

**MINUTES FOR THE
MEETING OF THE
BOARD OF LAND OF NATURAL RESOURCES**

DATE: THURSDAY AUGUST 12, 2016
TIME: 9:00 A.M.
PLACE: KALANIMOKU BUILDING
LAND BOARD CONFERENCE ROOM 132
1151 PUNCHBOWL STREET
HONOLULU, HAWAII 96813

Chair Suzanne Case called the meeting of the Board of Land and Natural Resources to order at 9:02 a.m. The following were in attendance:

MEMBERS

Suzanne Case
Chris Yuen
Keone Downing

James Gomes
Stanley Roehrig

STAFF

Carty Chang-ENG
Ed Underwood-DOBOR
Barry Cheung-LAND
Alyson Yim-ENG
Barry Cheung-LAND

Dan Dennison-CO
Russell Tsuji-LAND
Maria Carnevale-PMNM
Pam Matsukawa-LAND

OTHERS

Dan Morris/AG
Bob Stellmacher-HECO/ D-10
Ed Boteilho/D-3
Cornell Kea/ D-3
Blanch McMellen/D-9
Calvert Chun/M-1

Keith Chun/J-1
Brian Kau/D-3
Kees Kea/D-3
Toni Bissen/D-9
Ross Smith/DOT-AIR

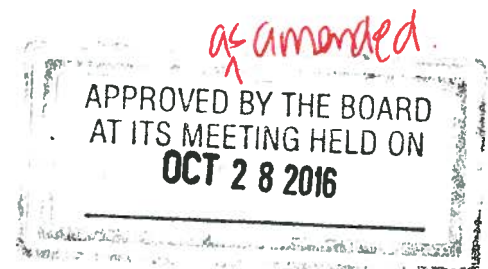
Chair Case noted that Member Woodside was no longer on the Land Board and her replacement, Member Sam Gon would be present at the next Board meeting.

Chair Case also disclosed that item J-2 was deferred and would not be heard at this meeting.

ITEM A-1 Approval of April 8, 2016 Minutes

Member Yuen and Member Roehrig provided their amendments and comments.

Unanimously approved as amended (Gomes, Roehrig)



ITEM A-2 Approval of May 27, 2016 Minutes

Member Yuen provided his amendments.

Unanimously approved as amended (Gomes, Roehrig)

ITEM A-3 Approval of July 08, 2016 Minutes

The Board had no changes to item A-3.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM L-6 Delegation of Authority to the Chairperson to: (1) Procure, Award and Enter Into Professional Service Consultant Contracts for Capital Improvement Program Projects Listed in Exhibit 1 or Projects Funded with Operating Funds Appropriated by the Legislature; (2) Declare a Construction Project Exempt from the Preparation of an Environmental Assessment or Approve an Environmental Assessment and Issue a Finding of No Significant Impact, if Appropriate; and (3) Approve, Procure and Enter Construction Contracts, for Capital Improvement Program Projects Listed in Exhibit 1 or Projects Funded with Operating Funds Appropriated by the Legislature. (see EXHIBIT 1 ATTACHED)

Carty Chang Chief Engineer with the Engineer Division-ENG disclosed that this was a follow up to the Board's action on July 22, 2016 where staff was asked to come back with a list of CIP projects as well as a description of types of projects.

Chang had an amendment to Exhibit #1 on page #2 to strike East Maui Water Systems, Maui.

Member Gomes asked why this was being removed.

Chang explained that this was not part of the Governor's budget so DLNR is not clear as to how to define the scope. It would come back to the Board in the future for any type of action.

Member Roehrig asked if there was anything the board needed to know about the appropriation.

Chair Case told Member Roehrig that there was a relatively recent proposal for funding so this needs to be thought through, there was testimony provided. She wasn't sure about timing.

Member Roehrig commented that this was a matter that the Board understands is involved in ongoing set of contested cases and they should pay attention to this and give it early consideration.

Member Gomes asked what was planned for Lipoa point.

Chang understood that the \$500,000 was going to be used towards a safety measures, it would also be used to start the management process for a management plan.

Chair Case explained there isn't funding for management.

There was no public testimony.

Unanimously approved as amended (Yuen, Gomes)

ITEM C-1 Request Approval for Selection of the Competitive Sealed Proposal Process and Authorize the Chairperson to Award, Execute, and Extend Contracts for the Design, Development, Execution and Placement of 25 Large Environmental/Conservation Messaging Signs.

Dan Dennison Senior Communications Manager with the Chairperson's Office-CO told the Board that he was present to inform the Board of a programmatic agreement that the DLNR has reached with the Hawaii Tourism Authority-HTA. This was an outgrowth of the Department wanting to make the linkage between the care and protection of our natural and cultural resources with the help of Hawaii's #1 economic driver, the tourism/visitor industry. HTA was thinking the same thing and they are providing \$53,600. Some of the money is used to for airtime for the three TV specials. The bulk of this money is targeted for production and placement of 25-3x4 ft. environmental and conservation messaging signs at strategic locations around the island of Oahu. They have been put out under an RFP for bid and received two bids. Both bids came in lower than the \$50,000 that was budgeted. The lowest bidder is a company called Conservation by Design from Prescott Arizona and their bid was \$36,700.

Dennison explained that the goal if this is continued was to do similar signage on Maui, Kauai and Hawaii Island.

Dennison asked the Board for approval to go ahead and extend an offer to this company to begin production of these signs. He noted that the company was going to work closely with the department to identify the location of these signs. Part of the contract is for them to help identify and secure permission of the placement of these particular signs.

Member Downing asked if they come here and put the sign up.
Dennison confirmed.

Member Yuen asked if DLNR had an in-house capability to make signs.
Dennison responded that DOFAW and PARKS has the capacity to make smaller signs, but wasn't sure that any of the divisions had the capacity to make these large multi-division signs.

Member Downing asked if any local companies bid.
Dennison said that one local company showed interest, but they did not submit their bid in time.

There was no public testimony.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM J-1 Continuation of Revocable Permits on the Islands of Oahu, Maui, Lanai, Hawaii, and Kauai; Various Locations and Tax Map Keys Statewide. (see EXHIBIT A ATTACHED)

Ed Underwood Administrator for the Division of Boating and Ocean Recreation-DOBOR presented item J-1. Last year DOBOR came to the Board to request continuation of the revocable

permits-RPs, they a 5 year cost of living index that has all been done and in place. The Boar was also informed that these RPs rents would be set by appraised value. Underwood said the appraisers are about 90% done and they expect to have the draft appraisals by next month, then once those are finalized they can be brought to the Chairperson to adjust the rents. For now DOBOR is asking to continue for the year but the rents will be adjusted as soon as the appraisals are done.

Underwood introduced Dar Ariola-LAND and Keith Chun who have been helping in this.

Underwood pointed out a typo on page #3 under justification of revocable permits; it currently says "DOBOR is unable to offer long term leases for lands that are legally subdivided lots", it should read "that are not legally subdivided lots".

Chair Case told the Board that they have been working to incorporate the concepts from the Board approval of the recommendations of the Revocable Task Force into this aspect as well, which is the group renewals.

Member Roehrig had concern about Honokohau small boat harbor permits. He said it would be helpful for Bill Taylor to spend time evaluating the permits at Honokohau. Member Roehrig was extremely concerned about these RPs because this is the biggest area and has the most problems.

Member Gomes felt like the same should apply for all other islands as well.

Keith Chun who used to be employed at DLNR, but is now volunteering with this project explained that the there was a property manager that was hired that was supposed to help with these RPs, but she didn't pass probation. One issue was that almost all of these RPs were not for legally subdivided lots. Chun explained that the Executive Orders-EOs were transferred from DOT but the EOs have not yet all been corrected. There have been questions from potential lessees that the department should be cleaning title before issuing leases and development. More importantly, Chun disclosed that some of DOBOR's EOd lands are not bulk subdivided out to DOTs lands. According to the records Honokohau is part of a 300 acre lot.

Chun felt the one of the initial things that need to be looked at was getting title cleared so there is a bulk subdivided lot in DOBOR's name with an EO, then look at creating individual subdivided lots.

Chair Case summarized that problem has to do with the ability to do a long term disposition. If you refer back to the 3 concepts from the revocable permit task force; fair reason, fair price and fair competition so the appraisal process addresses the fair price. The reason there is a particular problem in being able to carve out separate parcels for long term disposition, and that leave the competition issue. Chair Case if there has been an interest from other people in these parcels and if there has been competitive proposals for these parcels.

Chun explained that Underwood has been working with the information office to get his permits posted online so it's available to others that maybe interested. He added that once the appraisal is done and real market rents are determined, it flushes out the demand for the property.

Member Roehrig suggested doing the same thing that was done with Banyan Drive.

Member Yuen asked what was going on with the Wilson/Keahi RP in Maui.

Underwood said there were some issues with Keahi that got resolved; that was one DOBOR would like to go out on the long term lease. Keahi is still on the property now.

There was discussion about Keahi subleasing land out to store boats for \$500-\$600 a month when he only pays the DNLR \$700 a month. This has been going on for 18 years.

Underwood explained that if anything was done about it now, then the DLNR would lose out on money in the end.

Member Yuen suggested bringing this RP back in two months.

Member Gomes was okay waiting till September to bring this back after an appraiser.

Member Roehrig said next time this comes back to the Board it should get resolved.

There was no public testimony.

Member Yuen wanted this brought back and at lease get fair market rent.

Chun said that if there was a demand for putting out an RP for bid nothing prohibits it.

Chair Case said that was a good point and that's why these need to be posted online. She clarified that what Member Yuen was suggesting was to approve this as submitted except the Keahi RP, which would be extended for 3 months and brought back to the Board in two months to decide what happens next. Member Yuen agreed.

Member Roehrig didn't want to wait a year on the Honokohau RPs, suggested 6 months.

Chun asked for clarification; was this was a status report for 6 months or only continuing them for up to 6 months.

Chair Case said these were continuing them for up to 6 months so that it will force some new action.

Member Roehrig asked why all these people were being allowed to sublease.

Chun said that out of the 31, there wasn't a large percentage that are.

Member Roehrig suggested coming up with a proposition that said no subleases unless the Board allows them to.

Member Yuen made a motion to continue Honokohau RPs for 6 months, continue Wilson Keahi for 3 months, with a status report to the Board in 3months and the rest as submitted by staff. Member Roehrig seconded the motion on the assumption that during the 6 month period the people at Honokohau are going to be informed that when this comes back in 6 months that the Board is going to consider whether or not there is going to be subleasing, or it may be modified.

Member Yuen said he would hope that in 6 months there would be a new amount for the Boat storage that reflects the value and hoped the appraiser was looking at what someone is actually making storing boats there. He also said that informing the permittees of the meeting would be were issues of tenants of the State spaces is going to be a factor of the amount that is going to be charged.

Member Downing commented that adding a percentage rent was key because that would take care of all the problems.

Chun asked for 3 months on the status report from Keahi because if the appraisal doesn't come in until the end of September, there may not be enough time to prepare a Board submittal for 2 months.

Chair Case said restated that the motion is to approve with the amendments that the Honokohau RPs would be extended for 6 months and Wilson Keahi for 4 months with a report back in 3 months about the next steps. Member Roehrig seconded.

All were in favor.

Unanimously approved as amended (Yuen, Gomes)

ITEM D-10 Issuance of Perpetual, Non-Exclusive Easement to Hawaiian Electric Company, Inc. and Hawaiian Telcom, Inc. for Utility Purposes; Cancellation of Revocable Permit No. S-7610; Waimanalo, Koolaupoko, O'ahu; Tax Map Key: (1) 4-1-010:088 portion.

Russell Tsuji Administrator for Land Division-LAND reviewed item D-10, he had nothing more to add.

There were no questions and no public testimony.

HECO was available for questions.

Unanimously approved as submitted (Gomes, Downing)

ITEM D-9 Issuance of Revocable Permit to Pu'a Foundation and Hui Mahi`ai for Community Farming Purposes, Waimanalo, Koolaupoko, O'ahu, Tax Map Key: (1) 4-1-008:072 portion and 075.

Tsuji-LAND explained that this was temporary because ultimately the goal is to get them a long term disposition. The property is not legally subdivided.

Chair Case thanked LAND for the updates.

Member Downing said the Board gave them lot #8 at the last meeting, but now they are adding

another lot but they haven't done anything on lot #8.

Barry Cheung-LAND explained that a major part was never used for farming, after checking with the AGs, they do need to come up with an EA and they are in the process of submitting the EA. If they don't get the RP it may have to be cancelled.

Member Yuen commented that the legislature passed something a few years ago that you can lease out property for agricultural purposes without it being a legally subdivided lot.

Cheung wasn't aware but would research this.

Member Roehrig asked what the meaning of Pu'a was.

Toni Bisseon executive director of the Pu'a Foundation told the Board the Pu'a means feeding masticated food between mouth to mouth but the kauna is about feeding, nurturing and strengthening. The correct spelling should be Pū'ā.

Bisseon introduced their community partner Hui Mahiai, Aunty Blanch McMellen.

Blanch McMellen was president of Hui Mahiai.

No more questions, no public testimony.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM M-1 Issuance of a Right-of-Entry to D. R. Horton Hawaii and Royal Contracting Co., LTD at Kalaeloa Barbers Point Harbor, O'ahu, Tax Map Key No. (1) 9-1-014, Portions of 024 and 039.

Calvert Chun with the Department of Transportation Harbors Division-DOT-HAR presented item M-1. This was to remove about 1million cubic yards of the stock piles.

Member Gomes asked where the stock piles were being taken.

Chun said they were being taken to the Hoopili development.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM D-3 Consent to Assign General Lease No. S-6024, Boteilho Hawai'i Enterprises, Inc., Assignor, to Mauna Kea Moo, LLC, Assignee, Opihipau-Hukiaa, Kokoiki, North Kohala, Hawai'i, Tax Map Keys: (3) 5-5-003:004, 005 & 006, 5-5-005:001, and 5-5-006:002, 003,004 & 015.

Written testimony was submitted by Scott E. Enright, Cory Harden, and The Office of Hawaiian

Affairs (OHA).

Chair Case said upfront that there was testimony from the Department of Agriculture-DOA in opposition with the comment that they didn't have time to review the docket. She said that since it is on the agenda she wanted to hear the item, but was anticipating deferring this item.

Tsuji-LAND added that the deputy AG and Bill Wynhoff ask that this item be deferred, he's concerned and wants to further investigate.

Tsuji apologized, this was sent to DOA on July 20, but they didn't hear back from them until just recently. By that time this item was already on the agenda. The Boteilho Enterprises has found a buyer and is asking the Board to consent to the transfer of the lease. When LAND evaluated this the recommendation was to transfer, but in light of the testimony for DOA and the AGs, staff's recommendation is to defer.

Chair Case wanted to go ahead with discussion and testimony so the Board could be familiarized with this. She recognized that DLNR has jurisdiction of this land and have a different mission from what the DOA has so it needs to be worked out.

Member Roehrig felt this docket is time sensitive and should get done quickly. He also disclosed that he is friends with Boteilho's lawyer and has met Boteilho a few times.

Member Yuen asked Tsuji if leases transfer over under the same terms.

Tsuji said yes if it were to be set aside, but wasn't sure the process once it's over there.

Brian Kau with DOA said that the statute states that any lease that gets transferred from DLNR to DOA maintains all provisions enforced, they aren't allowed to change lease the term or lease rent amount until the lease itself reopens.

Member Yuen asked if this would have to be assigned to a qualified dairy farmer. Tsuji confirmed.

Member Roehrig asked who should pay the cost for taking the tanks out, the general proposition in Hawaii is based on what's fair. He had reservations transferring this over to DOA because the people who were involved in the leasing department was not the DOA, it was DLNR.

Chair Case said there were differing views, the entity that owns the land is the State. Member Roehrig agreed.

Ed Boteilho testified that he was perplexed that there is are sudden issues brought up when it's

clearly stated in the UST by the environmental company that did all the study on the history of the tanks. There was never any disclosure made of anything being on the property like that, that's why in his environmental requirement to get the property ready they had to peruse this. He spent a little over \$42,000 in that process, but it was clearly stated that this was an issue going back to Biogenics days so it was the State's responsibility. They have nothing to hide; it was something that was there that he didn't know about.

Boteilho said he made a request to the DOA in 1998 to have their lands transferred and he has never gotten it, now to have it take place when they are in the process of selling. It could've been done after.

Member Roehrig asked what happened in 1998 when he asked to transfer the lease to DOA in 1998. Boteilho said nothing; they just kept telling him he was number 1 on the list. Boteilho explained that he just wants to continue their business and give it out to a new dairy farmer who's going to proceed to make other products. The area is designed for a dairy farm.

Member Roehrig asked about the toxic stuff in the soil. Boteilho and Tsuji weren't sure but Tsuji thought that was one of the reasons why the AGs wanted to defer.

Deputy AG Dan Morris disclosed that there was just not enough information and premature to make an action at this point.

Member Roehrig asked Boteilho if there was any reason why they wanted to get this over promptly. Boteilho said they were in the process of selling and it would just throw a monkey wrench into the process.

Member Yuen asked if there would be significant problems if this is delayed.

Boteilho explained that his 90 year old mother is the major stockholder in this and she would like to see all of this to get settled before she passes. Boteilho has just had a heart attack and would like to see this get settled as well. They have no other family that can take it over, that's why they want to pursue this route.

Boteilho was hoping to discontinue this operation within the next two months.

Kees Kea owner of Mauna Kea Moo and Cornell Kea, Case's son introduced themselves.

Member Yuen asked where they operate now; Kees Kea said they lease 14,000 acres in Kohala.

Member Yuen asked if there would be any major problems with not dealing with this at this meeting but during sometime in the near future. Kees Kea said they were hoping to take over the lease so Boteilho can keep moving.

Member Yuen read a letter sent from DOH dated October 26, 2015 that asked DLNR to provide a UST summary report within 90 days. Member Yuen asked if that was done. Tsuji didn't believe so, and didn't have an explanation. Tsuji said that it wasn't clear that if there was contamination in the soil, which is why the AGs have asked to defer this until further review.

Member Roehrig asked Boteilho how big the area was and if it would be ok for them to not use this area until this is brought back to the Board. Boteilho said the area was about the size of the Board room and they could just block the area off. The Keas were okay with it.

10:50AM Member Yuen made a motion to go into Executive Session pursuant to Section 92-5(a) (4), Hawai'i Revised Statutes, in order to consult with its attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities. Member Roehrig Seconded.

11:28AM RECONVENE

Member Yuen made a motion to approve this under the conditions of the original staff recommendations with the amendment that the assignment documents should include a clause that says something to the effect that it does not affect any liability the assignee, Boteilho Enterprises may have with respect to the possible contamination to the underground storage. Member Roehrig seconded.

Member Yuen noted that the question of the reimbursement of the \$42,000 is not in front of the Board. The Board is in a situation where they are supposed to evaluate the request for assignment and consent should not be unreasonably withheld.

All were in favor.

The Board amended staff recommendation by adding that the Board's consent to the assignment shall not have any effect on Boteilho Hawaii Enterprises, Inc.'s liability, if any as to the underground storage tanks and the contamination of the soil.

Unanimously approved as amended (Yuen, Roehrig)

ITEM F-1 Request for Authorization and Approval to Issue a Papahānaumokuākea Marine National Monument Education Permit to Ms. Jodie Yim, Director of Maritime Operations, Marimed Foundation, for Access to State Waters to Conduct Activities for the Kailana Maritime Educational Program Voyage to Nihoa and Mokumanamana.

Maria Carnevale State Co-manager with Papahānaumokuākea Marine National Monument-PMNM reviewed item F-1 and gave some background information.

Member Roehrig hoped to make this available to the kids at Keaukaha.

No public testimony.

Unanimously approved as submitted (Roehrig, Gomes)

ITEM D-7 Issuance of Right-of-Entry Permit to Cellco Partnership, dba Verizon Wireless for Due Diligence Purposes on Lands Encumbered by General Lease No. 4513, Honolulu, O'ahu, Tax Map Key: (1) 3-1-042:034.

Tsuji-LAND had nothing to add.

No questions, no public testimony.

Unanimously approved as submitted (Roehrig, Gomes)

ITEM M-12 Rescind Prior Board Action of April 8, 2016, Item M-9, Sale of an Air Cargo Lease by Notice of Public Auction, New Cargo Building (Space No. 139-115), Hilo International Airport, Tax Map Key: (3) 2-1-12: Portion of 90.

Ross Smith with the Department of Transportation Airports Division-DOT-AIR presented items M-2 through M-14.

Member Yuen asked if Board approval was needed to swap. Smith said that if the Board approves the new space, 116 they believe that gives them the ability to change the space. They want to rescind the prior action on the space that Hawaiian seeks to occupy. Rather than auctioning they are asking for approval to directly lease this to Hawaiian which they would do as an amendment to the existing lease they have substituting the spaces. Member Yuen was okay with that and asked if they were going to come back to the board for 116. Smith said they can.

Smith suggested amending the recommendation to allow DOT to amend the existing lease to switch the spaces.

AG Dan Morris agreed that was an appropriate amendment.

The Board amended item M-12 to include the authorization to public auction space 139-116 under certain terms approved as previously approved as space 115 that this is going to Hawaiian Air Cargo. Member Roehrig seconded.

All other items were approved as submitted.

Unanimously approved as amended (Yuen, Roehrig)

- ITEM M-2 Issuance of a Revocable Permit for Aircraft Parking, Hawaii Pacific Aviation Inc., Honolulu International Airport, Tax Map Key: (1) 1-1-003: 001 (Portion).**
- ITEM M-3 Issuance of an Advertising Concession Agreement to In-Ter-Space Services, Inc. dba Clear Channel Airports, Honolulu International Airport, Tax Map Key: (1) 1-1-003: 001, and 061 (Portions).**
- ITEM M-4 Issuance of a Revocable Permit for Space for Maintenance and Storage of Airline Ground Support Equipment (GSE), Delta Air Lines, Inc., Honolulu International Airport, Tax Map Key: (1) 1-1-003: 015 (Portion).**
- ITEM M-5 Issuance of a Revocable Permit for Space for Aircraft Communications Addressing and Reporting System Equipment, Aeronautical Radio, Inc., Central Concourse, Honolulu International Airport, Tax Map Key: (1) 1-1-003: 50 (Portion).**
- ITEM M-6 Issuance of a Direct Lease to the City and County of Honolulu, Honolulu International Airport, Tax Map Keys: (1) 1-1-72: 13 and (1) 1-1-72: 16.**
- ITEM M-7 Issuance of a Revocable Permit for a Fixed-Base Operation, Air Service Hawaii, Inc., Kahului Airport, Tax Map Key: (2) 3-8-01: Portion of 19.**
- ITEM M-8 Issuance of a Revocable permit for Storage Space in the Main Terminal for Airline Operations, Alaska Airlines, Inc., Kahului Airport, Tax Map Key: (2) 3-8-01: Portion of 19.**
- ITEM M-9 Request to Amend State Lease No. DOT-A-06-0014 to Extend Term of the Lease to June 30, 2017, U.S. Department of Agriculture, Animal, Plant and Health Inspection Services, Plant Protection and Quarantine, Kahului Airport, Tax Map Key: (2) 3-8-01: Portion of 19.**
- ITEM M-10 Request to Amend State Lease No. DOT-A-06-0015 to Extend Term of the Lease to June 30, 2017, U.S. Department of Agriculture, Wildlife Services, Kahului Airport, Tax Map Key: (2) 3-8-01: Portion of 19.**
- ITEM M-11 Issuance of a Revocable Permit for Aircraft Parking, Manuiwa Airways, Incorporated, Hilo International Airport, Tax Map Key: (3) 2-1-12: Portion**

of 90.

ITEM M-13 Amend Prior Board Action of January 22, 2016 (Item M-15) Issuance of an Air Terminal Facility Lease by Public Auction to Authorize the Issuance of a Lease to Flying Food Group, LLC for a Flight Kitchen Through Direct Negotiation, Kona International Airport Keāhole, Tax Map Key: (3) 7-3-43: Portion of 003.

Member Roehrig requested that Smith stay on top of this item.

Member Yuen agreed and asked if this was the same lease that was rejected then went to public auction. Smith confirmed yes, that it was the old aircraft rescue and firefighter facility which they had intended to do a direct lease to Kaiser.

Chair Case also thanked Smith for a good submittal.

ITEM M-14 Issuance of a Revocable Permit for Equipment Storage, Hawaii Pacific Aviation Inc., Kona International Airport at Keāhole, Tax Map Key: (3) 7-3-43: Portion of 40.

Unanimously approved as submitted (Yuen, Roehrig)

ITEM L-1 Appointment of Amy Bugado to Serve as a Director of the Waiākea Soil and Water Conservation District.

ITEM L-2 Appointment of Kirk Derasin to Serve as a Director of the Kau Soil and Water Conservation District.

ITEM L-3 Appointment of David Schell to Serve as a Director of the Puna Soil and Water Conservation District.

ITEM L-4 Appointment of Jeff Knowles to Serve as a Director of the Kona Soil and Water Conservation District.

ITEM L-5 Appointment of Harry “Pono” von Holt to Serve as a Director of the Mauna Kea Soil and Water Conservation District.

Alyson Yim representing the Engineering Division- ENG had no changes to items L-1 through L-5. The Board had no questions. There was no public testimony.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM D-1 Amend prior Board Action of March 24, 2016, Agenda Item D-1, Preliminary Approval of Acquisition of Easements on Private Lands for Ko Road Rockfall Mitigation Project – Makai Section, Part Two, Ele‘ele, Koloa, Kaua‘i, Tax Map Keys: (4) 2-1-007:150, 151, 156, 157, 158 & 160 (portions).

The purpose of this Amendment is to add two (2) more Parcels for the Subject Project, Tax Map Key Nos. (4) 2-1-007:159 & 161 (portions) and to Correct a Tax Map Key Reference in the Prior Board Action.

Tsuji-LAND explained that this was an easement to put up a rock fall mitigation fence.

Unanimously approved as submitted (Roehrig, Gomes)

ITEM D-2 Approve (1) Mediated Settlement of Rent Dispute Relating to Ten-Year Extension of General Lease No. S-3599, Central Supply, Inc., Lessee, located in Hilo, Hawaii, Tax Map Key No. (3) 2-2-050:090, and (2) Change in the Start Date of the New Rent to the First day of the Ten-Year Extension of the lease.

Written testimony was submitted by Vince M. Kimura.

Tsuji-LAND introduced his staff, Pam Matsukawa. Tsuji noted that one of the interesting things with this was the valuation was done on time, but it took a long time to process this and go into mediation; after time the industrial rent in Hilo had gone down in certain areas. Ultimately they arrived in agreement on both sides.

Member Roehrig disclosed that his wife and Vince Kimura are friends.

Member Downing asked if it was normal to go into mediation. Tsuji said it was a requirement for anyone following Ch. 171.

Member Downing asked if this was going to be the base amount for reopening. Tsuji said it would be one of the many comps in the area; appraisers don't just look at one, they look at multiple.

Matsukawa added that this was a very logical mediation. There were 3 similar properties; one was at .87 per sq. foot, so they started from there.

Tsuji would love to if could master lease the RFP out. It's easier for him to deal with one lessee vs. 50 different lessees.

Chair Case suggested a large scale land exchange.

Tsuji said that would be hard.

Member Roehrig told the Board that legislative amendment in 2014 resulted in intense pressure from lessees of this area to change the arbitration process because it was bleeding the lessees dry and they wanted to have a quicker process. The process of going to the arbitration starts with taking 2 appraisers and if they disagree then they would pick a 3rd then the three appraisers would become 3 arbitrators. If the State or lessee didn't like the result then they would appeal to the circuit court. As a result the legislature changed the process to what we have now. Member Roehrig suggested the appraisers come from their own island.

Matsukawa told Member Roehrig that in regard to this particular mediation the three appraisals that were being used were done by the CBRE review. For two of them they were brought down lower. Member Roehrig said the issue wasn't going to get resolved today.

No public testimony.

Unanimously approved as submitted (Roehrig, Gomes)

ITEM D-4 Consent to Mortgage and Extension of Lease Term, General Lease No. S-4531, Kaupo Ranch, Ltd., Lessee, Kaupo, Hana, Maui, Tax Map Key: (2) 1-7-003: 024 & 027.

Member Gomes said that Kaupo ranch and the ranch he works for (Ulupalakua) and Haleakala are all partners in Maui Cattle Co. but had no financial interest in this.

Member Gomes said there was an illegal structure on this property, but the people that have a home on the property, the family goes back 5 or 6 generations.

Member Roehrig asked if they should look and see if the family has any pash rights. Member Gomes wasn't sure.

Member Roehrig commented that the internal documents of the ranch and the history of the title need to be looked at. Tsuji said it might be an encroachment.

Member Roehrig said there was a reason to investigate the nature of encroachment. Tsuji said at some point there would be a presentation and everyone would submit their paperwork.

The Board amended the staff recommendation by requiring the Maui District Land Agent to monitor the issue or allegation of an encroaching structure on the leased premises.

Unanimously approved as amended (Gomes, Yuen)

ITEM D-5 Second Amendment of Prior Board Action of October 26, 2012, Item D-10, as amended by Prior Board Action of December 14, 2012, Item D-9; Sale of Lease at Public Auction for Industrial Purposes, Moanalua, Honolulu, O’ahu, Tax Map Key: (1) 1-1-064:006.

The Amendment is to Change the Permitted Use of the Lease to Open Storage or Parking Purposes, Rent and Waiver Provision, and the Lease Term to 20 Years.

Member Downing said the appraisal went from \$61,000 to \$20,000 now the lease is going to be changed for another 10-20 years. Tsuji said they initially went out for a long term lease on this and got zero applicants. The property is less than 10,000 square feet and not enough room to build a structure.

Tsuji said Island Demo wanted to focus on their one lot and gave up this lot. This is going out to bid. This is to set the parameters of the upset rent and set the new bid package. Member Downing was good with that.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM D-6 Request Consent to Sublease General Lease No. S-5805, Waikiki Community Center, as Sublessor, to Hawai’i LGBT Legacy Foundation, as Sublessee, Waikiki, Honolulu, O’ahu, Tax Map Key: (1) 2-6-025:008.

Member Yuen wondered if they weren’t going to use it, was it right to let them sublease. Tsuji said this was nonprofit and other non-profits were we allowed to raise money.

Chair Case said making money off a State lease was not okay.

Tsuji said that his land manager was best to answer questions.

Member Yuen asked to defer.

There was further discussion between Board members about non profits.

Barry Cheung-LAND arrived.

Member Yuen asked if the Waikiki Community Center was an active organization that provides services and this is not their only property.

Cheung said they only lease under DLNR management jurisdiction. The major sublease is Waikiki Health Center on the lease they have all the Hope Chapels and LGBT. They only have one room, not the whole property.

Member Yuen was fine with that.

Unanimously approved as submitted (Yuen, Gomes)

ITEM D-8 Amend Prior Board Action dated March 11, 2016, item D-8, Grant of Term, Non-Exclusive Easement to Brigitte J. Coley, Trustee under the Brigitte J. Coley Trust dated August 6, 2013 for Pier Purposes; Assess Administrative Cost of \$500; Termination of Revocable Permit No. S-7592; Issue a new Interim Revocable Permit to Brigitte J. Coley, Trustee under the Brigitte J. Coley Trust dated August 6, 2013, Waikiki, Honolulu, O‘ahu, Tax Map Key: (1) 3-6-001:Seaward of 036.

This Amendment Pertains to Additional Easement Area and to Add Seawall Purposes, in addition to Pier Purposes.

Member Downing asked if anyone could walk on this wall, at one point it was a fish pond. Originally, when the fish pond when there was supposed to be an easement to walk around. Tsuji-LAND said it was a non-exclusive easement, if someone walks on it they don't have the right to tell them they can't.

Cheung-LAND confirmed that the condition says that the public should always have access to the easement area; easement area as defined in the document, not necessarily the whole wall.

Tsuji added that they weren't required to post signs that say its public property.

Unanimously approved as submitted (Downing, Gomes)

ITEM D-11 Amend Prior Board Action dated December 13, 2002, Item D-8, Grant of Term Non-Exclusive Easement for Seawall to Annie C. and Wayne D. St. Morris, Kaneohe, Koolaupoko, O‘ahu, Tax Map Key: (1) 4-5-047:Seaward of 080.

This amendment pertains to the removal of Annie C. St. Morris as a co-applicant and adding a condition which allows the easement to inure to the benefit of the abutting private property.

No questions, no public testimony.

Unanimously approved as submitted (Gomes, Roehrig)

ITEM D-13 Amend Prior Board Action of February 12, 2016, Item D-13, Consent to Assign and Amend Grant of Non-Exclusive Easement, S-4543, Terence McTigue and Dorene McTigue, as Assignors, to NBL II, LLC, as Assignee; Kawailoa, Waialua, O‘ahu, Tax Map Key: (1) 6-1-008:seaward of 031.

This Amendment is to correct the tax map keys discussed in the submittal.

No questions, no public testimony.

Unanimously approved as submitted (Roehrig, Gomes)

ITEM D-14 Set Aside to the Department of Education for School Purposes, Issuance of Immediate Right-of-Entry; Wa‘ianae-Kai, Wa‘ianae, O‘ahu, Tax Map Key: (1) 8-5-009:018.

No questions, no public testimony.

Unanimously approved as submitted (Gomes, Roehrig)

12:47 PM Member Gomes made a motion to adjourn. Member Yuen seconded.

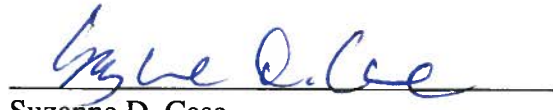
There being no further business, Chair Suzanne D. Case adjourned the meeting at 12:47 p.m. Recording(s) of the meeting and all written testimonies submitted at the meeting are filed in the Chairperson's Office and are available for review. Certain items on the agenda were taken out of sequence to accommodate applicants or interested parties present.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ku'ulei Moses', written in a cursive style.

Ku'ulei Moses
Land Board Secretary

Approved for submittal:

A handwritten signature in blue ink, appearing to read 'Suzanne D. Case', written in a cursive style, positioned above a horizontal line.

Suzanne D. Case
Chairperson
Department of Land and Natural Resources