all ages feel that they contribute to family welfare through their involvement in subsistence. Subsistence activities are a central part of camping trips or family outings and parents and children alike are involved in catching fish and gathering marine resources. Older children are oriented towards subsistence by their elders who teach them about techniques and the behaviors of various species.

On another level, subsistence provides a basis for sharing and gift giving within the community. Residents generally ascribe to a process of reciprocity and sharing with those who are unable to obtain resources on their own. Families and neighbors exchange resources when they are abundant and available, and the elderly are often the beneficiaries of resources shared by younger, more able-bodied practitioners. Some practitioners believe that they must share their catch with others even when it is meager, because generosity is rewarded by better luck in the future.

Resources obtained through subsistence are used for a variety of special occasions that bond families and communities. Resources such as fish, limu, 'opihi, deer meat, etc. are foods served at birthdays, lū'au, graduations, and holiday celebrations. 'Ohana and community residents participate in these affairs that cultivate a sense of communal identity and enhance social networks.

Time spent in nature cultivates a strong sense of environmental kinship that is a foundation to Hawaiian spirituality. Subsistence practitioners commune with nature, honor the deities that represent natural elements and life forces, learn how to mālama or take care of the land, and develop an understanding about patterns and habits of flora and fauna.

An inherent aspect of traditional subsistence is the practice of conservation. Traditional subsistence

practitioners are governed by particular codes of conduct that are intended to ensure for the future availability of natural resources. Rules that guide behavior are often tied to spiritual beliefs concerning respect for 'āina, the virtues of sharing and not taking too much, and a holistic perspective of organisms and ecosystems that emphasizes balance and coexistence.

Hawaiians engage in subsistence and related practices more than other ethnic groups. This finding reflects the importance of subsistence to this group and the perpetuation of culture through subsistence activities. As mentioned previously, subsistence also plays an important economic role, and this may be especially true for Hawaiians who generally have lower incomes.



The fact that Hawaiians engage more in subsistence than others also points to how these activities are embedded in the culture and can be explained through a history of adaptation, the development of

an indigenous economy, and the maintenance of cultural traditions despite the influx of foreign lifeways. It is important to note that the other groups (e.g. Filipinos, Japanese) engaged in subsistence, although not at the same level as Hawaiians (Governor's Moloka'i Subsistence Task Force, 1994).

Problems Addressed by Plan

In recent decades, there has been a notable decline in nearshore fishery resources in the main Hawaiian Islands (Shomura, 1987). Resource condition varies considerably from area to area (Smith, 1993), depending on several factors: population size, degree of economic development, extent of nearshore habitat alteration and intensity of fishing. The persistence of subsistence fishing on Moloka'i is an indication that customary fishing practices have not depleted inshore fisheries resources.

Sustainability of subsistence fisheries resources was assured in ancient Hawai'i. The fishing methods and practices of that time generally promoted the sustainable use of fisheries resources within the limited nearshore areas that were exploited. The commercialization of fishing has changed the way resources are perceived and are utilized. Fishing decisions are made with considerable uncertainty about how fishermen will behave collectively. Such uncertainty tends to shorten planning horizons and places a premium on short-term catches over future catches.

Customary fishing practices are increasingly beset by pressures from outside the community. Commercial harvesting by off-island fishermen and new residents is causing some Moloka'i fishermen to question traditional values (sharing of seafood resources and conservation for future generations) and rules of conduct, which are the foundation of the subsistence culture. An alarming number of fishermen are using improper harvesting methods, taking undersized animals or ignoring seasonal prohibitions. The sustainability of the subsistence fishery and its benefits to the community is threatened by encroachment of commercial fishing values and methods.

The ancient Hawaiians depended on the ocean for survival and existence and they accumulated a sophisticated knowledge of marine fisheries. This knowledge involved not only how and where to fish but also a code of conduct about how fishing should be practiced so that it would be sustainable. Cautions against wanton harvest are part of Hawaiian mythology and kinship with marine creatures is part of Hawaiian spirituality.

While the force of these beliefs has been muted in modern times, perpetuation and application of this body of knowledge is relevant to some of Hawai'i's present day fishery problems, particularly the sustainable use of nearshore fisheries (*Proposal to Designate Mo'omomi Community-Based Subsistence Fishing Area/Northwest Coast of Moloka'i/Hui Malama O Mo'omomi/April 1995*).

Over the years, a number of activities contributed to the degradation of the natural environment of Moloka'i. Offshore reefs and oceans were impacted by pollution, erosion and soil run-off from tourist, residential development, and ranching. Sand from the West End of Moloka'i was mined and shipped to O'ahu to make cement to build the freeways and hotels and to replace lost sand at Waikiki Beach.

Gravel and rocks from East Moloka'i were used in freeway construction on O'ahu. Ranching on the East End contributed to deforestation, erosion and run-off. Once productive fishponds were allowed to fill with silt and the walls fell to disrepair following tsunamis and storms. Over-harvesting of marine resources relied upon for subsistence is a growing problem. Traditional resources such as the turtle cannot be used for subsistence under new federal regulations. Wildlife such as deer, goats, pigs, and birds are abundant on privately owned lands but are too scarce to be hunted on public lands.

Within the lifetime of those who are now adults on Moloka'i, ocean resources have significantly declined. Commercial gathering of crab and 'opihi have seriously diminished these particular resources. There are more and more boats from O'ahu and Maui, especially backside. In 1993, all the 'opihi from Kalaupapa to Hālawa was wiped out in 7 days of the zero tides in March and April. There was no 'opihi to be gathered

during the summer. ‘Opihi on the West End is gone. Off island boats take massive quantities of ‘opihi from Dixie to the Northwest side.

Moemoe gill nets left in too long without being checked are negatively impacting fishing resources. Gill nets, lobster nets and bullpen traps seriously diminish the resources. Gill nets are the main problem for the fishing resources. Limu is not being gathered properly. Undersized marine resources are being harvested. Kaunakakai to Makakupa’ia is over fished. With 50% of high school graduates having lū’au which commonly provide raw fish, raw crab, tako, limu, etc., the negative impact on these marine resources are tremendous. Restrictions should apply equally to commercial and subsistence users (Governor’s Moloka’i Subsistence Task Force, 1994).



4.1.1 Cultural Principles and Policies

Cultural Conservation and Management Zone

Establish a Cultural Conservation and Management Zone to include the Historic Cultural Sites and the Complexes of Nā’iwa (Manawainui-Kahanui), Kaluako’i-Kā’ana-Pu’u Nānā (Kalaipahoa-‘Amikopala), Kaunakakai, and Kawela Cultural Complexes; Cultural and Subsistence use and resource areas; a subsistence fishing zone of one-quarter (1/4) mile offshore on the North and West Shore and to the outside of the reef surrounding the remainder of the property (South shore). (See Cultural Resource Protection Map, page 59.)

Subsistence Fishing

Subsistence is defined as the customary and traditional uses of wild and cultivated renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, transportation, culture, religion, and medicine; for barter, or sharing, for personal or family consumption and for customary trade.

Permitted activities (activities to be allowed)

Persons who receive permission to access Moloka’i Ranch lands or Trust lands can engage in the following subsistence fishing activities:

- Hook and line fishing for pelagic species.
- Hook and line fishing for deep sea bottom fish species.

- Hook and line net fishing for akule.
- Fishing with SCUBA gear permitted only for akule and ta'ape or for research.
- Trap fishing for deep sea shrimp.
- Trap and net fishing for kona crab and kuhonu crab.
- Throw netting permitted only for subsistence.
- Hook and line fishing from shore permitted only for subsistence (no competitions are permitted).
- Diving with spears permitted only in the daytime and only for subsistence (no spearing competitions are permitted).
- Diving for hand harvesting permitted only in the daytime and only for subsistence.
- Hand harvesting of a'ama crab is permitted at night and only for subsistence.
- Hand harvesting of ala'eke and kuhonu for subsistence only.
- 'Opihi collecting permitted from shore only (no diving) and only for subsistence.
- Harvesting of spiny lobster and slipper lobster permitted only by hand (no netting, no spearing) and only for subsistence.
- Harvesting of mana-moi (7-12 inch) throughout the year for subsistence only.
- For rescue, monitoring, religious, management, and research purposes only, use of equipment otherwise prohibited in this section is allowed.



Hunting

- Hunting will be for subsistence use only. The golden rule is “take only what you need for your family”.
- MPL has a contractual obligation for commercial hunting and wildlife management on parts of MPL property until December 2007. The contractor has agreed that at the conclusion of that contract he will no longer seek to conduct commercial hunting on the property and will be agreeable to work for the Land Trust and/or MPL as a Wildlife or Subsistence Hunting Manager.
- As a goal of this management plan, the Land Trust and MPL will seek to reach a mutually acceptable agreement with the contractor to cease commercial hunting prior to December 2007. MPL acknowledges that it, alone, has a moral obligation to this contractor that may extend beyond 2007.

- MPL employees and Native Hawaiian residents of the Kaluako'i ahupua'a have seniority for hunting in accordance with traditional subsistence management custom and practice. MPL employees assume responsibilities to sustain the natural and cultural resources of the ahupua'a.
- Management Options include the following: The decision about when and how to implement a selected option would be made by Moloka'i Ranch and Trust resource managers. The Hunting Resource Manager would need to work hand in hand with MPL's Livestock Manager so that the pasture lands remain healthy enough to support the livestock. This is especially critical in times of drought when the deer can intrude into the pasture lands, compete with the livestock, and create erosion problems.
- Kapu on Activities such as "No Hunting for Periods of Time"
- Kapu on Animals "No Hunting of Does"
- Kapu on Areas "No Hunting in Certain Districts"
- Kapu on Seasons "No Hunting During Certain Months"
- Kapu on Times "No Night Hunting"
- Kapu on Equipment "No Dogs for Deer Hunting", "Only Bow Zones"

- Education on Conservation and Preservation
- Education on Cultural History and Practices
- Education on Management Areas
- Education on Safety and Responsibilities

Access for Subsistence Fishing and Hunting

- In order to protect the cultural and natural resources, access on both MPL and Moloka'i Land Trust lands will be managed.
- Hawaiian Access Rights be enshrined on the property titles for both MPL lands and Land Trust lands.
- Non-Hawaiian access will be determined by the landowner.
- Hunting methods (rifle or bow) and game seasons are as confirmed on the Hunting Map.
- Subsistence Fishing: Each year, an experienced Resource Group will recommend open areas for subsistence fishing based on protecting and not depleting the resources.

Stewardship of Cultural Sites

- Designate Kahu for complexes and sites including: Nā'iwa(Manawainui-Kahanui); Kā'ana; Pu'u Nānā (Kalaipahoa-'Amikopala); Kawakiu, Kamakaipo-Lā'au; Hale O Lono; Punakou. Designated Kahu for complexes and sites shall be

consulted prior to decisions being made affecting those areas.

- Involve cultural resource persons, as needed, in a cultural sites stewardship role for all other protected sites and areas.

Responsibility of Kahu and stewardship resource persons

- Ongoing Monitoring of Sites - annual assessment during the dry season
- Identify and prioritize sites for stabilization
- Develop resources for site stabilization and restoration
- Develop any interpretive signage, markers and trails of access
- Identify and prioritize sites for rededication
- Train stewards in mo'olelo, protocols and responsibilities of stewardship for each site
- Implement Management Plan
- Manage research requests

Access and Use of Cultural Sites

- Sites can be accessed to fulfill traditional and customary Native Hawaiian responsibilities for cultural, religious, and subsistence purposes.
- Education and training activities can be organized through the kahu or the resource manager.
- In some cases access may be seasonal, such as during the non-hunting season, rainy/muddy season.

- Use of sites and related protocols will vary according to use of the particular site, including but not limited to:
 - Monitoring its condition - integrity, boundary and buffer, setting access routes, relation



to overall complex or nearby sites and resources. Sites should be assessed once a year during the dry season.

- Work to stabilize and restore sites. A plan for the stabilization and restoration of selected sites should be developed and approved by the State Historic Preservation Office.
- Rededicated for specific spiritual and cultural purposes. Identify sites which have been in continuous use, those which have been rededicated and those which shall be rededicated.
- Access and use of sites should follow protocols established by the Kahu and resource manager.

- Protocols should address manner of approach, entry, use, and exit of site; chants seeking entry and granting entry to sites; appropriate ho’okupu; chants and procedures to stabilize sites.
- Kahu and stewardship resource persons should train stewards in mo’olelo, protocols and responsibilities of stewardship for each site.
- There will be no commercial tours within the boundaries of Nā’iwa (Manawainui-Kahanui) and Kā’ana-Pu’u Nānā (Kalaipahoa-’Amikopala) wahi pana.

assume kuleana to mālama these sites and related activities.

- Everyone, regardless of rank or status, be part of the (volunteer) task force.
- Any huaka’i be accompanied by someone who has been trained and certified in the halau na’auao for Nā’iwa.
- Cultural and religious sites be identified, blessed, constructed, and staffed accordingly.
- Fences be reinforced, keys limited, and a schedule of access be developed.

This list does not limit or restrict future recommendations, as may be necessary.

Nā’iwa

- An area to be defined by the attached maps inclusive of selected areas within Nā’iwa and Kahanui ahupua’a be protected in perpetuity.
- Known sites be GPS'd (Global Positioning System) and marked on maps.
- Certain sites be limited (kapu) to use only by practitioners of traditional Native Hawaiian religion and culture (Pu’u Ano Ano, Nenewa, Kawahuna, mau Ana, mau Pu’u).
- Residents of Hina (Moloka’i) be given preferred status for access and practice.
- Youth groups be encouraged to prepare, visit, and be groomed to

Kaluako’i Cultural District

The Kaluako’i Cultural District is to protect the historic and cultural sites and resources for current and future spiritual, cultural practices and subsistence uses. It includes the following sites and complexes:

- Punakou which is inclusive of Kā’ana, Pu’u Nānā, and Ho’olehua
- Paka’a trail which is located in the entire Kolo Gulch
- Paka’a cultivation fields in the uplands of Kopala
- Kalaipahoa-’Amikopala and Kukui adze quarry sites
- Kamāka’ipō complex of sites in the entire gulch
- Kahualewa Heiau, mauka of Waikāne Gulch

- Heiau, mauka of Halena Road and between Kāhinawai and Oneohilo gulches
- Kawākiu Iki and Kawākiu Nui village sites and burials
- Dunes of Keonelele
- Various fishing ko'a along the shoreline
- Burial Site located west of Kaluako'i water tank in Kaka'ako Gulch
- All sites identified on the Maurice Majors maps

MOLOKA'I RANCH MASTER USE PLAN CULTURAL RESOURCE PROTECTION



Data Source:
 1998 Hawaii Data Classification
 Road, Homestead
 Hawaii Office of Planning
 Census, Roadway Inventory,
 Park Survey, Fish Survey
 Hawaii Major Archaeologist
 West End Archaeological Survey Data
 Cultural and Land Use Committee
 Other Archaeological Sites, Heahehe Grounds,
 Land Use Districts and County Zoning

Prepared By: The Conservation Fund
 October 7, 2005

- Molokai Ranch Property
- Homestead
- Major Road
- Secondary Road
- Minor Road
- 4WD Road
- Trail
- Proposed Land Use Districts
Cultural Resource District
- Cultural Resource Protection Overlay Zone
- Subsistence Fishing Zone
- Partnership Subsistence Fishing Zone
- West End Arch. Sites (M. Major)
- Additional Archaeological Sites
- Kualapu'u Makahiki Grounds
- Ancient Fishponds
- Camp

This page intentionally left blank.

4.1.2 Environmental Principles and Policies

Erosion Control Measures

- Support the efforts of the Northwest Erosion Project that is currently working with various partners and landowners to remedy the erosion rate of the Kaka'a'auku'u Gulch, Kawa'aloa and Mo'omomi Areas. Take the lessons learned from this project and apply to other areas of West Moloka'i and develop erosion plans for specific priority areas.
- Keep domestic livestock from denuding the landscape through best management practices.
- Establish fire prevention and suppression plans for the West End properties.
- Augment vegetation recovering through reforestation/reseeding of denuded areas and develop revegetation plan/strategies.
- Preserve all pu'u and forested areas and increase forestry plantings to retain and improve moisture cycle.



"Limited Access"

Develop access use and construction plan that prevents erosion of dirt road ways and trails. The plan should limit any off road/trail (or on beach) activities with wheeled vehicles. "Limited Access" is defined as "providing access with a system of accountability (pass-key), no further development of road systems, and providing walking trail systems. Allow foot access for subsistence purposes, provided a waiver is signed.

Subsistence Fishing Zone

- To preserve inshore fishing/subsistence resources, create a subsistence fishing zone in the coastal waters along all of the Ranch's coastline property modeled after the Hui Mālama O Mo'omomi Subsistence Fishing Zone.
- Establish no commercial take zone 1/4 mile from the shoreline (north and west shore) and from the beach to the reef edge/breaker line (south shore).
- Establish demonstration fishing nurseries/kapu sites to insure reproduction of key subsistence food species (e.g. 'opihi, moi, mullet, limu, lobster, ulua, uhu he'e).
- Support protection for Penguin Banks from overfishing.

Mo'omomi to 'Ilio Point

- Allow subsistence gathering on a limited access system.

- Develop a system of accountability and enforcement to limit the overtaking of resources.
- Manage the terrestrial coastal beach strand (use TNC Mo'omomi Preserve Management as a model).
- Explore management options - Land Trust and/or TNC extension of the Mo'omomi Preserve.

Īlio to Kawākiu to Kepuhi

- Develop erosion plan for Kawākiu.
- Develop plan to preserve areas with pockets of native coastal vegetation.
- Develop a Kahu watch program.
- Install railing system to prevent motorized ingress into sensitive areas or on the beach.
- Restrict private permanent camp sites.
- Develop a camping management plan.
- No night diving or night gill netting.

All (current and future) MPL and/or Land Trust Development Areas

- MPL and/or the Land Trust will implement erosion plans for any future development.
- MPL and/or the Land Trust will recognize, preserve and enhance pockets of native vegetation (i.e. establish parks at these sites).
- No incompatible nearshore or beach activities (i.e. motorized vehicles on the beach, harvesting

of sand, military exercises, jet skis).

- MPL and/or the Land Trust will recommend that the water company apply for conservation rate structures for individual owners.
- Any future harvesting or pumping of the water source, should not have adverse affects on the natural resources or deplete the source.

Kepuhi to Pālā'au

- Conduct an erosion study comparing the stream/sediment output between a managed and an unmanaged gulch system.
- Control present extent of mangrove forest with strategies that integrate mangrove control and reduction of sedimentation.
- Maintain limited access to these areas.
- Develop wetland/fishpond restoration strategies.

Nā'iwa/Manawainui/Kahanui

- MPL and/or the Land Trust will implement sustainable agricultural practices to minimize non-point source pollution.
- Keep watershed vegetated - both canopy and understory (except for cultural and agricultural sites).
- Use water conserving irrigation methods (e.g. drip irrigation)
- All dirt road construction and maintenance be done in a way to limit erosion.

Kaunakakai

- MPL and/or the Land Trust will work with the County Fire Department to implement fire suppression management.

Kamakou Preserve

- Recognize the Conservation Easement and maintain the management plans that The Nature Conservancy is mandated to implement.



4.1.3 Recreation Principles and Policies

The general structure or creation of recreational policies and procedures for specific areas on MPL land would be in accordance with the policies designed to protect the cultural and natural resources on the MPL lands. Any and all activities and recreational opportunities offered to visitors or tourists should also be available to residents of the island.

Community Advisors

To maintain the longevity and integrity of the recreational plan, cultural and natural

resource persons who would be willing to advise the land owners on recreational activities should be identified and asked to provide advice, as needed. Areas of expertise for these advisors should include: natural resource preservation; Hawaiian culture and traditional Hawaiian practices; native indigenous plants and animals; subsistence and gathering; ocean safety and resource management; tourism; business management; agriculture; water management; and lā'au lapa'au.

Quality Activities

Recreational activities on MPL lands should emphasize quality not quantity and should be offered to visitors and residents alike. Culturally based activities that have an educational component, practice preservation of the island's natural resources, and are respectful of culturally and environmentally sensitive areas and sites should be promoted. These should include ocean activities that are sensitive to reef systems and committed to the preservation of all native ocean life. Cultural activities should be as authentic as possible, unpretentious and not created merely as a visitor attraction.

Activities such as community team sports and those which promote strong family and community relations should be encouraged. New attractions and recreational activities can include: Hula lessons; Makahiki games; lei making classes; cultural or educational hikes to replant indigenous Hawaiian plants;

cultural water activities that teach ocean resource preservation; ukulele lessons; regular story telling sessions about Hawaiian or Moloka'i Mo'olelo (legends/history); Paniolo Cultural Center and Museum.

Horseback Riding

While horseback riding outside of pastures should be on designated trails, recreational riding on the beaches and in conservation resource areas will be restricted and regulated. In order to maintain safety on horse rides, trail systems need to be established and maintained. The constant treading of these animals has a devastating effect on plant life along designated trail systems. Trail rides alone are not economical. Trail rides should be offered as part of a larger experience that includes story telling and visits to culturally significant sites, lunch or dinner on the beach, and educational/cultural information or music.

Hiking

Cultural or educational hikes that limit the amount of people on each tour can be positive if strict guidelines are established and followed. The number of people on a hike should be no more than 10 at a time. Hikes have a low environmental impact. Hikes should contain a strong cultural and educational component and offer a "Moloka'i style" - warm personal – experience. No commercial hikes should be conducted within the boundaries of the wahi pana

of Nā'iwa/Mimimo and Kā'ana/Pu'u Nānā.

Fishing

Reef fishing should be primarily for subsistence. No recreational provider on island is currently, nor should in the future, offer reef fishing as a visitor or tourist activity. Off shore or deep sea sport fishing in which charter boat providers practice "tag and release" does not deplete ocean resources and can in fact educate and give positive benefit to ocean research and study.

Hunting

Hunting on island should be managed carefully. Hunting should be permitted for the community in coordination with the MPL game manager for the deer and wild game population to be sustainable. A map of the water system used for cattle and wild game should be made available to guide the hunting and recreational management plan.

Camping

Encourage weekend camping no earlier than Friday or later than Sunday, unless Monday is a holiday. Longer than weekend camping can be considered but there should be some guidelines for such exceptions. The criteria for camping and for any exceptions should be created later in accordance with a management plan providing accountability, a permitting process, and a protocol for users with established consequences for non-compliance.

It should be based upon an assessment for each area of carrying capacity; how well the site is equipped for sanitation purposes; sustainability of the available resources, seasonal changes. Areas for Primitive and Modern camping should be designated (like the old Halena Boy Scout camp).

Campers should be conscious of the special Moloka'i camping culture. Quiet hours for campers are between 10:00pm and 7:00am. "Primitive" camping (camping without pre-constructed facilities or structures/electricity) should primarily be a residential recreation as opposed to a visitor activity.

Pōhaku māuliuli (Make Horse) should be limited to day use only. Overnight camping should be prohibited (liability issue from the golf course). The landowner needs to provide signage so that the community knows of this policy.

Items or structures that are not permitted include: any and all permanent foundations dug or set in the ground and RV's or non-working vehicles. No firearms or fireworks are allowed when camping. As a general rule, "whatever is brought into a camping area should be taken out when you leave." Only temporary structures and items may be used such as: EZ Ups, tents, temporary structures with canvas tops, portable toilets or showers and gas generators.

Fire rings should be installed in designated camping areas. Campfires

should only be constructed in designated fire rings set up by MPL and/or the Land Trust. Campers must always practice fire safety and adhere to all fire codes, standards and regulations.

A booking system should be designed for weekend camping on MPL and/or the Land Trust property. A fee for campers should be assessed when utilizing MPL and/or the Land Trust camping areas. The fee would include a security deposit which campers would get back upon inspection of the facility after use and a minimal fee that is put towards maintenance of camping sites (example: portable bathrooms, labor for cleaning and security, environmental safety, preservation and education, emergency response plan).

An emergency response/evacuation plan should be designed. Policies taking liability into account will be developed regarding: alcohol consumption, illegal drug usage on property, a fee structure (from other properties with camping areas), sanitation, and health problems. Also there should be signage for water, road and general safety when camping.

4-Wheel /ATV

The landowner should decide about 4-wheel drive vehicles. ATV vehicles should not be allowed on beaches and dunes. Recreational use of ATV should be discouraged on all lands.

Kayaking

Kayaking near or on the reef system is an islandwide issue that is not particular to the West End. It needs to be discussed in the context of the whole island.

Biking (Bicycle)

It is important to include biking as a recreational activity on MPL and Trust lands. Biking events have the potential of bringing worldwide exposure and financial benefit to Moloka'i and MPL. A map of approved bicycle trails should be developed.

Recreation Infrastructure

The paniolo heritage is important and should be exhibited with pride on MPL property through rodeo, workshops, riding lessons and a Paniolo Cultural Center.

A community recreational center and gymnasium should be rebuilt in Maunaloa for West End residents. Youth sports should receive strong support from the community and MPL, including inter-community team sports and events. The Maunaloa Little League baseball field and weight center should be renovated and improved. MPL and the Land Trust should partner with the County of Maui and organize youth playoffs or community league playoffs in Maunaloa.

The county should build a gymnasium next to the College as designated on the Moloka'i Community Plan.

Recreational Providers and Fees

The landowner should decide if there should be just one provider of activities on Moloka'i Ranch property for tourists and for the same activities desired by the local community. The landowner should also decide if community members should pay for designated activities on MPL property recognizing the need for insurance coverage, supervision of some activities, the cost of equipment and clean-up. Non-complying service providers and large groups of tours can deplete natural/cultural resources and should be discouraged.

4.1.4 Economic Development Principles and Policies

Goals

Moloka'i has a diversified economy and efforts should continue to balance that diversity. Tourism should not be the main economic driver, but is recognized as an important component of a balanced diversified island economy. The expansion of the economy should be encouraged in places where existing infrastructure is under-utilized, e.g. Kaluako'i Hotel. Moloka'i's natural resources needs recovery and enhancement.

Lands suitable for agriculture production and animal grazing should be protected now even if those lands are not currently in production, and the water resources needed to service these lands in the future should also be protected and reserved.



It is recognized that Moloka'i will be in a very powerful economic position if it preserves its agricultural lands and the water resources needed to make those lands productive in the future. Further study needs to be undertaken to determine how much more suitable agriculture land can be put into production.

Moloka'i needs further housing for the elderly as the population is aging. Land and housing (both rental and for purchase) should also be made available for current and future generations of Moloka'i families in need of housing that is affordable, based on Moloka'i incomes.

Moloka'i needs a better-trained workforce. Communication needs to improve between the community and the County of Maui on long-term infrastructure needs for Moloka'i.

Objectives and Strategies

- There is consensus agreement that The Kaluako'i Hotel should be re-opened.
- Focus on finding products and/or services that people want from Moloka'i.
- Understand and overcome the identified problem that exists whereby many good ideas for economic stimuli are unable to be turned into actual jobs (e.g. slaughterhouse, ice house and coolstore projects).
- There is consensus that an economist, who understands the community's aspirations and the inherent opportunities and limitations of an island economy, be engaged to report further on what are likely economic drivers to stimulate the Moloka'i economy and how to build capacity from within the community.
- The growth of Kaunakakai, Kualapu'u and Maunaloa should be community-planned and should be allowed to happen naturally as community-driven demands require.

Rural Community Economic Development

- Achieve environmentally and culturally compatible economic development through rural community economic development strategies, i.e. sensitivity to scale, low population

density, and historic reliance on natural resources as the basis for economic activity.

- Develop and maintain a diverse and stable economic base and employment opportunities while preserving rural character and open space.

Agriculture

- The land suitability classifications should be the basis for agriculture land preservation.
- Farming of organic crops and crops to support traditional Hawaiian diets have proven to be economically viable on Molokaʻi and these activities should be expanded. The development of value-added products made from Molokaʻi-grown crops/livestock should be encouraged.
- Develop and implement a plan for the Molokaʻi Irrigation System.
- Agricultural methods should protect indigenous species and the public's health.

Tourism

- An economic objective is to fill the existing hotel rooms on the island.
- The local kamaʻāina market is important.

Jobs

- Immediate expansion of the island's employment base and the creation of family-support jobs, which Molokaʻi residents are

qualified for (e.g. construction where up to 100 jobs have been identified for construction associated with the re-opening of the Kaluakoʻi hotel, to construct the Maunaloa Community Center, and to build new housing units).

- Other skills needed on Molokaʻi include marketing, health care, farming/ranching, accounting, teaching and middle management supervisory.

Community Development Objectives

- Preserve and improve the quality of life.
- Provide adequate educational opportunities.
- Maintain and improve community infrastructure.
- Provide affordable housing and daycare services.
- Maintain age and income diversity.
- Insure adequate job opportunities and commercial services within the community.
- Build the institutional educational and physical infrastructure needed to sustain long-term economic growth, i.e. Maui Community College, high school voc ed, NARA, learning centers.
- Expand entrepreneurial opportunities and create "value-added" development opportunities tied to natural resource base.
- Make each town friendly for walking and biking between destinations, especially for older

residents and physically challenged.

Housing

- There will be a continuing need in the future for more housing for Moloka'i families at prices they can afford based on their respective incomes. Moloka'i Ranch, the EC and others in the community, such as Habitat for Humanity, can coordinate the planning and implementation of future affordable housing projects. Moloka'i Ranch can reserve lands at realistic prices around Kaunakakai, Kualapu'u and Maunaloa to ensure the development of these for future affordable housing projects.
- Identify up to 100 acres around each of the towns of Kaunakakai, Kualapu'u and Maunaloa for the future development of 'Ohana Neighborhood Communities to be developed by partnering various community resources such as Habitat for Humanities, Self-Help Housing and others, such as Department of Hawaiian Homelands (reference policy handout). Housing projects may be developed and managed by the Moloka'i Land Trust and/or MPL or other appropriate housing entities. Lands above Kaunakakai for housing will be deleted to avoid impact on archaeological sites and natural barriers.

- Affordable housing and other community-facilities should be linked to each of the three communities to insure that they develop as balanced communities. The community does not support a large affordable housing project in one area only.



Kaunakakai

Makai Proposal

- Subject to environmental assessment and clean up, historic Kaunakakai Town should be linked to the sea on the makai side of Kamehameha highway with a series of parks, recreational activities, canoe club hale and cultural/educational facilities such as Mālama Park.
- Pedestrian friendly pathways and bikeways should be continuously linked throughout the Kaunakakai Town planned development area.
- Should be aware of the toxic waste. There is a lot of oil on the property. Testing of

contamination and ongoing monitoring is being conducted to hold Chevron accountable. A cleanup might be conducted as a Brownfields EC project.

to establish and perpetuate affordable commercial space in Kaunakakai for local small business operators.

Expansion Proposal

- Future development in Kaunakakai should protect the integrity of the town core. Expand Kaunakakai town to avoid archaeological sites and other natural barriers such as ocean, hills, and streams.
- Develop the gymnasium and swimming pool complex as part of the Community College complex. It would be part of the Community College.
- The area between the current landfill and the Industrial Park be designated as light industrial, including the area currently designated as agriculture, subject to an environmental and archaeological assessment (approximately 60 acres). There is concern that there is major drainage in that area. Light industrial can include recycling as well as retail.
- Have commercial development in and around Kaunakakai Town, while maintaining rural/agricultural character of the surrounding areas and respecting the unique effort to establish Kaunakakai as a special destination area for residents and visitors alike. There is also a need

Fire Department

Ask the EC, on behalf of the Land Use Committee, to send a letter to MPL to continue its negotiations with the Fire Department for the sale of a 5-acre site with the sale subject to the following 6 conditions:

- It will be located on 5 acres mauka of the Community College (the old slaughterhouse site).
- Escrow will be set up to pay either the Moloka'i Land Trust or MPL depending on the future ownership and completion of the Moloka'i Ranch Community-Based Master Land Use Plan.
- County will mitigate drainage impacts and consult with Moloka'i Enterprise Community, DHHL, Moloka'i Education Center, and the Moloka'i Planning Commission on the Environmental Assessment.
- The County agrees that the site will not be used as a County base-yard.
- The County will hold a community informational meeting on the proposed design and related improvements, including landscaping scheme, prior to finalizing the design work.
- The County agrees to do an archaeological assessment of the

site which should include the entire pu'u.

Kualapu'u

Organic papaya, asparagus and other high value crops have been identified as suitable for the land above Kualapu'u.

Maunaloa

Build a community center for Maunaloa.

Second Golf Course

Transfer the current designation for the Maunaloa 18-hole golf course over to the state-designated rural land at Kaluako'i.

Kaluako'i Development

Re-open Kaluako'i Hotel. MPL will provide an opportunity for the Moloka'i Land Trust to exercise a "put option" for a yet to be negotiated proportion of the shares in the Kaluako'i Hotel.

North of Kaluako'i Hotel, there are a number of zoned hotel lots, multi-family lots, and commercial lots. There is also a zoned hotel lot on Kaiaka Rock. Moloka'i Ranch has said it wishes to retain this zoning, but does not intend to develop these properties in the foreseeable future. These lands will be owned as follows:

- The Kaiaka Rock zoned site will be placed in the Moloka'i Land trust
- The Kawākiu multi-family site (TMK 5-1-03: Por. 1) and a portion of the hotel zoned site (TMK 5-1-03: Por. 14) which includes the archaeological sites at Kawākiu

Nui will be placed in the Moloka'i Land Trust.

- Future development of other entitled lots in the north Kaluako'i area will occur to complement and support the present Kaluako'i Resort.



Hale O Lono

We recommend and support the provision of a comfort station and small boat marine support and small boat storage and trailer parking. We recommend and support partnership opportunities between the Moloka'i Land Trust and MPL to facilitate management of the Cultural Conservation Management Zone, including the provision of a resources management center. A full archaeological survey to identify and preserve the cultural and archaeological sites, including burial sites and adequate buffers, should be conducted to determine the appropriate location of these facilities.

Kaupoa, Kolo, Paniolo

Encourage the quarterly opening of Kaupoa to the community. Given the proximity of the Moloka'i Land Trust to Kolo and Paniolo camps, we recommend and support the exploration of collaborative opportunities by MPL with the Moloka'i Land Trust regarding future plans for their use.

4.1.5 Tourism Principles and Policies

Recommended Principles to Guide Tourism

- Hawaiian culture, both traditional and how it is lived on Moloka'i today, is the foundation for activities including tourism.
- Education is fundamental for all aspects of tourism for the community, service providers, property owners, and visitors.
- Development for tourism must be kept to a more intimate scale for quality experiences for both community and visitors.
- Moloka'i events and activities should have a strong community component.
- Advertising and marketing should reflect the authentic Hawaiian culture as well as Moloka'i's rural life style and its people.
- The visitor industry and the community share a commitment to respect, protect, promote and perpetuate authentic Hawaiian culture in visitor sites and visitor activities on Moloka'i.
- On Moloka'i we want to share our authentic Hawaiian culture not sell it. We do not want to commercialize Hawaiian culture.
- Exposure to the Moloka'i rural lifestyle and "rubbing shoulders" with the local community can enrich the visitors' experience.
- Conservation and protection of cultural sites on Moloka'i is essential. Any use of these significant sites needs to be dealt with under the community process which is being developed and not determined by what visitors and vendors want to do.
- Community input and participation is important on major Moloka'i Ranch visitor attractions and facilities changes.
- Kaluako'i resort redevelopment is essential to the island's tourism economy, including small meetings, conferences kama'aina travel, sporting events etc.
- Tourism on Moloka'i Ranch should complement other Moloka'i businesses.
- Tourism on Moloka'i should target niche and special markets, including kama'aina.
- The Moloka'i kupuna play an essential role in keeping the integrity of the Hawaiian culture.
- Moloka'i Ranch should support Moloka'i businesses and products as feasible and affordable.
- Islandwide, employees involved in tourism need cultural education specific to this island to assist in maintaining the authenticity of the Moloka'i experience.

- Encourage personal and interactive modes of communication and education with visitors.
- When landscaping and designing tourist facilities, think in terms of the local environment, ecology and culture.
- Moloka'i can offer Hawaiian culture in a modern day setting based on the past.
- Tourist activities should have authentic Hawaiian essence and an educational component for resource protection.
- Study to determine the tourism carrying capacity of Moloka'i should continue at an island wide level.
- Future development of tourist facilities on Moloka'i should make use of the work done by this Community-Based Land Use Planning Process.
- It is the hope of this committee that appropriate agencies and organizations (MVA, Chamber of Commerce, etc.) will take note of the recommendations of this committee when planning future strategy for this island.

4.1.6 Lā'au Point Development Principles and Policies

The Lā'au Point development will be the subject of a change of zoning application from the current Agricultural zoning to a Rural zoning designation, made to the Land Use Commission. The Land Use

committee and the Enterprise Community will support that application.

- The development will be no more than 200 2-acre lots. When roads are added, the development will cover no more than approximately 500 acres of the Lā'au Point TMK parcel.
- The attached archaeological and environmental protection map indicates the areas that are protected from subdivision. Other areas may be protected, depending on a further archaeological survey.

- To this end, MPL will guarantee:
 - The application to the LUC will show the subdivision lots lines at least 50 feet behind the State Conservation Zone.
 - Lot titles that are a minimum of 50 feet from the Conservation zone will have covenants preventing the building of houses less than 50 feet from the closest ocean frontage of the lot.

Other restrictions will be contained in the CC&Rs that are an addendum to this document.

- MPL will get legal advice to ensure potential or future landowners within the subdivision cannot change these CC&Rs.
- MPL's application to the Land Use Commission will promote the importance of subsistence activities in the Conservation Zone areas and other protected areas.

To this end, the following will be incorporated in the subdivision planning:

- Access to the protected areas will be by walking access only, with vehicular parking provided at both ends of the subdivision.
- The perpetual right to subsistence gathering will be noted on the titles of the areas to be preserved.

Other protections to subsistence gathering are contained in the attached CC&Rs, including the joint control of the protected areas by both the Land Trust and the future lot owners.

- MPL will encumber the lot titles on the 200 Lā'au Point lots so that a percentage of the lot sale revenue is paid to either the Moloka'i Land Trust or a Community Development Corporation. The percentage of lot sale revenue the first time the lots are offered for sale will be 5% of the net income after the deduction of real estate commissions and other charges such as Legacy Land taxes.

The percentage of re-sale revenue, following the initial sale, to be encumbered to either the Land Trust or the CDC, will be decided between the Land Trust/CDC and MPL.

- Sales Strategy: MPL will attempt to attract buyers to the Lā'au point subdivision who reflect the hopes and aspirations of the community. Brochures, sales material and other promotional documents will be vetted by the Land Trust or the EC for accuracy and adherence to their principles.

4.1.7 Water Plan Principles and Policies

- MPL will adhere to the principles and statements outlined in the attached Moloka'i Properties Limited, EC Project #47 Water Plan, published in December 2004 and amended in July 2005.
- The critical principle agreed to by MPL in this document is that it will not, at any time in the future, seek permits for additional drinking water permits, other than the allocation under its permits existing at July 2005, from the Water Commission.
- MPL proposes to develop 1,000,000 GPD from the abandoned Kākahale Well in the Kamiloloa aquifer for future non-potable needs to meet the demands for non-potable water this Plan proposes.
- The maximum water allocation available for the Lā'au Point subdivision is set out in the Water Plan, as is future allocations for the growth of the Kualapu'u and Maunaloa townships.

This page intentionally left blank.

5 LAND USE PLAN

The **Community-Based Master Use Plan for Moloka’i Ranch** establishes five Land Use Districts: Cultural, Natural Resources, Rural Landscape Reserve, Agricultural, and Development. These districts define primary functions for the 65,000 acres of land under consideration in this Plan. (See Proposed Land Trust and Land Use Districts Map on page 9.)

In an effort to include all uses and activities for these lands, Overlay Zones indicate distinct yet complementary uses within the overall district. The Districts and Overlays serve a key function of this Master Land Use Plan, namely, **land use activities or management strategies must conform to the requirements of the District or the Overlay Zone.**

The Plan also proposes **new Ownership and Management for the 65,000 acres.** Significantly, eighty-five percent (85%) of the lands will either be protected by the Moloka’i Land Trust, or will constitute part of a new conservation or agricultural easement in perpetuity. The easement lands will remain in MPL ownership. (See Land Ownership map on page 11.)

Ownership

Moloka’i Land Trust:	26,200 acres
Conservation/Easements:	24,950 acres
Existing Easements:	4,040 acres
Other MPL Lands:	9,810 acres
Total	65,000 acres

5.1 OVERVIEW OF LAND USE DISTRICTS

The Land Use Districts describe the location, type and intensities of land uses that would be most appropriate on MPL land. Based on input gathered during the community-based planning process, the following Land Use Districts were decided upon:

- Cultural
- Natural Resource
- Rural Landscape Reserve
- Agricultural
- Development

The purpose and use of these districts is described below.

5.1.1 Cultural District

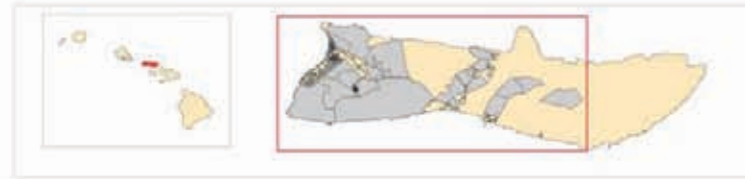
Purpose: The Cultural District is to protect the historic and cultural sites and resources for current and future spiritual, cultural, and subsistence uses. This district includes:

- Historic cultural sites and complexes.
- Nā’iwa (Manawainui-Kahanui) and Kā’ana-Pu’u Nānā (Kalaipahoa-’Amikopala) and Kawela Cultural Complexes, and Kamāka’ipō Gulch.
- Cultural and subsistence use and resource areas.
- A subsistence fishing zone of a ¼ mile on the North and West Shore and to the outside of the reef surrounding the remainder of the property.

Use: Appropriate activities in the Cultural District include:

- The preservation and management of cultural and/or natural resources,
- Traditional non-commercial subsistence practices (i.e., hunting, fishing, gathering), and
- Cultural uses (e.g., religious ceremonies) regulated by traditions, customs, and community-based protocols and other appropriate rules and regulations.
- Tourism activities are deemed appropriate provided they are controlled by local Molokaʻi residents in accordance with the approved management plan for the area.

MOLOKA'I RANCH MASTER USE PLAN CULTURAL RESOURCE DISTRICT



Data Source:
 1998 Hawaii State Comprehensive
 Plan, Homesteads
 Hawaii Office of Planning
 Census, Molokai Ranch Property,
 Road Names, Soil Maps
 Norman Hager, Archaeologist
 West End Archaeological Survey Data
 Cultural and Land Use Committee
 Other Archaeological Data, Research Groups,
 Land Use Studies and Other Data

Prepared By: The Conservation Fund
 October 7, 2005

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> Molokai Ranch Property Homestead Major Road Secondary Road Minor Road 4WD Road Trail | <ul style="list-style-type: none"> Proposed Land Use Districts: Cultural Resource District Subsistence Fishing Zone Partnership Subsistence Fishing Zone | <ul style="list-style-type: none"> West End Arch. Sites (M. Major) Additional Archaeological Sites Kualapu'u Makahiki Grounds Ancient Fishponds Camp |
|---|--|--|

This page intentionally left blank.

5.1.2 Natural Resource District

Purpose: This category applies to lands prioritized as having the greatest ecological value (for example, rarity and/or quality) for the island of Moloka'i while facing the most imminent threats to their ecological integrity. This is illustrated on the "Moloka'i Ranch Resource Summary: Natural Resources" map in Appendix 3.

The purpose of this district is to support the protection and restoration of significant natural ecological/biological resources, i.e., sensitive ecosystems, indigenous and endemic species, watersheds, and wildlife habitat, particularly where they have been degraded, but still remain relatively intact.



Use: Activities are consistent with the preservation of sensitive and threatened natural systems, habitats, and species. Management regimes in the Natural Resource District focus on:

- Restoration and erosion-control
- Native plant re-introduction
- Critical habitat protection
- Fire suppression
- Non-native invasive species control or eradication
- Revegetation or related efforts to bolster watershed health and groundwater and stream recharge

Management plans consistent with the overall guidance of the Master Plan for these districts will be developed to guide resource users of these areas and to ensure that the resources are not threatened. Natural resources will be monitored on a regular basis to assess its status and ensure its sustainability. See Natural Resource Protection Map on following page.

This page intentionally left blank

MOLOKA'I RANCH MASTER USE PLAN NATURAL RESOURCE PROTECTION



Data Sources:

- USGS Hawaiian Data Distribution Unit, Honolulu
- Department of Planning, Zoning, Survey, and Engineering, Molokai Ranch Property, Home Based, Fish Farms, Protected Reserves
- Department of Natural Resources, Molokai Ranch Property, Rare Species, Native Dominated Landscape
- Department of Natural Resources, Molokai Ranch Property, Rare Species, Native Dominated Landscape
- Department of Natural Resources, Molokai Ranch Property, Rare Species, Native Dominated Landscape
- Department of Natural Resources, Molokai Ranch Property, Rare Species, Native Dominated Landscape

- Molokai Ranch Property
- Major Road
- ~ Secondary Road
- ~ Minor Road
- ~ 4WD Road
- ~ Trail
- ~ Na Ale Hele State Trail
- Protected Reserves
- USFWS Critical Habitat
- Coral Reefs
- ~ Perennial Streams

- Proposed Land Use Districts
- Natural Resource District
- Natural Resource Overlay Zone
- Native Dominated Landscape
- Plant Community Type
- Coastal Dry Shrubland & Grassland
- Coastal Mesic Forest & Shrubland
- Dry Cliff

- Lowland Dry Forest & Shrubland
- Lowland Mesic Forest & Shrubland
- Lowland Wet Forest & Shrubland
- Montane Mesic Forest & Shrubland
- Montane Wet Forest & Shrubland
- Wet Cliff
- Nonnative
- Eucalyptus / Pine Non-native Forest

- Natural Heritage Program Rare Species Element Occurrences* (1980 - 2004)
- Vertebrate
- Invertebrate
- Plant
- Natural Community
- Plant (recorded habitat range)
- Natural Community

Prepared by: The Conservation Fund
August 25, 2005

*An Element Occurrence represents an observed location that sustains one to several rare individuals. EOs shown here constitute all documented sightings within the past 25 years; present existence is not verified. More detailed information on location status and accuracy of sightings is available. EOP data are for planning purposes only; they are not confirmed and should not be regarded as that statements or substituted for surveys required for environmental assessments.

This page intentionally left blank.

5.1.3 Rural Landscape Reserve

Purpose: Maintenance of the rural landscape – to preserve the traditional Moloka‘i character and to provide scenic viewsheds and open space buffers – is a principle objective. This designation applies to areas where multiple uses (e.g., traditional, recreational, scenic) are appropriate. Areas identified for this district should include those lands where various types of land use may be suitable, but that contain neither high-value development potential nor critical or highly sensitive resources. (See “Land Use Districts” on page 9.)

Use: Appropriate activities using best management practices include:

- Sustainable ranching, landscape enhancement, traditional/cultural practices, recreational use, resource protection, public parks and open space preservation.
- Development should be limited to discrete areas to support the management and operations of parks and recreation areas.
- Residential use will be limited to those areas or activities necessary to support ongoing agricultural activity or other specific uses of this land.
- Infrastructure (e.g., roads) provided to support this development should be minimal.
- Construction/development standards could be used to restrict the building envelope, location of allowable structures, and lot size.

5.1.4 Agricultural District

Purpose: Perpetuating the traditional agricultural base of Moloka‘i’s economy is the purpose of this district. Areas in this category include resource lands where commercial agriculture and aquaculture operations should be encouraged. Areas most appropriate for this category are prime, productive, and potentially productive lands with topography, soil type, and other special characteristics, which create suitable conditions for agriculture and aquaculture cultivation that will not result in degradation of the natural landscapes. (See map “Agricultural Easement Land” in Appendix 4.)

Use: Agricultural activities focus on benefits to the Moloka‘i economy as well as generating revenues for the landowner or lessee. In addition, the management plan should be developed with established best management practices (e.g., protection of groundwater, streams, and reef systems; control of erosion and sedimentation; encouragement of water conservation practices; minimized pesticide use and fertilizer; and encouragement of sustainable agriculture practices) and provide financial support to minimize these impacts. Appropriate uses are distinguished among three types of agricultural lands and lands for aquaculture:

- Hi-value agriculture – This category consists of the most productive lands, in particular those that receive natural water inputs/irrigation, have appropriate

soil types, and are at appropriate elevations, the State classes 1-4. Appropriate activities include the cultivation of diversified, specialty, high-value agriculture (e.g., seed corn). Niche markets, specialty crops (e.g., herbs, asparagus, persimmons, organics).

- Intensive agriculture – This category consists of productive lands that are high density but not necessarily high value. Agriculture in this area is labor, capital, or resource intensive, requires access to water (through rainfall or irrigation), and uses a lot of resources (e.g., water, pesticides, cultivation). Examples include higher density, row crops (e.g., corn, dry land taro). Usually State of Hawai‘i classes 1-4.
- Extensive agriculture – Appropriate activities include crop cultivation (e.g., hay) and ranching/grazing and raising livestock. Residential use will be limited to low-density farm dwellings, and limited to those areas and activities necessary to support ongoing agricultural activity. Provisions in favor of agricultural activity should be applied to this zone to adequately accommodate and safeguard the agricultural environment (e.g., nuisance and right-to-farm laws). Usually State of Hawai‘i classes 5-7.
- Aquaculture – This category of land supports the production and

harvesting of aquatic plant and animal life in ponds and other bodies of water.

5.1.5 Development District

Purpose: The purpose of this district is to generate revenues necessary to stimulate employment and economic benefits for the community and to sustain MPL operations. This category applies to areas targeted by MPL for the purpose of revenue-generating development. MPL should work with the community to ensure that development projects are suitable and sensitive to their surroundings, preserve significant ecological and cultural resources, and provide economic benefit to the Moloka‘i community.

Use: This broad designation is classified into 6 categories of use and activity based on the nature/character of the development types (See “Proposed Development Areas” Map, page 13):



- Visitor accommodation development—Areas zoned for the development or refurbishment of multi-family units and hotel-type accommodations for island visitors and associated structures/facilities/amenities (e.g., golf courses, restaurants) to support tourism. This includes the Paniolo Camp near Maunaloa and the resort and golf course expansion area north of the Kaluako’i Hotel.
- Residential shoreline development—Land that may be subdivided and sold for construction of homes. Development standards will likely include ocean setbacks consistent with the conservation zone.
- Community/Village expansion—Consists of land surrounding existing towns/population centers (Maunaloa, Kaunakakai, Kualapu’u) set aside for the purpose of accommodating future urban (residential, commercial and/or industrial) growth and setting boundaries. (Refer to Community Expansion maps in Appendix 5.)
- Industrial/Office—This category includes lands currently zoned or appropriate for industrial use. Namely, this is the Industrial Zone shown in gray, located west of

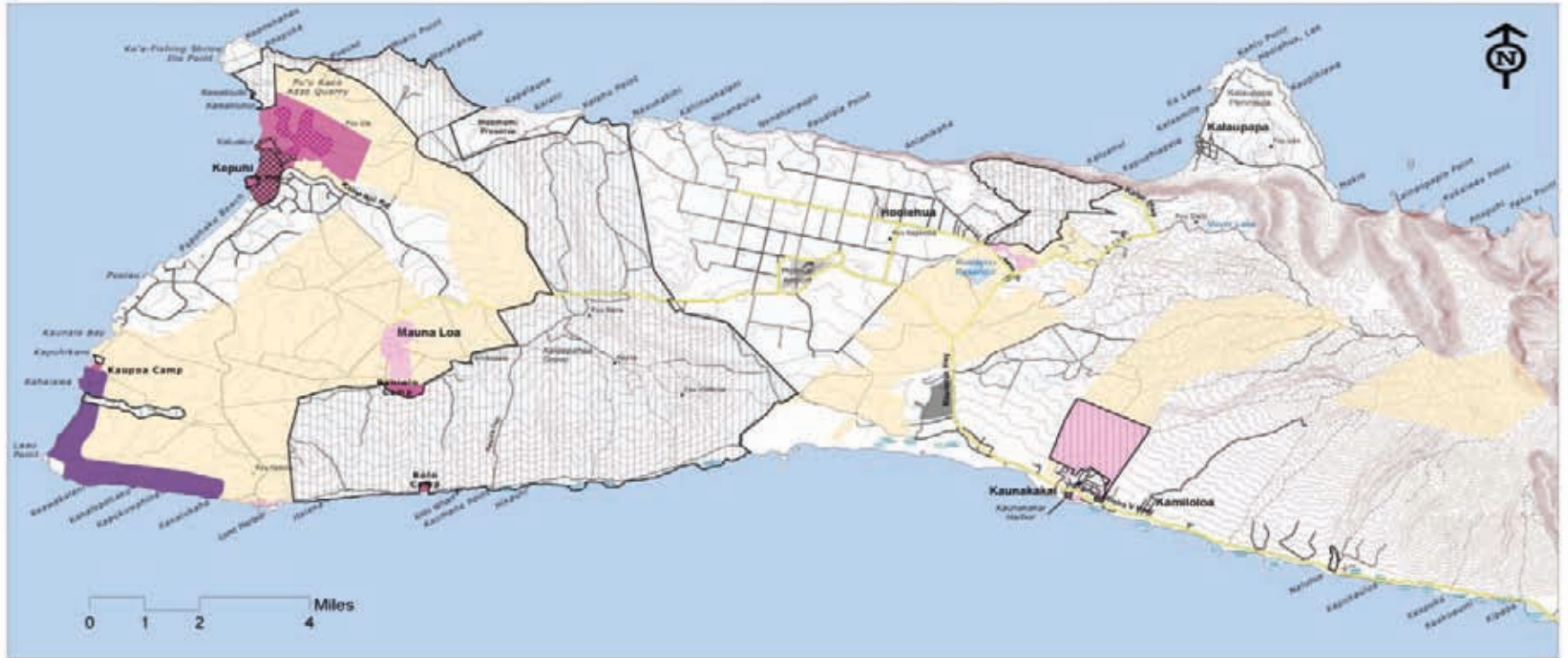
Kaunakakai, along Maunaloa Highway.

- Housing—Land in and around existing towns/population centers that will be provided to qualifying Moloka’i residents at affordable prices for “traditional” and/or conventional housing. Exact locations to be decided.
- Public/Quasi-Public—Areas that include parks, schools, public safety facilities, health facilities, and landfills; for example the Kaunakakai Fire Station relocation and the Maui Community College expansion.

The potential for ancillary uses, including commercial retail, public cultural or educational facilities, exists in each of the above development categories. Small business activity should be focused within the Community/Village expansion zone.

This page intentionally left blank.

**MOLOKA'I RANCH MASTER USE PLAN
PROPOSED DEVELOPMENT AREAS**



PROPOSED DEVELOPMENT DISTRICTS

- Resort
- Residential Shoreline
- Community Expansion
- Industrial

- Other MPL-Retained Lands
- Potential Land Trust Property (26,400 acres)
- Alternate Golf Course at Kaluakoi
- Current Development at Kaluakoi
- Major Road
- Secondary Road
- Minor Road
- 4WD Road
- Trail

Prepared by:
The Conservation Fund
October 5, 2005

This page intentionally left blank.

5.1.5.1 Projected MPL Developments

MPL’s proposed developments are categorized as short-term and long-term.

152-room facility. No land is available on the existing site.

- The need to set land set aside for facilities that complement and support the existing hotel, such as staff housing and a cultural center.

Short-term Developments

- The re-opening of the Kaluako’i Hotel and associated facilities.
- The upgrading of the Kaluako’i Golf Course and the building of a new Maintenance Workshop on adjacent land.
- A 200-lot subdivision on 2-acre parcels at Lā’au Point with its associated roads and sewage treatment facility.

5.1.5.1.1 Hotel

A major focus of this Land Use Plan is to re-open the Kaluako’i Hotel, built in the 1970s and abandoned by the previous owners in January 2001.

The current hotel has 144 rooms and a block of former staff accommodation that will be transformed into a 152-room hotel, eight more than when the hotel was operating.

Long-term Developments

- The designation of additional land adjacent to the existing Industrial Park for industrial use.
- A Community Plan designation and later zoning of 100 acres around each of the towns of Maunaloa and Kualapu’u for community housing.
- The removal of the Community Plan designation for the 18-hole golf course on 500 acres of land below the Moloka’i Ranch Lodge in Maunaloa, and replacement of it with a designation for a smaller 250-acre golf course on State zoned rural land north of the Kaluako’i Resort.

The market focus will be a mid-range kama’āina hotel with a range of price points which will appeal to the local community desiring to experience the property, and to visitors who are prepared to pay rates equivalent to a 3-Star experience.

The hotel is to become a focal point for the local community for its functions and gathering, as well as the major focus for visitors, particularly the kama’āina market.

Other proposals to be noted

- The need to keep land set aside for the potential expansion of the Kaluako’i Hotel from the planned

Elsewhere in this report it is concluded that the Kaluako’i Resort redevelopment (which includes the upgrading of the Kaluako’i Golf Course) is essential to the island’s tourism economy, including small meetings, conferences, kama’āina travel, sporting events and the like.

The hotel renovation will reflect Hawaiian culture in a modern day setting but based on the past history of the area and the island. A visioning group will recommend interior design fittings of cultural significance and outdoor plants representing the island.



The Kaluako'i area has a rich cultural history and the aim is to ensure the hotel reflects this.

Activities for hotel guests will have an authentic Hawaiian essence and an educational component for resource protection. It will also give exposure to Moloka'i's rural lifestyle.

A major factor in the community's desire to re-open the hotel is the job creation and the downstream impact on the Moloka'i economy.

Design Considerations

Preliminary design, the process by which it is decided how the interior and exterior spaces are used, was completed during

the Land Use Committee phase of Project #47.

Key changes from the current hotel layout are:

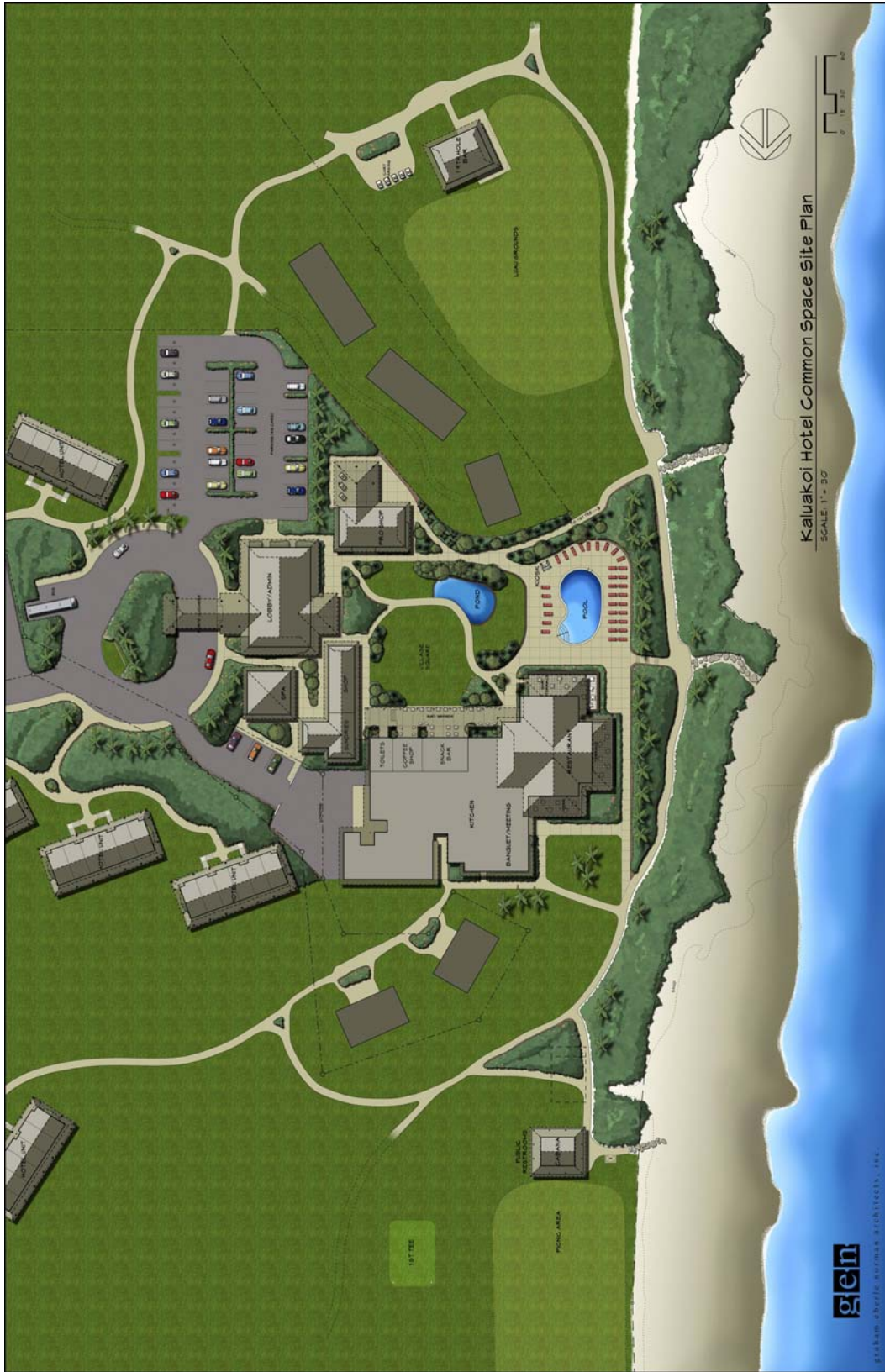
- Restaurant: Open lānais are created on three sides of the restaurant, overcoming the “cavern-like” feeling of the former restaurant.
- Banquet/Meeting Room: The former Paniolo Grill is converted to a meeting/ banquet room that will seat more than 200 people.
- New Coffee Shop/ Internet Café and redesigned Snack Bar are created on the north side of the grass courtyard.
- Pool: The pool and courtyard area have been redesigned for more functionality and better views of the ocean.
- Lobby/Administration Building: This has been redesigned so guests can enter from the roadway roundabout.
- Spa: The small meeting room to the north of the administration building to be converted to a Spa/ Lomi Lomi Massage building.
- Golf Pro Shop: The former large meeting room to the south of the Administration Building will become the Golf Pro-Shop. Golf cart storage to be available adjacent to this building.
- Current Golf Starter Shack: This building will be converted to a “19th–hole bar that will be open

during daylight hours. A Lū'au area will be sited where the current practice tee is located.

- Golfers' Car Park: This area will be extended to accommodate double the amount of vehicles it can currently fit.
- Beach Cabana: This building, which will principally be used by the local community, will be moved and has been redesigned. It is now shown to the north of the hotel adjacent to a new picnic area.
- Hotel Units: These are redesigned to improve internal space by enclosing the lānai and adding a new outdoor deck to all units. The units will range in size from small studio to double units with linking doors.

An artist's impression of the design development is on the next page.

This page intentionally left blank.



This page intentionally left blank.

Further steps in the process leading towards the re-opening of the hotel are:

- Obsolete Exterior Fixtures

Demolish obsolete exterior fixtures and clearing the site of overgrown trees and bushes. The old gazebo in the courtyard, the pergola around the building and other surplus fittings have been removed and dumped. Site clearing around the hotel units has been completed.

- Shoreline and Building Survey

Surveyors have completed a shoreline and hotel buildings survey to determine whether the plans match the exact location of the hotel buildings. This determines the accuracy of the plans.

- Mature Trees

Mature trees and shrubs that may be damaged during construction must be moved to new locations or bagged and stored in MPL's native plant nursery adjacent to the Kaluako'i Golf Course.

- Costings

Preliminary design drawings have been submitted to contractors throughout the State and the mainland for construction estimates.

These estimates will give MPL further insight into the likely cost of demolition and construction and a timetable for this part of the process.

- Moloka'i Planning Commission

The Kaluako'i Hotel is sited within the Special Management Area (SMA) zone and any construction plans need the approval of the Commission.

Important aspects such as the relocation of the Beach Shack, the provision of additional parking adjacent to the new golf pro shop and the addition of lānais to the accommodation units will need the approval of the Commission.

- Construction Drawings and Interior Design

In late 2005, architect Rod Graham will begin to work on detailed construction drawings for the Hotel. This involves engineering work, mechanical, lighting consultants and a kitchen specialist who has already given his input into the preliminary design of the hotel kitchen.

An interior designer will also work with the architect to reflect the work of the visioning group in the hotel's interior design.

- Permitting and Regulatory

Once completed, construction drawings need to be submitted to the Planning Commission and the County for permits.

Business Creation And Community Support:

The Tourism committee of Project #47 determined that Moloka'i Properties Limited, where feasible and affordable, should support Moloka'i businesses and products.

The EC and Moloka'i Properties Limited want to create a positive downstream impact from the re-opening of the Kaluako'i Hotel.

The EC's Project #47 is aimed at compatible development on Moloka'i and much of the focus for this benchmark project is to create sustainable economic benefit from the project.

The current focus in relation to the hotel re-opening is the establishment of entrepreneurial small businesses associated with the Hotel.

The outsourcing of hotel operations includes:

- A laundry business that would contract hotel laundry and offer a cleaning service to other residents and accommodation establishments on the island.
- A specialist hotel cleaning business that would contract cleaning services to the hotel.
- A hairdressing and spa/massage business that will contract these services to guests on site at the hotel.
- A gift shop and sundry store that will be open to hotel

guests, adjacent condominium owners and the community.

- A retail outlet offering ancillary golf equipment and Kaluako'i logo wear to golfers and hotel guests.
- The operation of the Beach Shack that will offer water equipment and sundry items to hotel guests and to the community who use the hotel beaches.
- Contracting services such as cultural tours, lū'au events and the opportunity for visitors to learn about authentic Native Hawaiian practices such as net and pole fishing.

A key component to the hotel's success will be to ensure local labor is trained to assist in the construction of the hotel and once built to ensure that it is possible for the Kaluako'i Hotel to use locally-grown produce and protein products.

The key to this opportunity is to ensure that farmers are geared to maintain the quantity of quality of products needed. This will be a key focus of Project #47 in 2006.

5.1.5.1.2 Shoreline Residential

The Lā'au Point subdivision proposal has been the most controversial of this Land Use Plan, with residents from all aspects of community life concerned about the threats posed from newcomers, the potential for desecration of cultural sites and the pristine nature of the area, and

the potential threat to subsistence gathering that takes place in the waters off Lā'au Point.

MPL has continued to say that it needs an economic engine to this Plan; the ability to make a profit from a venture, which will give it the funds to open the Kaluako'i Hotel and to attract an investor to share in the capital, needed for many ventures under this Plan.

For many members of the Land Use Committee, the decision to support the Lā'au development was an extremely difficult one.

The fact that large areas of the foreshore are to be put aside for resource protection, the lot Covenants, Conditions and Restrictions (CC&Rs) have been strengthened to protect the resources, and MPL will seek a Land Use reclassification from Agricultural to Rural has lessened the pain for many concerning this development.

The Land Use Committee went to extraordinary lengths to ensure that a subdivision development at Lā'au Point will be set apart from typical subdivisions completed in Hawai'i.

The committee has structured subdivision covenants and reviewed protection zones for archaeological and environmental areas, studying how the 1,200 acres of protected shoreline can be maintained for all-time for subsistence gathering.

The aim is that people who buy lots in the subdivision will have to support conservation, cultural site protection and subsistence.

Many Land Use Committee members made at least two site visits to Lā'au Point reviewing MPL's plans and giving their input.

PBR Hawaii Inc., planners for the Lā'au Point development, were at the table with Land Use Committee members planning protection zones and designing setbacks to reflect the importance of the area for subsistence gathering.



The Subdivision

The Lā'au Point development will be the subject of a change of zoning application from the current Agricultural zoning to a Rural zoning designation, made to the Land Use Commission. The community will have an opportunity to appear before the Commission, which will come to Moloka'i to hear the application.

The development will be no more than 200, 2-acre lots. When roads are added, the development will cover no more than approximately 500 acres of the Lā'au Point TMK parcel.

The "Lā'au Cultural Sites" map (see Appendix 2) indicates the areas that are protected from subdivision. Other areas may be protected, depending on a further archaeological survey.

To this end, agreement documents between MPL and the EC will guarantee:

- The application to the LUC will show the subdivision lots lines at least 50 ft behind the State Conservation Zone.
- Lot titles that are a minimum of 50 ft from the Conservation zone will have covenants preventing the building of houses less than 50 ft from the closest ocean frontage of the lot.

MPL's application to the Land Use Commission will promote the importance of subsistence activities in the Conservation Zone areas and other protected areas.

To this end, the following will be incorporated in the subdivision planning:

- Access to the protected areas will be by walking access only, with vehicular parking provided at both ends of the subdivision.

- The perpetual right to Subsistence gathering will be noted on the titles of the areas to be preserved.

Other protections to subsistence gathering are contained in the attached covenants, including the joint control of the protected areas by both the Land Trust and the future lot owners.

Protected Areas

"Lā'au Point must be the most environmentally planned, designed and implemented large lot community in the State. The residents would be educated and informed about the environment and culture, and taught to "Mālama 'āina," take care of the land and sea."

This statement precedes the covenant document determined by the Land Use Committee that will place many restrictions on lot owners at Lā'au Point, in order to attract only those who are concerned about conservation.

As an example, the Conservation Zone and other areas to be protected (approximately 1,200 acres) within the subdivision will be the subject of an easement held by the Land Trust, with guidelines for these uses to be determined prior to the construction of the subdivision and reflecting the importance of the area archaeologically and to subsistence gathering.

These protected lands will be part of an entity that is controlled equally by the

homeowners and the Land Trust. All decisions relating to this area: maintenance, subsistence protection, archaeological site protection, personnel, etc., will be the shared responsibility between the Trust and the homeowners, who will share equally in the costs.

MPL will attempt to attract buyers to the Lā'au point subdivision who reflect the hopes and aspirations of the community. Brochures, sales material and other promotional documents will be vetted by the Land Trust or the EC for accuracy and adherence to their principles.

Covenants

The following are some of the key design restrictions and other covenants that will be implemented at Lā'au Point.

Enforcement and substantial penalties will be put in place to ensure that the covenants are respected and upheld.

Restrictions to Prevent a Gated Community

- Ensure CC&R's reflect prohibition of gates across roads and access roads.
- Ensure no traffic lights be permitted on the roads.
- Ensure maximum two lanes, with one lane in each direction only.
- No street-facing walls or other barriers to be higher than four feet.

Further Subdivision

- Restrictions forever preventing the further subdivision of lots.

Restrict area of lot that can be disturbed for use

- Define a buildable area for each lot based on the site features that should be protected (i.e. unique rock features, arch. sites, etc.). Allow disturbance of no more than 30% of the lot. (For 2 acre Lot = +/-26,000 s.f. or about 1/2 acre).
- Require some level of maintenance of lot area to reduce fire hazard (remove dead wood).
- Building must be at least 50 ft in from the oceanfront property line.

Building restrictions to prevent erosion

- No building allowed on slopes of more than 50%.

Building Code

- Restrict building heights to 25' (same as for Conservation District) and designs to a "kama'āina style" so that the homes will blend with the landscape.
- Restrict building height to one-story buildings. This is important in order to make the buildings discrete, or blended into the environment.
- Restrict building materials, colors and roof materials (non-reflective).

Solar Power

- Require that all buildings make use of solar panels for electric power.
- All houses shall be equipped with a primary hot water system comprised of a conventional solar panel hot water system, sized to meet at least 80% of the hot water demand of the respective houses.

General Energy

- All energy systems for residences shall be designed and constructed to meet conservation standards established by the Climate Protection Division of the United States Environmental Protection Agency.

Pesticide Restrictions

- Because of the proximity to the ocean, pesticide use will be prohibited.

Water Quality Monitoring

- Water quality parameters in storm water drains and in the ocean shall be monitored for the following:
 - Temperature, salinity, total suspended solids, total nitrogen, ammonia nitrogen, nitrate and nitrite, total phosphorus, chlorophyll A and silicate.

Lighting – General

- All exterior lighting shall be shielded from adjacent properties and from the ocean.

Restrict water use for irrigation (*landscaping*)

- Require re-use and collection/storage systems for catchments.
- Only drip systems permitted for irrigation.

Storage Tank

- Require all houses to have at least a 5,000-gallon storage tank for water captured from roofs. Could be used for drinking water or for irrigation.

Covenants on drinking water use

- Designed to ensure an overall maximum drinking water daily use of 500-600 gals per day.

Type of drinking water covenants

- Double flush toilets.
- Specially designed showerheads assisted with water conservation.
- Must use dual water system split into potable and non-potable.

Landscaping

- Restrict landscaping to appropriate native and Polynesian introduced species that are drought tolerant and suitable for coastal locations
- Prohibit use of noxious or invasive species.

- Look to Arizona ordinances where plant type and xeriscaping is aimed at dramatically reducing water use.

Green architecture

- Require “green” architecture that incorporates recycled materials, energy efficient equipment, natural ventilation, solar and photovoltaic systems, etc.
- Study for appropriateness, energy efficient codes such as the LEED building design system.

Drainage systems

- Require drainage systems that retain any run-off within the disturbed area of the lot.
- Maximize recharge into the ground.
- Restore land areas that have eroded by re-establishing vegetative cover.
- Minimize impervious (paved) surfaces on the Lot.

Soil erosion

- Manage open space common areas to reduce/eliminate soil erosion by controlling deer and goats and restoring the vegetative cover.
- Put deer fence at the rear of the subdivision.

Restrict building coverage and size

- Establish a maximum allowable size of a dwelling. The most restrictive example is DLNR’s

restriction for homes constructed in the Conservation District; the maximum developable area of 5,000 s.f. defined as follows: The total floor area in square feet allowed under the approved land use. The floor area computation shall include: all enclosed (on three sides minimum, with floor or roof structure above) living areas; above grade decks in excess on 4’-0” in width; garage or carport; swimming pools (*if allowed*), saunas or other developed water features (excluding naturally existing ponds, tidepools, etc---*if allowed.*); or any other standing structures, which are accessory to the approved land use. Site characteristics and the degree of pre-existing site disturbance may be further limiting factor in the calculation of maximum developable area.



Design Committee

- Require Strict Design Review and Approval Process.

Building Lines

- Will set restrictions on building lines in relation to the front of lots, or to minimize distance between houses and visual impact.

Fences/Barriers

- Will prevent any barriers at front of lots in order to minimize visual disturbance to the land.

Inability to Change CC&Rs

- Ensure that the final CC&Rs are unable to be changed.

Land Trust Representation

- As the Conservation Zone, flood areas, archaeological sites etc are subject to easements from the Land Trust; ensure that representatives of the Land Trust have adequate representation on the homeowners' association.

Property Renting

- Renting properties to third parties will be prohibited in the property covenants.

Lā'au Community Education

- Every person whose name is on the property title of a Lā'au point lot must commit to undergo a certain amount of education about the Moloka'i community and its desires and aspirations. Suggested courses by Kupuna and others from the Maunaloa community.

Land management – Run-off

- Need to ensure that all current run-off from the land is stopped forever so the ocean is not polluted from tailings.

Conservation zone and “protected land”

- Unlike most other subdivisions, control of the conservation zones, archaeological sites, trails and native plant ecosystems would be an easement, but control would rest jointly with the Land Trust and the lot owners. Both will share the responsibility and cost to mālama (care for) the area. Kamāka'ipō Gulch and other areas identified as exceptional will be transferred to ownership of the Land Trust.

Archaeological sites and historic trails

- Protection and restrictions are to be written into CC&Rs as a result of a Cultural Plan, which shall have two major components- archaeological and cultural. The Plan will follow the community guidelines for Policies and Principles adopted for this Master Land Use Plan.

Native Species Plan

- Develop a preservation plan of identified endemic and indigenous species in co-ordination with qualified government agencies in consultation with qualified Moloka'i experts.

Subsistence Plan

- Seek an ordinance for a non-commercial zone in order to support a designated subsistence management area.
- The Land Trust in consultation with the Maunaloa community will develop a subsistence plan. This plan will follow the community guidelines for Policies and Principles adopted for this Master Land Use Plan.

Access Plan

- Design a measure to restrict access to foot only between Dixie Maru and Hale O Lono in order to conserve resources, with an acknowledgement of Native Hawaiian gathering rights as defined by law for subsistence purposes, in a designated subsistence management area.
- CC&Rs to reflect community-driven access plan. Walking access only from each end of the subdivision to restrict area for subsistence. No access from road above subdivision in order to restrict for subsistence gathering to ensure that resources are not depleted.
- No parking all through the roads, to prevent parking and access other than at each end which will enhance the subsistence nature of access.

‘Ohana Housing

- Must fit within the 5,000 square foot limit. Cannot subdivide this away from the primary lot. Cannot be a short term rental. Water restrictions will apply.

5.1.5.1.3 Industrial Expansion Area

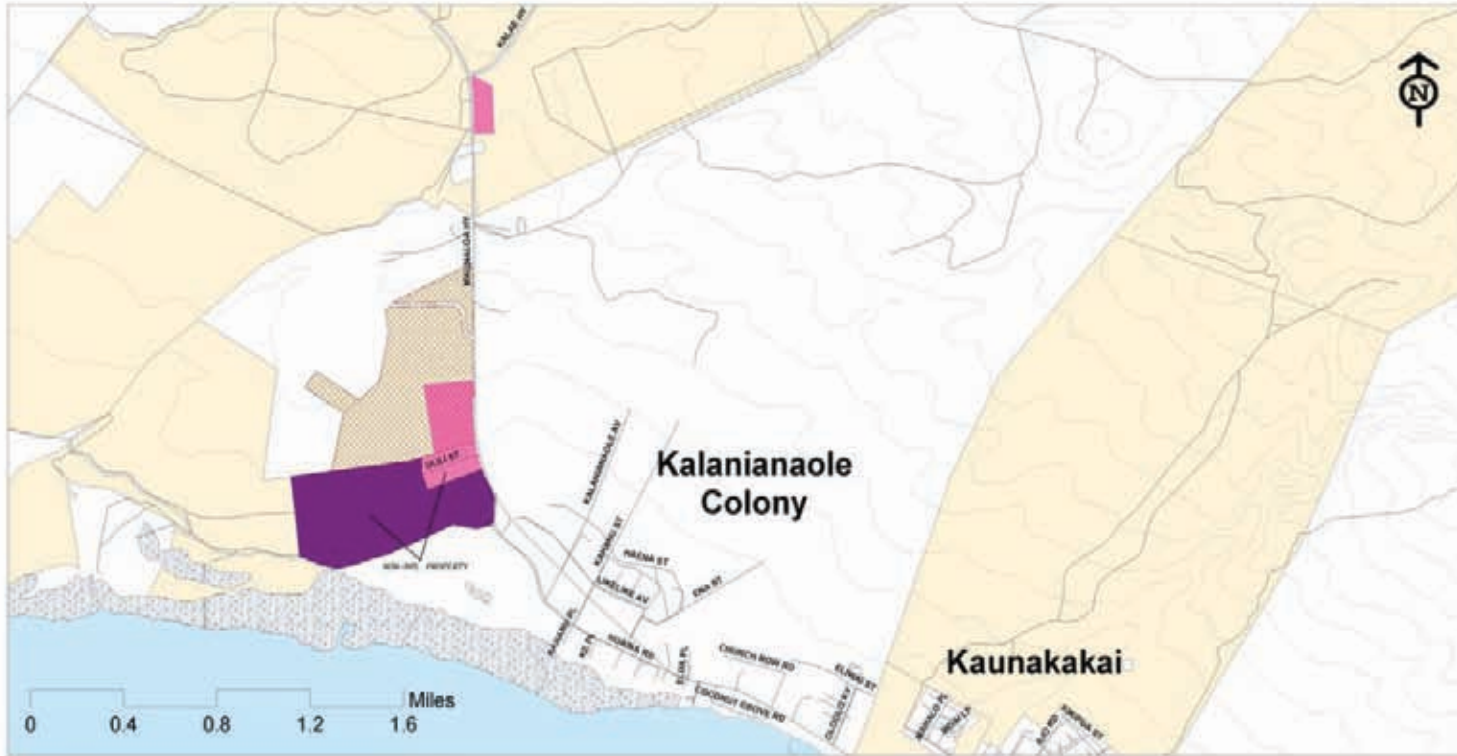
The Industrial Expansion Area is to accommodate the island’s long-term needs for industrial zoned lands. This area is located off of Maunaloa Highway and consists of approximately 180 acres surrounding the Moloka’i Industrial Park and the Landfill.

It is anticipated that area would be developed by the expansion of the existing Industrial Park in a mauka or northward direction as demand warranted.

The cul-de-sacs in the existing Industrial Park were designed to allow those roads to be extended which would eliminate the need to add additional connections to the Maunaloa Highway, connections that would be undesirable from a traffic flow perspective. (See map “Proposed Industrial Zoning Change” on following page.)

This page intentionally left blank.

**MOLOKA'I RANCH MASTER USE PLAN
PROPOSED INDUSTRIAL ZONING CHANGE**



Map Prepared By
The Conservation Fund
August 10, 2005

Molokai Ranch Property	Current Community Plan Designations
100' Contours	Light Industrial
Roads	Heavy Industrial
	Proposed New Industrial District

This page intentionally left blank.

5.1.5.2 Community Housing

- The Moloka'i community will know the development plans for and growth of all MPL properties and continue to have input on future plans and development.
- MPL sets aside 200 acres for the following "Future Community Expansion" that will be decided upon by Moloka'i residents.
 - A total of 100 acres each around Kualapu'u and Maunaloa will be made available for community housing.
 - More than 1,000 acres above Kaunakakai will be donated to the Land Trust for future community expansion.

5.1.5.3 Projected Land Trust Urban Sites

The following sections describe the urban sites that are located within the Land Trust. (See Kaunakakai Map in Appendix 5.)

5.1.5.3.1 *Junior Roping Club Site*

This 5-acre parcel (approximate) is located in Kaunakakai on the west side of Mohala Street between Kamehameha V Highway and the Ocean. The land is currently zoned light industrial; a Maui County designation that allows for a wide range of uses including commercial operations.

A mapped, but unimproved road running east-west abuts the mauka boundary of

the site. Future development of this site will likely trigger roadway improvement requirements. Currently, the Moloka'i Junior Roping club has a lease on the site for a nominal consideration that runs to December 4, 2006.

They also have a 5-year option that would extend the lease date to December 4, 2011. The site is an assemblage of several smaller parcels. The conveyance of the parcel to the Land Trust will be subject to the Roping Club lease.

5.1.5.3.2 *Community College*

This 3.213 acre parcel fronting Kamehameha V Highway lies immediately west of the existing 2-acre campus. The parcel was included in the original master planning for the campus and was slated for additional classrooms, parking and a theater. The University was given a 10-year option to acquire the parcel at fair market value running from the date of the original parcel donation together with an additional 10-year right of first refusal thereafter.

5.1.5.3.3 *Kaunakakai Fire Station*

The existing Kaunakakai Fire Station is subject to flooding and is no longer large enough to accommodate the needs of the community. Accordingly, the County approached Moloka'i Properties in 2003 about acquiring a suitable replacement site. Subsequently, in the course of the master planning effort, Moloka'i Properties committed to the community that it would not sell lands in the Kaunakakai area without community

input while the planning process continued.

As the County was desirous of moving forward with the planning and acquisition of a replacement site, they brought their plans to the Land Use Committee. Over the course of a few months and several meetings, an acceptable 5-acre site was agreed upon which could satisfy the Fire Department's needs for a central location, good access and drainage, as well as address the community concerns that were raised.

The site is located on lands scheduled to go to the Land Trust on the east side of Ala Nui Ka'imi'iki Street near Kākahale Street. The purchase price has been established at \$100,000. If the transaction closes before the Land Trust is established the proceeds will be held in escrow for the Trust's benefit. The County, which is responsible for the needed zoning change and subdivision, is currently undertaking soils testing and other preliminary planning activities.

5.2 OVERLAY ZONES

The Overlay Zones provide additional policies and controls to areas that have unique characteristics. The Overlay Zones consist of the following:

- Hunting
- Subsistence Fishing
- Trails – Historic and Recreation
- Natural Resource
- Recreation
- Cultural

Also, note that traditional rights of access and use – for subsistence-based hunting, gathering, fishing and performance of important cultural and spiritual activities – were considered with other District uses. Respecting these rights, managing access, enforcing rules, and monitoring adherence to established policies and protocols are an important part of the Community-Based Master Plan.

5.2.1 Hunting

The “Moloka'i Ranch Resource Summary: Hunting Map” in Appendix 6 shows the areas that are to be used for each type of hunting. These zones have a combined area of almost 40,000 acres. A safety buffer surrounds Maunaloa town and other populated areas. The rules guiding subsistence hunting are in the Management Policies.

Bow hunting is designated in two regions in the southwest corner of MPL property, near Lā'au Point. The Kaupoa Hunting Area 11 has an area of about 6,000 acres and the Ka Ihu Loa Hunting Area 5 consists of 4,000 acres, for a total of approximately 10,000 acres.

The areas established for rifle hunting are located in the northwest corner of the MPL property, near 'Īlio Point and in the south, near the Pālā'au Homesteads. The combined area is approximately 17,000 acres.

Lastly, there are hunting areas in the central properties that have other

management: the Kākahale and Kamakou Hunting Areas.

5.2.2 Subsistence Fishing

The Subsistence Fishing Zone surrounds most of the western Ranch lands. This fishing zone includes areas from the coast to the outer edge of the reef or where there's no reef, out a quarter mile from the shoreline along the 40 mile perimeter of the property, including the partnership lands.

The rules guiding subsistence fishing are also in the Management Policies in Section 4.1.1. Although the areas indicated on the map by hatch marks are not owned by MPL, they are still included in the subsistence fishing zone. They are Lā'au Point, Pāpōhaku Beach, 'Īlio Point, the area between Ka pālauo'a and Kaiehu Point, and the area between Mo'omomi and Nā'iwa.

Proper management will depend on cooperation by these other landowners: The Nature Conservancy, DHHL, Pāpōhaku lot-owners, and the Park Service, State of Hawai'i DLNR and the U.S. Coast Guard. (See Subsistence Fishing Management Zone Map in Appendix 7.)

5.2.3 Recreation and Trails

The Moloka'i Ranch lands have a significant number of trails, both for recreational activities, such as biking, hiking and horse riding, as well as for cultural practices, such as walking the Historic Trail mapped by Monsarrat for

subsistence fishing and gathering. Recreational uses should be in accordance with policies designed to protect cultural and natural resources. This section documents the access routes and existing trails. The decisions regarding use are hereby deferred to the land-owner(s). Use for the trails is to be consistent with the land district or applicable overlays in which they are located. (See Recreation/Trails Map in Appendix 8.)

- **Hiking and Biking Trails**

The trails map shows that many of the recreational trails for hiking and biking begin near Maunaloa town and lead hikers and riders towards the coast. However, most of them are currently inactive and in need of maintenance. There are also two Na Ale Hele State Trails that lead hikers through central Moloka'i Properties Limited land.

- **Horse Trails**

The horse trails shown are distinguished as Active, Active/Seasonal, and Less Active trails by their respectively colored dotted lines. The primary active trail is a loop near the Paniolo Camp in Maunaloa.

- **Historic Trails**

The Historic Trail, as documented on the Monsarrat map shows that it is a cultural trail. It runs along the west coastline around ʻĪlio Point and then along the north coast to the Moʻomomi Preserve. There is also a 2-mile cultural trail that runs from just east of Maunaloa down to Kolo Wharf, called Pakaʻaʻs Trail. The Government Road from Kaunakakai to Kolo, mapped by Summers in “Sites of Molokaʻi” is also shown.

5.2.4 Natural Resource

The purpose of this Overlay Zone is to indicate the sensitive ecological resources that are in need of management. Large areas are especially prone to erosion, and in need of watershed management. The protection of these areas is critical to the preservation of the coral reef to the south of the area, as well as to the continued health of the Moʻomomi Preserve to the north. Both shades of green on the map illustrate important ecological areas that support rare species, native ecosystems, and/or coastal habitats. (See Natural Resource Protection map on page 83.)

5.2.5 Cultural

The purpose of the Cultural Resource Overlay Zone is to identify areas with significant cultural resources regardless of the land use district in which they are found. This overlay zone will be subject to management policies that ensure the protection and appropriate interpretation of the cultural resources found there. (See

Cultural Resource Overlay in Appendix 9.)

The Cultural Overlay Zone includes the Kaunakakai Cultural District, which is bounded by the Kaunakakai Gulch on the east and the Kaunakakai-Kalamaʻula ahupuaʻa boundary on the west. This area is important to the preservation of the unique Molokaʻi petroglyphs, extensive agricultural sites, house sites, and heiau found in this district.

This zone includes the 2,774-acre Kamakou Preserve, which is managed by The Nature Conservancy under a conservation easement from MPL. Lastly, it includes the area designated for the future Lāʻau Subdivision. This area is rich in sites, but is included in the Cultural Resource Overlay instead of the Cultural District because the sites are spread out and less dense in concentration than most areas within the district.

5.3 OWNERSHIP/MANAGEMENT

This section outlines the division of MPL land according to ownership and management. The Land Use Plan concentrates MPL’s economic development in a limited area, and conserves as much land as possible for the citizens of Molokaʻi. Thus, with approval of this plan, 85% of the land will be protected by the Land Trust, or as part of a conservation/agricultural easement, in perpetuity. The remaining 15% will continue to be owned and managed by MPL. The following maps and narrative demonstrate the land

distribution and use under this ownership and management arrangement. (See map “Proposed Land Ownership and Management” on page 11.)

5.3.1 MPL Lands

The 10,000 acres (approximate) retained by MPL/Molokaʻi Ranch are depicted in gray and include: community expansion zones, visitor accommodations, golf courses, and residential shoreline development. The community expansion zones are demonstrated in the smaller town maps by diagonal black lines. These are the areas set aside for the future growth of these townships. In the case of Maunaloa, it includes the land to the north and to the south. Kaunakakai and Kualapuʻu are focusing their growth mauka of town, instead of allowing sprawl from east to west.

The land designated with visitor accommodations includes the existing establishments:

- The Lodge at Maunaloa
- The Beach Village at Kaupoa
- The Kaulakoʻi Hotel
- Paniolo Camp
- Kolo Camp

The Kaluakoʻi Golf Course is located near the Hotel. It will continue to be owned and managed by MPL. A future golf course is proposed for the land north of Kaluakoʻi as a substitute for the golf course at Maunaloa designated in the community plan.

The residential shoreline development component of MPL lands consists of a maximum 200-lot subdivision at Lāʻau Point. While this development has been the controversial aspect to the Plan, MPL will target development to finance the restoration of the Kaluakoʻi Hotel and the renovation of the Kaluakoʻi Golf course. The planning process has guaranteed that the Lāʻau project will mean no increase in the Ranch’s potable water use; it will follow strict cultural and environmental guidelines, and will protect traditional subsistence gathering in the area.

5.3.2 Community Trust Lands

The community will control the Molokaʻi Land Trust, which consists of 26,200 acres. Going from east to west, the Trust lands include:

- Cultural sites at the base of the Kawela Plantation (34.895 acres)
- Lands mauka of Kaunakakai for community expansion (1,160 acres)
- The Makahiki Grounds mauka of Kualapuʻu and up through and including the cliffs of Nāʻiwa
- A large strip of land from Kawakanui beach, north to ʻĪlio Point, stretching around to the Molokaʻi Ranch boundary with Department of Hawaiian Homes Lands in Hoʻolehua and down to Pālāʻau and over to Hale O Lono Harbor and including the Kāʻana area

- The fishing village 15-acre site adjacent to the north boundary of Kaupoa Camp
- Kaiaka Rock
- Plus other sites as shown on the Land Trust map

5.3.3 Lands Owned by MPL with Easements to Land Trust

A third ownership category of lands illustrated on this map are those that belong to a partnership of MPL and Moloka'i Land Trust. The Moloka'i Land Trust would hold easements over these Agricultural Reserve and Rural Landscape Reserve Lands, while MPL would retain the title.

An easement provides permanent dedication of lands for specific uses that are registered on the land title deed. In this case, the Moloka'i Land Trust would enforce the dedicated use of the specified 24,950 acres for Agricultural and Rural Landscape Reserves.

The Agricultural Easement Lands are located around Kualapu'u and south of the town to the southern shore, as well as lands at the western end of the property that were formally used for pineapple cultivation. These lands will be dedicated for agriculture and only single farm dwellings can be built there. These 14,118 acres are depicted with diagonally striped lines on the "Proposed Land Ownership/Management" map.

The Rural Landscape Reserve was created to protect views and the rural character of the island, and to forever prevent development from happening on these lands. Five large parcels are dedicated for a Rural Landscape Reserve Easement, totaling 10,832 acres. These areas are located:

- North of the currently zoned land at Kaluako'i,
- Surrounding the Pāpōhaku Subdivision,
- North of the community expansion zone at Kaunakakai, and
- One large parcel adjacent to the proposed development at Lā'au Point.

5.3.4 Lands Owned by MPL with Easements to Other Entities

The final ownership category consists of those lands owned by MPL, but protected by existing conservation easements. There are two parcels of land with this status. These areas are known as the Preserves, i.e. the Moloka'i Forest Reserve and the Kamakou Preserve. Moloka'i Ranch, Ltd. granted a perpetual conservation easement to The Nature Conservancy to protect the Kamakou Preserve and the Moloka'i Forest Reserve is leased by DLNR on a monthly basis. Both contain important water resources. These two properties have a combined area of 4,040 acres.

6 WATER PLAN

6.1 MOLOKA'I PROPERTIES, LIMITED EXISTING WATER SYSTEMS

Moloka'i Properties, Limited (MPL) operates 3 water systems, two of which are subject to State Public Utilities Commission (PUC) regulation. All three systems are subject to regulation by the State's Commission on Water Resource Management (CWRM).

6.2 KALUAKO'I SYSTEM (MOLOKA'I PUBLIC UTILITIES, INC. (MPU))

MPU services the existing Kaluako'i Development. Its source is Well 17 in Kualapu'u which has a water use allocation of 1,018,000 gallons per day (GPD). The following is the permitted allocation established by the Water Commission based on the then existing uses:

Kaluako'i Hotel	67,000
Condos	186,000
Residential	51,000
Golf Course	400,000
Beach Park	26,000
Nursery	18,000
Filter Backwash	100,000
Moloka'i Ranch	0
System loss	0
Kaluako'i Total	848,000
MIS System Use Charge	94,000
<u>Kualapu'u Town</u>	<u>76,000</u>
Total	1,018,000

In this paper "current use" is defined as the average daily use over a one-year period. Current use of the MPU system, with the Kaluako'i Hotel closed is approximately 800,000 GPD.

At the time the Kaluako'i System was acquired by MPL in December 2001 it had been out of full compliance with Department of Health Drinking Water Standards since 1993. Those standards, which went into effect nation-wide, required drinking water systems using surface water or systems using groundwater under the influence of surface water to meet higher water quality standards to provide a greater margin of safety to their customers.

That non-compliance led to a Consent Order that MPL inherited from the previous owners of Kaluako'i. At the time of acquisition, the compliance deadline was extended to September 15, 2004. A one-year extension was subsequently requested and approved. MPL could have satisfied the Consent Order by either using a dedicated pipeline from Well 17 (an alternative that was abandoned) or by installing new treatment facilities that could meet the current standards. New filtration equipment was installed and became operational on September 14, 2005.

Essentially, MPU starts with clean, compliant water as it leaves Well 17. However, use of the Moloka'i Irrigation System (MIS) to convey this water to the west end mixes in surface water creating

the need for treatment to again make it safe for drinking water purposes.

6.3 EXISTING SYSTEM LOSSES

Much has been said about MPU's system losses and MPL acknowledges that the system it inherited had losses of approximately 200,000 gallons per day.

Prior to the upgrade, the largest water loss was the approximate 100,000 gallons per day consumed in backwashing the sand filters at Puu Okoli that were part of the system MPL inherited. The old Ag lines and the open reservoir between Mahana and the entrance to Kaluakoi were also historically large water wasters. Completion of the system upgrade allowed 17,500 lineal feet of this old pipeline to be removed from service.

All systems have some level of loss. Most systems aim for losses of about 10% -- a reasonable target for the Kaluakoi System at build-out.

6.4 WAIOLA O MOLOKA'I, INC. SYSTEMS

Waiola Waiola is the Public Utilities Commission regulated entity that supplies drinking water to the remaining communities on Moloka'i Ranch land.

The Ranch has been in the water business for more than 100 years. Its role in this area expanded significantly when it inherited the drinking water systems for Maunaloa and Kualapuu when their lessees abandoned those plantation towns.

Waiola also supplies water to Kalae/Kipu and the Moloka'i Industrial Park/Manawainui areas. Prior to 1993, all of this water was supplied from the Ranch's surface water system. With the imposition of more stringent standards, these systems shifted from surface water to purchased well water.

The Kipu/Kalae system (approximately 20,000 gallons per day) is supplied with well water purchased from the Department of Hawaiian Homelands (DHHL).

The Kualapuu system (76,000 gallons per day as noted above) is supplied from Well 17 via a bulk water purchase agreement with MPU.

Initially, Maunaloa and the Industrial Park were supplied with water purchased from the County Board of Water Supply, from its well in Kualapuu. When that agreement came to an end in May 1998, MRL built a new treatment facility that meets the new standards.

6.5 MOLOKA'I RANCH MOUNTAIN (AG) SYSTEM

The initial water system of the Ranch is more 100 years old and moves surface water approximately 20 miles from the central mountains of Moloka'i to the far corners of MPL's holdings through a combination of six and eight inch pipelines. Currently, the surface water system has 3 primary uses:

1. Feed water for the Pu‘u Nānā water treatment plant that provides potable water for Maunaloa and the Industrial Park.
2. Irrigation water for landscaping of Maunaloa Village, the Lodge and Kaupoa camp.
3. Water for the Ranch’s livestock operations.

The system has an average yield of approximately 500,000 gallons per day, but as with all surface water systems, its yield is highly weather dependent. Seasonal flows of 1,300,000 gallons per day can be achieved during winter storms, while summer drought lows of 65,000 gallons per day have occurred.

In many ways the Ranch’s surface water system is like its much larger counterpart on Moloka‘i, the MIS, which is also a surface water system.

While numbers vary, one estimate of the average yield of the MIS is 3,500,000 GPD making it about seven times larger than the ranch system in terms of yield. In terms of storage, the Ranch’s 44,000,000 gallons of storage pales in comparison to the MIS’s 1.4 billion gallons, which is more than 30 times greater.

Both are highly dependent on the weather and rely heavily on winter rains to sustain demand during the drier summer months. One area of difference between the two systems is the MIS’s ability to pump high-level ground water

to supplement gravity surface water flows while the Ranch system relies totally on surface water delivered by gravity. Surface water is the basis for our agricultural industry on Moloka‘i as it is much cheaper to deliver to customers.



The typical energy costs for MPU to raise water 1,000 feet to the surface (the elevation of the Kualapu‘u Wells) is \$1.00 per 1,000 gallons. Without high energy costs, water from Moloka‘i’s existing surface water systems can be kept affordable which is a critical factor to the future of farming on Moloka‘i. Inexpensive water is the key to expanding agriculture on Moloka‘i and Moloka‘i Ranch supports this wholeheartedly.

6.6 MPL AND THE MIS

Since the first days of the Kaluako'i development, transmission of Well 17 water to the Resort utilized the MIS distribution system and the old Libby, McNeill & Libby irrigation pumps, pipelines, and reservoirs. From the MIS reservoir to beyond the Kaluako'i reservoir at Pu'u Nānā.

Currently MPU leases MIS transmission capacity for \$135,000 per year. Based on current usage, that is equivalent to about 51 cents per 1,000 gallons for the right to use a portion of the excess capacity of the existing infrastructure. Other users pay 31.5 cents per 1,000 gallons, plus an acreage assessment. To MPL's knowledge, the Ranch is the largest financial contributor to the system.

In addition MPU "pays" the MIS "a systems loss" equal to 10% of the water it transmits.

MPU does not use MIS water. It puts in 1,111,111 gallons of water for every 1,000,000 gallons it takes out at its Mahana pump station. Over the course of a year, this additional input amounts to about 30,000,000 gallons.

When MPL acquired the assets of Kukui (Moloka'i), Inc. and MPU in December 2001, Kukui had a pumping deficit of 30,000,000 gallons. MPL made up this deficit by mid-February 2002.

Since then MPL has been in arrears only once between April 5th to August 19, 2004. It was the result of the change-out of the old Detroit diesel engine with a new Caterpillar four-stroke diesel that is expected to be a more reliable power unit to drive the Well 17 pump. In hindsight, MPL should have built up greater reserves prior to taking the Well 17 motor out of commission.

This breakdown has, quite rightly, raised concern from homesteaders that a future breakdown could lead to a similar occurrence. MPL proposes that it advances the MIS system 100 million gallons and retains that surplus in the system at all times. That amount of water would equate to about 4 feet of depth out of the 52 feet of usable storage capacity. In the event of any future breakdown at Well 17, this surplus would more than cover any conceivable repair time. MPL also proposes that Preference farmers are able to use this surplus in the event of a drought emergency.

6.7 WATER NEEDS GOING FORWARD

MPL has stated that it **DOES NOT** need any more drinking water than currently allocated for the proposed Master Use Plan. Under this Plan, MPL will abandon the Waiola Well application. If this Plan is approved, MPL will sign covenants preventing it from ever seeking further water permits from the Water Commission. This Master Use Plan is proposing:

Potable Water:

MPL retains its 1.5 million gallons per day of water currently allocated:

- 1,018,000 GPD from Well 17
- 500,000 GPD from the Mountain System.

Non-Potable Water:

It is proposing to develop 1,000,000 GPD from the abandoned Kāalahale brackish water well in the Kamiloloa aquifer sector for future non-potable needs.

By gradually moving current non-potable uses such as the golf course, irrigation of the hotel, condos and large lots to non-potable water, MPL believes its existing 1.5 MGD potable allocation from a combination of Well 17 and the mountain system will meet all of MPL's long-term potable demand.

Non-potable needs can be supplied by a combination of use of MPL's existing mountain system and the unused Kāalahale Well.

MPL has proposed that the remaining 1,000,000 MGD be drawn from the Kāalahale brackish water well. This well which was built by Kaluako'i Corporation in 1969, has been pump tested and demonstrated capable of providing 1,000,000 GPD of good quality brackish water (chlorides at 500 ppm, or twice the drinking water standards).

MPL's advice is that drawing water from the Kāalahale well will have no impact on the yield of the Kualapu'u aquifer. While concerns have been raised about its use by the MIS or on DHHL lands, MPL believes it is a good source for west end irrigation needs.

MPL WILL NOT propose transmission of the Kāalahale brackish water to the West End by the MIS system.

MPL is currently investigating transmission alternatives.

This Plan is different from previous West End water proposals because, previously, three separate large land owners, Moloka'i Ranch, Alpha USA and Kukui (Moloka'i), Inc. all had or were developing massive comprehensive development plans that would have required as much as a total of 20,000,000 gallons of water per day to support.

Because the proposed Master Plan limits development, proposed water use is subsequently dramatically reduced as the table below shows.

6.8 LĀ'AU POINT WATER USE

The proposed Lā'au Point project, like the Pāpōhaku Ranchlands subdivision, is expected to comprise second and third homes for owners who spend a limited amount of time on island. At Pāpōhaku, 60% of those who have built houses are not permanent residents.

Also like Pāpōhaku, MPL would expect actual dwelling construction to lag lot sales by several years. To date, about 20% of lots in Kaluako'i have been built on. After more than twenty years, the build-out rate is less than one percent per year as an average. MPL believes a combination of low occupancy, water conservation education, xeriscaping and tiered water rates will moderate water consumption by these homeowners.

While MPL expects home construction to be slow, water demands during the construction period are expected to be in the order of 50,000-150,000 gallons per day. Initial erosion protection and control measures would likely require an additional 50,000-100,000 gallons per day as well. The construction phase is projected to be 2 years. The initial erosion control phase would be expected to continue well after construction ranging from 5 to 10 years.

The public park(s) would require potable water and non-potable water for irrigation concurrent with the completion of site construction.

MPL anticipates it would be several years into the sales of the project before wastewater recycling would be a significant contribution to the supply of irrigation water for landscaping features, erosion etc. In the interim, non-potable water not required for unbuilt house lots would support these uses.

In summary, MPL expects that water use for the project would start out as a significant percentage of total demand then drop after completion of construction and then slowly rise again as home construction proceeded.

6.9 WATER USAGE UNDER PROPOSED MASTER PLAN

(In Gallons Per Day)

CURRENT WATER USE

DESCRIPTION	Potable	Potable Irrigation	Non-Potable
Kaluakoi Hotel & Golf Course	2,000	405,120	
Kaluakoi Condos	116,250	70,880	
Kaluakoi Residential	70,500	143,825	
Maunaloa/Industrial Park	136,370		25,480
Ranch Operations/ Misc.	41,500		150,000
Kualapuu	76,000		
Subtotal	442,620	619,825	175,480
TOTAL POTABLE		1,062,445	
Total Potable & Non-Potable Categories			1,237,925

FULLY DEVELOPED WATER USE

DESCRIPTION	Potable		Non-Potable
Current and Future Changes (within 50 years)			
Kaluakoi Hotel & Golf Course	33,400		273,240
Golf Course Wastewater Reuse			-100,000
Kaluakoi Condos	116,250		70,880
Kaluakoi Residential	228,500		633,825
Maunaloa/Industrial Park	296,870		25,480
Ranch Operations/Misc.	41,500		150,000
Laaupoint Lots	96,000		300,000
Laaupoint Parks	1,000		40,000
TOTALS	889,250		1,393,425
Long term growth > than 50 yrs			
Community directed growth in Kualapuu and Maunaloa	200,000		
TOTALS	1,089,520		1,393,425
TOTAL ALL USES			2,482,945

MPL has stated that the projected West End water use will not exceed the existing permits plus 1.0 MGD of brackish water from the Kāalahale Well. Current use is grouped into 3 types of water; potable, potable irrigation, and non-potable. Currently 619,825 GPD of irrigation demand is met with potable water. This use will be shifted to non-potable sources over time, freeing up this water for new potable uses. Renovation of the golf course (130 acres of turf down to 80 acres of turf) will reduce water consumption and reopening of the Hotel and higher condo occupancies will provide more wastewater. This is reflected in the much-reduced demand for golf course and hotel irrigation. The Lā'au potable allocation is based on 600 GPD for 200 lots at 80% occupancy. The non-potable water is based on 1,500 GDP for 200 lots.

6.10 THE ROLE OF WATER CONSERVATION

At the time of the Kaluako'i acquisition, MPL understood that water conservation would play an important role in managing the West End's water usage.

The Water Commission reinforced that understanding in its water use permit for Well 17 that was issued after MPL took title to the Kaluako'i assets.

The Commission required MPU to report on its progress in controlling water waste, to conduct an educational campaign on water conservation with its customers, and to investigate a non-potable source for the golf course to allow potable water being used for non-potable uses to be available for other potable purposes.

MPL immediately identified and corrected several long-term water waste issues. MPL conducted a water conservation campaign over 12 months. However the most important action undertaken to date has been to restructure MPU's water rates to properly reflect the true cost of providing this

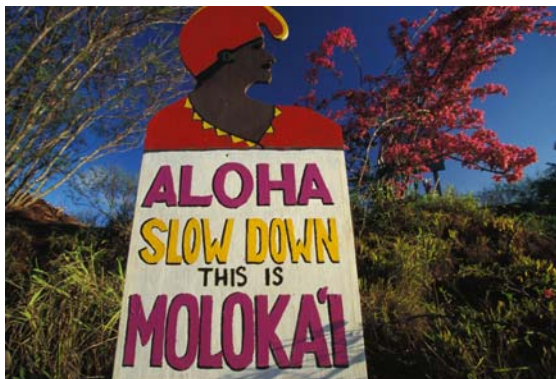
service and to implement tiered water conservation rates that provide a financial incentive to customers to conserve water.

MPL approached its rate structure by using the Water Commission allocation amounts by user type as the base rate. All water use above that amount would be billed at a much higher "conservation rate". MPL proposed that the base rate be \$3.18 per 1000 gallons and the conservation rate be twice as much or \$6.36 per thousand gallons.

As an example, the Water Commission used 560 gallons per unit for the Condos plus 2,000 gallons per day per acre for irrigation. A 50-unit condo on a 4-acre site would have 36,000 gallons per day in its base rate (560 gallons X 50 units plus 2,000 gallons X 4 acres for irrigation). Any water used above this amount would be sold at the higher conservation rate.

As the permit allocation amount was 1,000 gallons per day for all residential uses (even though the existing usage in the Pāpōhaku Ranchlands was noted in the permit to be 5,308 gallons per day per residence), MPL proposed that the conservation rate begin at 1,000 gallons per day for residential customers.

Because of a concern the Consumer Advocate termed "rate shock," MPL agreed to reduce the conservation rate to \$4.70 per 1,000 gallons and phase-in the conservation rate for residential



customers. For residential customers the conservation rate applies to all water used in excess of 5,000 gallons per day.

However the Consumer Advocate and the Public Utilities Commission agreed that MPL could telegraph that its next rate increase – then anticipated to be two to three years away-- would likely see the conservation rate take effect for all residential water use in excess of 1,000 gallons per day.

For the most part, Kaluako’i residents have adjusted their water use. Consumption has dropped by 45% in the Ranchlands and the condos have shown reduced water consumption as well since the rate hike in September 2003. The most notable change is that customers now respond to rainfall and shut off their irrigation systems. Previously MPL saw very little reduction in water use after a good rain. Now a passing shower will cause water consumption to drop dramatically.

6.11 CONTINGENCY PLANNING

MPL has stated that the 2.5 million gallons of water per day is the maximum this community-based Master Plan will require; 1.0 million gallons of existing drinking water from Well 17, and 0.5 MGD from the Mountain System, and one million gallons of brackish water from the Kākahale Well.

The question has been posed: what if the Plan needs more water? What if there is increased demand for agriculture,

particularly on MPL lands designated for agriculture, or on lands to be donated to the land trust?

MPL will never go back to the community and seek more drinking water.

If more non-potable water is needed for agriculture in particular, MPL still has two options:

- The brackish water available to MPL from the Prawn Farm at Pala’au, which is currently permitted for 864,000 gallons per day of which 500,000 gallons per day could be available for reuse.
- Desalination.

The Prawn Farm water is very brackish; 1300 parts per million as chlorides (drinking water must have no more than 250 parts per million), and it would three times as expensive to remove the salts to bring it to an acceptable level for use as agricultural water as compared to obtaining water from the Kākahale Well.

But it is an option for the future and particularly for non-potable uses. Currently, desalting is still about 4 times more expensive on Moloka’i than developing an operating deep groundwater well. While it is not a viable economic alternative today, this technology continues to improve and its costs are declining as a result.

As this technology continues to improve, the cost of producing water will come down. As the conservation rates go up, at some point the two lines will cross, and MPL will find the balance between demand and supply. MPL has talked about the ability to have multiple rate blocks for both potable and non-potable water.

Structured properly, these rates would, in effect, subsidize prudent or thrifty water users and penalize excessive water use. At the higher rate blocks, the cost of desalination can be recovered. Because of this, there would be no pressure to pursue additional groundwater or surface water sources from the central or east end of the island.

6.12 WATER AND HAWAIIAN RIGHTS

Every water use permit issued by the Water Commission contains a provision that the allocation will be reduced if it interferes with the rights of the Department of Hawaiian Homelands.

The water code states that each County's Water Use and Development Plan, and the State's Water Project Plan, "shall incorporate the current and foreseeable needs of DHHL".

Hawai'i revised statutes provides that the Hawaiian Homes Commission and its lessees have a prior right to 2/3 of the water in the MIS. Supreme Court rulings have affirmed that the priority uses of

water include Native Hawaiian and traditional and customary rights.

For Moloka'i Properties Limited, the issue of Hawaiian Water Rights is very clear: the existing allocations are subject to reduction if they interfere with DHHL's rights to water in the future and due consideration must be given to DHHL's projected needs with any proposed new allocations.

Essentially MPL has proposed in its Master Plan to forever limit the withdrawals of potable groundwater to that which has already been permitted and seek only one million gallons per day of non-potable water from the existing proven brackish Kākahale well in the Kamiloloa aquifer sector.

In essence, MPL is requesting 2 million gallons of groundwater out of the estimated developable 33.5 million gallon estimated sustainable yield of the island (about 6%), in the knowledge that it could be reduced in the future if necessary for DHHL's needs to be met. As MPL sees it, it's a matter of law.

So MPL believes that if DHHL used every reasonable effort to develop its 2.905 MGD allocation in Kualapu'u and wasn't successful, the Water Commission would then be obligated to reduce the allocation as necessary so that DHHL would get the full benefit of their allocation at the time it was needed.

MPL does not believe that scenario will eventuate because:

- MPL believes the work done by the USGS supports that the estimates of water availability will be realized.
- There is a strong consensus on island to limit development that will limit total water demand.
- Large quantities of groundwater for agriculture will be cost prohibitive.

This page intentionally left blank.

7 IMPLEMENTATION

7.1 LAND TRUST

The Moloka'i Land Trust will be formed to own and manage the 26,200 acres that MPL will donate to the Moloka'i community under this plan. The Land Trust will also administer land use policies that permanently protect another 24,950 acres under agricultural and rural landscape reserve easements.

The initial land to be donated to the land trust is an approximate 1,000 acre piece lying between the State's parcel at 'Ilio Point and the Nature Conservancy's parcel at Mo'omomi. It is a portion of Tax Map Key parcel 5-1-02: 01.

Approximately half of ARINC's facilities are located on the parcel and the transfer will include a partial assignment of rents that will provide about \$50,000 of annual income to the Land Trust.

As noted above, the eastern boundary of the parcel is The Nature Conservancy's parcel and the existing jeep road that intersects the western corner of The Nature Conservancy's parcel. The northern boundary is the shoreline. The western boundary is the north/south leg of the State's eastern boundary at 'Ilio Point. The southern boundary runs from the southern point of the parcel's western boundary to the jeep road paralleling the northern shoreline running east to the junction of the eastern boundary at the "corral".

A Land Trust steering committee has been meeting since July 2005 planning

the implementation of the proposed Land Trust, reviewing its mission statement, goals and objectives and vision in order that documentation can be prepared to establish the Trust.

The committee is:

- Researching organizational documents.
- In the process of engaging an attorney.
- Preparing the Articles of Incorporation, its By-laws.
- Preparing for application for Federal Tax Exempt status.

It is planned that the Land trust will be incorporated by December 2005. The proposed mission of the Land Trust is:

To protect and restore the land and natural resources of Moloka'i, and to perpetuate the unique Native Hawaiian traditions and character of the island, for the benefit of the future generations of all Moloka'i.

Among the proposed activities of the Land Trust to implement the Master Land Use Plan are:

Moloka'i Nui A Hina (Moloka'i, Great Child of Hina) – Resource Protection

- Conduct a base line survey, assessment and mapping of the natural and cultural resources of the trust lands.

- Identify, record and map cultural, archaeological and other important sites on the trust lands.
- Conduct oral history interviews to document the cultural, archaeological and other



- important sites on the trust lands.
- Develop a cultural resources restoration and management plan for the trust lands.
- Develop and conduct public education about the cultural, archaeological and related sites on the trust lands, including cultural protocols for their proper use.
- Develop a natural resources restoration and management plan to control erosion, protect native beach strand and marine resources, protect the dune systems and overall improve the watershed and ground water resources.
- Develop a community-based subsistence fishing plan in partnership with adjacent landowners and government agencies for approval by the

Department of Land and Natural Resources.

- Develop a sustained/yield hunting plan that doesn't erode the land and is based on a determination of the carrying capacity for the feral deer and other game.
- Develop an access management plan to protect natural and cultural resources and respect Native Hawaiian rights.
- Develop policies to guide recreation and tourism activities on trust lands in accordance with the policies designed to protect the trust's cultural and natural resources.

Moloka'i 'Aina Momona (Moloka'i, Land of Plenty) – Use and Productivity

- Implement the guidelines for land use principles and policies developed for the Moloka'i Ranch Community-Based Master Plan.
- Provide stewardship of the Trust's lands and resources, mauka to makai, guided by best management practices and lessons from our kupuna.
- Develop partnership agreements to protect and enhance precious natural resources of the ahupua'a where the trust lands are located, mauka to makai.

Moloka'i Pule O'o (Moloka'i, Land of Powerful Prayer) – Perpetuation of Culture and Education

- Develop curriculum for environmental and cultural

education in partnership with educational and cultural groups and institutions.

- Communicate effectively with the community about the Trust's work.
- Design enforcement of rural landscape and agriculture easements under the control of the land trust.
- Halau (facilities and sites) are established for the training, practice, and research in la'au lapa'au (medical healing), ho'oponopono (conflict resolution), lomilomi (massage), hula, hoe wa'a, etc.

Moloka'i No Ka Heke (Moloka'i is the Greatest) – Sustainability and Organization

- Develop an organizational and financial plan for long-term sustainability of the land trust.
- Develop a training program for staff and interns in cooperation with community agencies and institutions.
- Organize a mechanism to receive public participation and input on the trust's management plans and policies.
- Provide ongoing training for members of the land trust board.

7.2 ZONING AND OTHER REGULATORY APPROVALS

The purpose of this section is to outline the potential State and County permit processes that may be needed to

accomplish the overall goals of the Community Based Land Use Plan for Moloka'i Ranch. It is important to note that any development or plan proposal may require a variety of Federal, State and County permits. Identifying and obtaining the necessary permits can be fairly complicated depending on the complexity, impacts, location and sensitivities associated with projects. Requirements change as laws and regulations are amended. Only by contacting the appropriate regulatory agency, can a project have accurate information on permits required for specific projects.

7.2.1 Land Use Designations and County Zoning

State Land Use Designations

All lands in the State of Hawai'i are classified into one of four Districts: Urban, Rural, Agricultural and Conservation. Most of Moloka'i Ranch's Lands are designated as Agricultural according to the Land Use Commission Districts.

The towns of Kaunakakai, Kualapu'u and Maunaloa are designated as Urban. The Kaluako'i area has all four designations. The Urban District extends from Kawakiuiki south to Pu'u O Kaiaka, from the shore to about 2000 feet inland; behind the northern portion of that area is Rural; the balance is in the Agricultural District with the exception of the a strip of land running along the shoreline starting at Pu'u O Kaiaka running south which is Conservation District land.

Maui County Community Plans

Maui County has 9 Community Plan areas. The current Moloka'i Community Plan was adopted in December of 2001. Community Plans provide Policy Guidance on Land Use within their respective areas. They also include maps which classify land into one of 17 use categories; requests to change zoning cannot be processed unless there is consistency with the Community Plan. Additionally, Special Management Area permits cannot be approved unless the application is consistent with the Community Plan.

Maui County Zoning Districts

Title 19, Maui County Code, is the County's zoning ordinance. Zoning classifies the way land maybe used and regulates the types of activities that may occur. Maui County has 25 different Zoning Districts ranging from open space to high density development districts for varying uses including Residential, Hotels and Commercial uses.

State and County Regulatory Approvals

The information below briefly describes the most appropriate County and State permits that may be required to implement portions of the Community Based Master Plan for Moloka'i Ranch. It is important to note that in certain instances Federal permits may be applicable as well. This section only indicates whether or not a Federal approval may be necessary.

- **Change in Zoning:** A zoning change is required when a land use is desired that is not allowed under the current zoning of that parcel of land. Zoning changes must be in conformance with the State Land Use District and the Moloka'i Community Plan. Zoning changes are processed through the Planning Department and Moloka'i Planning Commission and adopted via ordinance by the County Council and Mayor.
- **Community Plan Amendments:** A Community Plan Amendment is required if a use is in a Special Management Area and is not consistent with the Community Plan, or if a proposed zoning change is not consistent with the Community Plan Designation. Amendments require the submittal of a Draft Environmental Assessment, in accordance with Chapter 343, Hawai'i Revised Statutes. Community Plan Amendments are processed through the Moloka'i Planning Commission which provides their recommendation which is acted on by ordinance by the County Council and Mayor.
- **State Land Use Commission District Boundary Amendment (SLUCDBA):** A District Boundary Amendment is required when a proposed use is not allowed under

the State land use district as outlined in Chapter 205, Hawai'i Revised Statutes (HRS). For properties greater than 15 acres or involving conservation lands, District Boundary Amendments applications are processed by the State Land Use Commission. Applications for less than 15 acres are processed by the Maui County Planning Department and the Moloka'i Planning Commission.

- State Land Use Commission Special Permit: Special permits are required for uses not explicitly permitted under State land use, but may be permitted as an "unusual and reasonable" use within the State Agricultural and Rural Districts. Projects involving 15 acres or more are processed by the County through the Moloka'i Planning Commission and referred to the State Land Use Commission for final action.
- Special Management Area (SMA) Permit: SMA boundaries are designed to protect the County's coastal environment and resources. Proposals involving developments within the SMA boundary requires an application reporting assessment and determination. The assessment must include the anticipated impacts of the proposed action in the SMA. The Director of Planning will determine if the

project is exempt or requires a permit. The Moloka'i Planning Commission is currently reviewing rule changes in this area. A SMA Minor Use Permit is required for projects involving less than \$125,000. A SMA Major Use Permit requires a more comprehensive environmental review and applies to projects valued above \$125,000. Both are granted by the Moloka'i Planning Commission.

7.2.2 Applicable Permits

This section discusses the various Land Use Plan activities that may require County and State permits. It does not contemplate the various land ownership transfers.

Development Districts

1) Visitor Accommodation:

The hotel will require a special management area permit as well as building permits. The refurbishment of the golf course may or may not require a special management permit; however, the new maintenance building for the golf course will require a SMA permit. Building and grading permits will also be required.

The proposed relocation of the second west end golf course currently in the Community Plan from just below Maunaloa to the resort area in the Rural

district would require a Community Plan amendment and a zoning change to Park PK-4 zoning.

2) Residential Shoreline Development at Lā‘au Point:

The 200-lot subdivision of 2-acre parcels at Lā‘au Point will need infrastructure such as associated roads and sewage treatment facility. This development will require a State LUC District Boundary Amendment, Community Plan Amendment, Zoning Change, SMA application and EIS.

3) Community Village Expansion:

Consists of land surrounding existing towns and population centers of Kaunakakai, Maunaloa and Kualapu‘u. Lands are set aside for future residential expansion for Maunaloa and Kualapu‘u while some commercial expansion may be appropriate as well for Kaunakakai. Future implementation will require a State Land Use District Boundary amendment, Community Plan Change and a Zoning Change(s). Kaunakakai expansion, depending on location may also require a SMA permit. Land in and around existing towns/population centers that will be available to qualifying Moloka‘i residents at affordable prices for “traditional” and/or conventional housing.

4) Industrial: Expansion of the Moloka‘i industrial Park will require a State Land Use District Boundary Amendment,

Community Plan Amendment and Zoning changes.

5) Public/Quasi Public: Includes park, schools, public safety type facilities and uses such as Kaunakakai Fire Station relocation, Junior Roping Club and Maui Community College expansion.

- **Kaunakakai Fire Station**

Relocation: Includes a 5-acre site located on lands to the east of Alanui Ka‘imi‘ike Street near Kakalahale Street. The site is zoned Agriculture. The County will be responsible for redistricting the land to Urban, and changing the Community Plan designation and zoning to Public/Quasi-Public. Other County approvals will be required for construction and grading. The property is located within the SMA boundary.

- **Junior Roping Club Site:** This 5-acre parcel is located in Kaunakakai on the west side of Mohala Street. It is zoned Light Industrial. The area is located within the SMA boundary. Possible Community Plan Amendment may apply depending on the intended-long term use of the property.

- **Community College Expansion:** This parcel fronts Kamehameha V Highway and is located west of

the existing 2-acre campus. The property is currently zoned Public/Quasi public. The area is located within the SMA boundary and Other County permits may be required.

Remaining Districts and Overlays

The remaining Districts and Overlay Zones as well as the Subsistence Fishing Zone will require consultation with the County and State in order to verify which jurisdiction is appropriate to adopt or enact the Districts and associated Overlays.

Certain Districts and Overlays, for example may be adopted as policy by the “Moloka‘i Community Plan” produced by the County of Maui and adopted by the County Council and Mayor. In other instances, State Legislative acts may be needed to adopt the Subsistence Fishing zone for example, as policy or to enable enforcement powers.

CHAPTER 7 - IMPLEMENTATION

Applicable Permits						
Proposal (Future Ownership)	State LUC District Boundary Amendment	Community Plan Amendment	Change in Zoning	Special Management Area Permit	Other County Permits, e.g. building, grading	State Land Use Commission Special Permit
Development District						
1) Resort						
Reopen Kaluakoi Hotel (MPL)				X	X	
Upgrade Kaluakoi Golf Course and Workshop (MPL)				X	X	
18 Hole Golf Course transfer to Kaluakoi from Maunaloa Site (MPL)		X	X	X	X	
2) Residential Shoreline Development						
La'au Development (MPL)	X	X	X	X	X	
3) Community Village Expansion						
Kua'alapu'u (MPL)	X	X	X		X	
Maunaloa (MPL)	X	X	X		X	
Kaunakakai (MLT)	X	X	X	X	X	
4) Industrial Expansion (MPL)	X	X	X		X	
6) Public/Quasi Public						
Kaunakakai Fire Station (MLT)				X	X	X
Junior Roping Club (MLT)		X		X	X	
Community College Expansion				X	X	X
Other Districts and Overlays		X				

7.2.3 Lā‘au Point Implementation Schedule

The following is the estimated schedule to obtain the various land use approvals from the State and County for the Lā‘au Point development. This schedule assumes plan approval by the EC Board by January 2006.

Environmental Impact Statement (EIS)

It is assumed that a complete EIS will be required for the project. The technical environmental, engineering, and socioeconomic studies required to complete the EIS are currently being undertaken and the EIS Preparation Notice will be submitted and published for public comment after the EC Board approval of as noted above. The schedule to complete the EIS is as follows:

EIS Preparation Notice (EISPN)	January 2006
Complete Draft EIS/Publish	April 2006*
Public Comment Period (45 Days)	May 2006
Prepare Final EIS/Acceptance	July 2006

*Subject to technical studies being completed by end of February

State Land Use District Boundary Amendment (SLUDBA)

The areas of Lā‘au Point to be included in the subdivision lots are proposed to be re-classified by the State Land Use Commission (LUC) from Agricultural to Rural. Utilizing the EIS as the informational document to the LUC

petition, the schedule is anticipated to be as follows:

LUC Petition Submitted (w/EISPN)	January 2006
Petition Hearings (after EIS Accepted)	August/September 2006
Decision and Order	October/November 2006

County Land Use Approvals

The project area requires a Community Plan Amendment, Change in Zoning, and Special Management Area permit prior to obtaining final subdivision approval. It is assumed that these approvals will be sought concurrent with the SLUDBA, utilizing the Draft EIS as the technical supporting document to the submittals. The schedule is anticipated as follows:

Applications Submitted (w/DEIS)	April 2006
Planning Commission Hearings/Recommendations	August/September 2006
Council Hearings/Approval	November/December 2006*
Mayor Approval	January 2007*
Planning Commission Approval (SMA)	March 2007

*Could be delayed due to elections

County Subdivision Approval

The preliminary and final subdivision plans would be reviewed concurrent with the above County Land Use Approvals with final subdivision approval being granted following obtaining all of the above approvals.

Preliminary Plat Submitted	April 2006
Preliminary Plat Approved/Comments	October/November 2006
Final Plat Map Reviewed/Approved	April 2007
Bond Improvements/Construct Improvements	May 2007 – May 2009 ±

7.2.4 Land Trust Zoning Issues

Currently under the Maui County Plan and the Moloka’i Community Plan, there is no zoning applicable to the proposed special activities of the Land Trust, namely cultural protection, subsistence protection and land restoration.

The current agricultural zoning of the vast majority of the land is not adequate to reflect the nature of activities on the Land Trust property.

The Land Trust may seek to have the majority of its land designated a “Special Project District” or seek to create a Cultural Area Resource designation.

Special Project Districts are normally reserved for development areas, but there is no reason why this designation cannot apply to the special needs of the Land Trust.

Further work with the County of Maui needs to be undertaken so that the Land Trust land designation is correctly reflected in zoning for all time.

In terms of the proposed easements, the current agricultural zoning, along with strict easement documentation, will be adequate to protect the “open space” designated areas.

7.3 PHASING

The phasing of the implementation of this Land Use Plan will take place over many years, with some aspects of its implementation not taking place in the lifetime of those responsible for its preparation.

Key components of the Plan are the phasing relating to the agreement between Moloka’i Properties Limited and the EC on the Plan’s agreements, the donation of land to the Moloka’i Land Trust and the establishment of the protective easements, the re-opening of the Kaluako’i Hotel, the established of a Community Development Corporation and the regulatory aspects of the Lā’au Point approval and implementation.

Other aspects such as land put aside for future housing for the community, the extension of the industrial park and the application relating to the transfer of second golf course from Maunaloa to north of the Kaluako'i Hotel will be phased over many decades, but covered in the initial agreement between the EC and MPL.

A brief timetable for the Plan's implementation is as follows:

Community Based Master Land Use Plan for Moloka'i Ranch Implementation Timetable

TIME	TASK
December 2005	<ul style="list-style-type: none"> (1) Master Land Use Plan finalized. (2) Moloka'i Land Trust established and operating. (3) Kaluako'i Hotel redevelopment costs finalized. (4) Land boundaries for initial donation of North Shore land to Land Trust finalized.
January 2006	<ul style="list-style-type: none"> (1) EIS Prep Notice for Lā'au Point filed. (2) LUC petition for State Land Use District Boundary/ Amendment submitted. (3) Draft agreement between EC and Moloka'i Ranch re Land Use Plan submitted to EC and its legal advisors for consideration.
March 2006	<ul style="list-style-type: none"> (1) Agreement between EC and Moloka'i Properties Limited re Land Use Plan agreed and signed by the EC on behalf of the community and MPL. (2) Initial land donation (as specified at the beginning of Section 7.1) transferred to Moloka'i Land Trust. (3) Moloka'i Land Trust hires executive director.
May 2006	<ul style="list-style-type: none"> (1) Working drawings for Kaluako'i Hotel finalized.
August/September 2006	<ul style="list-style-type: none"> (1) Moloka'i Planning Commission hearings on SMA permit for Renovation of Kaluako'i Hotel. (2) Planning Commission Hearings on Lā'au Point Subdivision.
October 2006	<ul style="list-style-type: none"> (1) Decision by LUC on State Land Use District Boundary Amendment. (2) Proposed Community Development Corporation established. (3) Moloka'i Land Trust applies to Maui County for Land Trust lands to become "Special Project District."

<i>Implementation Table cont.</i>	
January 2007	<ul style="list-style-type: none"> (1) Council hearings on Lā‘au Point zoning change. (2) Surveys of land to be transferred to Moloka‘i Land Trust and survey and photographs of land under easement, completed and agreed between the parties. (3) Construction company for Kaluako‘i Hotel chosen and contract signed.
April 2007	<ul style="list-style-type: none"> (1) County approval of subdivision. (2) Construction on Kaluako‘i Hotel begins.
May 2007	<ul style="list-style-type: none"> (1) Remaining 20,000 plus acres transferred to Moloka‘i Land Trust and easement agreements signed between the parties. (2) Land assigned to Community Development Corporation transferred and agreements signed between CDC and MPL on Lā‘au Point revenue percentage. (3) MPL implements covenants on its property relating to perpetual rights for access for subsistence gathering. (4) Rental agreements relating to Land Trust lands assigned to Land Trust.
August 2007	<ul style="list-style-type: none"> (1) Moloka‘i Land Trust publishes Management Plan for the property. (2) Lā‘au Point lot construction commences.
September 2007	<ul style="list-style-type: none"> (1) Kaluako‘i Hotel re-opens.

7.4 WATER IMPLEMENTATION

The agreement relating to Moloka'i Properties Limited's Water Plan will form part of the agreement between the EC and MPL on the Master Land Use Plan.

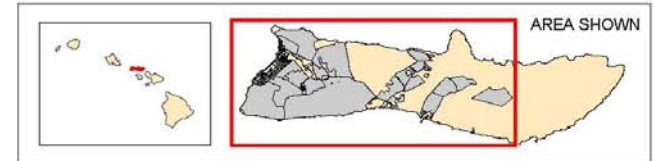
The main implementation of the Water Plan relates to the permitting of the Kākahale brackish well and the transmission of the water to the west end.

Early in 2006, testing of the well will commence with an expected application to the Water Commission for well permitting in mid to late 2006. In the intervening period, MPL will submit to the EC its proposal for transmitting the brackish water to the west end for future irrigation needs.

This page intentionally left blank.

APPENDIX 1: MOLOKA'I RANCH LANDS MAP

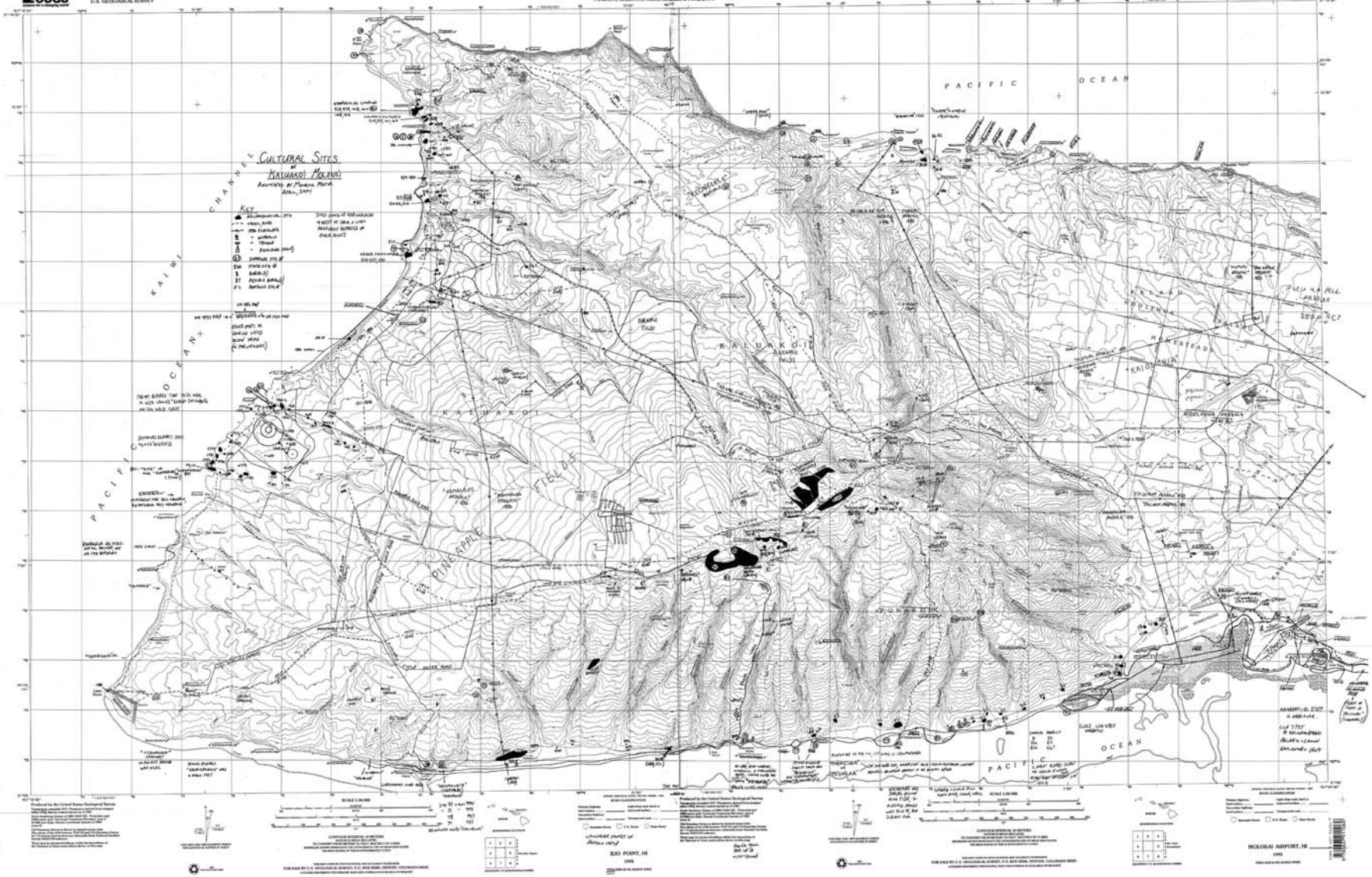
MOLOKA'I RANCH LANDS

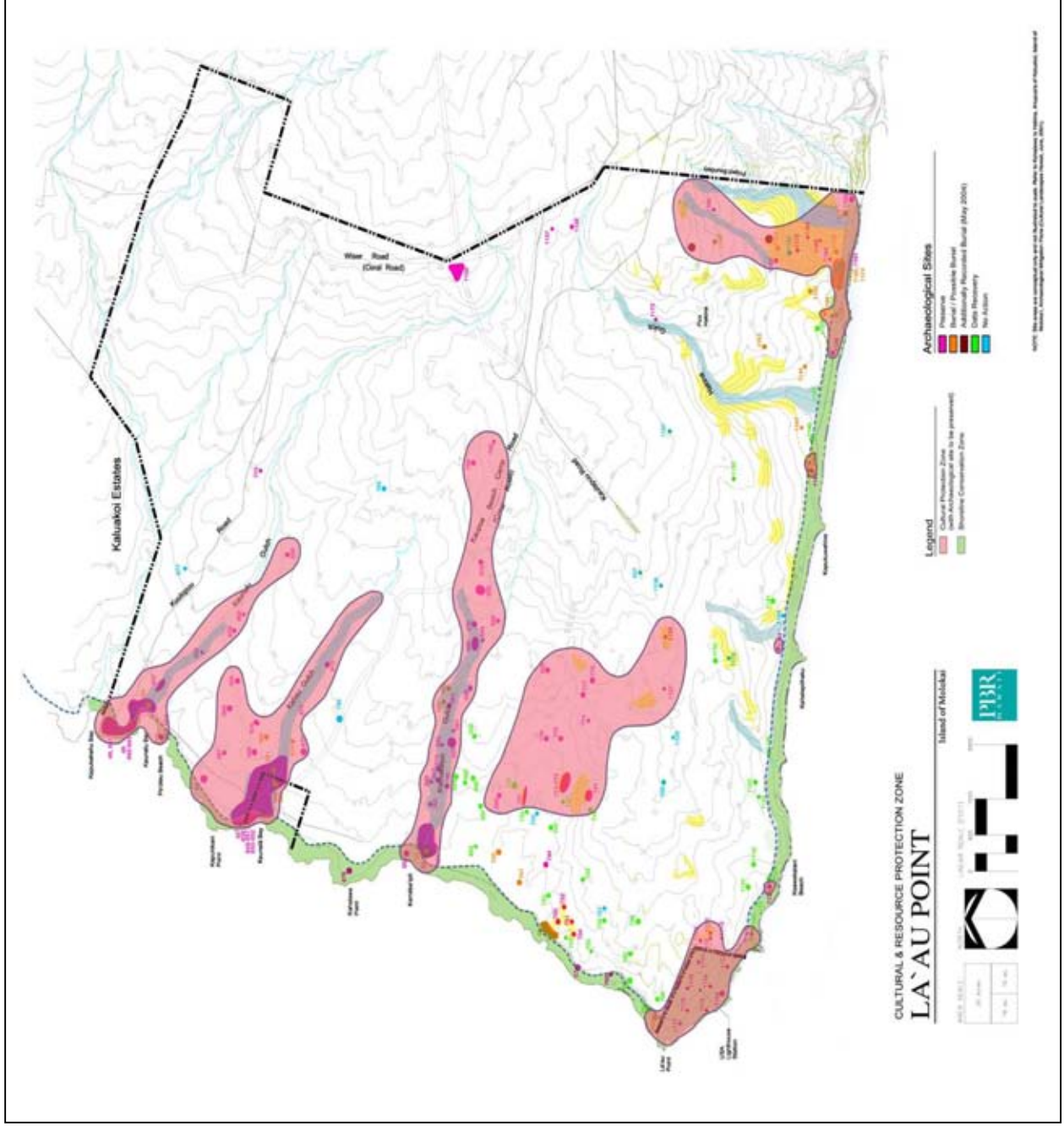


Map Prepared By:
The Conservation Fund
October 21, 2004



**APPENDIX 2: CULTURAL SITES OF KALUAKO'I MAP AND LĀ'AU
POINT CULTURAL & RESOURCE PROTECTION ZONE
MAP**





CULTURAL & RESOURCE PROTECTION ZONE
LA'AU POINT

Island of Molokai
 PBR
 11/15/11
 11/15/11

Legend

- Cultural Protection Zone
- Boundary Construction Zone

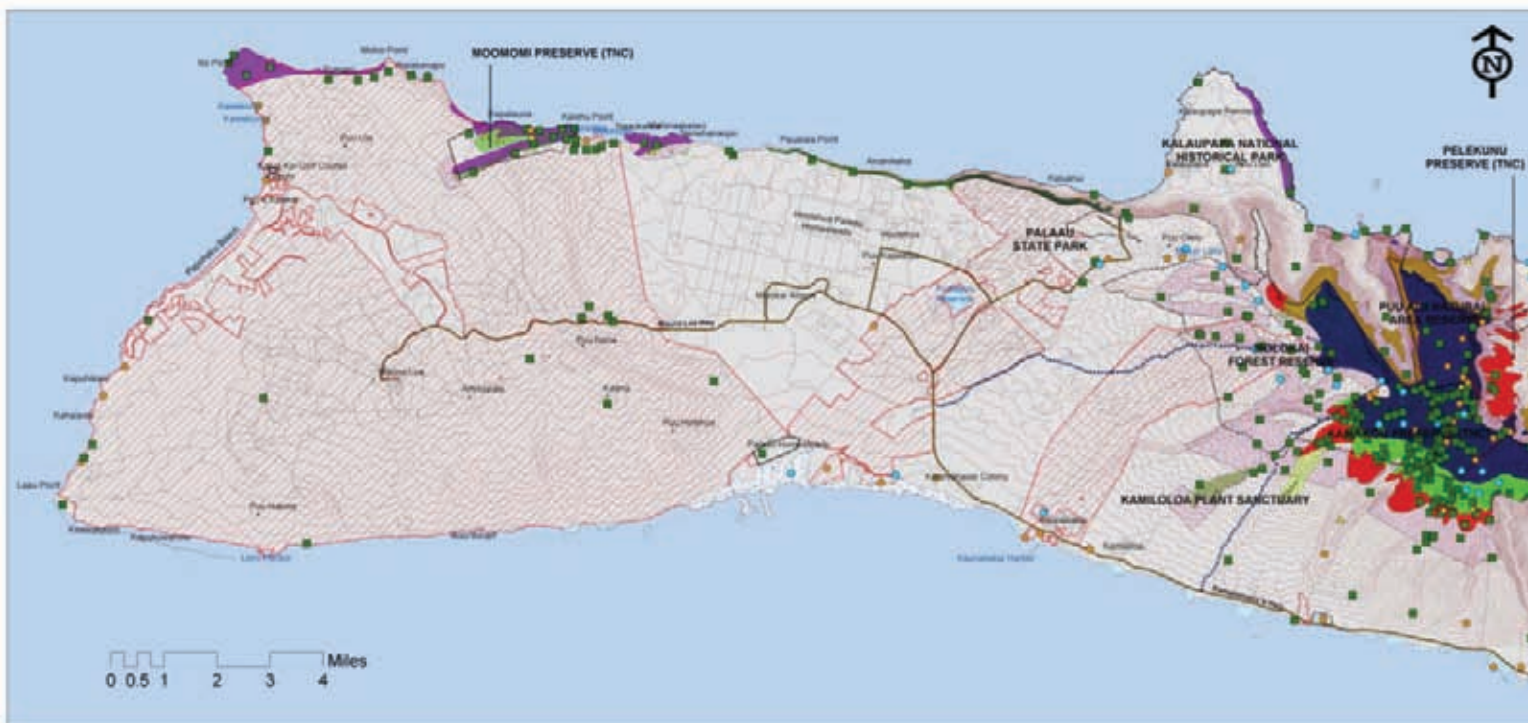
Archaeological Sites

- Presence
- Partially Excavated
- Partially Excavated (Based on 2004)
- Data Incompleteness
- No Activity

NOTE: This map was prepared for the purpose of the Cultural Resource Protection Zone. It is not intended to be used for any other purpose. The map is not a warranty of any kind. The map is not a warranty of any kind. The map is not a warranty of any kind.

APPENDIX 3: NATURAL RESOURCES: TERRESTRIAL MAP, AQUATIC MAP, AND SUMMARY MAP

MOLOKA'I RESOURCE ASSESSMENT: NATURAL RESOURCES - TERRESTRIAL

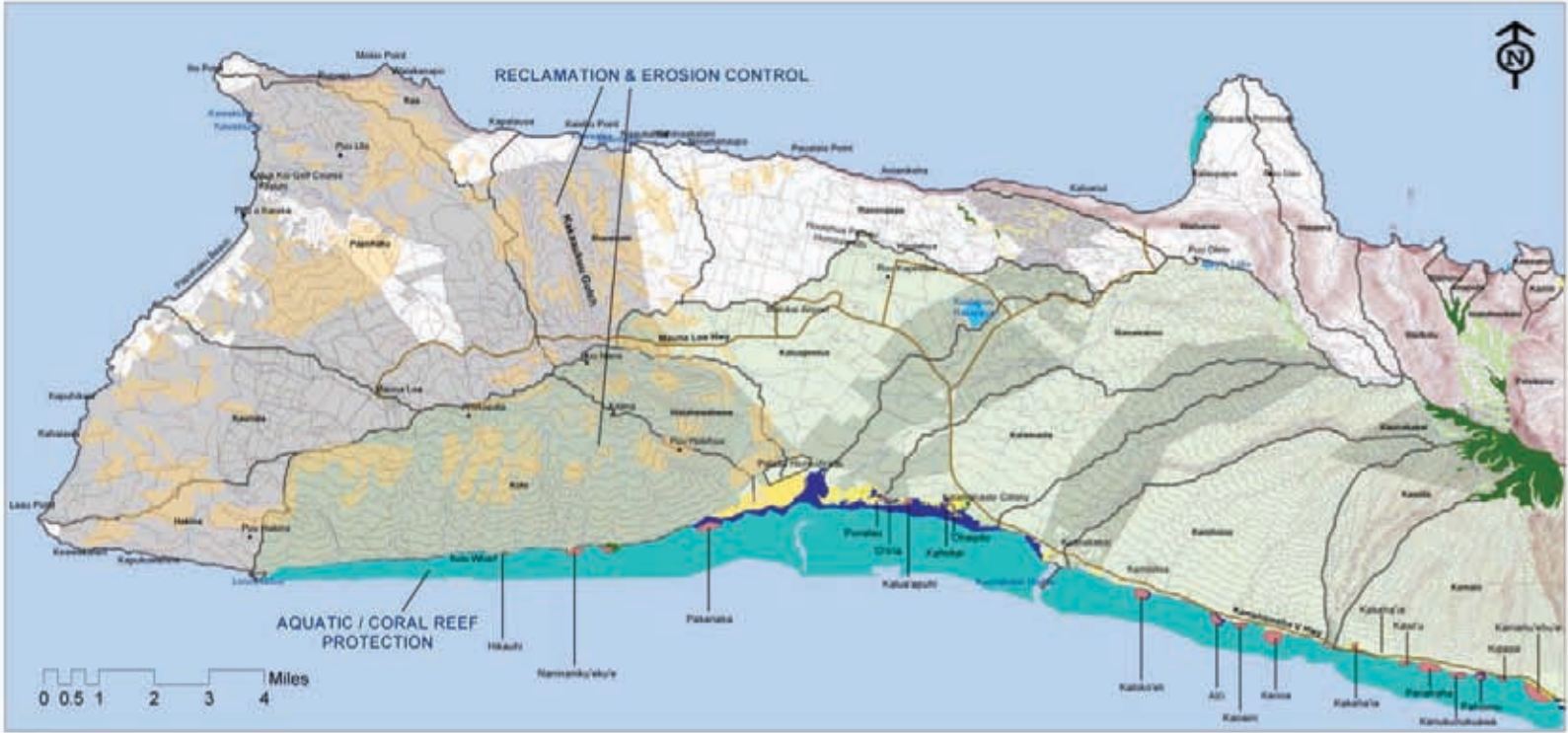


Data Sources:
 Natural Heritage Rare Species Occurrences - Hawaii Natural Heritage Program (TNC of Hawaii)
 USFWS Critical Habitat - USFWS
 Native Dominated Landscape Vegetation - HI JNHP
 Protected Reserves - Hawaii Office of State Planning (OSP)
 Na Ale Hele State Trails & Access - Hawaii Department of Land and Natural Resources

Prepared By: The Conservation Fund
 May 19, 2004



MOLOKA'I RESOURCE ASSESSMENT: NATURAL RESOURCES - AQUATIC

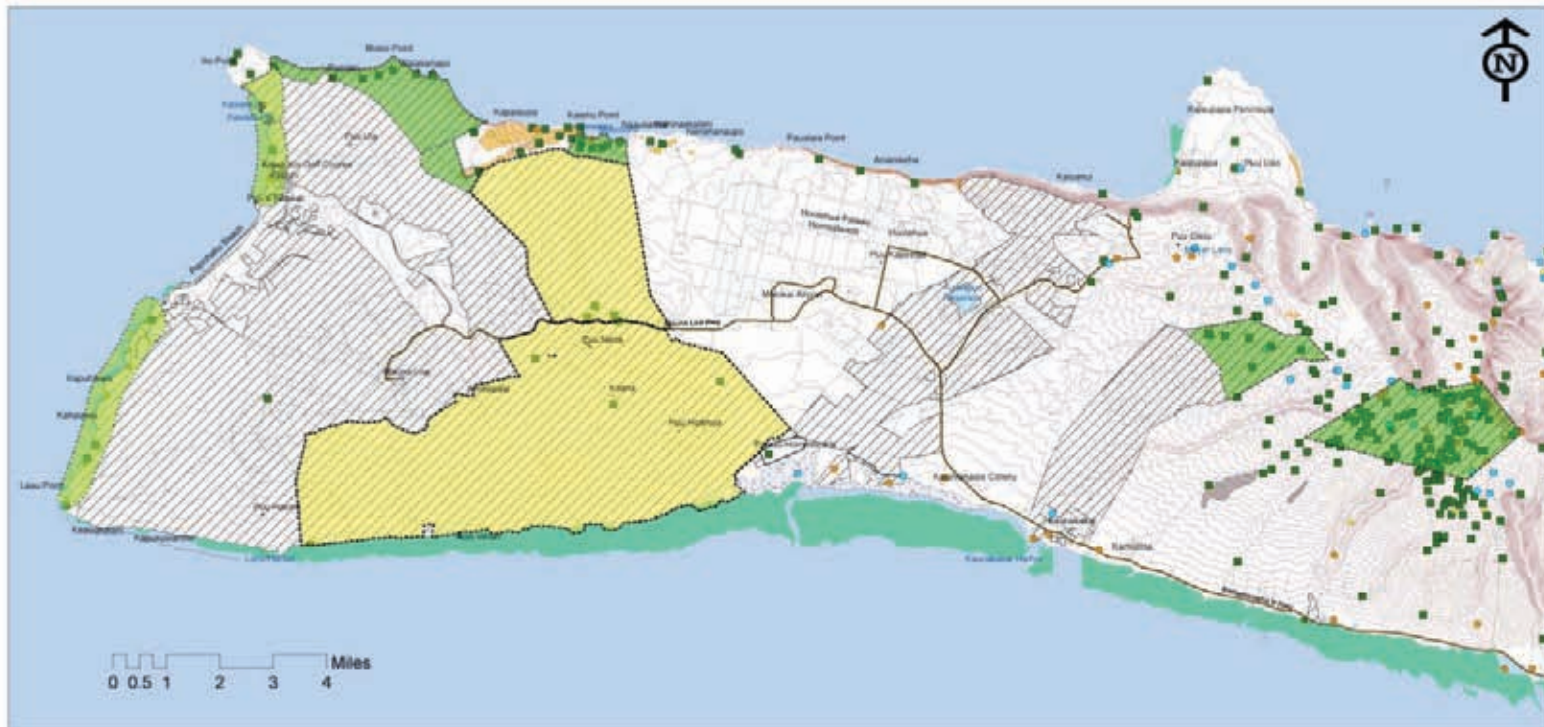


Data Sources:
 Hydrography - Perennial and intermittent streams and water bodies (USGS, 1985)
 Wetlands and Coral Reefs - USFWS / National Wetlands Inventory (NWI)
 Watersheds - Hawaii Department of Land and Natural Resources
 Erosion - Identified from Air Survey Hawaii, Inc. aerial photo (1998)
 Fishponds - HOSP

Prepared By: The Conservation Fund
 May 20, 2004

<ul style="list-style-type: none"> Molokai Ranch Property Watersheds Major Roads 100' Contours Perennial Streams Intermittent Streams 	<ul style="list-style-type: none"> Critical Watersheds for Coral Reef Protection Erosion Fishponds 	<p>Wetland Type</p> <p>Tidal</p> <ul style="list-style-type: none"> Marine / Coral Reef Estuarine <p>Non-tidal</p> <ul style="list-style-type: none"> Riverine Lacustrine Palustrine - Emergent Palustrine - Scrub/Shrub Palustrine - Forested
---	--	---

MOLOKAI RANCH RESOURCE SUMMARY: NATURAL RESOURCES

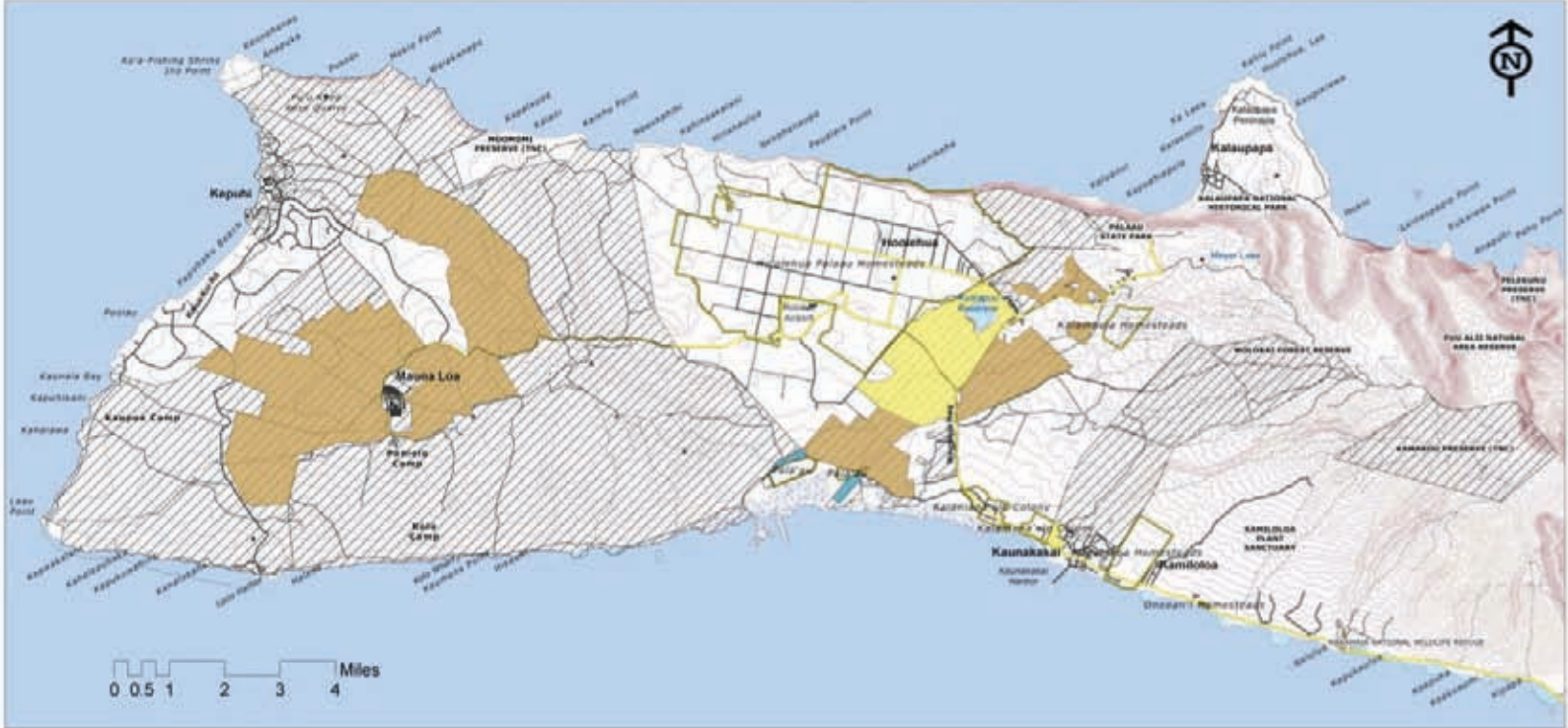


Molokai Ranch Property	Natural Heritage Rare Species	Priority Areas (from Environment Committee)
Major Roads	Element Occurrence	Rare Species / Natural Ecosystem Preservation
100' Contours	Invertebrate	Coastal Habitat Management Protection
Coral Reefs	Plant	Watershed / Aquatic Resource Protection
	Natural Community	
	Polygons	
	Natural Community	
	Plant	

Prepared By: The Conservation Fund
August 6, 2004

**APPENDIX 4: AGRICULTURAL SUITABILITY CLASSIFICATION &
PROPOSED AGRICULTURAL EASEMENT LANDS MAP
AND AGRICULTURAL EASEMENT LAND MAP**

MOLOKA'I RANCH MASTER USE PLAN: AGRICULTURAL EASEMENT LAND

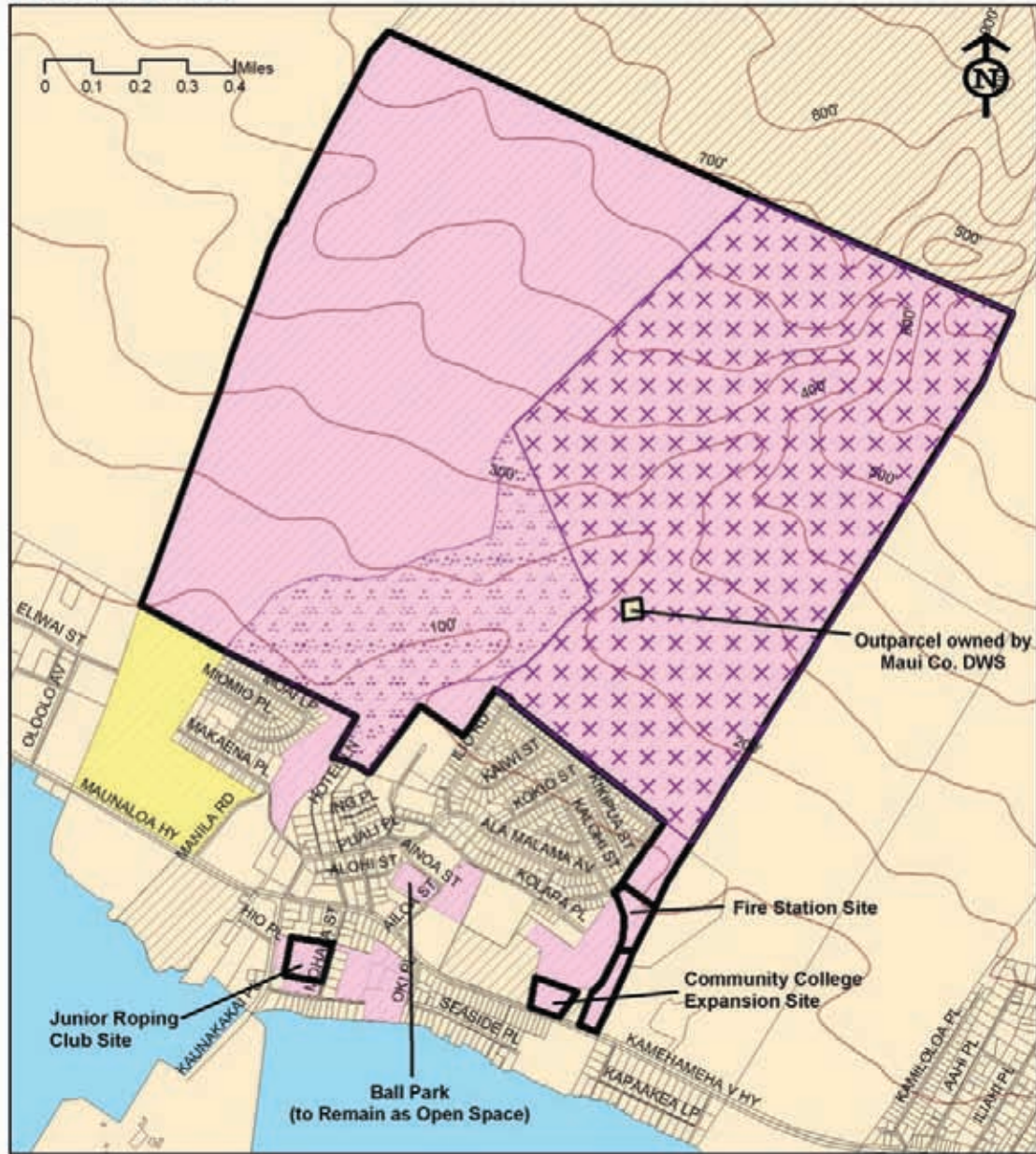


- | | |
|------------------------|--|
| Molokai Ranch Property | Proposed Agricultural Districts |
| Major Road | Hi-Value or Intensive Agriculture |
| Secondary Road | Aquaculture |
| Minor Road | Other/Extensive Agriculture |
| 4WD Road | |
| Trail | |
| 100' Contours | |

Prepared By: The Conservation Fund
October 10, 2005

**APPENDIX 5: COMMUNITY EXPANSION: KAUNAKAKAI MAP,
MAUNALOA AND KUALAPU'U MAPS**

MOLOKA'I RANCH MASTER USE PLAN - KAUNAKAKAI

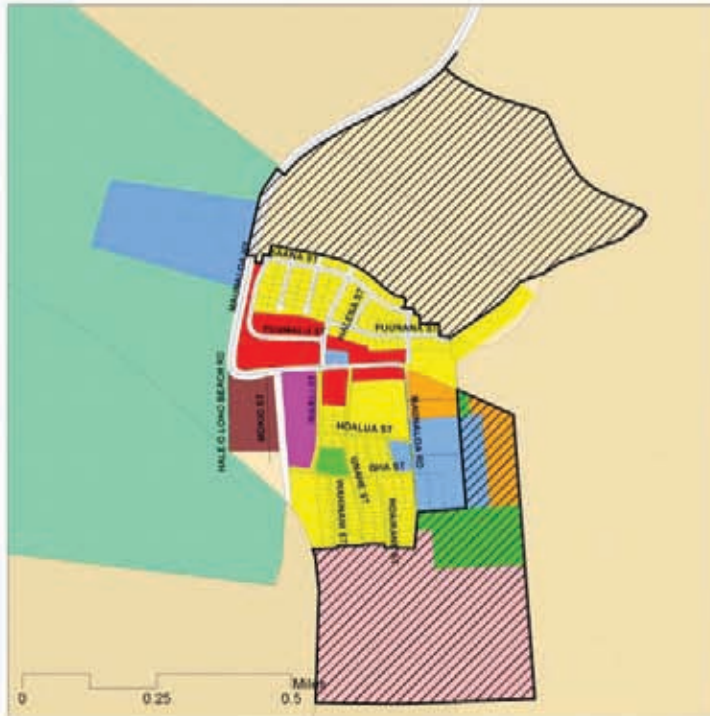


- | | |
|------------------------|------------------------------|
| Proposed Land Trust | Land Use Districts |
| Molokai Ranch Property | Agriculture |
| Maui Co. Tax Parcels | Community Expansion |
| Roads | Cultural Overlay Zone |
| 100' Contours | Area verified and documented |
| | Area needing further study |

Prepared By: The Conservation Fund
October 5, 2005

MOLOKA'I RANCH MASTER USE PLAN COMMUNITY EXPANSION

Maunaloa



Kualapu'u



Prepared By: The Conservation Fund
October 10, 2005



APPENDIX 6: HUNTING MAP

MOLOKA'I RANCH RESOURCE SUMMARY: HUNTING MAP



Data Sources:
 USGS Hawaii Data Elevation/Shapefiles
 County, Homestead
 Hawaii Office of Planning
 County Maps, Contours, Molokai Ranch Property, Populated Areas
 Molokai Ranch Community-based Master Plan - Land Use Committee
 Hunting Areas, Safety Buffer

Prepared by: The Conservation Fund
 October 10, 2005

- | | | |
|------------------------|----------------|--|
| Molokai Ranch Property | Major Road | Hunting Areas |
| Homestead | Secondary Road | Bow |
| Coral Reefs | Minor Road | Rifle |
| 100' Contours | 4WD Road | Other Management |
| | Trail | 1/2-mile safety zones (around populated areas) |
| | | 1-mile transition zones (Bow Hunting ONLY) |

APPENDIX 7: SUBSISTENCE FISHING MANAGEMENT ZONE MAP

MOLOKA'I RANCH MASTER USE PLAN SUBSISTENCE FISHING MANAGEMENT ZONE



- | | | |
|---|------------------------|----------------|
| Community-Based Subsistence Fishing Zone | Molokai Ranch Property | Major Road |
| Adjacent to MPL and Trust-Owned Lands | Homestead | Secondary Road |
| Contingent on Partnership Agreements | Camp | Minor Road |
| | Ancient Fishpond | 4WD Road |
| | | Trail |
| | | 100' Contours |

Map Prepared By:
The Conservation Fund
October 7, 2005

APPENDIX 8: RECREATION/TRAILS MAP

MOLOKA'I RANCH RESOURCE SUMMARY: RECREATION / TRAILS



- | | | | |
|------------------------|----------------|------------------------------|---------------------|
| Molokai Ranch Property | Major Road | Cultural Trail | Horse Trails |
| Homestead | Secondary Road | Historic Monsarrat Trail | Active |
| Coral Reef | Minor Road | Na Ale Hele State Trail | Active / Seasonal |
| Camp | 4WD Road | Bike / Hike Trail - Inactive | Less Active |
| Golf Course | Trail | | |

Prepared by: The Conservation Fund
October 10, 2005

APPENDIX 9: CULTURAL RESOURCE OVERLAY ZONE MAP

MOLOKA'I RANCH MASTER USE PLAN CULTURAL RESOURCE OVERLAY ZONE



Data Sources:
 1994 Hawaii State Countywide
 Maps, Homesteads
 Hawaii Office of Planning
 Cultural, Molokai Ranch Property,
 Place Names, Fish Ponds
 Maurice Wajer, Archaeological
 West End Archaeological Survey Data
 Cultural and Land Use Inventories
 Other Archaeological Sites, Homesteads
 Land Use Districts and Overlay Zones

Prepared By: The Conservation Fund
 October 7, 2005

- Molokai Ranch Property
- Cultural Resource Protection Overlay
- Subsistence Fishing Zone
- Homestead
- Major Road
- West End Arch. Sites (M. Major)
- Partnership Subsistence Fishing Zone
- Secondary Road
- Additional Archaeological Sites
- Minor Road
- Kualapu'u Makahiki Grounds
- 4WD Road
- Ancient Fishponds
- Trail
- Camp

APPENDIX 10: REFERENCES

REFERENCES

- Maui County. Department of Planning. "Moloka'i Community Plan" (2001).
<<http://www.co.maui.hi.us/departments/Planning/pdf/molokai.pdf>>
- Nature Conservancy, The (2005). "Kamakou Preserve" and "Mo'omomi Preserve".
<<http://nature.org>>
- Summers, Catherine C. (1971). "Molokai: A Site Survey". Department of Anthropology, Bernice P. Bishop Museum. Honolulu, Hawaii.
- University of Hawaii, Department of Urban & Regional Planning (2005).
"Pāpōhaku Dunes Draft Preservation Plan." Planning Practicum Spring 2005.

We hereby certify that this is a true copy of the original document
recorded in the Bureau of Conveyances on April 25, 2006.



By: Kat Peck

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail () Pickup () To:

TG: A366919A

Tax Key: (2) 5-1-002-030

Total No. of Pages: 7

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That MOLOKAI ACQUISITION, LLC, a Hawaii limited liability company, whose address is 745 Fort Street Mall, Suite 600, Honolulu, Hawaii 96813, hereinafter called the "Grantor," in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to Grantor paid by MOLOKAI PROPERTIES LIMITED, a Hawaii corporation, whose address is 745 Fort Street Mall, Suite 600, Honolulu, Hawaii 96813, hereinafter called the "Grantee," the receipt whereof is hereby acknowledged, does hereby grant and convey unto the Grantee, as a tenant in severalty, the real property described in Exhibit "A"

attached hereto and by this reference incorporated herein; subject, however, to all encumbrances noted on said Exhibit "A".

TO HAVE AND TO HOLD the same, together with any improvements thereon and the rights, easements, privileges, and appurtenances thereunto belonging or appertaining unto the Grantee, the heirs, representatives, administrators, successors and assigns of the Grantee, forever.

AND the Grantor covenants with the Grantee that the former is now seised in fee simple of the property granted; that the latter shall enjoy the same without any lawful disturbance; that the same is free from all encumbrances, except the liens and encumbrances hereinbefore mentioned, and except also the liens and encumbrances created or permitted by the Grantee after the date hereof; and that the Grantor will WARRANT and DEFEND the Grantee against the lawful claims and demands of all persons claiming the whole or any part of the above bargained and granted lands and premises.

The terms "Grantor" and "Grantee", as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine or feminine, or neuter, the singular or plural number, individuals or corporations, and their and each of their respective successors, heirs, personal representatives, and permitted assigns, according to the context hereof. If these presents shall be signed by two or more Grantors or by two or more Grantees, all covenants of such parties shall for all purposes be joint and several.

IN WITNESS WHEREOF, the Grantor and the Grantee have
executed these presents on this 20th day of April,
2006.

APPROVED AS TO FORM:
MANCINI, WELCH & GEIGER

By *Thomas D. Welch*

MOLOKAI ACQUISITION, LLC

By 

PETER NICHOLAS
Its Manager

Grantor

MOLOKAI PROPERTIES LIMITED

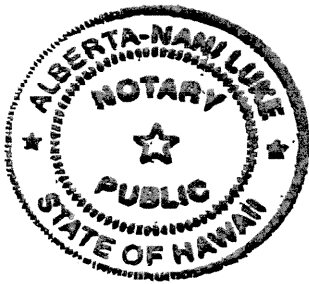
By 

PETER NICHOLAS
Its President and C.E.O.

Grantee

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 20th day of April, 2006, before me personally appeared PETER NICHOLAS, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.



Alberta-Nani Luke

Print Name: Alberta-Nani Luke
Notary Public, State of Hawaii.

My commission expires: 4/25/2008

EXHIBIT "A"

All of that certain parcel of land situate at Kaluakoi, Island of Molokai, County of Maui, State of Hawaii, described as follows:

LOT 749, area 6,348.623 acres, more or less, as shown on Map 59, filed in the Office Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application 1683 of Molokai Ranch, Limited;

Together with a non-exclusive access right over and across Roadway Lots 753, 545, 613, 720 and 721 connecting with Maunaloa Road and Maunaloa Highway, and Easement 333, as shown on Map 59, as set forth by Land Court Order No. 141340, filed March 27, 2001.

Together also with (a) non-exclusive appurtenant access easements for ingress and egress for vehicular and pedestrian access from Lot 749 to Maunaloa Road, a public road that connects to Maunaloa Highway, a public highway over, under and across Easement "333" and Roadway Lots 750, 753, 721, 720, 613 and 545; (b) non-exclusive appurtenant access easements for ingress and egress for vehicular and pedestrian access from Lot 749 to Lono Harbor, a public harbor over, under and across Easement "333" and Roadway Lots 753 and 750; (c) non-exclusive appurtenant easements for the benefit of Lot 749 over, under and across Easement "333" and Roadway Lots 750, 753, 721, 720, 613 and 545 to Maunaloa Road, a public road that connects to Maunaloa Highway, a public highway for electrical, wastewater, cable and telephone service, water lines and other infrastructure purposes and for landscaping purposes, as granted by Grant of Easements and Other Agreements made effective March 28, 2001, filed in the said Land Court as Land Court Document No. 2697858; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and restrictions contained therein.

Being land(s) described in Transfer Certificate of Title No. 593,425 issued to the Grantor herein.

Being the premises acquired by the Grantor herein by Limited Warranty Deed of Molokai Partners, LLC, a Delaware limited liability company, dated October 12, 2001, filed in the said Land Court as Land Court Document No. 2744252.

SUBJECT, HOWEVER, to the following

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. (A) Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.

(B) "The location of the seashore boundary of said land is deferred until a final judgment has been entered and all rights to appellate review have been exhausted in the proceeding in Application No. 1683 entitled HC&D, Ltd., Plaintiff, v. State of Hawaii, et al., Defendants, and the question whether a survey is required and, if so, at whose expense and in what manner such survey shall be made, shall be determined by the Land Court at that time upon the motion of any interested party", as set forth in Land Court Order No. 41553, filed March 6, 1975.

3. Triangulation Survey Station "KIHAAPILANI" located within the land described herein, as shown on the Tax Map prepared by the Taxation Maps Bureau, Department of Finance, County of Maui. Attention is invited to the provisions of Section 172-13 of the Hawaii Revised Statutes, relative to destruction, defacing or removal of survey monuments.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Subdivision Agreement (Large Lots) dated December 14, 1979, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14939 on Page 304.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement dated August 26, 1980, recorded in the said Bureau of Conveyances in Liber 14958 on Page 720.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement dated April 22, 1981, recorded in the said Bureau of Conveyances in Liber 15505 on Page 323.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Private Water System Agreement dated January 28, 1997, recorded in the said Bureau of Conveyances as Document No. 97-043531.

8. Triangulation Stations "HALENA", "PUNAKUA" and "FUU KAHOU" located within the land herein described, as shown on map prepared by Warren S. Unemori, Registered Professional Land Surveyor, Certificate No. 1509, dated December 9, 1985, and the effect, if any of the provisions of Section 172-13 of the Hawaii Revised Statutes, relative to the destruction, defacing or removal of survey monuments; as mentioned in instrument dated March 15, 1989, filed in the said Land Court as Land Court Document No. 1619567.

9. Rights of access to U.S.A. Lighthouse Station and Lono Harbor (aka Hale Lono Harbor).

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deferral of Subdivision Requirements Agreement dated April 15, 1997, recorded in the said Bureau of Conveyances as Document No. 98-043544.

11. Easements "330", "331" and "332" as shown on Map 59, and set forth by Land Order No. 141340, filed March 27, 2001, for access, landscaping and utility purposes.

12. Easement "334" as shown on Map 59 and set forth by Land Court Order No. 141340, filed March 27, 2001, for pedestrian access purposes.

13. Grant of Easements and Other Agreements dated --- effective March 28, 2001, filed in the said Land Court as Land Court Document No. 2697859, granting (a) non-exclusive appurtenant access easements for ingress and egress for vehicular and pedestrian access over and across Easements "330", "331" and "332"; (b) non-exclusive appurtenant easements over, under and across Easements "330", "331" and "332" for electrical, wastewater, cable and telephone service, water lines and other infrastructure purposes and for landscaping purposes.

END OF EXHIBIT "A"

Tax Key: (2) 5-1-002-030

BIL INTERNATIONAL LIMITED

Annual Report 2005



CONTENTS

- 2 Chairman's Statement
- 3 Chief Executive Officer's Report
 - 6 Board of Directors
 - 8 Senior Management
 - 9 Financial Statements
- 43 Shareholders' Information

Front Cover: Thistle Tower, London
Back Cover: The Royal Horseguards, London

An international investment company headquartered in Singapore, BIL International Limited (BIL) has a primary listing on the Singapore Exchange, with secondary listings on the London and New Zealand Exchanges.

The Company's primary role is as an active investor with strategic shareholdings and active investment management aimed at extracting and maximising shareholder value.

CHAIRMAN'S STATEMENT

During the 2005 financial year, BIL remained focused on improving its investment portfolio and strengthening its balance sheet. Our principal objectives have been to improve sustainable operating profits and cash flows from our various investments and to enhance the underlying investment values.

I am pleased to report a net profit of US\$86.9 million compared to last year's profit of US\$62.6 million.

Considerable strategy changes were implemented at Thistle Hotels. During October 2004, we took a long term lease for the newly refurbished 1,019-room Cumberland Hotel. This is a contemporary hotel and was opened as our first "Guoman" brand hotel in the United Kingdom. It is our intention to re-brand selected hotels and market them under the "Guoman" brand. Thistle sold six hotels in April 2005 for cash proceeds of £185 million and leased them back for 30 years. The proceeds were used for debt reduction.

Our focus remains on creating a successful hotel management company with a global portfolio of hotel assets under management.

Our other investments have performed well during the year, generating positive cash flows for BIL. We will continue to examine measures to improve cash flow and to enhance and extract values. I remain confident that these investments will continue to offer good potential.

The continuous focus on cost during the year has further reduced the operating cost throughout the Group. Management will remain focused on process improvements and cost reduction. The net asset value of the Company has been enhanced. External debt has been reduced and the gearing of the Company has further improved. These are all important attributes for BIL to build sustainable growth.

Following the improvement in our financial results, the Board is proposing a first and final ordinary dividend of S\$0.035 per share. The dividend is subject to approval by shareholders at the Annual General Meeting of the Company to be held on 27 October 2005. If approved, the dividend will be paid on 17 November 2005.

Our Board of Directors and Management were saddened by the sudden demise of our Director, Mr Wong Kok Siew, in February 2005. Another Director, Mr Kwek Leng San, resigned from the Board on 17 May 2005. I would like to thank them for their invaluable contributions. We appointed two new Board members, Mr Tang Kin Fei and Mr Kwek Leng Hai, both of whom bring significant expertise and experience to the Board.

Finally, I wish to express my appreciation to all employees for their hard work and dedication over the course of last year. I would also like to thank all shareholders for their continued support.



QUEK LENG CHAN

Chairman

15 September 2005

CHIEF EXECUTIVE OFFICER'S REPORT

	12 MONTHS ENDED 30 JUNE	
	2005	2004
	(US\$M)	(US\$M)
Revenue	343.5	297.7
Net Profit	86.9	62.6
Net Asset Value (NAV)	1,002	864

BIL's Net Asset Value (NAV) or Shareholders' Funds increased from US\$864 million to US\$1,002 million. The increase of US\$138 million was due to the transfer of the negative goodwill to retained earnings (US\$58 million), profit for the year (US\$87 million), other positive equity movements (US\$14 million), and after netting off dividends (US\$21 million) paid in November 2004.

The Company continues to be focused on a number of key investments, namely Thistle Hotels, Molokai Properties, Bass Strait Oil & Gas Royalty and Denarau Properties.

THISTLE HOTELS

Thistle Hotels is BIL's principal investment. The company owns, leases or manages 49 hotels (10,800 rooms) in the United Kingdom. Among Thistle's 49 United Kingdom hotels are landmark properties like Thistle Tower, Thistle Marble Arch, Thistle Charing Cross, Thistle Victoria, The Royal Horseguards and One Whitehall Place. Thistle's hotels are full service hotels, catering to both the business and the leisure travelers. With approximately 6,000 bedrooms and 228 meeting rooms in London, Thistle is the largest full service hotel operator in the capital. The company also owns or manages hotels in most cities in the United Kingdom.

Our vision is to be a full service 4 and 5 star hotel management company in key gateway locations offering excellent products and services to our customers and superior financial returns to our hotel owners.

Many steps have been undertaken to achieve our vision, and the process of transformation continues. Management changes, the introduction of new processes and leading edge information technology systems and the refinement of our brand values represent some of the initiatives. Others include the definition and implementation of product and service standards, cost reduction, the upgrade of the sales force and the opening of new distribution channels.

In October 2004, we took a long term lease for the 1,019-room Cumberland Hotel. This contemporary hotel, with conference and meeting facilities and modern restaurants, became our first "Guoman" branded hotel in the United Kingdom. We plan to open more Guoman hotels.

We have commenced refurbishment works at the 801-room Thistle Tower Hotel, and in November 2005 the hotel will be re-branded as a "Guoman" hotel.

In April 2005, we sold 6 hotels for proceeds of £185 million. These hotels were leased back for 30 years. The proceeds were used to repay the parent company's bank debts.

Asset value optimisation strategies include the addition of new bedrooms and restaurants to existing hotels, residential redevelopments (subject to economic and regulatory issues) and the continuous upgrade of our existing hotel bedrooms and common areas. We are also actively pursuing new hotel management contracts and leases where they fit our brand and location criteria.



MOLOKAI PROPERTIES

In August 2005, consensus was reached with Molokai community leaders on a Master Plan for Molokai Properties' 65,000 acres of land.

This agreement is a package of initiatives that provides land to the community through the establishment of a Land Trust, supports the development of a 200-lot subdivision on 13 miles of coastal land and creates a sustainable economic future for the island by re-opening a 152-room hotel that BIL purchased in an abandoned state in 2001.

BIL has spent two years negotiating the Master Plan with representatives of the island's 7,000 people in a process of community-based planning which is unique in Hawaii.

Benefits for all parties will be certainty over the future shape of the property in terms of development, together with a positive return for shareholders, economic activity for the island, retention of the island's rural character and the vesting of land in the Land Trust that protects important archeological and environmentally sensitive sites on the property.

The Molokai Properties operation managed to remain cash positive during the 2004/2005 financial year by selling non-strategic lots in subdivisions that were developed in the 1980's and 1990's.

The major task ahead now is to achieve entitlements with community support, and to seek an investor to develop the agreed coastal land under the Master Plan.

BASS STRAIT OIL & GAS ROYALTY

This investment is a 2.5% royalty granted by BHP/Esso on the gross value of all hydrocarbons, liquid or gas produced and recovered in designated areas within Australia's Bass Strait. The royalty was originally granted to US geologist, Dr. Lewis Weeks, in exchange for consultancy services in relation to oil exploration in the area.

BIL received a 55.11% share of the royalty in 1990, through its acquisition of Australian Consolidated Investments Limited. In 1997, it monetised the next 10 years' cash flows from the royalty through the issue of 44 million ordinary stock units in the Bass Strait Oil Trust (BSOT), which was floated on the Australian Stock Exchange. The units will expire in 2007 and all cash flows will revert to BIL.

BIL currently owns 20 million of the BSOT ordinary stock units.

DENARAU PROPERTIES

Denarau Properties is BIL's wholly-owned property asset in Fiji. Denarau Island Resort, Fiji's largest and most prestigious tourism resort, is located on this property. The resort has approximately 1,000 rooms, a championship golf course, marina and residential development.

BIL is responsible for the overall development of the resort. Since the 2003/2004 financial year, BIL has completed the residential development and also one of the hotel projects, Golf Terraces.

BIL is now working on the completion of a new five-star resort and the development of a commercial retail project located at Port Denarau.

The Denarau project was profitable and generated positive cash flow for the Group. BIL expects the Denarau asset to continue to be profitable and provide positive cash flow returns over the coming years.

GAMING AND CASINO

In March 2005, Paul Collis joined BIL to investigate and commence casino operations in the United Kingdom. Paul brought with him significant industry expertise and experience. Since then, a subsidiary of BIL has applied for numerous casino licences in the United Kingdom. If successful, we intend to open casinos in selected Thistle hotels as well as other strategic sites. The hotel casinos will provide additional entertainment facilities to our hotel guests and additional revenues to our hotels.

GEARING

The hotels disposal proceeds were used to repay the parent company's bank debts and for general working capital purposes.

CORPORATE OVERHEADS AND RESTRUCTURING

Corporate overheads are constantly being reviewed with the objective of maintaining a low cost and focused operation. This emphasis is both at BIL corporate office as well as operating company levels.

On 18 July 2005, the Court of First Instance of the High Court of Hong Kong made a judgement against the Company for a sum of US\$15.9 million plus interest and costs in respect of a claim under a warranty contained in a share acquisition agreement dated 6 June 1994. The Board has decided to appeal the abovementioned judgement.

SUMMARY

During the financial year, BIL continued to maximise value from existing investments while disposing of selected or non-core assets. We will continue to focus on operational efficiencies and improved cash flows from our investments whilst continuing to look for new investments.



ARUN AMARSI
Chief Executive Officer
15 September 2005

BOARD OF DIRECTORS

QUEK LENG CHAN

Chairman

Mr Quек Leng Chan has been a non-executive Director of BIL since 19 August 1997. He is the Chairman of the Board and was last re-elected at the Company's Annual General Meeting on 14 November 2003. He is a member of the Remuneration Committee and Nominating Committee and attended all the Board Meetings and Committee Meetings of the Company held during the financial year ended 30 June 2005.

Mr Quек is the Executive Chairman of the Hong Leong Group Malaysia and sits on the Boards of its major public listed companies.

Mr Quек qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

THE HONOURABLE PHILIP BURDON

Deputy Chairman

Mr Philip Burdon has been a non-executive and independent Director of BIL since 10 November 1998. He is the Deputy Chairman and was last re-elected at the Company's Annual General Meeting on 14 November 2003. He is the Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit and Risk Management Committee. He has attended all the Board and Committee Meetings of the Company held during the financial year ended 30 June 2005.

Mr Burdon is respected as a successful businessman and distinguished politician. He was a senior Cabinet Minister in the New Zealand Government from 1990 to 1996 holding key trade and commerce portfolios.

Mr Burdon is the Chairman of the Board of Superannuation Investment Ltd, MFL Mutual Funds Ltd and EBOS Ltd. He is also a Director of IAG Ltd, ANZCO Ltd, OPUS International Consultants Ltd and Sealord Ltd.

Mr Burdon graduated in law from Canterbury University, New Zealand.

ARUN AMARSI

Chief Executive Officer

Mr Arun Amarsi was appointed Chief Executive Officer and Director of BIL on 1 April 2002 and was last re-elected at the Company's Annual General Meeting on 14 November 2003. He has attended all the Board Meetings and was present as a non-member for all Committee Meetings of the Company held during the financial year ended 30 June 2005.

Mr Amarsi joined BIL in July 1999 and was responsible for management, restructure and divestment of the New Zealand investment portfolio. In September 2001, Mr Amarsi moved to Singapore and was responsible for all Group investments.

Between 1995 and 1999, he was Chief Financial Officer and a member of the Executive Board of Electricity Corporation of New Zealand (ECNZ). From 1988, Mr Amarsi was a partner with Ernst & Young in New Zealand and prior to that he had a number of roles with Ernst & Young in Toronto, Canada and in Wellington, New Zealand.

Mr Amarsi is a member of the New Zealand and Canadian Institutes of Chartered Accountants. He is a graduate of Victoria University of Wellington where he holds a Bachelors Degree of Commerce and Administration.

TANG KIN FEI

Non-Executive Director

Mr Tang Kin Fei was appointed as a non-executive Director on 1 May 2005. Between his appointment and 30 June 2005, he attended the last Board Meeting of the Company to be held within the financial year.

Mr Tang is Group President and Chief Executive Officer of SembCorp Industries Limited. He has extensive experience in the engineering, utilities and energy sectors. Prior to assuming his present office, Mr Tang was President and CEO of the SembCorp Group's integrated utilities and energy arm, SembCorp Utilities, from 1998 to April 2005. He presides over the Boards of several major companies in the SembCorp Group as well as its international associate companies.

Mr Tang qualified in Mechanical Engineering with First Class Honours from the University of Singapore.

KWEK LENG HAI

Non-Executive Director

Mr Kwek Leng Hai was appointed as a non-executive Director of BIL and a member of the Audit and Risk Management Committee on 17 May 2005. Since his appointment till 30 June 2005, there were no meetings held.

Mr Kwek is the President and Chief Executive Officer of Guoco Group Limited, a public listed company on The Stock Exchange of Hong Kong Limited. His directorships in other public listed companies include Hong Leong Bank Berhad, GuocoLand Limited, Camerlin Group Berhad and Lam Soon (Hong Kong) Limited.

Mr Kwek is a qualified Chartered Accountant from the Institute of Chartered Accountants in England Wales.

REGGIE THEIN

Non-Executive Director

Mr Reggie Thein was appointed as an independent Director of BIL on 30 March 2001. Last re-elected at the Company's Annual General Meeting on 28 October 2004, he is the Chairman of the Audit and Risk Management Committee and member of the Remuneration Committee and Nominating Committee. Mr Thein has attended all the Board and Committee Meetings of the Company held during the financial year ended 30 June 2005.

Mr Thein retired from Coopers & Lybrand the legacy firm of PricewaterhouseCoopers as a senior partner in 1999 after 37 years with the firm. He is a director of Energy Support Management Pte Ltd, Ascendas Pte Ltd and Singapore Institute of Directors. He also sits on the board of several public listed companies including Grand Banks Yachts Limited, MFS Technology Ltd, F J Benjamin Holdings Ltd, GuocoLand Limited, MobileOne Ltd, Haw Par Corporation Limited, Keppel Telecommunications & Transportation Limited, Lindeteves-Jacoberg Limited and Pearl Energy Limited.

He is a Fellow of The Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore. He is keenly involved in community, welfare and charity work and was awarded the Public Service Medal by the President of Singapore in 1999.

SENIOR MANAGEMENT

BEVERLY KING

Mr King is the Chief Operating Officer for Thistle and Guoman Hotels. He joined the Group in 2002 and his key responsibility is to drive the operational performance of Thistle's 49 hotels and improving the overall financial performance of the company. Prior to joining Thistle, he worked for Gardner Merchant, Le Meridien and Forte, managing hotels in Portugal, London and throughout the UK. He has extensive knowledge of the hotel industry, with over 16 years experience in large London hotels and in international hotel resort complexes.

PAUL COLLIS

Mr Collis heads BIL Gaming with the mandate of establishing a gaming business. Until September 2004 he was on the main board as Managing Director of Stanley Leisure plc's Gaming Division operating a group of 42 casinos across Great Britain. During his time with Stanley Leisure he was responsible for the acquisition, integration and greenfield development of over 20 casino properties. Holding the Gaming Board of Great Britain's White License he has previously achieved accreditation to operate businesses within the highly regulated UK Gaming Industry. He was an Executive Council member of the British Casino Association and a member of numerous Committees working with the Government on the 2005 Gambling Bill.

PETER NICHOLAS

Mr Nicholas is the Chief Executive Officer of Molokai Properties Limited and has overall responsibility for BIL's investment in Molokai Ranch. Prior to his present appointment he was general manager of BIL's New Zealand operation. He has been CEO of a number of companies in New Zealand including publicly traded companies, Huttons Kiwi Limited and Sound Waves Corporation. He has more than 30 years experience managing newspaper and radio companies, branded food processing and marketing companies and branded apparel operations.

MARTIN DARVENIZA

Mr Darveniza is the Chief Executive Officer of Denarau Properties in Fiji. He joined the Group in August 2001 and is responsible for the overall development of Denarau Island. He has more than 15 years experience and has worked in many different countries, including Australia and Japan. After graduating from the University of Queensland with Bachelor of Commerce and Bachelor of Law degrees, Mr Darveniza was subsequently admitted as a solicitor to the Supreme Courts of New South Wales and Queensland.

PHILIP GUNN

Mr Gunn is the Chief Financial Officer for the BIL Group. He joined the Group in 2001 and is responsible for the Group's control & accounting, treasury and tax functions. He has 15 years experience in the field of finance and is a member of the Institute of Chartered Accountants in England and Wales. He holds a Bachelor of Science degree from the University of Southampton.

JANE TEAH

Ms Teah is the Company Secretary for the BIL Group. She joined the Group in 2001 and is responsible for the Group's corporate secretarial, human resource, administration and corporate matters. She has more than 20 years experience and is a Fellow of The Institute of Chartered Secretaries & Administrators. She holds a Master of Science degree in Human Resource Management from the University of Bradford.

FINANCIAL STATEMENTS

- 10 Consolidated Income Statement
- 11 Consolidated Statement of Changes in Equity
 - 12 Consolidated Balance Sheet
- 13 Consolidated Statement of Cash Flows
- 14 Significant Accounting Policies
- 19 Notes to the Financial Statements
- 39 Parent Company Income Statement
- 40 Parent Company Statement of Changes in Equity
 - 41 Parent Company Balance Sheet
- 42 Report of the Auditors to the Members of BIL International Limited

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2005

	NOTE	2005 USSM	2004 USSM
Revenue	2	343.5	297.7
Bass Strait oil and gas royalty		14.5	12.0
Gain on disposal of investments/assets	3	61.1	23.6
Other operating income	4	24.0	19.2
Direct costs of raw materials and consumables		(142.6)	(103.9)
Personnel expenses	5	(95.2)	(83.6)
Other operating expenses	6	(52.2)	(18.6)
PROFIT BEFORE DEPRECIATION & AMORTISATION		153.1	146.4
Depreciation	10	(29.6)	(29.8)
Amortisation	12	(5.7)	(5.4)
PROFIT BEFORE FINANCING COSTS		117.8	111.2
Net financing costs	7	(51.7)	(64.7)
Net foreign exchange gain		9.3	15.6
PROFIT BEFORE TAX		75.4	62.1
Income tax benefit	8	11.5	0.5
NET PROFIT FOR THE YEAR		86.9	62.6
Basic earnings per share (US cents)	9	6.3	4.6
Diluted earnings per share (US cents)	9	6.3	4.6

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2005

	SHARE CAPITAL USSM	CONTRIBUTED SURPLUS USSM	TRANSLATION RESERVE USSM	FAIR VALUE RESERVE USSM	RETAINED EARNINGS USSM	TOTAL USSM
Balance at 1 July 2004, as previously reported	273.6	654.2	(7.9)	(2.1)	(53.6)	864.2
Net effect of adopting IFRS3 (note 29)	–	–	–	–	57.8	57.8
Balance at 1 July 2004, as restated	273.6	654.2	(7.9)	(2.1)	4.2	922.0
Net exchange translation difference not recognised in the income statement	–	–	7.4	–	–	7.4
Changes in fair value of financial assets and liabilities:						
– available for sale investments	–	–	–	5.9	–	5.9
First and final dividend of S\$0.025 per share for the year ended 30 June 2004 (note 28)	–	–	–	–	(20.5)	(20.5)
Net profit for the year	–	–	–	–	86.9	86.9
Balance at 30 June 2005 (note 21)	273.6	654.2	(0.5)	3.8	70.6	1,001.7
Balance at 1 July 2003	273.6	654.2	(100.3)	24.5	(116.2)	735.8
Net exchange translation difference not recognised in the income statement	–	–	92.4	–	–	92.4
Changes in fair value of financial assets and liabilities:						
– available for sale investments	–	–	–	(5.3)	–	(5.3)
– transfer to income statement on disposal of investments	–	–	–	(21.3)	–	(21.3)
Net profit for the year	–	–	–	–	62.6	62.6
Balance at 30 June 2004 (note 21)	273.6	654.2	(7.9)	(2.1)	(53.6)	864.2

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2005

	NOTE	2005 USSM	2004 USSM
ASSETS			
Hotels, property, plant and equipment	10	1,329.1	1,644.0
Development properties	11	197.1	194.3
Bass Strait oil and gas royalty	12	127.1	122.0
Negative goodwill	13	–	(57.8)
Listed investments		24.2	18.9
Other investments	14	10.5	14.0
TOTAL NON-CURRENT ASSETS		1,688.0	1,935.4
Trade and other receivables	15	104.5	89.1
Cash and cash equivalents	16	52.8	66.3
Inventories		0.9	0.7
TOTAL CURRENT ASSETS		158.2	156.1
TOTAL ASSETS		1,846.2	2,091.5
LESS LIABILITIES			
Loans and borrowings	17	14.0	62.9
Trade and other payables	18	69.2	81.6
Corporate tax payable		27.3	0.6
Provisions	19	31.9	7.1
TOTAL CURRENT LIABILITIES		142.4	152.2
Loans and borrowings	17	506.3	844.3
Provisions	19	29.3	30.0
Deferred tax liabilities	20	166.5	200.8
TOTAL NON-CURRENT LIABILITIES		702.1	1,075.1
NET ASSETS		1,001.7	864.2
SHARE CAPITAL AND RESERVES (page 11)		1,001.7	864.2

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors



Quek Leng Chan
Chairman



Arun Amarsi
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2005

	NOTE	2005 USSM	2004 USSM
OPERATING ACTIVITIES			
Profit before financing costs		117.8	111.2
Adjustments for non cash items			
Depreciation of hotels, property, plant and equipment		29.6	29.8
Amortisation of Bass Strait oil and gas royalty		5.7	5.4
Recognition of negative goodwill		–	(7.3)
Other non cash items		(0.6)	–
Provisions (net)		28.9	1.7
Gain on disposal of assets included in investing cash flows		(61.1)	(24.6)
Net change in working capital items		(23.5)	(49.6)
Income tax refund/(paid)		5.4	(6.5)
Other operating cash flows		1.9	(2.1)
Dividends received		1.4	0.4
CASH FLOWS FROM OPERATING ACTIVITIES		105.5	58.4
INVESTING ACTIVITIES			
Proceeds from sale of hotels, property, plant and equipment		340.8	117.1
Proceeds from sale of investments		14.6	72.0
Acquisition of hotels, property, plant and equipment	10	(17.8)	(11.6)
Disposal of development properties		9.9	8.0
Acquisition of development properties		(12.9)	(6.9)
Acquisition of other investments		(2.6)	(26.7)
CASH FLOWS FROM INVESTING ACTIVITIES		332.0	151.9
FINANCING ACTIVITIES			
Drawdown of non-current borrowings		70.0	242.8
Drawdown of short-term borrowings		–	20.0
Repayment of non-current borrowings		(399.8)	(205.6)
Repayment of short-term borrowings		(48.9)	(778.8)
Interest received		13.3	7.0
Interest paid		(69.7)	(76.3)
Retainer and guarantee fees paid		(4.8)	(4.1)
Realised exchange gains on financial derivatives		5.6	13.7
Dividend paid to shareholders of the Company		(20.5)	–
CASH FLOWS USED IN FINANCING ACTIVITIES		(454.8)	(781.3)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17.3)	(571.0)
Cash and cash equivalents at beginning of the year		66.3	636.3
Effect of exchange rate fluctuations on cash held		3.8	1.0
Cash and cash equivalents at end of the year	16	52.8	66.3

The accompanying notes form an integral part of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

BIL International Limited is a company continued into Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The consolidated financial statements for the year ended 30 June 2005 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements were authorised for issue by the Directors on 15 September 2005.

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), and the requirements of Bermuda law.

(B) BASIS OF PREPARATION

The financial statements are presented in United States dollars, rounded to the nearest hundred thousand unless otherwise stated. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and available-for-sale investments. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies have been consistently applied by Group enterprises, except for the changes in accounting policy (note 29) and are consistent with those used in the previous year.

(C) BASIS OF CONSOLIDATION

(i) *Subsidiaries*

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) *Associates*

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, based upon latest available announced results, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(D) FOREIGN CURRENCY

(i) *Foreign Currency Transactions*

Transactions in foreign currencies are translated to measurement currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to recording currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) *Financial Statements of Foreign Operations*

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to United States dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to United States dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

(E) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses financial instruments to manage financial exposures.

The Group may also hold or issue financial instruments for trading purposes. Gains and losses arising from such trading positions are recognised in the income statement.

Derivative financial instruments such as forward foreign exchange contracts, foreign exchange options and interest rate swaps are stated at fair value. The fair value of forward foreign exchange contracts is their quoted market price at the balance sheet date. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognised in the income statement immediately.

Option premiums paid or received are recognised at the start of the option contract.

(F) HOTELS, PROPERTY, PLANT AND EQUIPMENT

(i) Owned Assets

Items of hotels, property, plant and equipment are stated at cost less accumulated depreciation and, where applicable, impairment losses.

Where an item of hotels, property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of hotels, property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of hotels, property, plant and equipment. Freehold land is not depreciated. Depreciation rates are:

Plant, vehicles and fittings	4% to 33 ¹ / ₃ %
Core elements of freehold and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease

(G) DEVELOPMENT PROPERTIES

Development properties are stated at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and bringing them to their existing condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(H) GOODWILL

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-operating units and is no longer amortised but is tested annually for impairment (see accounting policy M).

(ii) Negative Goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition. With effect from 1 July 2004, negative goodwill is recognised directly in the income statement. Negative goodwill which occurred prior to 1 July 2004 was transferred to retained earnings as a prior year adjustment on 1 July 2004 (note 29).

(I) INVESTMENTS

Listed and other investments are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in equity. The fair value of listed investments is their quoted bid price at the balance sheet date. The fair value of other investments is based on directors' assessment. Available-for-sale investments are recognised/derecognised by the Group on the date it commits to purchase/sell the investments.

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses.

(J) BASS STRAIT OIL AND GAS ROYALTY

Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 25 years.

(K) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

(L) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(M) IMPAIRMENT

The carrying amounts of the Group's assets other than development properties (see accounting policy G) and inventories (see accounting policy N) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(N) INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

(O) BORROWINGS

Borrowings are recognised at cost. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(P) EMPLOYEE BENEFITS

(i) Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined Benefit Plans

The Group's net obligation in respect of these plans is calculated separately for each plan by estimating the future pension benefits to existing pensioners; those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each fund's liabilities over the fair value of that fund's assets is recognised in the income statement upon notification to the Group. The discount rate is the yield at the balance sheet date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Equity and Equity-related Compensation Benefits

The stock option programme allows employees to acquire shares in the Company. The option exercise price equals the market price of the underlying shares at the date of the grant, or such higher price as may be determined by the Remuneration Committee.

(Q) PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

A provision for restructuring costs is recognised when the Group has a detailed formal plan for the restructuring.

(R) REVENUE AND INCOME RECOGNITION

Revenue from the sale of development properties is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised in the income statement upon services being rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Dividend income is recognised in the income statement on the date that the dividend is received.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(S) EXPENSES

(i) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Net Financing Costs

Net financing costs comprise interest payable on borrowings using the effective interest rate method and interest receivable on funds invested.

Interest income is recognised in the income statement as it accrues.

All other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

(T) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case, the income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(U) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS

Except where stated to refer to the Parent Company, all notes refer to the Group.

1. SEGMENT REPORTING

The Parent Company's main activity is investment. During the year, the Parent Company operated in Bermuda.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based upon the industry of the underlying investment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise net financing costs, net foreign exchange gain and income tax benefit.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

Investment:	The Group's interests in listed and other investments, and management of the business segments.
Oil and gas:	The Group's interest in the Bass Strait oil and gas royalty stream
Property development:	The development of land and properties on Fijian and Hawaiian islands for residential and tourism purposes.
Hotels:	The Group's interest in the "Thistle" chain of hotels in the United Kingdom.

Geographical Segments

The geographical segments are Australasia, Asia, United States of America and United Kingdom.

In presenting information geographically, segment revenue is based on the geographical location of the production, services or assets. Segment assets are based on the geographical location of the assets.

1. SEGMENT REPORTING continued

					2005
	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	CONSOLIDATED TOTAL
BUSINESS SEGMENTS	USSM	USSM	USSM	USSM	USSM
Total revenue	–	–	43.1	300.4	343.5
Bass Strait oil and gas royalty	–	14.5	–	–	14.5
Gain on disposal of investments/assets	8.4	–	–	52.7	61.1
Other operating income	1.5	–	1.0	21.5	24.0
Direct costs of raw materials and consumables	–	–	(13.4)	(129.2)	(142.6)
Personnel expenses	(5.4)	–	(5.4)	(84.4)	(95.2)
Operating expenses	(32.8)	(0.2)	(6.7)	(12.5)	(52.2)
Profit/(loss) before depreciation and amortisation	(28.3)	14.3	18.6	148.5	153.1
Depreciation	(0.1)	–	–	(29.5)	(29.6)
Amortisation	–	(5.7)	–	–	(5.7)
Profit/(loss) before financing costs	(28.4)	8.6	18.6	119.0	117.8
Net financing costs					(51.7)
Net foreign exchange gain					9.3
Income tax benefit					11.5
Net profit for the year					86.9
Segment assets	82.2	133.9	216.7	1,413.4	1,846.2

					2004
	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	CONSOLIDATED TOTAL
BUSINESS SEGMENTS	USSM	USSM	USSM	USSM	USSM
Total revenue	–	–	31.1	266.6	297.7
Bass Strait oil and gas royalty	–	12.0	–	–	12.0
Gain/(loss) on disposal of investments /assets	24.6	–	–	(1.0)	23.6
Other operating income	7.1	–	1.0	11.1	19.2
Direct costs of raw materials and consumables	–	–	(10.2)	(93.7)	(103.9)
Personnel expenses	(3.8)	–	(5.1)	(74.7)	(83.6)
Operating expenses	(4.6)	(0.2)	(6.8)	(7.0)	(18.6)
Profit before depreciation and amortisation	23.3	11.8	10.0	101.3	146.4
Depreciation	(0.2)	–	–	(29.6)	(29.8)
Amortisation	–	(5.4)	–	–	(5.4)
Profit before financing costs	23.1	6.4	10.0	71.7	111.2
Net financing costs					(64.7)
Net foreign exchange gain					15.6
Income tax benefit					0.5
Net profit for the year					62.6
Segment assets	24.3	133.9	206.8	1,726.5	2,091.5

* Owned hotels only

1. SEGMENT REPORTING continued

						2005
	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS	CONSOLIDATED TOTAL
BUSINESS SEGMENTS	USSM	USSM	USSM	USSM	USSM	USSM
Segment liabilities	81.2	0.9	15.1	747.3	—	844.5
Cash flows from operating activities	38.5	20.2	13.5	33.3	—	105.5
Cash flows from investing activities	13.9	—	(4.4)	322.5	—	332.0
Cash flows from financing activities	(454.6)	0.1	1.0	(1.3)	—	(454.8)
Capital expenditure	—	—	1.2	16.6	—	17.8

						2004
	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS**	CONSOLIDATED TOTAL
BUSINESS SEGMENTS	USSM	USSM	USSM	USSM	USSM	USSM
Segment liabilities	412.6	0.2	9.2	801.6	3.7	1,227.3
Cash flows from operating activities	11.3	6.2	12.7	28.2	—	58.4
Cash flows from investing activities	68.9	—	(4.2)	87.2	—	151.9
Cash flows from financing activities	(724.3)	0.1	—	(57.1)	—	(781.3)
Capital expenditure	0.2	—	—	11.4	—	11.6

* Owned hotels only

** The Group completed the disposal of its shipping assets.

					2005
	AUSTRALASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	CONSOLIDATED TOTAL
GEOGRAPHICAL SEGMENTS	USSM	USSM	USSM	USSM	USSM
Total revenue from external customers	22.9	—	20.2	300.4	343.5
Segment assets	156.0	72.7	203.1	1,414.4	1,846.2
Capital expenditure	0.2	—	1.0	16.6	17.8

					2004
	AUSTRALASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	CONSOLIDATED TOTAL
GEOGRAPHICAL SEGMENTS	USSM	USSM	USSM	USSM	USSM
Total revenue from external customers	7.9	—	23.2	266.6	297.7
Segment assets	146.5	72.2	201.6	1,671.2	2,091.5
Capital expenditure	—	0.2	—	11.4	11.6

2. REVENUE

	2005 USSM	2004 USSM
Revenue from hotel operations	300.4	266.6
Revenue from sale of development properties	43.1	31.1
	343.5	297.7

3. GAIN ON DISPOSAL OF INVESTMENTS/ASSETS

	2005 USSM	2004 USSM
Gain on disposal of investments	8.4	24.6
Gain/(loss) on disposal of assets*	52.7	(1.0)
	61.1	23.6

* On 28 April 2005, the Group entered into a sale and leaseback transaction in respect of six hotels owned by a wholly owned subsidiary. The gain on disposal is computed after taking into account related costs.

4. OTHER OPERATING INCOME

	2005 USSM	2004 USSM
Dividend income	1.4	0.4
Sublease income	5.7	3.6
Recognition of negative goodwill	–	7.3
Hotel management fees	6.3	7.5
Bad debt recovered	10.3	–
Other income	0.3	0.4
	24.0	19.2

5. PERSONNEL EXPENSES

	2005 USSM	2004 USSM
Wages, salaries and benefits	92.2	82.9
Pension contributions – defined contribution plans	2.8	0.5
Directors' fees	0.2	0.2
	95.2	83.6

Included in Personnel Expenses is director's remuneration of US\$2m (2004: US\$1.6m).

The number of employees as at 30 June 2005 was 1,841 (2004: 1,928).

The number of non-executive Directors of the Company whose remuneration fall within the following remuneration bands are as follows:

REMUNERATION BANDS	2005	2004
S\$249,999 and below	7	5
S\$250,000 to S\$499,999	–	–
S\$500,000 and above	–	–
	7	5

The Chief Executive Officer and the top five key executives whose remuneration fall within the following remuneration bands are as follows:

REMUNERATION BANDS	2005	2004
S\$249,999 and below	–	–
S\$250,000 to S\$499,999	2	3
S\$500,000 and above	4	3
	6	6

6. OTHER OPERATING EXPENSES

	2005 USSM	2004 USSM
Management fees paid to a related party (note 26)	2.7	2.6
Provisions made/(written back) (note 19)	29.0	(1.1)
Travelling and transport	1.5	1.7
Legal expenses	0.8	0.6
Office expenses	4.2	5.8
Consultancy expenses	6.2	2.7
Property repair and maintenance	2.1	2.0
Other expenses	5.7	4.3
	52.2	18.6

Non-audit fees paid comprised the following:

	2005 USSM	2004 USSM
To other auditors		
– included in other operating expenses	0.4	0.2

No non-audit fees was paid to the auditors of the Parent Company in 2004 and 2005

7. NET FINANCING COSTS

	2005 USSM	2004 USSM
Interest expense	60.1	67.7
Interest income	(13.3)	(7.1)
Other financing costs	4.9	4.1
	51.7	64.7

8. INCOME TAX BENEFIT

RECOGNISED IN THE INCOME STATEMENT	2005 USSM	2004 USSM
Current tax expense:		
Current year	19.0	17.5
Under/(over) provided in prior year	2.7	(3.3)
	21.7	14.2
Deferred tax (benefit)/expense:		
Origination and reversal of temporary differences (note 20)	(33.2)	(14.7)
Total income tax benefit in income statement	(11.5)	(0.5)

RECONCILIATION OF EFFECTIVE TAX BENEFIT	2005 USSM	2004 USSM
Profit before tax	75.4	62.1
Tax at the applicable rates to profits in the countries concerned	34.3	21.5
Effect of:		
Non-taxable items	(55.8)	(13.5)
Under/(over) provided in prior year	2.7	(3.3)
Other non-deductible expenses	12.3	3.0
Tax losses created	(6.7)	(7.7)
Other	1.7	(0.5)
	(11.5)	(0.5)

Parent Company

There is no tax payable by the Parent Company as it is not liable for income tax in Bermuda.

9. EARNINGS PER SHARE

Basic Earnings Per Share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of US\$86.9m (2004: US\$62.6m) and the weighted average number of ordinary shares outstanding during the year of 1,368,063,633 (2004: 1,368,063,633).

Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of US\$86.9m (2004: US\$62.6m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	2005 M	2004 M
Weighted average number of shares at 1 July	1,368.0	1,368.0
Effect of share options in issue	—	1.8
Weighted average number of ordinary shares (diluted) at 30 June	1,368.0	1,369.8

10. HOTELS, PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDING USSM	LEASEHOLD LAND AND BUILDING USSM	PLANT, VEHICLES AND FITTINGS USSM	TOTAL USSM
<i>Cost</i>				
Balance at 1 July 2004	636.3	852.6	423.6	1,912.5
Effect of movements in foreign exchange	(9.8)	(13.1)	(6.5)	(29.4)
Additions	0.4	6.2	11.2	17.8
Disposals	(194.4)	(63.6)	(47.8)	(305.8)
Balance at 30 June 2005	432.5	782.1	380.5	1,595.1
<i>Accumulated Depreciation</i>				
Balance at 1 July 2004	3.5	20.2	244.8	268.5
Effect of movements in foreign exchange	(0.1)	(0.3)	(4.8)	(5.2)
Depreciation charge	1.0	1.3	27.3	29.6
Disposals	(1.8)	(0.4)	(24.7)	(26.9)
Balance at 30 June 2005	2.6	20.8	242.6	266.0
<i>Net Book Value</i>				
At 30 June 2004	632.8	832.4	178.8	1,644.0
At 30 June 2005	429.9	761.3	137.9	1,329.1

As at 30 June 2005, the Group's secured borrowings totalling US\$495.9m (2004: US\$822m) (see note 17) was secured on five hotels (2004: seven hotels) owned by the Group with net book value of US\$924.9m (2004: US\$1,125m).

As at 30 June 2005, one hotel with net book value of US\$300m (2004: US\$305.7m) was charged as security for a US\$73.9m (2004: US\$81.8m) bank letter of credit to support the Group's obligation as described in note 25.

During the financial year, the Group entered into a sale and leaseback transaction in respect of certain hotel properties. The gain on disposal from the sale and leaseback transaction is disclosed in note 3 to the financial statements.

11. DEVELOPMENT PROPERTIES

The Group's development properties, which are wholly owned, are located in the United States of America, being the 65,000 acre land parcel on Molokai island in Hawaii and in Fiji, being the 650 acre Denarau Island Resort in Western Viti Levu. The properties are under development for residential and tourism purposes.

12. BASS STRAIT OIL AND GAS ROYALTY

USSM

<i>Cost</i>	
Balance at 1 July 2004	132.4
Effect of movements in foreign exchange	11.7
Balance at 30 June 2005	144.1
<i>Amortisation</i>	
Balance at 1 July 2004	10.4
Effect of movements in foreign exchange	0.9
Amortisation charge	5.7
Balance at 30 June 2005	17.0
<i>Net Book Value</i>	
At 30 June 2004	122.0
At 30 June 2005	127.1

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust.

13. NEGATIVE GOODWILL

USSM

<i>Cost</i>	
Balance at 1 July 2004	(66.4)
Adjustment of negative goodwill*	66.4
Balance at 30 June 2005	–
<i>Cumulative Amounts Recognised</i>	
Balance at 1 July 2004	8.6
Adjustment of negative goodwill*	(8.6)
Balance at 30 June 2005	–
<i>Net Book Value</i>	
At 30 June 2004	(57.8)
At 30 June 2005	–

* The Group has adopted IFRS 3: Business Combinations whereby the negative goodwill at 30 June 2004 has been derecognised with a corresponding adjustment to retained earnings as at 1 July 2004.

14. OTHER INVESTMENTS

	2005 USSM	2004 USSM
Shares in unlisted companies	9.3	12.5
Other investments	1.2	1.5
	10.5	14.0

15. TRADE AND OTHER RECEIVABLES

	2005 USSM	2004 USSM
Trade receivables	50.3	42.1
Due from sale of assets	–	4.5
Loan to a third party	–	3.2
Deposits	4.1	1.1
Royalty income receivable	6.8	5.7
Due from broker	4.5	5.3
Prepaid expenses	32.3	19.9
Other receivables	6.5	7.3
	104.5	89.1

16. CASH AND CASH EQUIVALENTS

	2005 USSM	2004 USSM
Bank balances	7.7	22.4
Call deposits	45.1	43.9
Cash and cash equivalents	52.8	66.3

Call deposits of US\$nil (2004: US\$6m) were placed with a financial institution to secure a letter of credit provided by the financial institution to a subsidiary.

17. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate, security and foreign currency risk, refer to note 22.

	2005 USSM	2004 USSM
CURRENT LIABILITIES		
Current portion of unsecured bonds and notes	–	18.4
Current portion of capital notes	14.0	44.5
	14.0	62.9
NON-CURRENT LIABILITIES		
Secured bank loans	–	307.7
Mortgage debenture stock	495.9	514.3
Capital notes	10.4	22.3
	506.3	844.3

17. LOANS AND BORROWINGS continued

TERMS AND DEBT REPAYMENT SCHEDULE 2005	TOTAL USSM	UNDER 1 YEAR USSM	1-2 YEARS USSM	2-5 YEARS USSM	OVER 5 YEARS USSM
Mortgage debenture stock:					
Sterling pounds	495.9	—	—	—	495.9
Capital notes:					
New Zealand dollars	24.4	14.0	5.0	5.4	—
	520.3	14.0	5.0	5.4	495.9

TERMS AND DEBT REPAYMENT SCHEDULE 2004	TOTAL USSM	UNDER 1 YEAR USSM	1-2 YEARS USSM	2-5 YEARS USSM	OVER 5 YEARS USSM
Secured bank loans:					
United States dollars	235.0	—	235.0	—	—
Sterling pounds	72.7	—	72.7	—	—
Mortgage debenture stock:					
Sterling pounds	514.3	—	—	—	514.3
Unsecured bonds and notes:					
Japanese yen	18.4	18.4	—	—	—
Capital notes:					
New Zealand dollars	66.8	44.5	17.4	4.9	—
	907.2	62.9	325.1	4.9	514.3

As at 30 June 2005, BIL Finance Limited (a wholly owned subsidiary) had issued Capital Notes to the value of US\$24.4m (2004: US\$66.8m) with election dates ranging from 15 October 2005 to 15 October 2007. The Capital Notes pay interest at rates between 8.0% and 9.25%. Under the terms of the Capital Notes issued, noteholders may on the relevant election date either accept the new terms offered or convert some or all of their notes into ordinary shares in the Parent Company at a price equal to 98% of the weighted average sale price for ordinary shares sold on the New Zealand Exchange on each of the five business days prior to the relevant election date or, where no ordinary shares have been sold on each of those days, the weighted average sale price of ordinary shares on each of the five business days having the highest volumes of trading within the last 14 days prior to a relevant election date. In any event, on an election date, BIL International Limited (at its option), may purchase for cash some or all of the Capital Notes for their principal amount together with any accrued interest and unpaid interest. On 1 September 2005, BIL International Limited announced that it will be exercising its option to purchase for cash on 15 October 2005 the BIL Finance Limited Capital Notes on issue with an Election Date of 15 October 2005. BIL International Limited guarantees the Capital Notes on a subordinated basis. BIL International Limited covenants not to pay any dividends or make certain other returns of capital or distributions in respect of ordinary shares if the interest payments on the Capital Notes are not paid on due date and for as long as such payments remain unpaid.

18. TRADE AND OTHER PAYABLES

	2005 USSM	2004 USSM
Trade payables	29.0	34.6
Interest and hedging costs payable	1.9	9.2
Commission payable	3.7	4.3
Management fee payable to a related party	1.5	1.6
Value added tax payable	3.0	5.6
Accrued expenses	15.1	15.8
Deposits received	3.8	2.1
Other payables	11.2	8.4
	69.2	81.6

19. PROVISIONS

GROUP	ONEROUS LEASES USSM	RESTRUCTURING COSTS USSM	PENSIONS USSM	LITIGATION USSM	TOTAL USSM
Balance at 1 July 2004	1.1	2.2	29.9	3.9	37.1
Provisions made/(written back) during the year	0.3	(0.2)	(0.6)	28.8	28.3
Effect of movements in foreign exchange	0.1	–	0.3	0.2	0.6
Provisions utilised during the year	(0.4)	(0.9)	(0.6)	(2.9)	(4.8)
Balance at 30 June 2005	1.1	1.1	29.0	30.0	61.2
Provisions as at 30 June 2005 are disclosed as:					
Current liabilities	0.8	1.1	–	30.0	31.9
Non-current liabilities	0.3	–	29.0	–	29.3
	1.1	1.1	29.0	30.0	61.2

Provisions made/(written back) during the year are included in:

	USSM
Personnel expenses	(0.7)
Other operating expenses	29.0
	28.3

PARENT COMPANY	PENSIONS USSM	LITIGATION USSM	TOTAL USSM
Balance at 1 July 2004	2.8	1.7	4.5
Provisions made during the year	0.1	28.8	28.9
Effect of movements in foreign exchange	0.2	–	0.2
Provisions utilised during the year	(0.5)	(1.7)	(2.2)
Balance at 30 June 2005	2.6	28.8	31.4
Current liabilities	–	28.8	28.8
Non-current liabilities	2.6	–	2.6
Balance at 30 June 2005	2.6	28.8	31.4

Provisions made during the year are included in other expenses in the Parent Company income statement.

Onerous Leases

Provision has been made for rentals payable for offices which are no longer expected to be in use. The balance at 30 June 2005 is expected to be utilised by 30 June 2007.

Restructuring Costs

The Group continued to restructure its operations during the year. The balance at 30 June 2005 is expected to be utilised by 30 June 2006.

19. PROVISIONS continued

Pensions

The Group has several defined contribution and defined benefit pension schemes, all of which are closed to new members and managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

	2005 USSM	2004 USSM
Present value of funded obligations	(99.4)	(88.6)
Fair value of plan assets	69.2	59.5
Present value of net obligations	(30.2)	(29.1)
Unrecognised actuarial gains and losses	1.2	(0.8)
Net pension deficits	(29.0)	(29.9)
<i>Movements in the net liability for defined benefit pension scheme obligations recognised in the balance sheet:</i>		
As at 1 July 2004	(29.9)	(28.6)
Contributions paid	3.4	2.9
Expense recognised in the income statement (see below)	(2.2)	(1.5)
Effect of foreign exchange	(0.3)	(2.7)
As at 30 June 2005	(29.0)	(29.9)
<i>Expense recognised in the income statement:</i>		
Current service costs	(1.1)	(1.0)
Interest on obligation	(5.2)	(4.0)
Expected return on plan assets	4.3	3.3
Actuarial (loss)/gain	(0.2)	0.2
	(2.2)	(1.5)
Actual return on plan assets	8.6	7.0
<i>Principal actuarial assumptions as at the balance sheet date (expressed as weighted averages):</i>		
Discount rate	4.75%	5.40%
Expected returns on plan assets – equities	6.94%	7.36%
Expected returns on plan assets – bonds	4.75%	5.17%
Expected rates of salary increases	3.70%	4.00%

Litigation

On 18 July 2005, the Court of First Instance of the High Court of Hong Kong made a judgement against the Company for a sum of US\$15.9 million plus interest and costs in respect of a claim under a warranty contained in a share acquisition agreement dated 6 June 1994. The Board has decided to appeal the abovementioned judgement.

Apart from the abovementioned judgement, the outcome of other litigation will not give rise to any significant loss beyond the amount provided at 30 June 2005. The balance at 30 June 2005 is expected to be utilised by 30 June 2006.

20. DEFERRED TAX ASSETS AND LIABILITIES

Recognised Deferred Tax Assets and Liabilities

	AT 1 JULY 04 USSM	(CREDITED)/ CHARGED TO INCOME STATEMENT (NOTE 8) USSM	FOREIGN EXCHANGE USSM	TOTAL 30 JUNE 05 USSM
Property, plant and equipment	238.5	(36.5)	(1.5)	200.5
Loans and borrowings	(30.9)	3.0	0.3	(27.6)
Provisions	(6.8)	0.3	0.1	(6.4)
	200.8	(33.2)	(1.1)	166.5

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of tax losses of US\$966.8m (2004: US\$729.1m) in view of uncertainty over availability of future taxable profits against which the losses can be utilised.

The tax losses do not expire under current tax legislation.

The ability to utilise these losses is dependent on future profits and meeting any relevant local tax requirements.

21. SHARE CAPITAL AND RESERVES

SHARE CAPITAL – AUTHORISED	ORDINARY SHARES	
	2005	2004
Number of shares of par value of US\$0.20 each at beginning and end of the year	5,000,000,000	5,000,000,000

SHARE CAPITAL – FULLY PAID	ORDINARY SHARES	
	2005	2004
Number of shares in issue at beginning and end of the year	1,368,063,633	1,368,063,633

Share Options

(a) At the end of the financial year, details of the share options movements are as follows:

	2005	2004
Outstanding at 1 July	16,850,000	16,850,000
Exercised during the year	(3,800,000)	–
Cancelled/lapsed during the year	(5,450,000)	–
Outstanding at 30 June	7,600,000	16,850,000

(b) Details of the number of share options outstanding at 30 June are as follows:

EXPIRY DATE	EXERCISE PRICE	2005	2004
21 March 2011	(i)	–	1,600,000
27 September 2012	(i)	–	250,000
2 years after date of vesting or 30 June 2004 whichever is later and expires on the second anniversary of the commencement date	(ii)	3,800,000	10,000,000
2 years after date of vesting or 30 June 2005 whichever is later and expires on the second anniversary of the commencement date	(ii)	3,800,000	5,000,000
		7,600,000	16,850,000

21. **SHARE CAPITAL AND RESERVES** continued

- (i) The BIL International Share Option Plan (the Plan) which was approved by shareholders in 2001, is administered by the Remuneration Committee.

As at 30 June 2005, there were no options outstanding as options to take up 1,850,000 unissued shares of US\$0.20 each in the Company were cancelled.

- (ii) The BIL Value Creation Incentive Share Scheme (the Scheme) is a share incentive scheme which was approved by the Board in 2003 and is administered by the Remuneration Committee. Under the Scheme, options over existing shares of the Company are issued to eligible participants.

There were no new options granted during the year.

As at 30 June 2005, options to take up 7.6 million shares of US\$0.20 each at an exercise price of S\$0.47 in the Company under the Scheme were outstanding. Options to take up 3.6 million shares of US\$0.20 each lapsed during the year.

Since the commencement of the Scheme, no options have been granted to the controlling shareholders or their associates. Except for the Chief Executive Officer, Arun Amarsi, no participant has been granted 5% or more of the total options available. No options have been granted at a discount.

Details of options granted to and exercised by the Chief Executive Officer, Arun Amarsi since commencement of the Scheme are as follows:

NAME OF PARTICIPANT	OPTIONS GRANTED DURING THE FINANCIAL YEAR	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGREGATE OPTIONS OUTSTANDING AS AT THE END OF THE FINANCIAL YEAR
Arun Amarsi	–	11,100,000	3,700,000	7,400,000

- (c) The exercise prices of all options are subject to adjustment in the event of changes to the capital structure of the Company occurring prior to exercise.

Contributed Surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

Translation Reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the Company.

Fair Value Reserve

The fair value reserve comprises the gain or loss resulting from stating available-for-sale investments at fair value.

22. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has drawn up a treasury risk policy statement which sets out the general risk management philosophy and framework.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

From time to time, the Group may also enter into transactions with the intention to secure financial benefits from favourable market conditions.

Credit Risk

For financial assets arising from ordinary operations, Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Debt securities are only purchased from counterparties which have investment gradings assigned by recognised credit rating agencies, or are otherwise approved by the Audit and Risk Management Committee.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

Interest Rate and Foreign Exchange Risks

Exposure to interest rate and foreign currency movements are managed as far as possible by natural hedges of matching assets and liabilities. Residual risks after natural hedges are managed by the use of derivative financial instruments such as interest rate swaps, options and forward contracts.

The Group adopts an active management approach to managing currency risk. In this regard, hedge positions for foreign exchange exposures are adjusted on a continuous basis, depending on market movements. The objective is typically to be hedged when markets are expected to move adversely, while reducing or eliminating hedge protection when markets are expected to move favourably.

22. FINANCIAL INSTRUMENTS continued

Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice. The effective interest rates take into account the effect of interest rate swaps.

	2005 EFFECTIVE INTEREST RATE	TOTAL USSM	6 MONTHS OR LESS USSM	6-12 MONTHS USSM	1-2 YEARS USSM	2-5 YEARS USSM	OVER 5 YEARS USSM
Cash and cash equivalents	1.23 – 7.01%	52.8	52.8	–	–	–	–
Mortgage debenture stock:							
Sterling pounds ⁽¹⁾	7.8 – 10.8%	(495.9)	–	–	–	–	(495.9)
Capital notes:							
New Zealand dollars	8.0 – 9.25%	(24.4)	(14.0)	–	(5.0)	(5.4)	–

⁽¹⁾ Face value of the mortgage debenture stock is £226.1m (US\$405m) and interest is paid on this amount.

	2004 EFFECTIVE INTEREST RATE	TOTAL USSM	6 MONTHS OR LESS USSM	6-12 MONTHS USSM	1-2 YEARS USSM	2-5 YEARS USSM	OVER 5 YEARS USSM
Cash and cash equivalents	1.25 – 5.75%	66.3	66.3	–	–	–	–
Secured bank loans:							
United States dollars ⁽¹⁾	3.03 – 3.04%	(235.0)	(235.0)	–	–	–	–
Sterling pounds ⁽¹⁾	6.50625 – 6.5075%	(72.7)	(72.7)	–	–	–	–
Mortgage debenture stock:							
Sterling pounds ⁽²⁾	7.8 – 10.8%	(514.3)	–	–	–	–	(514.3)
Unsecured bonds and notes:							
United States dollars	8.5%	(18.4)	(18.4)	–	–	–	–
Capital notes:							
New Zealand dollars	8.0 – 10.0%	(66.8)	(44.5)	–	(17.4)	(4.9)	–

⁽¹⁾ Secured against shares in Thistle Hotels Limited and a hotel property.

⁽²⁾ Face value of the mortgage debenture stock is £226.1m (US\$411.4m) and interest is paid on this amount.

The carrying amount of financial assets and financial liabilities approximates to their fair values.

23. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2005 USSM	2004 USSM
Within one year	4.4	4.9
Between one and five years	4.7	7.0
Over five years	56.1	5.8
	65.2	17.7

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

The Group has entered into a sale and leaseback agreement (note 3) on 28 April 2005 for a period of 30 years with the option to renew each lease. The initial annual rent is £11.2m (US\$20.8m) per annum which will increase by 2% per annum for the first 15 years and thereafter remain fixed.

Total operating lease expense payable for the year is US\$34.2m (2004 : US\$11.3m)

The Group has sublet some of the above properties. The majority of leases and subleases expire by 30 June 2007. Non-cancellable operating lease rentals are receivable as follows:

	2005 USSM	2004 USSM
Within one year	0.8	1.0
Between one and five years	0.4	1.3
	1.2	2.3

24. COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

	2005 USSM	2004 USSM
Hotels, property, plant and equipment	3.6	0.9
Development properties	30.0	5.1
Venture fund	2.6	5.0
	36.2	11.0

25. CONTINGENT LIABILITIES

	CONSOLIDATED		PARENT COMPANY	
	2005 USSM	2004 USSM	2005 USSM	2004 USSM
Guarantees for wholly owned non-trading subsidiaries	—	—	24.8	397.4
Guarantees of investment performance	27.4	29.4	—	—

In addition, the Group has given a guarantee to the owner of the 31 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of the businesses will not be less than US\$73.9m (£41.24m) (2004: US\$81.8m) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee is US\$73.9m (£41.24m) (2004: US\$81.8m) and the maximum aggregate liability under the guarantee is US\$147.8m (£82.5m) (2004: US\$163.7m). The Group's expectation is that the future EBITDA will be in excess of the guaranteed amount.

26. RELATED PARTIES

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Total remuneration paid to a Director is disclosed in note 5.

Parent Company

The Parent Company has advances to and from subsidiaries of US\$377.1m (2004: US\$324.2m) and US\$424.7m (2004: US\$406.5m) respectively. The advances are unsecured and repayable on demand. Where interest is charged, it is calculated with reference to market rates. The Parent Company received a net guarantee fee income from subsidiaries of US\$0.3m (2004: US\$0.5m). Administration fee paid to a subsidiary was US\$6m (2004: US\$6m).

Interested Person Transaction

Amounts paid under the management agreement with GIMC Limited (a company related to a director and the controlling substantial shareholder of the Group), for the provision of management services during the financial year were US\$2.7m (note 6) (2004: US\$2.6m).

27. SIGNIFICANT SUBSIDIARIES

	AUDITORS	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2005	2004
Subsidiaries held by:				
<i>Parent Company</i>				
BIL NZ Treasury Limited	KPMG New Zealand	New Zealand	100%	100%
Ma Sing Investments Limited	*	British Virgin Islands	100%	100%
Wayforward Services Limited	*	British Virgin Islands	100%	100%
<i>Group</i>				
BIL Asia Group Treasury Limited	KPMG Singapore	British Virgin Islands	100%	100%
BIL Management Pte Ltd	KPMG Singapore	Singapore	100%	100%
BIL Australia Pty Ltd	KPMG Australia	Australia	100%	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	100%	100%
BIL Finance Limited	KPMG New Zealand	New Zealand	100%	100%
BIL (UK) Limited	KPMG United Kingdom	United Kingdom	100%	100%
Molokai Properties Limited	*	United States of America	100%	100%
Tabua Investments Limited	PricewaterhouseCoopers Fiji	Fiji	100%	100%
Thistle Hotels Limited	KPMG United Kingdom	United Kingdom	100%	100%

* Not required to be audited by law in country of incorporation.

The number of companies within the Group as at 30 June 2005 was 158 (2004: 172).

During the year, the Parent Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, impairment losses of US\$127.8m (2004: US\$118.2m) previously made against investments in and advances to subsidiaries were assessed to be no longer required and were written back.

28. DIVIDENDS

The Board has proposed a first and final of S\$0.035 per share for the financial year ended 30 June 2005, subject to shareholders' approval. The dividend, if approved, will be paid on 17 November 2005 to shareholders on record as at 5.00p.m. on 8 November 2005. The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and on the jurisdiction they are in. Shareholders must meet their own tax obligations in respect of dividends.

	2005 USSM	2004 USSM
A proposed first and final dividend of S\$0.035 (2004: S\$0.025) per share	28.4	19.9

The amount paid for first and final dividend for financial year 2004 of S\$0.025 per share was US\$20.5m based on prevailing exchange rate.

29. CHANGES IN ACCOUNTING POLICY

On 1 July 2004, the Group adopted new IFRS 3 'Business Combinations', revised IAS 36 'Impairment of Assets' and revised IAS 38 'Intangible Assets' which were applicable for financial statements covering periods beginning on or after 1 July 2004. The adoption of these three accounting standards resulted in a change in the Group's accounting policy for goodwill. The Group has derecognised an existing negative goodwill with a corresponding adjustment to the opening balance of retained earnings as at 1 July 2004.

The impact on the Group's retained earnings and current year's net profit on adoption of these accounting standards are as follows:

- (i) Increase in retained earnings by US\$57.8m caused by transfer of negative goodwill.
- (ii) Decrease in current year's net profit by US\$7.3m due to the Group ceasing negative goodwill amortisation.

30. PARENT COMPANY STATEMENT OF CASH FLOWS

No statement of cash flows is prepared for the Parent Company as there are no cash inflows and outflows during the financial year and in the previous financial year.

PARENT COMPANY INCOME STATEMENT

For the year ended 30 June 2005

	NOTE	2005 USSM	2004 USSM
INCOME			
Guarantee fee income		0.3	0.5
Dividend income from subsidiaries		49.3	–
TOTAL INCOME		49.6	0.5
Administration fee expense		(6.0)	(6.0)
Other (expenses) / income		(30.6)	0.1
Profit/(loss) from operations		13.0	(5.4)
Net financing costs			
Interest on borrowing - subsidiaries		(8.4)	(5.9)
Net foreign exchange gain		25.6	21.5
Reversal of impairment loss on investments in and advances to subsidiaries		127.8	118.2
PROFIT BEFORE TAX		158.0	128.4
Income tax expense	8	–	–
NET PROFIT FOR THE YEAR		158.0	128.4
Opening balance of retained earnings		(63.6)	(192.0)
Dividend payment	28	(20.5)	–
Closing balance of retained earnings		73.9	(63.6)

The accompanying notes form an integral part of the financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2005

	SHARE CAPITAL USSM	CONTRIBUTED SURPLUS USSM	RETAINED EARNINGS USSM	TOTAL USSM
Balance at 1 July 2004	273.6	654.2	(63.6)	864.2
First and final dividend of S\$0.025 per share for the year ended 30 June 2004 (note 28)	–	–	(20.5)	(20.5)
Net profit for the year	–	–	158.0	158.0
Balance at 30 June 2005	273.6	654.2	73.9	1,001.7
Balance at 1 July 2003	273.6	654.2	(192.0)	735.8
Net profit for the year	–	–	128.4	128.4
Balance at 30 June 2004	273.6	654.2	(63.6)	864.2

The accompanying notes form an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

As at 30 June 2005

	NOTE	2005 USSM	2004 USSM
ASSETS			
Investments in subsidiaries	27	1,080.7	952.9
TOTAL NON-CURRENT ASSETS		1,080.7	952.9
Advances to subsidiaries	26	377.1	324.2
TOTAL CURRENT ASSETS		377.1	324.2
TOTAL ASSETS		1,457.8	1,277.1
LESS LIABILITIES			
Accruals		–	1.9
Provisions	19	28.8	1.7
TOTAL CURRENT LIABILITIES		28.8	3.6
Advances from subsidiaries	26	424.7	406.5
Provisions	19	2.6	2.8
TOTAL NON-CURRENT LIABILITIES		427.3	409.3
NET ASSETS		1,001.7	864.2
EQUITY			
Share capital		273.6	273.6
Contributed surplus		654.2	654.2
Retained earnings		73.9	(63.6)
TOTAL EQUITY		1,001.7	864.2

The accompanying notes form an integral part of the financial statements.

On behalf of the Board of Directors



Quek Leng Chan
Chairman



Arun Amarsi
Chief Executive Officer

**REPORT OF THE AUDITORS
TO THE MEMBERS OF BIL INTERNATIONAL LIMITED**

We have audited the financial statements of BIL International Limited and consolidated financial statements of BIL International Limited and its subsidiaries (the Group) for the year ended 30 June 2005 as set out on pages 10 to 41. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2005, and of the results of the operations and changes in equity of the Group and of the Company, and of the cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.



KPMG

Certified Public Accountants

Singapore

15 September 2005

SHAREHOLDERS' INFORMATION

44	Directors' Interests
44	Shareholders' Statistics
47	Corporate Governance
50	Sales and Reservations Directory
51	Thistle & Guoman Hotels Locations
52	Notice of Annual General Meeting
	<i>Inside back cover</i> Directory

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year had the following interests in shares, share options and debentures of the Company and its related corporations:

The Company

DIRECTOR	ORDINARY SHARES OF US\$0.20 EACH					
	DIRECT INTEREST			DEEMED INTEREST		
	NO. OF SHARES			NO. OF SHARES		
	AS AT 1 JULY 04/ DATE OF APPOINTMENT	AS AT 30 JUNE 05	%	AS AT 1 JULY 04	AS AT 30 JUNE 05	%
Quek Leng Chan	150,000	150,000	0.01	403,808,449 ⁽¹⁾	403,808,449 ⁽¹⁾	29.52
Arun Amarsi ⁽²⁾	2,691,000	6,391,000	0.47	—	—	—
Tang Kin Fei	150,000	150,000	0.01	—	—	—

⁽¹⁾ Deemed interest through Hong Leong Company (Malaysia) Berhad. See page 45 for details.

⁽²⁾ Arun Amarsi has been granted options to acquire 7,400,000 ordinary shares of US\$0.20 each. See page 32 for details.

RELATED CORPORATIONS

DIRECTOR	BIL FINANCE LIMITED CAPITAL NOTES ⁽¹⁾	
	AS AT 1 JULY 04	AS AT 30 JUNE 05
Quek Leng Chan	1,069,000	105,000

⁽¹⁾ See Note 17 of the Financial Statements for details of the BIL Finance Limited Capital Notes.

There was no change in any of the above interests between the end of the financial year and 21 July 2005.

SHAREHOLDERS' STATISTICS

As at 12 September 2005:

(a) (i) There were 53,773 registered holders of the issued ordinary shares in the Company. Every ordinary share ranks equally on voting. Every shareholder present in person, by proxy or representative has one vote on a show of hands and on a poll has one vote for each share held.

(ii) There were 2 holders of options over ordinary shares in the Company. The options do not have any voting rights.

(b) Distribution Schedule

RANGE	NO. OF HOLDERS	%	SHARES	%
1 to 999	30,117	56.01	15,199,006	1.11
1,000 to 10,000	21,167	39.36	61,372,050	4.49
10,001 to 1,000,000	2,465	4.59	81,953,770	5.99
1,000,001 and above	24	0.04	1,209,538,807	88.41
	53,773	100	1,368,063,633	100

(c) The substantial shareholders of the Company and their direct and deemed interests as per Register of Substantial Shareholders are set out below:

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF ORDINARY SHARES	%	NO. OF ORDINARY SHARES	%
Camerlin Holdings Sdn Bhd (CHSB)	269,742,547	19.72	–	–
Camerlin Group Berhad (CGB)	31,845,810	2.33	272,715,397 ⁽¹⁾	19.93
GuoLine Capital Assets Limited	–	–	596,886,449 ⁽²⁾	43.63
GuoLine Overseas Limited	–	–	596,886,449 ⁽²⁾	43.63
HL Holdings Sdn Bhd	–	–	596,886,449 ⁽²⁾	43.63
Hong Leong Company (Malaysia) Berhad (HLCM)	–	–	596,886,449 ⁽²⁾	43.63
Quek Leng Chan	150,000	0.01	598,216,409 ⁽²⁾	43.73
Dao Heng Enterprises Limited	–	–	74,247,242 ⁽³⁾	5.43
Hong Leong Investment Holdings Pte Ltd	–	–	596,886,449 ⁽⁴⁾	43.63
Asia Fountain Investment Company Limited (AFI)	74,247,242	5.43	–	–
Guoco Group Limited (GGL)	–	–	596,886,449 ⁽⁵⁾	43.63
Brightspring Holdings Limited (BSH)	–	–	304,561,207 ⁽⁶⁾	22.26
High Glory Investments Limited (HGI)	193,078,000	14.11	–	–
Citigroup Financial Products LLC	88,681,000	6.48	–	–
Third Avenue Management LLC, on behalf of numerous portfolios	–	–	195,041,203 ⁽⁷⁾	14.26
Third Avenue Management LLC, on behalf of Third Avenue International Value Fund (TAM)	105,363,903	7.70	–	–

Notes:

- (1) Deemed interest arising through CHSB and a subsidiary company by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (2) Deemed interest arising through GGL by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (3) Deemed interest arising through AFI by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (4) Deemed interest arising through HLCM by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (5) Deemed interest arising through HGI, CGB, AFI and another indirect subsidiary company by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (6) Deemed interest arising through CGB by virtue of the operation of Section 7 of the Companies Act, Cap 50.
- (7) Deemed interest in shares held by TAM and its other client accounts.

(d) 20 Largest Holders and Numbers Held

NAME OF SHAREHOLDERS	NO. OF SHARES	%
DBS NOMINEES PTE LTD	375,826,795	27.47
CITIBANK NOMINEES S'PORE PTE LTD	235,484,986	17.21
CIMB-GK SECURITIES PTE LTD	196,938,973	14.40
UOB KAY HIAN PTE LTD	94,601,704	6.92
HSBC (SINGAPORE) NOMINEES PTE LTD	60,796,209	4.44
RAFFLES NOMINEES PTE LTD	59,990,645	4.39
BUMIPUTRA-COMMERCE BANK BERHAD	35,000,000	2.56
OVERSEA-CHINESE BANK NOMINEES PTE LTD	30,000,000	2.19
MORGAN STANLEY ASIA (S'PORE) PTE LTD	28,552,198	2.09
CHECKENDEN LIMITED	25,000,000	1.83
UNITED OVERSEAS BANK NOMINEES PTE LTD	17,440,498	1.27
HL BANK NOMINEES (S) PTE LTD	11,446,000	0.84
NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED	9,674,543	0.71
MERRILL LYNCH (S'PORE) PTE LTD	4,565,576	0.33
DB NOMINEES (S) PTE LTD	4,389,250	0.32
PRIMA PORTFOLIO PTE LTD	2,500,000	0.18
OCBC SECURITIES PRIVATE LTD	2,103,000	0.15
H & G LIMITED	2,075,000	0.15
RONALD ALFRED BRIERLEY	1,794,337	0.13
SOH HEE CHUAN	1,500,000	0.11
	1,199,679,714	87.69

36% of shares are held in the hands of public and hence at least 10% of all shares of the Company is held by the public at all times.

CORPORATE GOVERNANCE

The Board of BIL has adopted the corporate governance practices which are substantially in line with the principles of the Singapore Code of Corporate Governance (Code) and the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited (SGX-ST). These practices and guidelines set out in the Code are not materially different compared with those of the New Zealand Exchange's Corporate Governance Best Practice Code. This report outlines BIL's corporate governance processes and activities for the financial year.

BOARD OF DIRECTORS

BOARD COMPOSITION AND INDEPENDENCE

The Board comprises six Directors, five of whom are non-executive Directors. The non-executive Directors are Quek Leng Chan, Hon. Philip Burdon, Reggie Thein, Tang Kin Fei and Kwek Leng Hai. The Chief Executive Officer (CEO), Arun Amarsi, is the only executive who is a member of the Board. One-third of the Board members, namely, Hon. Philip Burdon and Reggie Thein, are considered independent by the Nominating Committee. The profiles of the Directors are found on pages 6 to 7 of this Annual Report.

CHAIRMAN AND CEO

There is a clear separation of the roles and responsibilities between the non-executive Chairman and CEO of the Company. The Board's Chairman is Quek Leng Chan, who is responsible for the Board's workings and proceedings and establishing a working relationship with the CEO. The CEO is charged with the executive responsibility of running the Company's business. The Chairman and the CEO are not related to each other.

BOARD RESPONSIBILITIES

The Board is responsible for the Group's overall business plans, strategic directions and financial performance.

The Board meets every quarter and additional meetings are convened as and when required. In 2005, the Board held four meetings and the attendance of each Director at Board Meetings is disclosed on pages 6 to 7 of the Annual Report.

Management provides the Board with timely and adequate information prior to Board meetings. This includes appropriate Board papers that identify and fairly address the key issues concerning the Company, budgets, forecasts, and internal financial statements. Meetings via telephone or videoconference are permitted by its Bye-Laws.

The Board and its Committees have separate and independent access to the Senior Management and to the Company Secretary, who attends all Board and Committee meetings. The scope of the Company Secretary's responsibilities includes ensuring that Board procedures, applicable rules and regulations are complied with.

The Board takes independent professional advice as and when necessary to enable it to discharge its duties effectively. The cost of such professional advice is borne by the Company.

Directors are updated regularly on key regulatory and accounting changes at meetings. Directors receive further relevant training as and when deemed necessary. New directors are apprised of the business activities of the Group and its strategic directions, as well as the Company's policies, procedures and practices, confidentiality covenant and disclosure of dealings in securities.

To facilitate effective management, certain functions have been delegated by the Board to various Board Committees. Currently, there are three committees, comprising the Audit and Risk Management, the Remuneration and the Nominating Committees. The names of the members in each of the Committee are disclosed in the Directory page.

In 2005, the Audit and Risk Management Committee held four meetings whereas the Remuneration Committee held two meetings and the Nominating Committee held one meeting. The attendance of the Committee Members is disclosed on pages 6 to 7 of the Annual Report.

BOARD COMMITTEES

AUDIT AND RISK MANAGEMENT COMMITTEE (AC)

The AC reviews with the external auditors, internal auditors and Management the effectiveness of the Group's material internal controls including financial & operational controls and risk management, as well as interested persons transactions and matters or issues affecting the Group's performance.

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by a policy as well as detailed procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group.

On an annual basis, a report is presented to the AC on the significant risks and residual risk exposures impacting the Group and the measures taken by Management to address them.

The AC reviews the Group's quarterly and annual announcements as well as financial statements of the Group and Company before they are submitted to the Board for approval. It also recommends the appointment of the external auditors after reviewing their independence and meeting with them at least once a year without Management's presence.

The AC reviews, on an annual basis, the adequacy of the internal audit function. It has reviewed and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

The AC has reviewed all non-audit services provided by the external auditors and is satisfied that the provision of such non-audit services would not affect their independence.

REMUNERATION COMMITTEE (RC)

The RC reviews and approves remuneration and promotion of key executives. It also reviews the remuneration of its non-executive Directors, CEO and Senior Management. The RC also establishes guidelines on share options and other long-term incentive plans and approves the grant of such incentives to key executives.

Non-executive Directors are paid director's fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. For the last financial year, the Board has recommended the sum of US\$196,900 as directors' fees for its five non-executive Directors. This will be subject to the approval of shareholders. The remuneration bands of the non-executive Directors are disclosed in Note 5 to the Financial Statements.

In reviewing and determining the remuneration packages of the CEO and its Senior Management, the RC considers their responsibilities, skills, expertise and contribution to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talent.

The remuneration package, comprising mainly salaries, bonuses and benefits for the CEO and the top five key executives who are also the Directors of the Company's subsidiaries, are disclosed in bands of S\$250,000 so as to maintain confidentiality of staff remuneration matters. This information is disclosed in Note 5 to the Financial Statements. Share options are also granted to a select number of key executives (including the CEO). Options granted only vest after achievement of pre-determined targets and upon the RC being satisfied that the prescribed targets have been achieved.

With the exception of (i) the grant to the CEO, Arun Amarsi, of options to acquire shares; (ii) the service agreement between the Company and Arun Amarsi, there are no material contracts of the Company and its subsidiaries involving Directors' interests subsisting at 30 June 2005 or were entered into since 30 June 2005. There are no loans by the Company and its subsidiaries to any Director.

During the year, there were no employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S\$150,000.

NOMINATING COMMITTEE (NC)

The role of the NC is to make recommendations to the Board on all Board appointments and on the composition of executive and non-executive Directors. It is responsible for re-nominating Directors retiring by rotation as well as assessing annually the independence of the Directors. It assesses the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board. Objective performance criteria used to evaluate the Board's performance include Directors' attendance at meetings, their knowledge of the Company's business and contributions during discussions. The NC takes care to ensure that appointees have enough time available to devote to their directorship roles.

The NC is of the view that the current size of the Board is appropriate for the nature and scope of its operations and comprises members who, as a group, are capable, experienced and skilled.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to provide timely and adequate disclosure of information on matters of material impact to shareholders. The Company communicates to the public via SGXNET on the SGX website on an immediate basis as required under the SGX-ST Listing Manual. Information about the Company and its latest developments may also be found on the Group's website at www.bilgroup.com.

Shareholders of the Company receive notices of general meetings which are also advertised in the newspapers and issued via SGXNET. The Board recognises that the annual general meeting is an important forum at which shareholders have the opportunity to communicate their views and raise any queries with the Board.

The Board endeavours to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

The Company's Bye-Laws provide that shareholders may appoint more than one proxy to attend and to vote at the annual general meeting.

At annual general meetings and other general meetings, separate resolutions will be set out on distinct issues for approval by shareholders.

The Chairman, CEO, as well as the chairman of the AC are in attendance at the Company's general meetings to address shareholders' queries together with the external auditors.

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code with regard to dealings in its securities. Dealings should not take place on considerations of a short term nature or in the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the annual results, as the case may be and ending on the date of the relevant announcement. Particulars of an intended dealing, and the outcome, must be notified to the Company Secretary.

In addition, Directors and employees are prohibited from dealing in securities of other listed companies while they are in possession of unpublished price-sensitive information by virtue of their directorship/employment in the Company. They are further made aware that the insider trading laws are applicable at all times. The internal compliance code also places restrictions on dealing in the securities of a company in which the Company is interested because of the potential conflict with the business of the Company.

SALES AND RESERVATIONS

THISTLE & GUOMAN HOTELS INTERNATIONAL SALES OFFICES

*Asia, Australia, New Zealand and
Middle East*

Tel: (+65) 6228 1438

Fax: (+65) 6233 9395

UK

Tel: (+44 20) 7895 2000

Fax: (+44 870) 902 0345

USA, California

Tel: (+1 310) 316 0248

Fax: (+1 310) 316 0249

USA, New Jersey

Tel: (+1 732) 329 6692

Fax: (+1 732) 329 6329

RESERVATIONS

www.thistlehotels.com and

www.guoman.com

UK Reservations

Rooms, Meetings & Events

Tel: (+44 870) 414 1516

Travel Trade Groups

Tel: (+44 870) 333 9182

Tel: (+44 870) 414 4141

INTERNATIONAL RESERVATIONS

USA and Canada

Rooms, Meetings & Events

Tel: 1 800 847 4358

Travel Trade Groups

Tel: 1 800 868 7285

Global Distribution Systems
Access Code TI

UTELL

USA and Canada

Canadian Line 1 800 338 8355

USA/Canada 1 800 448 8355

Latin America

Argentina 0800 555 0001

Brazil (55 11) 3089 7900

Brazil – toll free 0800 11 9131

Chile 1230 020 9104

Colombia (01 800) 555 1231

Ecuador (55 11) 3089 7927

Mexico (5255) 5387 9600

Mexico – toll free (800) 903 9500

Panama (55 11) 3089 7927

Peru – toll free 0800 52 076

Uruguay (55 11) 3089 7924

Venezuela – toll free

0800 100 6832

Europe

Austria – toll free 0800 220016

Belgium – toll free 0800 84142

Denmark – toll free 8020 8100

Finland 358 922 901904

France 33 1702 00021

Germany (49)069 668 01000

Hungary 0680017341

Italy (39) 02 723131

Italy – toll free 800 820 144

Netherlands 31 205 174717

Northern Ireland – toll free

0800 660066

Norway 800 35088

Portugal 35 1 213 173 750

Portugal – toll free 800 846102

Rep Of Ireland (353) 1 872 3300

Spain 90 245 46 47

Spain – Catalan (34) 902 30 22 30

Spain – Madrid 91 594 94 94

Sweden 46 8 751 3659

Switzerland 41 22 3100849

United Kingdom 08705 300 200

Australia and New Zealand

Australia 1 800 221 176

New Zealand – toll free

0800 933 123

Asia

China (North) 10 800 852 0673

China (South) 10 800 152 0673

Hong Kong (SAR) (852) 2965 1999

India 000 800 650 1157

Indonesia (65) 6260 8880

Japan Tokyo (81-3) 3475 3434

Malaysia 1 800 801 018

Singapore (65) 6260 8880

South Korea – toll free

00308 651 1888

Taiwan 00801 855 686

Thailand 1 800 651 881

Western Japan – toll free

0120 318 900

Africa

South Africa – toll free

0800 995 393

DENARAU PROPERTIES

Fiji sales office

Tel: (+679) 675 0251

Fax: (+679) 675 0182

Email: tabuainvestments@denarau.com

www.denarau.com

MOLOKAI PROPERTIES

Real estate sales inquiries

Tel: (+808) 534 9518

Fax: (+808) 521 2279

www.molokaipropertieslimited.com

Group sales information

Tel: (+808) 534 9561

Fax: (+808) 521 2279

Reservations

Tel: (+808) 660-2834

Fax: (+808) 552 2773

Tel: (+888) 627 8082 (Worldwide)

www.molokairanch.com

THISTLE & GUOMAN HOTELS

THISTLE HOTELS

LONDON	HOTEL	TELEPHONE	ROOMS
Bayswater	Thistle Kensington Gardens	+44 870 333 9102	175
Bloomsbury	Thistle Bloomsbury	+44 870 333 9103	138
Bloomsbury	Bloomsbury Park	+44 870 333 9104	95
City	Thistle City Barbican	+44 870 333 9101	463
City	Thistle Tower	+44 870 333 9106	801
Euston	Thistle Euston	+44 870 333 9107	362
Gatwick Airport	Thistle London Gatwick	+44 870 333 9134	104
Heathrow Airport	Thistle London Heathrow	+44 870 333 9108	314
Kensington	Thistle Kensington Palace	+44 870 333 9111	285
Kensington	Thistle Kensington Park	+44 870 333 9112	353
Lancaster Gate	Thistle Hyde Park	+44 870 333 9110	34
Lancaster Gate	Thistle Lancaster Gate	+44 870 333 9115	390
Marble Arch	Thistle Marble Arch	+44 870 333 9116	692
Oxford Street	The Selfridge	+44 870 333 9117	294
Piccadilly	Thistle Piccadilly	+44 870 333 9118	92
The Strand	Thistle Charing Cross	+44 870 333 9105	238
Trafalgar Square	Thistle Trafalgar Square	+44 870 333 9119	116
Victoria	Thistle Victoria	+44 870 333 9120	364
Westminster	Thistle Westminster	+44 870 333 9121	134
Whitehall	The Royal Horseguards	+44 870 333 9122	280

REST OF ENGLAND

Birmingham	Thistle Birmingham City	+44 870 333 9126	133
Birmingham	Thistle Birmingham Edgbaston	+44 870 333 9127	151
Brands Hatch	Thistle Brands Hatch	+44 870 333 9128	121
Brighton	Thistle Brighton	+44 870 333 9129	208
Bristol	Thistle Bristol	+44 870 333 9130	182
Cheltenham	Thistle Cheltenham	+44 870 333 9131	122
East Midlands Airport	Thistle East Midlands Airport	+44 870 333 9132	164
Exeter	Thistle Exeter	+44 870 333 9133	90
Haydock	Thistle Haydock	+44 870 333 9136	138
Liverpool	Thistle Liverpool	+44 870 333 9137	226
Luton	Thistle Luton	+44 870 333 9138	152
Manchester	Thistle Manchester	+44 870 333 9139	205
Manchester Airport	Thistle Manchester Airport	+44 870 333 9140	38
Middlesbrough	Thistle Middlesbrough	+44 870 333 9141	132
Newcastle	Thistle Newcastle	+44 870 333 9142	115
Poole	Thistle Poole	+44 870 333 9143	70
St Albans	Thistle St Albans	+44 870 333 9144	111
Stevenage	Thistle Stevenage	+44 870 333 9145	82
Stratford-upon-Avon	Thistle Stratford-upon-Avon	+44 870 333 9146	63
Swindon	Thistle Swindon	+44 870 333 9148	94

SCOTLAND

HOTEL	TELEPHONE	ROOMS
Aberdeen	Thistle Aberdeen Caledonian	+44 870 333 9151 77
Aberdeen Airport	Thistle Aberdeen Airport	+44 870 333 9149 147
Aberdeen Altens	Thistle Aberdeen Altens	+44 870 333 9150 216
Aberdeen Dyce	Dyce Skean Dhu	+44 870 333 9152 219
Edinburgh	Thistle Edinburgh	+44 870 333 9153 143
Glasgow	Thistle Glasgow	+44 870 333 9154 300
Inverness	Thistle Inverness	+44 870 333 9155 118
Irvine	Thistle Irvine	+44 870 333 9156 128

WALES

Cardiff	Thistle Cardiff	+44 870 333 9157	136
---------	-----------------	------------------	-----

GUOMAN HOTELS

LONDON	HOTEL	TELEPHONE	ROOMS
Marble Arch	The Cumberland	+44 870 333 9280	1019

FIJI	HOTEL	TELEPHONE	ROOMS
Denarau Island	Golf Terraces	+679 675 0557	40

NOTICE OF ANNUAL GENERAL MEETING

BIL **BIL INTERNATIONAL LIMITED** (Continued into Bermuda with limited liability)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Gemini Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 27 October 2005 at 9.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To lay before the meeting the audited Financial Statements of the Company together with the report of the Auditors thereon for the year ended 30 June 2005.
2. To approve a first and final dividend of S\$0.035 per share for the year ended 30 June 2005.
3. To re-elect the following Directors, each of whom will retire by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws and who, being eligible will offer themselves for re-election:
 - 3.1 Hon. Philip Burdon
 - 3.2 Mr Arun Amarsi
4. To re-elect the following Directors, each of whom will cease to hold office pursuant to Bye-Law 106(B) of the Company's Bye-Laws and who, being eligible, will offer themselves for re-election:
 - 4.1 Mr Tang Kin Fei
 - 4.2 Mr Kwek Leng Hai
5. To approve the payment of US\$196,900 as Directors' fees for the year ended 30 June 2005 (2004: US\$200,000).
6. To appoint KPMG Singapore as Auditors and authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

That authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and


- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued share capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)), for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

By Order of the Board



Jane Teah
Company Secretary
11 October 2005

EXPLANATORY NOTES:

Resolution 3.1 – If re-elected, Hon. Philip Burdon will remain Chairman of the Remuneration and Nominating Committees, member of the Audit and Risk Management Committee and is considered an independent Director.

Resolution 7 – Is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued share capital of the Company, with a sub-limit of 20% for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent consolidation or sub-division of shares.

NOTES:

1. Any Shareholder entitled to attend and vote at the Annual General Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is a holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.
2. A corporation which is a Shareholder may by resolution of its governing body authorise a person to act as its corporate representative at the Annual General Meeting.
3. If a Shareholder wishes to appoint a proxy/proxies to attend and vote at the Annual General Meeting in his stead, the Shareholder should complete and submit the form of proxy despatched to Shareholders (the "Shareholder Proxy Form").
4. Subject to paragraph 5 below, to allow persons (individually a "Depositor" and collectively the "Depositors") whose names are listed on the depository register (the "Depository Register") maintained by The Central Depository (Pte) Limited ("CDP") as at 9.30 a.m. on 25 October 2005 (the "Cut Off Date") to attend the Annual General Meeting, arrangements have been made for CDP to issue a proxy form appointing each of the Depositors as at the Cut Off Date, as its proxy/proxies to attend and vote at the Annual General Meeting, in respect of such number of shares set out opposite their respective names in the Depository Register as at the Cut Off Date. Accordingly, a Depositor who wishes to attend and vote in person at the Annual General Meeting may do so without having to submit the form of proxy despatched to Depositors (the "Depositor Proxy Form"), provided that a Depositor which is a corporation and which wishes to attend the Annual General Meeting must submit the Depositor Proxy Form for the nomination of person(s) to attend and vote at the Annual General Meeting on behalf of CDP.
5. If a Depositor wishes to nominate person(s) to attend and vote at the Annual General Meeting in his stead on behalf of CDP, the Depositor should complete and submit the Depositor Proxy Form.
6. To be valid, the Shareholder Proxy Form must be signed and together with the power of attorney or other authority, if any, under which it is signed, or a notarially/duly certified copy of such power or authority, deposited at any one of the following branch registrars not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof:

M & C Services Private Limited

138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Facsimile: (65) 6225-1452

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, North Shore City 1309
Private Bag 92119
Auckland
New Zealand
Facsimile: (649) 488-8787

7. To be valid, the Depositor Proxy Form must be signed and together with the power of attorney or other authority, if any, under which it is signed, or a notarially/duly certified copy of such power or authority, deposited at the office of our branch registrar, M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
8. Where a form of proxy (whether the Shareholder Proxy Form or Depositor Proxy Form or the form of proxy issued by CDP) appoints more than one proxy, please specify the proportion of the shareholding concerned to be represented by each proxy in the form of proxy.

BOARD OF DIRECTORS

Quek Leng Chan, *Chairman*
 Hon. Philip Burdon, *Deputy Chairman*
 Arun Amarsi, *Chief Executive Officer*
 Reggie Thein
 Tang Kin Fei
 Kwek Leng Hai

COMPANY SECRETARY

Jane Teah

**AUDIT AND RISK
MANAGEMENT COMMITTEE**

Reggie Thein, *Chairman*
 Hon. Philip Burdon
 Kwek Leng Hai

REMUNERATION COMMITTEE

Hon. Philip Burdon, *Chairman*
 Quek Leng Chan
 Reggie Thein

NOMINATING COMMITTEE

Hon. Philip Burdon, *Chairman*
 Quek Leng Chan
 Reggie Thein

REGISTERED OFFICE:

Canon's Court
 22 Victoria Street
 Hamilton HM 12, Bermuda
 Tel: (+441) 295 1443
 Fax: (+441) 295 9216

**SHARE REGISTRARS
AND TRANSFER OFFICES:**

Bermuda
 Appleby Corporate Services
 (Bermuda) Ltd
 Canon's Court
 22 Victoria Street
 Hamilton HM 12, Bermuda
 Tel: (+441) 295 1443
 Fax: (+441) 295 9216

Singapore

M & C Services Private Limited
 138 Robinson Road
 #17-00 The Corporate Office
 Singapore 068906
 Tel: (+65) 6227 6660
 Fax: (+65) 6225 1452

New Zealand

Computershare Investor Services
 Limited
 Level 2, 159 Hurstmere Road
 Takapuna, North Shore City 1309
 Private Bag 92119
 Auckland
 New Zealand
 Tel: (+64 9) 488 8777
 Fax: (+64 9) 488 8787

United Kingdom

Computershare Investor Services PLC
 PO Box No 82
 The Pavilions, Bridgwater Road
 Bristol BS99 7NH
 United Kingdom
 Tel: (+44 870) 702 0000
 Fax: (+44 870) 703 6116

AUDITORS:

KPMG
 16 Raffles Quay
 #22-00 Hong Leong Building
 Singapore 048581
 Partner in charge: Lee Sze Yeng
 (Appointed in Financial Year ended
 30 June 2005)

BIL OFFICES

Singapore
 BIL Management Pte Ltd
 20 Collyer Quay
 #16-02/03 Tung Centre
 Singapore 049319
 Tel: (+65) 6438 0002
 Fax: (+65) 6435 0040
 Email: info@bilgroup.com
 Website: www.bilgroup.com

United Kingdom

Thistle Hotels Limited
 PO Box 44790
 101 Buckingham Palace Road
 London
 SW1W 0WA
 United Kingdom
 Tel: (+44 20) 7895 2002
 Fax: (+44 20) 7895 2093
 Website: www.thistlehotels.com

United States of America

Molokai Properties Limited
 745 Fort Street, Suite 600
 Honolulu, Hawaii 96813
 United States of America
 Tel: (+808) 531 0158
 Fax: (+808) 521 2279
 Website:
 www.molokaipropertieslimited.com

Australia

BIL Australia Pty Limited
 22 Emerstan Drive
 Castle Cove, NSW 2069
 Australia
 Tel: (+61 2) 9882 1255
 Fax: (+61 2) 9882 1266

Fiji

Tabua Investments Limited
 PO Box 9347
 Nadi Airport
 Fiji Islands
 Tel: (+679) 675 0251
 Fax: (+679) 675 0182
 Website: www.denarau.com

New Zealand

BIL (NZ Holdings) Limited
 Level 20, ASB Centre
 135 Albert St
 Auckland
 New Zealand
 Tel: (+64 9) 355 7285
 Fax: (+64 9) 355 7286

**SENIOR MANAGEMENT
OF BIL GROUP****BIL Corporate Office**

Arun Amarsi, *Chief Executive Officer*
 Philip Gunn, *Chief Financial Officer*
 Jane Teah, *Company Secretary*

Molokai Corporate Office

Peter Nicholas, *Chief Executive Officer*
 Harold Edwards, *Senior Vice President*
 Roy Sugiyama, *Chief Operating Officer*
 Dennis Ikeda, *Financial Controller*

Denarau Corporate Office

Martin Darveniza, *Chief Executive Officer*
 Vijay Naidu, *Financial Controller*

Thistle Corporate Office

Beverly King, *Chief Operating Officer*
 Ian Cattermole, *General Manager,
 Commercial & Corporate*
 Rachelle Prior, *Human Resource Director*
 Dyan Stone, *General Manager, Pricing*
 Richard Adler, *General Manager,
 Branding*
 Phil Maundrill, *Head of Internal Audit
 & Risk Assurance*
 Bryan Steele, *Director of I.T.*
 Douglas Waddell, *Director,
 London Hotels*
 Neal Crocker, *Director,
 North England & Scotland*
 Jurgen Sutherland, *General Manager,
 Cumberland*
 Sanjay Nijhawan, *General Manager,
 Tower*

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of:) DOCKET NO. A06-764
)
MOLOKAI PROPERTIES LIMITED,)
a Hawaii Corporation)
)
To Amend the Agricultural Land Use District) AFFIDAVIT OF LINNEL T. NISHIOKA
Boundary into the Conservation Land Use) ATTESTING TO SENDING OF THE
District for Approximately 252 Acres of Land) NOTIFICATION OF PETITION FILING
and into the Rural Land Use District for)
Approximately 613 Acres of Land and To)
Amend the Conservation Land Use District)
Boundary into Rural Land Use District for)
Approximately 10 acres at Lā'au Point,)
Molokai, TMK: (2) 5-1-02:30 (Portion))

**AFFIDAVIT OF LINNEL T. NISHIOKA ATTESTING
TO SENDING OF THE NOTIFICATION OF PETITION FILING**

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

LINNEL T. NISHIOKA, being first sworn on oath, deposes and says that:

1. Affiant is one of the attorneys for Petitioner, Molokai Properties Limited ("Petitioner"), is licensed to practice law in the State of Hawaii, is duly authorized to make this affidavit, and does so upon personal knowledge and belief.

2. This affidavit is made to comply with section 15-15-50 (d), Hawaii Administrative Rules ("HAR") for the State of Hawaii, Land Use Commission ("Commission").

3. On April 27, 2006, Petitioner filed with the State of Hawaii Land Use Commission a petition for a boundary amendment ("Petition") in Docket No. A06-764.

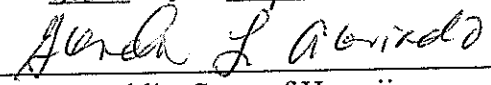
4. On April 27, 2006, the same day that the Petition was submitted to the Commission and pursuant to HAR section 15-15-50 (d), Petitioner sent a Notification of Petition Filing (attached hereto as Attachment "A") to persons included on the statewide and Maui mailing lists provided to Petitioner by the Commission (attached hereto as Attachments "B" and "C", respectively).

Further affiant sayeth naught.



LINNEE T. NISHIOKA

Subscribed and sworn to before me
this 26th day of April, 2006.



Notary Public, State of Hawaii

Glenda L Alarido

Print Name of Notary Public

My Commission Expires: 10-16-2009

LS

April 27, 2006

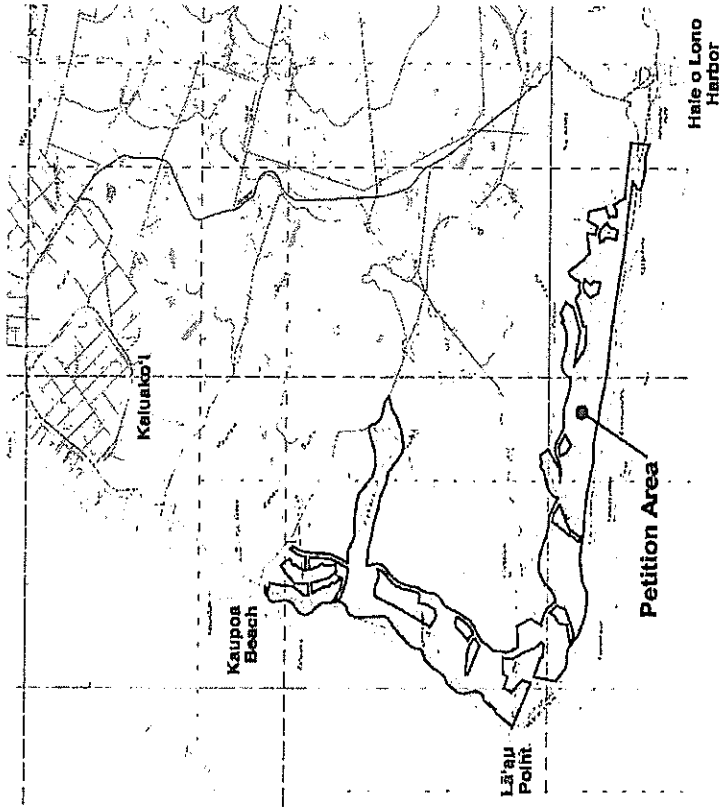
NOTICE OF PETITION FILING

This is to advise you that a petition to amend the State Land Use District Boundaries with the following general information has been submitted to the State Land Use Commission:

Docket No.: A06-764
Petitioner Address: Molokai Properties Limited
745 Fort Street Mall, Suite 600
Honolulu, HI 96813
Landowner: Molokai Properties Limited
745 Fort Street Mall, Suite 600
Honolulu, HI 96813
Tax Map Key No.: Maui 5-1-02:30
Location: Lā'au Point, West Moloka'i,
Moloka'i
Requested Reclassification: Agricultural to Rural; Agricultural
to Conservation; Conservation to
Rural
Acreage: 875 Acres
Proposed Use: Rural-residential lots, required
infrastructure, cultural preserves,
parks, and shoreline access.
Date Submitted: April 27, 2006

You may review detailed information regarding the petition at the Land Use Commission office or the County of Maui Planning Department.

The Land Use Commission Office is located at 235 S. Beretania Street, Room 406, Honolulu, Hawaii. Office hours are from 7:45 am to 4:30 pm, Mondays through Fridays.

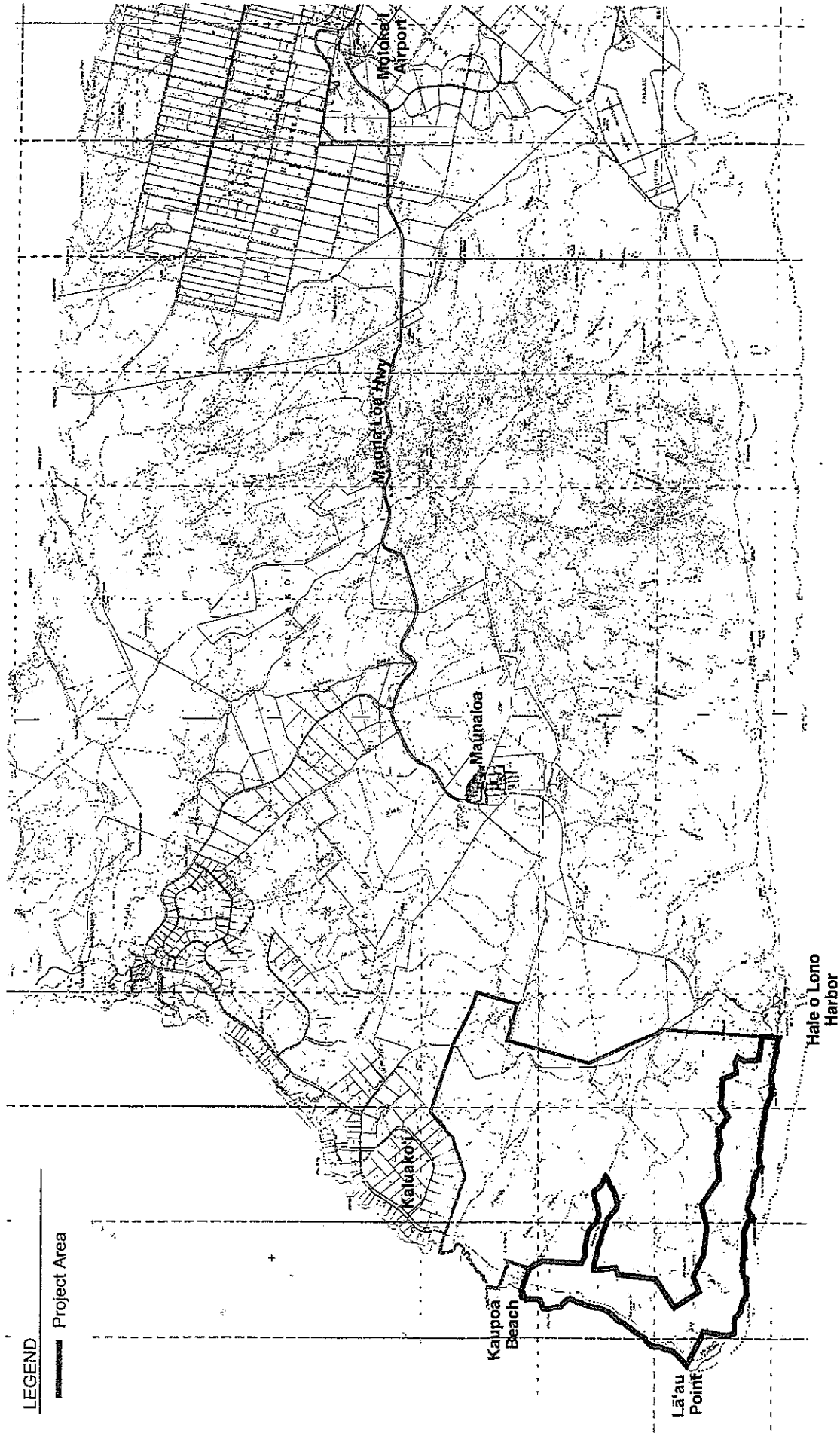


Source: U.S. Geological Survey

(See back for Regional Map Location)

A hearing on this petition will be scheduled at a future date. If you are interested in participating in the hearing as a public witness, please write or call the Commission office at P.O. Box 2359, Honolulu, Hawaii 96804-2359; Phone: 808-587-3822.

If you intend to participate in the hearing as an Intervener, pursuant to §15-15-52, Hawaii Administrative Rules, you should file a Notice of Intent to Intervene with the Commission within 30 days of the date of this Notice. Please contact the Commission office for further information.

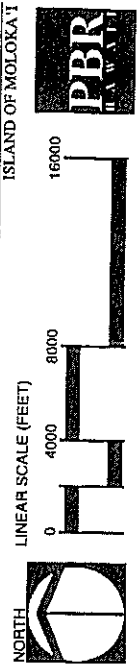


Source: U.S. Geological Survey

Figure 1

Regional Location Map

Lā'au Point



Ms. Jan S. Yokota
UH Director of Capital Improvements
1951 East West Road
Honolulu, Hawaii 96822

Mr. Carroll Cox
PO Box 89-3062
Millilani, HI 96789

STATEWIDE LIST 2006
Last Updated: 4/19/06

Earth Justice Legal Defense Fund
Austin Building, Suite 400
223 South King Street
Honolulu, HI 96813

Mr. Perry Artates
Hawaii Operating Engineers
95 Lono Avenue, Suite 104
Kahului, HI 96732-1610

Ashford & Wriston Library
P. O. Box 131
Honolulu, HI 96810

Associated Press
500 Ala Moana Boulevard, Suite 7-590
Honolulu, Hawaii 96813

Rose Marie H. Duey
Alu Like, Inc., Maui Island Center
1977 Kaohu Street
Wailuku, HI 96793

Mr. Ikuto Taketa
c/o Hawaii Irrigation & Supply
803 Mapunapuna Street
Honolulu, HI 96819

Michael J. Belles, Esq.
Belles Graham Proudfoot & Wilson
4334 Rice Street, Suite 202
Lihue, HI 96766

Roddy Bilan
P. O. Box 30602
Honolulu, HI 96820

Gary L. Blaich, M.D.
P. O. Box 1434
Kilauea, HI 96754

Mr. Merle A.K. Kelai
P.O. Box 3440
Honolulu, Hawaii 96801

Mr. Kenneth Okamura
641 Polipoli Road
Kula, Hawaii 96790

James S. Greenwell
Lanihau Partners L.P.
3465 Waialae Avenue, Suite 260
Honolulu, HI 96816

Patrick Borge, Sr.
536 Haawina Street
Paia, Hawaii 96779-9609

P. Roy Catalani
Young Brothers, Ltd.
Pier 40 – P. O. Box 3288
Honolulu, HI 96801

Building Industry Association of Hawaii
1727 Dillingham Blvd.
Honolulu, HI 96819

Building Trades Council
Gentry Pacific Design Ctr. Ste. 215A
560 N. Nimitz Hwy. #50
Honolulu, HI 96817

Attn: Roy A. Vitousek III
Cades Schutte Fleming & Wright
75-170 Hualalai Road, Ste. B-303
Kailua-Kona, HI 96740

Ms. Phyllis Cayan
99-060 Kauhale St, Apt. 607
Aiea, HI 96701

Mr. Charles Trembath
4152 Palaumahu
Lihue, HI 96766

Surety Kohala Corporation
P. O. Box 249
Hawi, HI 96719

Mr. Bruce Tsuchida
Townscape
900 Fort Street Mall, #1160
Honolulu, HI 96813

Ms. Meredith J. Ching
Alexander & Baldwin, Inc.
P. O. Box 3440
Honolulu, HI 96801

Council Services Administration
Kauai County Council
4396 Rice Street, #206
Lihue, HI 96766

Ms. K. Chun
P. O. Box 3705
Honolulu, HI 96811

City Desk Clerk-Public Hearings
Honolulu Star Bulletin
500 Ala Moana Boulevard, Unit 210
Honolulu, Hawaii 96813-4914

Ms. Eleanor Mirikitani
c/o Waikoloa Land Co.
150 Waikoloa Beach Drive
Waikoloa, HI 96738

Mr. David Penn
P. O. Box 62072
Honolulu, HI 96839

Mr. Alan Suwa
Castle & Cooke Hawaii
100 Kahelu Avenue, 2nd Floor
Mililani, Hawaii 96789

Mr. Lunakanawai Hauanio
P. O. Box 871
Capt. Cook, HI 96704

Alan Kaufman, DVM
P O Box 297
Kula, HI 96790

Karen Piltz
Chun Kerr Dodd Beaman & Wong
745 Fort Street, 9th Floor
Honolulu, HI 96813

Mr. David Rae
The Estate of James Campbell
1001 Kamokila Boulevard
Kapolei, HI 96707

Representative Cindy Evans
7th District
State Capitol, Room 311
Honolulu, Hawaii 96813

David Kimo Frankel
Chair, Sierra Club, Hawai'i Chapter
P. O. Box 1185
Volcano, HI 96785

U.S. Fish and Wildlife Service
300 Ala Moana Blvd., Rm. 3-122
Honolulu, HI 96813

Department of the Army
Directorate of Public Works
Attn: Planning Division
Schofield Barracks, Hawaii 96857-5013

Mr. Albert K. Fukushima
1841 Palamoi Street
Pearl City, HI 96782

Mr. Ian Costa, Director
Planning Department - Kauai
4444 Rice Street, Suite 473
Lihue, HI 96766

J. Gillmar
P. O. Box 2902
Honolulu, HI 96802

Wynn Kaho`ohalahala
124 A Fleming Road
Wahaina, HI 96761

Isaac Hall, Esq.
2087 Wells Street
Wailuku, HI 96793

The Hallstrom Group, Inc.
Suite 1350, Pauahi Tower
1001 Bishop Street
Honolulu, HI 96813

Ms. Esther Ueda
18-1784-B Kaahumanu Street
Pearl City, HI 96782

Real Property Division
County of Kauai
4444 Rice Street
Lihue, HI 96766

Mr. Randy Hara
C&C Department of Planning
& Permitting
650 South King Street
Honolulu, HI 96813

Hawaii's Thousand Friends
105 Hahani Street, PMB 282
Kailua, HI 96734

Jacqui Hoover, President
Hawaii Leeward Planning Conference
P. O. Box 2159
Kamuela, HI 96743

Hawai'i Operating Eng Stabilization Fund
Attn: Adrian Keohokalole
1432 Middle Street
Honolulu, HI 96819

Mr. Norman Hayashi
163 West Kawaiiani Street
Hilo, HI 96720

Mrs. Jan Higa & Company
3171 Waialae Avenue
Honolulu, HI 96816

Department of the Navy
Commander in Chief, U.S. Pacific Fleet
Commander in Chief
250 Makalapa Drive
Pearl Harbor, HI 96860-3131

U.S. Pacific Command
Commander in Chief
Box 64028
Camp H.M. Smith, Hawaii 96861-4028

Commander
Navy Region Hawaii
850 Ticonderoga Street, Suite 110
Pearl Harbor, HI 96860-5101

Lawrence Ing, Esq.
Ing, Horikawa & Jorgensen
2145 Wells Street, Suite 204
Wailuku, Hawaii 96793-2222

Mrs. Dora Horikawa
9-645 Kaulainaahee Place
Wahiawa, HI 96701-3542

William E. Wankett, Inc.
1110 University Ave., #508
Honolulu, HI 96826-1508

Gina Catone
Paul Johnson Park & Niles
1001 Bishop Street, Suite 1300
Honolulu, HI 96813

Mr. Alexander C. Kinzler
1100 Alakea Street Ste. 2900
Honolulu, HI 96813-2833

Diana Leone
46-074 Puulena Street, #1124
Kaneohe, HI 96744

Jill K. Veles, Legal Assistant
Moriyama Lau & Fong LLP
841 Bishop Street, #400
Honolulu, HI 96813

Isaac Fiesta
ILWU Local 142 - Hawaii Division
100 W. Lanikaula Street
Hilo, HI 96720

Libbie Kamisugi
2500 Aha Aina Place
Honolulu, HI 96821

Collette M. Sakoda
Environmental Planning Solutions LL
945 Makaiwa Street
Honolulu, HI 96816

Dwight Kauahikaua
Kawaiahao Plaza, Suite 108
567 South King Street
Honolulu, HI 96813

PBR Hawaii
101 Aupuni Street, Suite 310
Hilo, HI 96720

Verizon Hawaii, Inc.
Attn: Real Property Section
P O Box 2200
Honolulu, HI 96841

Mark Matsunaga
KHON
88 Piikoi Street
Honolulu, HI 96814

Cheryl Izuka, Senior Title Officer
Title Guaranty of Hawaii, Inc.
235 Queen Street
Honolulu, Hawaii 96813

Attn.: Ms. Wanda Wehr
KITV News 4
801 S. King Street
Honolulu, HI 96813

West Hawaii Today
Attn: Reed Flickinger
P. O. Box 789
Kailua-Kona, HI 96745-0789

Mr. Chester Koga
R.M. Towill Corporation
420 Waiakamilo Road, #411
Honolulu, HI 96818

Benjamin A. Kudo, Esq.
Imanaka Kudo & Fujimoto
745 Fort Street, 17th Floor
Honolulu, HI 96813

Mr. Kenneth Kupchak
Damon Key Bocken Leong & Kupchak
1001 Bishop Street, #1600
Honolulu, HI 96813

Burt Lau, Esq.
999 Bishop St., Ste. 2600
Honolulu, HI 96813

Land Use Research Foundation
of Hawaii
700 Bishop Street, Suite 1928
Honolulu, HI 96813

Dain P. Kane
Maui County Council
200 South High Street
Wailuku, HI 96793

Pat Lee & Associates, Inc.
45-248A Pahikaua Place
Kaneohe, HI 96744

League of Women Voters
49 South Hotel Street, Rm. 314
Honolulu, HI 96813

Dickson C. H. Lee, Esq.
Takushi Wong Lee & Yee
841 Bishop Street, Suite 1540
Honolulu, Hawaii 96813

Michael Y. M. Loo
Princeville Corporation
P. O. Box 223040
Princeville, HI 96722-3040

Life of the Land
76 North King Street, Suite 203
Honolulu, HI 96817

Steven S.C. Lim, Esq.
Carlsmith Ball
121 Waianuenue Avenue
Hilo, HI 96720

Crockett & Nakamura
38 S. Market Street
Wailuku, Hawaii 96793

Eric Maehara, Esq.
1001 Bishop Street #700
Honolulu, HI 96813

Benjamin M. Matsubara, Esq.
C.R. Kendall Building, 8th Floor
888 Mililani Street
Honolulu, HI 96813

Sue White
1118 Maunawili Road
Kailua, HI 96734

Metro Calendar
P. O. Box 3110
Honolulu, HI 96802

William W.L. Yuen, Esq.
Pacific Tower, Suite 2700
1001 Bishop Street
Honolulu, HI 96813

Attn: Bonnie Stifel
McCorriston Miller Mukai MacKinnon
P. O. Box 2800
Honolulu, HI 96803-2800

Mr. Christopher Yuen, Director
County of Hawaii, Planning Department
101 Pauahi Street, Suite 3
Hilo, Hawaii 96720

Pat Tummons
72 Kapiolani Street
Hilo, Hawaii, 96720

Kojo Acquaah
LexisNexis Matthew Bender
701 East Water Street
Charlottesville, VA 22902

Real Property Tax Division
Dept of Finance
County of Hawaii
101 Aupuni Street, Suite 4
Hilo, HI 96720-4224

Frances Mossman
P. O. Box 31069
Honolulu, HI 96820-1069

Franklin Mukai, Esq.
McCorriston Miller Mukai MacKinnon
P. O. Box 2800
Honolulu, HI 96803-2800

National Resources Conservation Svc.
Attn: Chris Smith
P. O. Box 50004
Honolulu, HI 96850

Mr. Jim Stanney
c/o The Resort Group
100 Alakea Street, 25th Floor
Honolulu, Hawaii 96813

Native Hawaiian Legal Corporation
1164 Bishop Street, #1205
Honolulu, HI 96813

Nathan Natori, Esq.
1360 Pauahi Tower
1001 Bishop Street
Honolulu, HI 96813

Natural Resources Conservation Svc.
100 Ala Moana Blvd., Room 4-118
Honolulu, HI 96850

Wilson Okamoto & Associates
Attn: Earl Matsukawa
1907 S. Beretania Street
Honolulu, HI 96826

Julian Ng, Inc.
P. O. Box 816
Kaneohe, HI 96744-0816

Mr. John M. White
Hawaii Land Company
P. O. Box 10
Honolulu, HI 96810

Ms. Donna Ann Kamehaiku Ono
He'e'ia Historical Society
46-522 Haiku Plantations Drive
Kaneohe, HI 96744

Peter Yukimura
P. O. Box 1031
Lihue, HI 96766

Mr. Robert H. Taniguchi
c/o Campbell Estate
001 Kamokila Boulevard
Kapolei, HI 96707

Mr. Kyle Chock, Executive Director
Pacific Resource Partnership
1001 Bishop Street, Suite 1501
Honolulu, HI 96813

Mr. Gordon Pang
7 Waterfront Plaza, Suite 210
500 Ala Moana Blvd.
Honolulu, HI 96813

Ms. Rhoda Libre
P. O. Box 246
Maunakani, HI 96747

PBR Hawaii
Pacific Tower, Suite 650
1001 Bishop Street
Honolulu, HI 96813

The Pele Defense Fund
P. O. Box 404
Volcano, HI 96785

Mr. Michael Foley, Director
Planning Department - County of Maui
50 South High Street
Mauiloa, HI 96793

Mr. James Dumlao
1001 Bishop Street, #1600
Honolulu, HI 96813

Chairman - Planning Commission
County of Kauai
4444 Rice Street, Suite 473
Lihue, HI 96766

Real Property Tax Division
Department of Finance - County of Hawaii
101 Pauahi Street, Suite No. 4
Hilo, HI 96720

Mr. Richard Poirier
95-584 Naholoholo
Mililani, HI 96789

Prosser Realty, Inc.
4379 Rice Street
Lihue, HI 96766

R. P. Rogers
47-337 Lulani Street
Kaneohe, HI 96744

Mr. Dan Yasui
A & B Properties, Inc.
P. O. Box 3440
Honolulu, HI 96801-3440

Holly Hackett
P.O. Box 755
Honolulu, Hawaii 96808

Sierra Club, Kauai Group
P. O. Box 3412
Lihue, HI 96766

Ms. Brenda Salgado
KGMB
1534 Kapiolani Boulevard
Honolulu, HI 96814

Sierra Club, Hawai'i Chapter
P. O. Box 2577
Honolulu, HI 96803

Ms. Heide Meeker
Facilities Development Branch
809 8th Avenue, Building J
Honolulu, Hawaii 96816

Mr. Robert J. Smolenski
841 Bishop Street, Ste. 1717
Honolulu, HI 96813-3970

Mr. Steven Strauss
P. O. Box 11517
Hilo, HI 96720

Tonata Taone
282960 Komula St. # G41
Pepeekeo, HI 96783

Mr. Bruce A. Coppa
Communications Pacific
TOPA Financial Center
Fort Street Tower, Penthouse
745 Fort Street
Honolulu, HI 96813

Ms. Sally Raisbeck
427 Liholiho Street
Wailuku, HI 96793

Doreen Keomalo
282960 Komula St. #G41
Pepeekeo, HI 96783

Wesley R. Segawa & Associates
736 South St. #206
Honolulu, HI 96813

Frank Carlos
398 Puiwa Road
Honolulu, HI 96817

Lance Tauoa
DOH-Environmental Planning, Rm. 312
919 Ala Moana Boulevard
Honolulu, HI 96814

Ms. Sara Collins
DLNR - Historical Preservation Division
601 Kamokila Blvd., Room 555
Kapolei, HI 96707

Chairman of the Board
Dept of Agriculture
1428 South King Street
Honolulu, HI 96814

Diane E. Erickson, Esq.
Deputy Attorney General
425 Queen Street
Honolulu, HI 96813

Laura Kodama
Castle and Cooke
100 Kahelu Avenue, 2nd Floor
Mililani, HI 96789

Claudia Rohr
369 Nene St.
Hilo, HI 96720

Mr. Abe Mitsuda
Office of Planning
P. O. Box 2359
Honolulu, HI 96804-2359

Ms. Laura H. Thielen, Director
Office of Planning
P. O. Box 2359
Honolulu, HI 96804-2359

United States Marine Corps
Commander, Marine Forces Pacific
Box 61439
Camp H.M. Smith, Hawaii 96861-40

Department of Transportation
Harbors Division
79 South Nimitz Highway
Honolulu, HI 96813

Director - OEQC
235 South Beretania St., Rm. 702
Honolulu, HI 96813

Mr. Theodore Liu, Director
DBEDT
P. O. Box 2359
Honolulu, HI 96804-2359

Mr. Ronald F. Tsuzuki
Highways Division, Planning Branch
869 Punchbowl Street
Honolulu, HI 96813

Deputy Director
Department of Transportation
869 Punchbowl Street
Honolulu, HI 96813

Tourism Branch
Dept. of Business, Economic Dev.
P. O. Box 2359
Honolulu, HI 96804-2359

Mr. TC Ron Swafford
HIARNG Environmental Office
3949 Diamond Head Road
Honolulu, HI 96816-4495

Mr. Gary Choy
DOT Design Branch, Highways Division
601 Kamokila Blvd., Room 688-A
Kapolei, HI 96707

Ms. Julia Tsumoto
DOT Transportation Planning Office
869 Punchbowl Street
Honolulu, HI 96813

Department of Land and Natural
Resources
Land Division, Coastal Lands Program
P. O. Box 621
Honolulu, HI 96809-0621

Executive Director
HCDCH
677 Queen Street, Suite 300
Honolulu, HI 96813

Mr. Gordon Matsuoka
DAGS - Public Works Division
P. O. Box 119
Honolulu, HI 96810

Senator Brian Kanno
State Capitol
Honolulu, HI 96813

HCDCH
Planning & Evaluation Office
677 Queen Street, Suite 300
Honolulu, HI 96813

Linden H. Joesting
Deputy Attorney General
465 South King St., Room 300
Honolulu, HI 96813

Ms. Jalna Keala
Office of Hawaiian Affairs
11 Kapiolani Boulevard, #500
Honolulu, HI 96813

Major General Edward L. Correa, Jr.
Department of Defense
3949 Diamond Head Road
Honolulu, HI 96816

Raynor M. Minami, Director
Facilities and Support Services Branch
809 8th Avenue
Honolulu, HI 96816

Commission on Water Resource
Management
Dept. of Land & Natural Resources
151 Punchbowl Street, Room 227
Honolulu, HI 96813

Land Management Division
Dept. of Land & Natural Resources
1151 Punchbowl Street, Room 131
Honolulu, HI 96813

Dept. of Land & Natural Resources
Chairperson's Office
1151 Punchbowl Street, Room 130
Honolulu, HI 96813

Mr. Dan Davidson, Deputy Director
Department of Land and Natural
Resources
P. O. Box 621
Honolulu, Hawaii 96809

Dept. of Hawaiian Home Lands
P. O. Box 1879
Honolulu, HI 96805

The Honorable Linda Lingle
Governor, State of Hawaii
State Capitol
Honolulu, HI 96813

Bettye Adams
167 S. Franklin Street
Juneau, AK 99801

Herbert Matsubayashi
Maui District Health Office
54 High Street
Wailuku, Hawaii 96793

Ms. Karolyn Mosman,
President
Kula Community Association
P. O. Box 417
Kula, Hawaii 96790

Lucienne de Naie
SR1 Box 47
Haiku, Hawaii 96708

Director – Department of Water Supply
County of Maui
200 High Street
Wailuku, Hawaii 96793-2155

Mary Evanson
P. O. Box 694
Makawao, Hawaii 96768

Kingdom of Hawaii Nation
P. O. Box 2845
Wailuku, Hawaii 96793

Lanai Public & School Library
P. O. Box 550
Lanai City, Hawaii 96763

Land Use Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Paul R. Mancini, Esq.
Mancini Rowland & Welch
33 Lono Avenue, Suite 470
Kahului, Hawaii 96732

Mr. Ralph Masuda
305 High Street, Suite 106
Wailuku, Hawaii 96793

Maui Civil Defense Agency
200 South High Street
Wailuku, Hawaii 96793

Chairman
Maui County Planning Commission
250 South High Street
Wailuku, Hawaii 96793

Rene Sylva
P. O. Box 218
Paia, Hawaii 96779

Mr. Richard Mayer
1111 Lower Kimo Drive
Kula, Hawaii 96790

Mr. Brian McCafferty
P. O. Box 792048
Paia, Hawaii 96779-2048

Mr. Ron McComber
P. O. Box 630646
Lanai City, Hawaii 96763

Director of Planning
Maui County Planning Department
250 South High Street
Wailuku, Hawaii 96793

Molokai Legal Aid Society
P. O. Box 427
Kaunakakai, Hawaii 96748

Munekiyo & Hiraga, Inc.
305 High Street, Suite 104
Wailuku, Hawaii 96793

Ms. Barbara Long
P. O. Box 523
Kula, Hawaii 96790

Mr. David Nobriga, Chairman
West Maui Soil & Water Conservation
District
P. O. Box 1170
Wailuku, Hawaii 96793

Director
Public Works & Environmental
Management
200 South High Street
Wailuku, Hawaii 96793

Operating Engineers
Local Union #3
95 Lono Avenue, #104
Kahului, Hawaii 96732

Bud Pikrone, General Manager
Wailea Community Association
555 Kaukahi Street, #214
Wailea, Hawaii 96753

Mr. Robert Parsons
3318A Keha Drive
Kihei, Hawaii 96708

Mr. Brian Perry
The Maui News
100 Mahalani Street
Wailuku, Hawaii 96793-0550

Bill Medeiros, GIS Coordinator
2145 Kaohu Street, Room 104
Wailuku, Hawaii 96793

Real Property Tax Div – County of Maui
Service Center, Suite A-16
70 Kaahumanu Avenue
Kahului, Hawaii 96732

MAUI MAILING LIST
Updated: 2/14/06

Nadine Chase
1134 Nakuluai Street
Wailuku, Hawaii 96793

Councilwoman JoAnne Johnson
County Council
200 S. High Street
Wailuku, Hawaii 96793

Ms. Elaine Smith Wender
SR 93
Haiku, Hawaii 96708

Dot Buck
P O Box 1540
Kahului, HI 96733

Barbie Timpone
321 Kaupakalua
Haiku, Hawaii 96708

Mr. James Williamson
672 Kumulani Drive
Kihei, Hawaii 96753

USDA Natural Resources
Conservation Service
210 Imi Kala Street, Suite 209
Wailuku, Hawaii 96793

Edwin Tanji
The Maui News
P. O. Box 550
Wailuku, Hawaii 96793

Maui District Land Office
DLNR
54 South High Street, Room
101
Wailuku, Hawaii 96793

Stan Renco
452 Kaiola Place
Kihei, Hawaii 96753

Mr. Norman Stubbs
#1 Uapoko Place
Haiku, Hawaii 96708

Martha A. Evans
P. O. Box 374
Lanai City, Hawaii 96763

Mr. Warren Watanabe, President
Maui County Farm Bureau
P. O. Box 148
Kula, Hawaii 96790

Haleakala Ranch Company
529 Kealaloa Avenue
Makawao, Hawaii 96768

Dain P. Kane
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Teresa Adams
632 Luakini Street
Lahaina, Hawaii 96761

Mr. Dale B. Bonar
P.O. Box 965
Wailuku, Hawaii 96793

David Johnston
P. O. Box 1841
Wailuku, Hawaii 96793

Dustin Caserta
104 Ikaika Place
Lahaina, Hawaii 96761

Stephen M. Gelber
Gelber, Gelber, Ingersoll & Klevansky
Fort Street Tower, Suite 1400
745 Fort Street
Honolulu, Hawaii 96813

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of:	)	DOCKET NO. A06-764
)	
MOLOKAI PROPERTIES LIMITED,)	
a Hawaii Corporation)	
	)	CERTIFICATE OF SERVICE
To Amend the Agricultural Land Use District)	
Boundary into the Conservation Land Use)	
District for Approximately 252 Acres of Land)	
and into the Rural Land Use District for)	
Approximately 613 Acres of Land and To)	
Amend the Conservation Land Use District)	
Boundary into Rural Land Use District for)	
Approximately 10 acres at Lā'au Point,)	
Molokai, TMK: (2) 5-1-02:30 (Portion))	
_____)	

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served upon the following by either Hand Delivery or depositing the same in the U.S. Postal Service.

Anthony J. H. Ching, Executive Director Land Use Commission Leiopapa A Kamehameha Building State Office Tower, Room 406 235 South Beretania Street Honolulu, Hawaii 96813	Via Hand Delivery
--	-------------------

State of Hawaii Department of Business, Economic Development & Tourism Office of Planning State Office Tower, 6 th Floor 235 South Beretania Street Honolulu, Hawaii 96813	Via Hand Delivery
--	-------------------

Maui Planning Commission c/o Maui County Department of Planning 250 South High Street Wailuku, Maui, Hawaii 96793	U.S. Postal Service
--	---------------------

Maui County Planning Department
250 South High Street
Wailuku, Maui, Hawaii 96793

U.S. Postal Service

DATED: Honolulu, Hawaii, April 27, 2006.



LINNEL T. NISHIOKA
ISAAC D. HALL

Attorneys for Molokai Properties Limited