

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

DATE: FRIDAY, MAY 13, 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 9:01 a.m. The following were in attendance:

**MEMBERS**

Suzanne D. Case  
Thomas Oi  
Ulalia Woodside  
Chris Yuen

James Gomes  
Stanley Roehrig  
Keone Downing

**STAFF**

Maria Carnavale/DAR  
Kevin Moore/LAND  
Andrew Choy/DOCARE  
Emma Yuen/DOFAW  
Jim Cogswell/DOFAW  
Alton Miyasaka/DAR

Ed Underwood/DOBOR  
Jason Redulla/DOCARE  
Alan Carpernter/PARKS  
John Vetter/DOFAW  
David Sisco/DOFAW  
Carty Chang/ENG

**OTHERS**

Cindy Young/AG  
Justin Rivera/F-2  
John Swanson/J-2  
Maggie Brown/J-2  
Ross Smith/DOT-AIR  
Michael Amura/DOT-Highways  
George Fran/M-12

Julie Zill/F-1  
Michael Shapiro/F-2  
Jean Jewell/J-2  
Wendy Oda/D-9  
David Bettencourt/M-10  
Tony Valdez/M-12

**ITEM A-1 Approval of February 12, 2016 Minutes**

Member Yuen said that on page 10 that Randy Kurohara should be recognized as the managing director for the county of Kauai; on page 19, 2<sup>nd</sup> paragraph, to clarify that there was an error in the way the appraisal was made.

Member Woodside mentioned that she would give the secretary typo errors.



**ITEM A-4 Approval of March 24, 2016 Minutes**

Member Oi addressed a typo error in Item D-4.

Member Yuen said that Michael Kane was not representing DHHL.

Member Roehrig pointed out on page 2 that Member Oi wanted a list of rate structure to what was proposed to the DOT airports division.

**Unanimously approved as amended (Roehrig, Gomes)**

**ITEM F-1 Request for Authorization and Approval to Issue a Papahānaumokuākea  
Maine National Monument Research Permit to Dr. Megan Donahue,  
Hawai‘i Institute of Marine Biology, University of Hawai‘i, for Access to State  
Waters to Conduct Activities for the Characterization of Moray Eel  
Population Densities.**

Maria Carnavale, State Co Manager for Papahanaumokuakea-PMNM, introduced herself and Item F-1.

Carnavale had a few changes from the applicant, instead of 2 individuals, they are asking for 3 and there will be no chum packets in the water.

Member Gomes asked why they were not doing the Chum packets.

Julie Zill, graduate from Hawaii Institute of Marine Biology working under Megan Donehue explained that they removed the Chum due to it creating inconsistencies in their survey methodology.

Member Oi asked why they would have to drill. Zill explained that they would not be drilling and that it was in reference to placing a baited camera on the sea floor.

Member Oi followed up by asking what the outcome of the research would be. Zill explained that they wanted to quantify eel population and show how their population levels change in abundance to predators in the NW Hawaiian Islands.

Chair Case asked if the 3<sup>rd</sup> person will be named. Carnavale said that it is provided in the submittal but has to be provided to the monument management board, the permit does not need to have the names.

**Unanimously approved as amended (Gomes, Roehrig)**

**ITEM F-2 Request for Authorization and Approval to Issue a Papahānaumokuākea  
Marine National Monument Special Ocean Use Permit to Chris Pearce,  
Publisher – Hana Hou! The Magazine of Hawaiian Airlines, for Access to  
State Waters for Activities Highlighting a Decade of Exploring, Researching,**

## **Conserving and Managing Papahānaumokuākea Marine National Monument.**

Carnavale-PMNM added a change that the logistics for the cruise has changed but there will be no land access.

Member Gomes asked if this has been done by other entities that the same scope that Hana Hou magazine wants to do. Carnavale responded that other entities has done it and that the last one was done 5 years ago.

Justin Rivera, NOAA permit coordinator, introduced himself. Rivera explained that Hana Hou is looking more comprehensively on what the monument has accomplished in the past 10 years.

Member Roehrig asked if a written policy was needed and charge them when the board allows different entities to access the monument. Carnavale said that anyone can apply for a permit and will be treated in the same vein that this applicant was reviewed.

Member Roehrig asked if Hawaiian Airlines is going to pay a sort of gratuity to help alleviate the cost of the expense of operations. Carnavale said that the administrative mechanism was not placed yet is to place permit fees.

Member Woodside asked if the board should approve as amended. Carnavale deferred to the logistics of the cruise.

Michael Shapiro, Editor for Hana Hou Magazine. Shapiro informed that the magazine is free if you fly with Hawaiians, but is available to be purchased for \$3.99. Shapiro continued explaining that the writer originally was going to visit several islands but the dates changed.

Member Yuen complimented Hana Hou magazine on covering natural and cultural resources in Hawaii.

Member Oi mentioned that it would be good to include in the submittal if it is in the public interest or not.

**Unanimously approved as amended (Roehrig, Gomes)**

**ITEM J-2 Issuance of a Revocable Permit to Horizons Pacific Inc., DBA Big Island Divers, to Operate a Ticket Booth and Concession that Includes Maritime Related Activities, Concierge Services, Providing General Island Information, Maps, Restaurant Guides, Charter and Tour Information, Cruise Ship Itineraries, Trolley and Bus Schedules, Affordable Beach Rental Gear (Mask/Snorkel/Fins, Umbrellas, Towels), and Sales of Sunscreen, Cold Refreshments and Snacks. Located at Kailua-Kona, Island of Hawai‘i, Tax Map Key: (3) 7-5-006:039.**

*Written testimony was submitted by Marie Aguilar, Maggie Brown, Ralph Jewell, Jeannie Jewell, Nancy Thuet, Rich Truax and Linda Zabolski.*

Ed Underwood, administrator for the Division of Boating and Ocean Recreation- DOBOR, presented item J-2.

Member Roehrig commented that everyone on the big island uses that pier every weekend; he asked what needed to be done as a department to that pier has to go through wide public input before the board makes a decision.

Underwood said that they did not offer any pier space but just office space itself. Member Roehrig added that they have to find a decent spot and space, on a busy day, the pier can get very congested.

Member Woodside asked how the space was used previously. Underwood replied that it was used as a storage area where they kept chairs and tents for cruise ship passengers.

Member Woodside followed up asking how the traffic and use would be following this RP. Underwood responded that it is a main walkway and if they were interested in anything at the booth they could cue up.

Member Woodside than said that there was a lot of comments in about Bill Taylor. Underwood responded that they have been out of a district manager for Hawaii Island for a while. Bill Taylor is a retiring coast guard Lieutenant Commander that will be starting on July 1<sup>st</sup>.

Member Woodside asked about the process of solicitation for bids of the RP's. Underwood replied that the initial bid was from Kanoe Inc. they were the first persons with expressed interest; we had ask them if they were interested in sharing space. Currently, this is the first time DOBOR is conducting this for a RP; normally we select the vendor and move forward.

Member Roehrig asked what the concierge services were. Underwood responded that they help people when they get off the ship such as, directions around town, they help facilitate.

Member Yuen asked if they were able to run an activity desk out if this spot and does the department have in writing that gave a range of possible uses that would be ok. Underwood responded that they would be able to run an activity desk and that there was nothing in writing but discussed at a meeting; concerns were also raised by HTA that if they did an activity booth and sold tours, that it would be in conflict with cruise ship bookings.

Chair Case asked why they would not have a percentage base rent. Underwood responded that they may not be able to generate their proposed \$3000 a month.

Member Gomes asked if there was room elsewhere in the pier for the other parties. Underwood responded that it is the only space on the pier that is existing, anything else the dept. would have to take up pier space.

Member Gomes asked if the other companies were given ample time as to horizon pacific and how they found out about the meetings. Underwood responded that the ones that submitted the bids first and they had posted a notice on the pier.

Member Roehrig asked if HTA had been offered this location. Underwood said that they had offered the location to them but HTA had refused.

Member Downing asked when this building was completed. Underwood responded last year June and initially when the building was being rebuilt, they took out the ticket booth.

Member Oi asked if they had come up with a written notice of what is going to be expected at this spot. Underwood responded that they left it general to maritime activities.

John Swanson with Big Island Divers introduced himself as the applicant. Swanson mentioned that the written request at the time a document was handed out that had some generic guidelines of what they expected of the potential tenant, a challenge for the tenant is what they could do in this space.

Member Downing asked what they needed in gross to pay the monthly rent and what their average ticket item was. Swanson responded somewhere around \$20,000 a month and their average ticket item is \$147.

Member Downing asked what their top 3 items are to sell. Swanson responded their activities, potential storage lockers, and miscellaneous items.

Chair Case asked where the lockers would be placed and what concierge services is. Swanson answered that they would be by on the backside of the entrance of the men's restroom, it is not a part of the 5x11 space; concierge services are partners with local businesses to drive traffic into these business. Swanson added that their goal as concierge is to be there as a resource to the pier such as activity sales, gear lockers, beach chairs, towels, etc.

Jean Jewel, representing Destination Kona coast introduced herself and testified on item J-2.

Maggie Brown, owner of Kanoa Inc., introduced herself and testified on item J-2.

Chair Case asked when they greet the boats coming in, can they give them information on activities, including their own business. Jewell explained that they have a rack with all their member cards displayed, Destination Kona has volunteers that try to steer them to other businesses.

Brown added that they don't sell any activities to cruise ships.

Chair Case followed up asking what the non-profit aspect of Destination Kona coast was. Jewel responded that their rack has activities that the cruise ship has contracts with. Destination Kona coast only refers.

Chair Case asked who the members of Destination Kona coast were. Jewel responded that they were activities and restaurant, about 100 members we are funded by HTA.

Member Yuen followed up asking when visitors are interested in booking an activity, is shore excursions exclusive to cruise ship passengers only. Jewel answered that they can walk into the other activities to see if they have availability.

Member Downing asked what their membership fees are. Jewel responded that for businesses under 12 people are \$125 per year, we also get grants from HTA.

Chair Case was concerned that if this permit were exclusive that Destination Kona was still able to operate. Jewel responded that they would still be able to stay on the pier.

Chair Case followed up on what days they be on the pier and if they had been in contact with the cruise ship about this submittal. Jewel responded that they were on Wednesday and seasonal ship days and yesterday HTA was taking them around the island, the cruise ship was dissatisfied with the proposal.

Brown added that they were one of four parties who put in a submission proposal for the location in Nov. 4 and when submitted; HVB and HTB reached out with their support.

Chair Case asked if the short notice period impacted them and does DLNR get a share of revenue from the activities booked. Brown responded that they were told many things from DLNR representation of what the bids were and their intentions were to serve the cruise passengers and DLNR gets 3% of everything sold on the ships and what everyone else sells.

Member Roehrig asked if the board should put this to public bid. Jewel responded that it would depends if they want to make money.

David Bettencourt, introduced himself and testified that this is nothing but an activity desk, they are capable of making \$3,000 a days. Bettencourt commented that they should have restricted activities, not becoming a general activities desk.

11:13AM RECESS

11:20AM RECONVENNE

Chair Case noted that this discussion has been helpful and having an operation out of the office is not in consistent with that Destination Kona Coast is doing. The department is under guidance from the Legislature to look for reasonable opportunities to raise revenues for the departments operations. Chair Case mentioned that she is inclined to approve this and that if it is an RP, it should be revocable; if issues occur, revisions can be made.

Member Roehrig was inclined to move it ahead for a couple of months and felt that he would defer it and have staff bring it back with a proposal for a multiple use operation, if the votes were in favor; opportunities should be given to non-profits and profits going out for bidding.

Member Woodside commented that use for a small harbor and existing space, like the chair has mentioned, the submittal makes sense.

Member Gomes agreed with Chair Case and Member Woodside and that the board needs to give it more time and does have the power to take it.

Member Oi asked Underwood if this was a commercial pier. Underwood responded that all their facilities have a commercial component to them.

Member Oi wanted to see something's in writing and recommended that the board defer this submittal.

Member Yuen comments and concerns were about the lockers and if they were an investment and if the return would be possible in the time period.

Chair Case added that the area does get expanded.

Member Gomes commented to striking the lockers from this proposal.

Member Yuen felt comfortable and could see where DOBOR would get \$3000 a month rather than use it to store chairs by Destination Kona and that there should be a formalization. Member Yuen added that he felt comfortable of this being an RP due to the potential of backlash in Kona over this activity.

Member Downing felt that all the components should have been put out there for everyone to agree on. Member Downing felt comfortable giving the existing but not about expanding the space.

Member Roehrig recommended a condition to have DOBOR and Land Division to come back with a joint proposal in 6 months.

Member Yuen made a motion to approve, omitting the lockers.

**Unanimously approved as amended (Yuen, Woodside)**

**ITEM D-11 Set Aside to Hawai'i Housing Finance and Development Corporation (HHFDC) for Affordable Multifamily Rental Housing Purposes; Assignment of Lessor's Interest in General Lease No. S-4610, Kamana, Inc., Lessee, to HHFDC; Consent to HHFDC's Issuance of New 65-Year Term Lease to Kamana, Inc., Lessee, for Affordable Multifamily Rental Housing Purposes for the Elderly and Disabled; Consent to the Assignment of the New Lease from Kamana, Inc., as Assignor, to U00660 Hilo, L.P., as Assignee; Issuance of Immediate Management Right-of-Entry to HHFDC, Waiākea, South Hilo, Hawai'i, Tax Map Keys: (3) 2-4-056:022.**

Kevin Moore Assistant Administrator for Land Division-LAND conveyed item D-11.

Moore indicated that an amendment was needed in the submittal- Recommendation one needs an exemption declaration included.

Member Roehrig disclosed that his wife goes to the senior citizen type activities at Kamana centers, but this would not disqualify him from the board.

Member Downing asked on page 3 that if HHFDC will operate under a different statute. Moore confirmed that it would.

**Unanimously approved as amended (Yuen, Gomes)**

**ITEM D-9 Grant of a Term, Non-Exclusive Easement and the Issuance of a Management Right-of-Entry for Utility Purposes to Hawaiian Electric Company, Inc., Waikele, 'Ewa, O'ahu; Tax Map Key: (1) 9-3-001:portion of 004.**

Member Yuen asked if there was anyone from DOFAW that was familiar with the site and is there a known problem with the line such as bird strikes.

Member Roehrig asked if this was close to Kalaeloa Airport and if there were Helicopter issues.

Wendy Oda, with Hawaiian Electric said that where this easement is there is no reason for a Helicopter issues.

**Unanimously approved as submitted (Woodside, Gomes)**

**ITEM D-6 Issuance of a Right-of-Entry Permit to O'ahu Hawaiian Canoe Racing Association Hawai'i for the Duke Kahanamoku Long Distance Canoe Race Event to be held on August 21, 2016, at Waikiki, Honolulu, O'ahu, Tax Map Key: (1) 2-3-037: portions of 021.**

Lapula Shultz, president for Oahu Hawaiian Canoe Racing Association for Hawaii was available for questions.

**Unanimously approved as submitted (Woodside, Gomes)**

**ITEM D-7 Issuance of a Right-of-Entry Permit to the Na Wahine O Ke Kai for a Canoe Race Event to be held on September 24 and 25, 2016, at Waikiki, Honolulu, O'ahu, Tax Map Key: (1) 2-3-037: portions of 021.**

Member Downing asked why they have not worked with the beginning and the parking all together. Shultz said that they have worked with the harbor master at Ala Wai and District land agent with Maui.

Member Downing recommended that they have all three pieces work together.

**Unanimously approved as submitted (Roehrig, Downing)**

**ITEM M-1 Issuance of a Revocable Permit for an Administrative Office, Securitas Security Services USA, Inc., Honolulu International Airport, Tax Map Key: (1) 1-1-003: 051 (Portion).**

**ITEM M-2 Issuance of a Direct Lease to Barbers Point Aviation Services, LLC Kalaeloa Airport, Island of O‘ahu, State of Hawai‘i, Tax Map Key: (1) 9-1-13: Portion of 32.**

Ross Smith with the Department of Transportation Airports Division-DOT-AIR introduced himself and items M-1 through M-11.

Member Yuen recommended that they put something in writing on how this encourages competition. Smith apologized for failing to include that; Smith continued on explaining that the location is attracted to competition now since the Aviation Services has been there.

Member Yuen asked how issuing a direct lease encourages competition. Smith responded that they have someone established and pay moneys on a revocable permit that shows that it encourages competition.

Member Yuen asked was disappointed that this was not explained in the submittal.

Member Woodside asked if the DOT has a business sense of how many flight schools/space wise can be accommodated. Smith responded that they are approaching from a state where the University pulled out of the operation entirely, DOT Air is unable to assess the value. The current resident has been able to establish a flight school for few years to encourage other companies to do so.

Member Woodside asked how many flight schools is viable. Smith responded that they do not have the exact number.

Member Roehrig asked if the company requesting for a RP is financed larger than the company requesting for the direct lease. Smith responded that they cannot tell the board the financial condition.

Member Roehrig asked why the board is authorized to give a direct lease, unless they document it in the submittal. Smith responded that they over-looked it.

Member Roehrig recommended that they defer it and put it in their submittal and come back before the board in 2 weeks.

#### **ITEM DEFERED**

**ITEM M-3 Issuance of a Revocable Permit for the Storage of Aircraft Parts and Equipment, Hawaiian Airlines, Inc., Honolulu International Airport, Tax Map Key: (1) 1-1-003: 248 (Portion).**

**ITEM M-5 Issuance of a Revocable Permit for a Security Office, Securitas Security Services USA, Inc. (Space No. 307-202A, Hilo International Airport, Tax Map Key: (3) 2-1-12: Portion of 90.**

**ITEM M-6 Issuance of a Revocable Permit for a Security Office, Securitas Security Services USA, Inc. (Space No. 307-202B, Hilo International Airport, Tax Map Key: (3) 2-1-12: Portion of 90.**

**ITEM M-7 Issuance of a Revocable Permit for Storage of Rental Car Vehicles, EAN Holdings, LLC, Hilo International Airport, Tax Map Key: (3) 2-1-12: 09 (Portion).**

**ITEM M-8 Issuance of a Revocable Permit for Staging Areas for Porter Services in the Main Terminal, S A S Services Group, Inc., Hilo International Airport, Tax Map Key: (3) 2-1-12: Portion of 90.**

Member Roehrig asked if SAS is the existing porter service. Smith-DOT-AIR could not recall who it was.

Chair Case asked if this was a renewal or new business. Smith responded that it was a new permit.

Member Woodside asked if there was a difference between the porter service that is out on the curb and the one with airlines and service groups. Smith responded that they need the service permit of what they can do as a porter.

**ITEM M-9 Issuance of a Revocable Permit for a Porter Service Check-In Desk in the Main Terminal, S A S Services Group, Inc., Kona International Airport at Keāhole, Tax Map Key: (3) 7-3-43: Portion of 40.**

**ITEM M-10 Amend Prior Board Action of January 22, 2016, Item M-17, Replace Space No. 004-125 with space No. 004-124, Issuance of a Heliport Lease, County of Kaua‘i, Fire Department, Līhu‘e Airport, Tax Map Key: (4) 3-5-01: Portion of 8.**

David Bettencourt, introduced himself and testified on Item M-10. Bettencourt brought up his contention with rent gratis and expanded on FAA order 5198.6B issued in 2009, “the FAA expects sponsors to charge police and firefighting units that operate aircraft at the airport for reasonable fees aeronautical use however, the airport may offset value of services that they provide to the airport to the applicable fees” Bettencourt commented that the state needs to do the study to gather the data on what benefits they get with these helicopters at the airports.

Member Roehrig asked if the board is supposed to be charging fair rent to public agencies. Smith responded that they are proposing the same to Hilo and were audited by the FAA.

Bettencourt mentioned that he represents the flight school in Item M-2. Member Roehrig asked Bettencourt to have a discussion with Smith before returning to expedite the process.

**Unanimously approved as submitted (Yuen, Roehrig)**

**ITEM M-11 Issuance of a Revocable Permit for a Ticket Counter in the Main Terminal for Airline Operations, Hawaiian Airlines, Inc., Lihu'e Airport, Tax Map Key: (4) 3-5-01: Portion of 8.**

**Unanimously approved as submitted (Yuen, Roehrig)**

**ITEM M-13 Authorizing the Department of Transportation (DOT) to convey Parcel 12-A to the United States through U.S. Army Corps of Engineers, Moanalua Road, Pu'uloa Interchange to Middle Street, Federal Aid Urban Project No. U-FF-078-1(8), Tax Map Key (1) 1-1-08: Road Por.**

Michael Amura, DOT Highways, Introduced himself and Item M-13.

**Unanimously approved as submitted (Roehrig, Gomes)**

**ITEM D-5 Consent to Non-Exclusive License to Keauhou Lane, LP for Airspace over South Street Garage Parking Facility under Governor's Executive Order No. 3433 to Department of Accounting and General Services, Honolulu, O'ahu, Tax Map Key: (1) 2-1-030:003.**

**Unanimously approved as submitted (Roehrig, Gomes)**

12:36PM RECESS

1:31PM RECONVENE

**ITEM B-1 Requesting Board approval to enter into a Memorandum of Understanding with the State of Hawai'i Department of Land and Natural Resources, and the State Adjutant General to Provide National Guard Counter- Drug Support for the Division of Conservation and Resources Enforcement's Domestic Cannabis Eradication and Suppression Program Efforts.**

Jason Redulla, assistant division administrator for DOCARE, introduced himself and Item B-1.

Member Yuen commented on what the mutual service and obligations were and that it was lacking in the submittal. Redulla added that it was not direct law enforcement support but more logistical and administrative support.

Member Roehrig asked how this overlaps with marijuana legislation that is being implemented. Redulla responded that there was no real direct impact because those are legal sources for people that have prescriptions.

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM B-4 Requesting the Board of Land and Natural Resources Delegate its Authority to the Chairperson to Commission Conservation and Resources Enforcement Officers with Police Powers Pursuant to Section 199-4 (a), Hawai'i Revised Statutes.**

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM B-2 Request Chairperson's Signature on Memorandum of Understanding Between the County of Hawai'i, Department of Parks and Recreation, and the State of Hawai'i, Department of Land and Natural Resources, Hunter Education Program For Equipment Use at the Hilo Trap and Skeet Range.**

Andrew Choy, Hunter education program, introduced himself and Item B-2.

**Unanimously approved as submitted (Roehrig, Gomes)**

**ITEM M-12 Issuance of a Lease to Pacific Shipyards International, LLC, at Piers 24 and 25, Honolulu Harbor, Hawai'i, Tax Map Key No. (1) 1-5-038:1 (Por.) and 17.**

Tony Valdez, DOT Harbors, introduced himself and Item M-12.

Member Roehrig asked what the law generally says about the lease rent when forced to re-locate. Valdez responded that they were under a RP at pier 41 and it terminated.

George Fran, attorney for pacific shipyard for over 40 years, introduced himself and testified on M-12. Fran continued explaining that this location had been condemned by the state, put on a lease, and then put on an RP for the promise of a lease, which is in writing. Fran added that for the last 10 years NPSI has been trying to find a new location due to the shortage of space in the harbor. Fran concluded that they had to move and that piers 24 and 25 was a viable place to move; the appraisal process has taken longer than expected.

Valdez added that they have received accommodations from the legislature in form of tax credits for their move and new construction by act 200, SLH 2014.

Member Gomes asked if PSI was required to do pier clean up. Valdez responded that they are in negotiations and settlement/environmental agreements with pier 41.

Fran added that they did an environmental study at pier 41 and they are in the process of working it out. Fran requested that PSI was seeking a discount in petroleum products.

Valdez added that it was DOT harbors position that environmental was not in a shipping care service, the Iwilei district participating partners, a group of land owners had put together a fund to address remediation.

Chair Case asked what "regulatory reduction discount of 45% for 35 years" meant. Valdez responded that they wanted to negotiate and have control over what the discounts could be.

Chair Case asked if the regulatory discount was standard practice. Valdez responded that it was cost in doing business with government, we wanted to apply this to other leases.

Fran added that every appraisers looks at the potential use clause, in this case the ship yard, not highest of best use. Fran continued adding that the state was not happy that every appraiser was taking 50% use discount, they reconstructed this in another way and as long as numbers come out, PSI is ok with it.

Valdez added that there was no explanation, when DOT looked at it the first time it was applied, the appraisers rounded it up, which has been used historically by appraisers.

Chair Case asked if they were replacing it with a different kind of discount. Valdez explained that the 50% discount comes from the appraisers.

Member Yuen asked if the states appraiser used the 50% discount. Valdez answered that they wanted the appraiser to do the highest and best use, get the maximum amount DOT could get for the property, and recognize that there are discounts that could be applied and they were subject to negotiations.

Chair Case asked where the rentals goes towards. Valdez responded that they go into a special fund.

Member Yuen was troubled by the concept of the 50% discount. Valdez explained that in the past there was some precedence sited, that is where the issues occur; the 50% does not reflect the property that we have.

Member Yuen added that he thought DOT was creating a precedent on future harbor negotiations. Valdez responded that there are not many appraisers that are not DOT approved. DOT went from an automatic 50% discount to a 25% negotiable discount.

Member Roehrig commented that the dept. has a lot of land division leases that has been mediated. The board has constant dialogue with Land division on how they arrive at the values of their appraisers range in price. Member Roehrig disclosed that they have never heard of discounts.

Chair Case could not grasp the concept of regulatory discount, which could result in all commercial leases that state does get a discount due to hardship. Valdez responded that it is not a flat out 25% but based on the situation, on a case to case basis.

Member Roehrig asked if this was the same pool of appraisers that Russel Tsuji from Land Division uses. Valdez responded that DOT has their own list of appraisers.

Member Yuen expressed that the end result of mediation needs to be a range of fair market value. Member Yuen's inclination was to let this go but strike all reference of regulatory discount as the basis of this. Valdez responded that the appraisers were within the industry standards.

Chair Case added that the Appraisers is supposed to give you the highest in best use. Fran added that it is fair market value in statute. Valdez concern was that DOT understood PSI's financial situation, without this discount, it would have raised the rent.

Chair Case expressed that if they are mediating, as a public servant, their obligation is to bring a range that is legitimate fair market value. Valdez responded that as a result of the discount allows more of a rent than under the automatic 50% appraisal.

Chair Case added that the automatic 50% appraisal was not necessarily a legitimate approach. Fran added that all this is, DOT is trying to not have to deal with a 50% use discount that all appraisers take, which is standard.

Chair Case expressed that regulatory discount is not a legitimate discount, neither is a discount for someone's financial hardship.

Member Downing expressed that the wording needs to be changed on that aspect.

Member Yuen expressed a motion to recognize the negotiation but strike regulatory discount.

**Unanimously approved as amended (Yuen, Gomes)**

**ITEM E-1 Amendment of General Lease No. SP0152, Anna Thuente, widow, Miles Kawamoto, husband of Kareen Kawamoto, Michael Zins, husband of Barbara Zins and Gary Miller, husband of Carol Miller, Lessees, Waimea Canyon State Park, Lot 84, Pu'u KaPele, Waimea (Kona), Kaua'i, Hawai'i, Tax Map Key: (4) 1-4-002:086, The Purpose of the Amendment is to Correct the Termination Date to Read December 31, 2028;**

**Consent to Assign General Lease No. SP-0152, Anna Thuente, widow, Miles Kawamoto, husband of Kareen Kawamoto, Michael Zins, husband of Barbara Zins and Gary Miller, husband of Carol Miller, Assignors, to Anna Thuente, widow, Assignee, Waimea Canyon State Park, Lot 84, Pu'u KaPele, Waimea (Kona), Kaua'i, Hawai'i, Tax Map Key: (4) 1-4-002:086.**

Alan Carpenter, Assistant administrator, State parks, introduced himself and Item E-1.

**Unanimously approved as submitted (Oi, Roehrig)**

**ITEM D-1 Issuance of Right-of-Entry Permit to Kaua'i Police Department for Triathlon at Kalapakī Beach; Kalapakī Beach, Līhu'e, Kaua'i, Tax Map Key: (4) 3-5-002: seaward of 002.**

**ITEM D-2 Intentionally Left Blank**

**ITEM D-3 Issuance of Right-of-Entry Permit to Maui's Original Hawaiian Corporate Games, Inc., for Sand Castle Building Activity at Wailea Beach, Wailea, Maui, Tax Map Key, (2) 2-1-008: seaward of 109.**

**ITEM D-4 Issuance of Right-of-Entry Permit to TS Aloha, Inc. for the Kimo's Mala Longboard Surf Contest at Lāhainā, Maui, Tax Map Key: (2) 4-5-004: Seaward of 012.**

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM D-8 Sale of Remnant (Cancellation of Reserved Easement) to Yi-Sun Chiu, Christy Zeng Lei, Xiu Yun Xie, and Huiling He, Pālolo Valley, Honolulu, O'ahu, Tax Map Key: (1) 3-4-006:portion of 002.**

Member Roehrig asked how the board justifies a case for family members to come before the land board to renew their lease. Moore responded that it is term easements except for family parcels, in terms of access.

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM C-1 Authorization of Funding for The Nature Conservancy for \$120,000 During FY 17-22 for Continued Enrollment in the Natural Area Partnership Program and Acceptance and Approval of the Kanepu'u Preserve Long Range Management Plan, Tax Map Key 4-9-02:01, Lāna'i.**

Emma Yuen, DOFAW, introduced herself and Item C-1.

Member Woodside recused herself from this discussion.

Chair Case disclosed that nature conservancy is her former employer and has no conflicts.

Member Oi asked if they were still trying to get rid of the Christmas berries. Yuen responded that they were going to manage smaller portions of it, it is shortly funded and reliant on volunteers.

Member Oi asked if the fencing is keeping out all the animals. Yuen responded that it is but it is difficult to keep the animals out. Yuen added that in general they have to control hoofed animals because it will eat some of the native species and some of the weeds.

Member Gomes asked how big the acreage was. Yuen responded it was in the dozens.

**Unanimously approved as submitted (Gomes, Oi)**

**ITEM C-2 Request for Approval of the Final Environmental Assessment for the Palila Discovery Interpretive Trail in the Ka'ohe Area of Mauna Kea**

**And**

**Request for Authorization for the Chair to Issue a Finding of no Significant Impact (FONSI).**

John Vetter, Wildlife biologist with DOFAW, introduced himself and Item C-2.

**Unanimously approved as submitted (Roehrig, Gomes)**

**ITEM C-3 Request for Authorization to Negotiate and Sign a Contract(s) to Install Ungulate-Proof Fencing Within the Kawainui Marsh Wildlife Sanctuary, Tax Map Keys [1] 4-2-13:05, 43, and 10; 4-2-16:15; and 4-2-17:20, O'ahu**

**And**

**Request Approval of Declaration of Exemption to Chapter 343, HRS, Environmental Compliance Requirements for this Project.**

Jim Cogswell, program manager and acting administrator with DOFAW, introduced himself and Item C-3.

Member Gomes asked what kind of predators are in the marsh area. Cogswell responded that there were pigs and dogs.

**Unanimously approved as submitted (Gomes, Oi)**

**ITEM C-4 Request for Authorization to Negotiate and Sign a Contract(s) to Install a Small Predator-Proof Fence within the Pahole Natural Area Reserve Tax Map Key [1] 6-8-001-002, O'ahu.**

David Sisco, Wildlife biologist with DOFAW, introduced himself. Added that the fence was to protect rare Hawaiian tree snails.

Member Gomes asked how long these fences will last. Sisco responded that it will last 30+ years, it is a UV resistant plastic, and electricity will be used by solar power.

Member Yuen asked if the shock to the snail was lethal. Sisco responded that it was a low voltage shock that deters the snail.

**Unanimously approved as submitted (Gomes, Woodside)**

**ITEM C-5 Request for Approval of a Memorandum of Understanding Between the United States Fish and Wildlife Service (Department of the Interior), the Department of Land and Natural Resources (State of Hawai'i), and National Oceanic and Atmospheric Administration (United States Department of Commerce) Regarding the Programmatic Environmental Impact Statement for the Control and Eradication of Invasive Rodents and Mongoose in Hawai'i Using an Integrated Pest Management Approach (IPM).**

Member Gomes asked how long it would take to implement this after an EIS. Cogswell responded that they expect the EIS is out for public comment and review, completion is anticipated for early 2017.

Member Gomes asked if their goal was 100% eradication. Cogswell responded that it depends on the particular site EA, this would be a set of guidelines.

Member Roehrig asked if they established which island has the most rodents and Mongoose. Cogswell responded that this study can be used to best eradicate the issue.

**Unanimously approved as submitted (Roehrig, Woodside)**

**ITEM C-7 Request Approval to Enter into a Right-of-Entry Agreement with the Department of Hawaiian Home Lands to Conduct Management Including but not Limited to Invasive Species and Fire Control, Restoration or Introduction of Native Species, Infrastructure Installation and Maintenance, and Monitoring at Kahikinui, Maui Tax Map Key (2) 1-9-001:003 (Por), 007 (Por) and 011 (Por); and to Authorize the Chairperson to Negotiate, Approve, Execute, Amend, and Extend the Right-of-Entry Agreement.**

Yuen added that while there was an EA done, there was another exemption done February 7, 2012 for subsequent phases of the fence.

Cogswell added that the submittal recommending approval was approved by DHHL commission this past February.

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM F-3 Request for Approval to Add Funding (\$420,000 Federal, \$50,000 Matson Settlement Trust Fund) and Extend through FY17 the Department of Land and Natural Resources (DLNR)/University of Hawai'i (UH) Contract No. 60379 (Supplemental Contract No. 5) for the Project Titled "Collaborative Administration of the Hawai'i Fish Aggregating Device System."**

Alton Miyasaka, from DAR, introduced himself and Item F-3.

**Unanimously approved as submitted (Gomes, Roehrig)**

**ITEM J-1 Approval to Issue a Revocable Permit to Diamond Parking Services LLC to Operate a Parking Concession Located on Lāhainā, Island of Maui, Hawai'i Tax Map Key: (2) 4-6-001:002.**

Member Downing asked if there was any free parking. Underwood responded that most of it is paid parking, there is limited parking in the harbor.

Member Oi, has Malaea boat harbor gone out to bid yet. Underwood responded that staff has worked on the concession contract, as soon as it is completed it will go out to bid.

**Unanimously approved as submitted (Gomes, Oi)**

- ITEM L-1     Declare Project Exempt from Requirements of Chapter 343, HRS, and Title 11, Chapter 200, Hawai'i Administrative Rules, Job No. D01CH65A, Kaulana Manu Native Bird and Plant Sanctuary – Viewing Area and Parking Lot, Island of Hawai'i.**
- ITEM L-2     Declare Project Exempt From Requirements of Chapter 343, HRS, and Title 11, Chapter 200, Hawai'i Administrative Rules, Job No. AC00CM95B, Renewable Energy and Energy Conservation Measures, For Honokanai'a Base Camp, Island of Kaho'olawe.**
- ITEM L-3     Appointment of Randy Cabral to Serve as a Director of the Puna Soil and Water Conservation District.**
- ITEM L-4     Appointment of Edward Kawamura, Jr. to Serve as a Director of the East Kauai Soil and Water Conservation District.**
- ITEM L-5     Appointment of Mike Murakami to Serve as a Director of the Central Maui Soil and Water Conservation District.**
- ITEM L-6     Appointment of George VanGieson to Serve as a Director of the Puna Soil and Water Conservation District.**

Carty Chang, administrator for ENG, introduced himself and Items L-1 through L-6.

Member Gomes disclosed that Mike Murakami is an accountant with Ulupalakua Ranch and did not have issues being appointed.

**Unanimously approved as submitted (Gomes, Roehrig)**

- ITEM M-4     Amend Prior Board Action of October 9, 2015, Item M-3, to Replace Space No. 002-108 with Space No. 005-112 and Adjust Rent, Issuance of a Direct Lease for Land for a Hangar and Facilities Lease, Guardian Flight, Inc., Hilo International Airport, Tax Map Key: (3) 2-1-12: 09 (Portion).**

Member Roehrig asked when this item came up on October 9, was the language in the submittal warranted. Smith responded that they don't have that much air ambulance services since there is not much competition in that industry.

Member Roehrig asked if there was language in the statute to make an exception for ambulatory and medical services.

Chair Case mentioned that there this discussion occurred and there is a reference in there for competition and that it encourages competition.

Member Yuen wanted to hear about the fixed rent amount. Smith responded that they had periodic appraisals at the airports which sets the base rent; for leases more than 5 years, they can go to appraisals or agree to certain step ups.

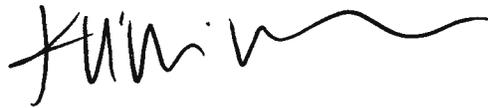
Member Gomes asked how old this appraisal is. Smith responded that they are currently looking for new appraisals.

Chair Case received an email from Smith shows an amended schedule on page 2 posting 120% calculation from DOT staff manual.

**Unanimously approved as submitted (Roehrig, Gomes)**

There being no further business, Chair Suzanne D. Case adjourned the meeting at 3:21 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,



Ku'ulei Moses  
Land Board Secretary

Approved for submittal:



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Suzanne D. Case  
Chairperson  
Department of Land and Natural Resources