

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

June 9, 2017

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawaii

After-the-Fact Renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, Permittee, Waiakea, South Hilo, Hawaii, Tax Map Keys: (3) 2-1-005:033, 034, 035, & 045.

Report on 2016 Appraised Rents for: (a) RP S-7867 to Association of Apartment Owners of Country Club Hawaii, Inc., Permittee, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-005:020; (b) RP S- 7879 to Savio HBH Development Company LLC, Permittee, Waiakea, South Hilo, Hawaii, Tax Map Keys: (3) 2-1-005:033, 034, 035, & 045; and (c) RP S-7892 to Reeds Bay Resort Hotel, Ltd., Permittee, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-005:022; Implement New Ground Rent for RP S- 7879 to Savio HBH Development Company LLC, Permittee, Waiakea, South Hilo, Hawaii, Tax Map Keys: (3) 2-1-005:033, 034, 035, & 045

HRS CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with the Exemption List for the Department of Land and Natural Resources, approved by the Environmental Council on June 5, 2015, the renewal of RP S-7879 is exempt from the preparation of an environmental assessment pursuant to Exemption Class 1, "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing." See Exhibit 1 attached.

BACKGROUND:

At its meeting of September 9, 2016, Item D-1, the Board of Land and Natural Resources (Board) approved the renewal of revocable permits issued on the island of Hawaii for calendar year 2017. RP S-7867 to Association of Apartment Owners of Country Club Hawaii, Inc. (Country Club), and RP S-7892 to Reeds Bay Resort Hotel, Ltd. (Reeds Bay) were on the list of renewed revocable permits. However, RP S-7879 to Savio HBH Development Company LLC (Savio HBH) was not on the list because it was pending

execution at the time the matter was being prepared for submission to the Board.¹

All three of these revocable permits were discussed on page 3 of the prior Board action:

There are three revocable permits on Banyan Drive in Hilo covering three resort-hotel properties that were under long-term leases that expired recently. These are Revocable Permit No. S-7867 to Association of Apartment Owners of Country Club Hawaii, Inc., Revocable Permit No. S-7892 to Reeds Bay Resort Hotel, Ltd., and a pending revocable permit to Savio HBH Development Company LLC. Staff has obtained independent appraisal reports on two of the properties and is waiting for the third appraisal report to be completed. Once all the appraisal reports are finished, staff plans to return to the Board with a proposal for adjusting the rents for these three properties in accordance with the appraisals, so that all three permittees receive consistent treatment. For the time being, however, the permits will be subject to the annual increases proposed above. All three properties are located in an area that is being evaluated for redevelopment by the County of Hawaii's Banyan Drive Hawaii Redevelopment [Agency], making long-term dispositions impractical for the time being.

The final appraisal report has been completed. Staff now returns to the Board to secure the renewal of RP S-7879 to Savio HBH, report on the 2016 appraised rents, and implement the 2016 appraised ground rent for RP S-7879 to Savio HBH.

REMARKS:

After-the-Fact Renewal of RP S-7879 to Savio HBH

At its meeting of February 12, 2016 under agenda item D-3, as amended, the Board consented to the assignment of General Lease Nos. 3265, 3266, 3267 and S-4252, Hilo Bay Hotel, Inc., assignor, to Savio HBH, assignee, and approved the issuance of a single month-to-month revocable permit to Savio HBH upon the expiration of the leases. The assignment of leases was a result of direct negotiations between Hilo Bay Hotel, Inc. and Savio HBH for the remaining lease terms.

The revocable permit was intended as an interim measure to keep the hotel in operation until such time that the Banyan Drive Hawaii Redevelopment Agency, organized under the supervision of the County of Hawaii, Planning Department, develops a long-term conceptual plan for the future of the Banyan Drive resort area. Because RP S-7879 to Savio HBH was not on the revocable permit renewal list at the September 9, 2016 meeting, it technically expired one year after its effective date of March 15, 2016, i.e.,

¹ At the time staff finalized the submittal for review by the Chairperson in August 2016, RP S-7879 was unexecuted. It was fully executed as of September 1, 2016, prior to the Board meeting date. However, the record of the permit was not entered into the State Lands Inventory Management System until September 12, 2016, three days after the Board meeting date.

March 14, 2017.

The Department procured Erskine Architects, Inc. to conduct a detailed analysis of the premises covered by RP S-7879 to determine whether to demolish or rehabilitate the existing structures on the property. In the course of this work, Erskine Architects identified a number of life and safety issues at the property including unsafe stairwells, fire safety issues and advanced termite damage throughout the common areas and much of the lodging areas (see Exhibit 3 for details). Based on the Erskine Report, the hotel improvements cannot be refurbished and should eventually be torn down. A copy of the Erskine Report was provided to Savio HBH and the County of Hawaii Planning Department.² A staff inspection on November 3, 2016 revealed that several rooms on the top floors of the hotel are closed due roof leaks.

The following State and County of Hawaii agencies were consulted with respect to the renewal of RP S-7879 to Savio HBH with the results indicated:

Agency:	Comment:
Office of Conservation and Coastal Lands	No response by suspense date
Historic Preservation	No response by suspense date
Engineering	Flood Hazard Zone for property should be researched
Office of Hawaiian Affairs	No response by suspense date
County Planning Department	See comments attached as Exhibit 2
County Department of Public Works	No response by suspense date
Water Board of the County of Hawaii	No objection
County Fire Department	No comments

Substantive comments were received from the County of Hawaii Planning Department who is concerned that the renewal of RP S-7879 does not adequately address “numerous life safety issues” raised in the Erskine Report. See Exhibit 2 attached. Staff provided Savio HBH with a copy of the County’s comments and asked Savio HBH to explain what it had done to address the issues raised in the Erskine Report. See Exhibit 3 attached.³

Savio HBH responded with a letter dated May 11, 2017 stating that it had replaced a damaged sewer line, installed a new backflow preventer, closed the kitchen due to fire safety issues, and repaired some termite damage in the lobby and stairway area. Savio HBH added that because the Board is considering issuing a new short-term lease for the

² The Department has additionally procured a contract with R.M. Towill Corporation to determine the permits and approvals required to demolish the improvements on the property, which is located in the Special Management Area, and to estimate the cost of demolition. The Department will use this information to seek general fund assistance from Legislature for the demolition in the future.

³ The letter to Savio HBH also refers to findings made by Engineering Partners, a subcontractor of R.M. Towill, during a site investigation under the R.M. Towill contract. The findings, which are included in Exhibit 3, relate to the settlement of a concrete masonry wall near the elevator shaft.

premises by public auction, it is awaiting the outcome of that process before spending more money on repairs. See Exhibit 4 attached.

RP S-7879 exemplifies the difficulties that arise at the end of a long-term lease when the improvements on the premises have reached their remaining useful life and the lessee, or permittee in this case, is reluctant to make substantial investments in the property. At the same time, RP S-7879 contains provisions requiring Savio HBH to maintain all buildings or other improvements on the premises (paragraph A.8); keep the premises and improvements in a clean, sanitary, and orderly condition (paragraph A.10); not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the premises (paragraph A.12); and use due care for public safety (paragraph A.13). Additionally, paragraph B.9 of the permit states that “Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.” It is therefore incumbent on Savio HBH to ensure that the premises are maintained in a safe condition. To staff’s knowledge, there is one County notice of violation issued for the property relating to the restaurant building, which has been closed to address the violation. See Exhibit 5. Accordingly, staff recommends that RP S-7879 be renewed after-the-fact, retroactive to March 15, 2017 through December 31, 2017.⁴

Report on 2016 Appraised Rents for the Three Revocable Permits

In 2016, independent appraisal reports were procured for the Banyan Drive revocable permit properties. The current rent and 2016 appraised rent for each revocable permit are shown in the table below:

RP No.	Permittee	Area	Current Rent	2016 Appraised Rent
RP S-7867	Country Club	Land: 50,791 sf Bldg.: 89,401 sf	\$4,205.49 per month	\$3,320.00 per month for land only, 3% of monthly gross income for land and improvements
RP S-7879	Savio HBH	Land: 79,586 sf Bldg.: 58,726 sf	\$2,984.00 per month	\$4,575.00 per month for land only, and 3% of monthly gross revenues for land and improvements
RP S-7892	Reeds Bay	Land: 51,861 sf Bldg.: 31,494 sf	\$3,007.45 per month	\$2,963.00 per month for land only, and 3% of monthly gross revenues for land and improvements

As indicated in the right-hand column of the table, the appraisals set forth two rental components: one for land only, and one for land and improvements. Staff’s preference would be to implement the 2016 appraised rents for land and improvements, including

⁴ In a separate Board submittal, staff will be seeking authorization to issue a short-term lease of the premises at public auction, and RP S-7879 would then be terminated prior to the effective date of the lease.

the percentage rent component, and to treat each of the three permittees uniformly. However, RP S-7892 to Reeds Bay is unique in providing at paragraph B.17 that:

Notwithstanding the expiration of the holdover period under General Lease No. 3029 and the issuance of this Permit to Permittee, all existing improvements (excluding archaeological/historic sites, if any) shall remain the property of Permittee until the expiration or earlier termination of the Permit.⁵

RP S-7867 to Country Club and RP S-7879 to Savio HBH have no such language and instead provide that the permits cover both land and improvements.⁶ Staff would need to seek the amendment or RP S-7892, or its cancellation and reissuance as a new permit, to eliminate the provision that the improvements remain the property of Reeds Bay. However, staff is reluctant to include a recommendation for such action for a revocable permit in good standing without specific guidance from the Board on the matter.

In light of the foregoing, staff is not recommending any rent adjustment to RP S-7867 to Country Club or RP S-7892 to Reeds Bay at this time. Rents for both permits were increased upon renewal for 2017 at the Board's meeting of September 9, 2016, Item D-1 (but continue to be based on land only, exclusive of improvements).

Implementation of New Rent for RP S-7879 to Savio HBH

The 2016 appraisal for RP S-7879 to Savio HBH shows that the ground rent is under market rates by \$1,591.00 per month (\$4,575.00 - \$2,984.00 = \$1,591.00). Accordingly, staff recommends that the rent for RP S-7879 (land only) be increased to \$4,575.00 per month effective August 1, 2017.

RECOMMENDATION: That the Board:

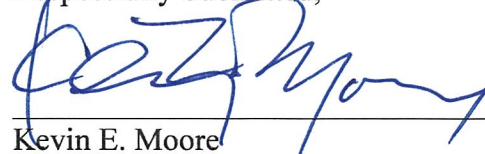
1. Declare that, after considering the potential effects of the proposed renewal of Revocable Permit No. S-7879 to Savio HBH Development Company LLC as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment;
2. Approve, after-the-fact, the continuation of Revocable Permit No. S-7879 to Savio HBH Development Company LLC on a month-to-month basis retroactive from March 15, 2017 through December 31, 2017; and

⁵ This language resulted from the Board's amendment of the staff recommendation to issue Reeds Bay a revocable permit. See Board action of December 12, 2014, Item D-5, as amended, copy attached as Exhibit 6.

⁶ When the Board initially approved the permits to Country Club and Savio HBH, the Board authorized the carry-over of the then current ground rent for the initial terms of the permits, even though the permits cover both the land and the government-owned improvements thereon.

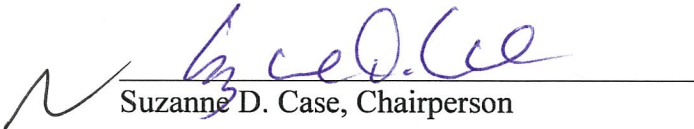
3. Approve the 2016 appraised land rent for Revocable Permit No. S-7879 to Savio HBH Development Company LLC in the amount of \$4,575.00 per month effective August 1, 2017.

Respectfully Submitted,



Kevin E. Moore
Assistant Administrator

APPROVED FOR SUBMITTAL:



Suzanne D. Case, Chairperson

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: After-the-Fact Renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, Permittee

Project / Reference No.: RP S-7879

Project Location: Waiakea, South Hilo, Hawaii, Tax Map Keys: (3) 2-1-005:033, 034, 035, & 045

Project Description: Renew existing revocable permit RP S-7879 retroactive to March 15, 2017 through December 31, 2017.

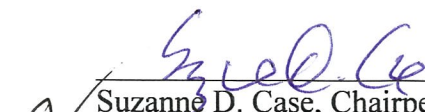
Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with the Exemption List for the Department of Land and Natural Resources, approved by the Environmental Council on June 5, 2015, the subject request for issuance for right-of-entry is exempt from the preparation of an environmental assessment pursuant to Exemption Class 1, "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing," Item 51 "Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing."

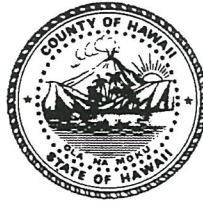
The renewal of an existing revocable permit on State lands involves the continuation of existing uses on the lands. No change in use is authorized by the renewal.

Consulted Parties: Agencies identified in the attached submittal.

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.


Suzanne D. Case, Chairperson
Date 5/30/17

Harry Kim
Mayor



Michael Yee
Director

Daryn Arai
Deputy Director

West Hawai'i Office
74-5044 Ane Keohokalole Hwy
Kailua-Kona, Hawai'i 96740
Phone (808) 323-4770
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County of Hawai'i PLANNING DEPARTMENT

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101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
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April 11, 2017

Mr. Kevin E. Moore, State Lands Assistant Administrator
Department of Land and Natural Resources
P.O. Box 621
Honolulu, HI 96809

RECEIVED
LAND DIVISION
2017 APR 17 AM 10:58
DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

Subject: Comments on After-the-Fact Renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, Permittee, Ref. No.: RP S-7879
TMKs: (3) 2-1-005:033, 034, 035 and 045, Waiākea, South Hilo, Hawai'i

Dear Mr. Moore:

The County of Hawai'i Planning Department received your request for comment dated March 30, 2017, concerning an after-the-fact renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, permittee (Ref. No.: RP S-7879). Please note that the Planning Department recently commented on a request for sale of lease at public auction (Ref. No.: 17HD-028) for the same properties identified in this request, and did not support the lease sale proposed in that communication. As mentioned in our previous correspondence, the Erskine Architects assessment report for the subject property stated that *"the building contains numerous life safety issues"* and the Planning Department does not feel that a lease under those conditions, with no commitment to reduce or eliminate life safety issues, would be in the best interest of public health, safety, and welfare. The same concerns are applicable to the subject renewal of Revocable Permit No. (RP) S-7879.

The County of Hawai'i has been supporting the Banyan Drive Hawai'i Redevelopment Agency (BDHRA) in their execution of the redevelopment of the Waiākea Peninsula. To date, the BDHRA has developed a conceptual land use master plan for the area with which to extend further consultation and research into the development of a Master Plan for the peninsula. The Master Plan may be two or more years away from adoption. The Planning Department notes that the area occupied by the current improvements do preliminarily maintain their "resort" designation in the adopted conceptual master plan. Until such time that the Master Plan has been adopted by the BDHRA, the current State and County zoning (as well as any existing permits) guide the allowable uses on the property. Currently, the property is in the State Land Use Urban district and zoned Resort (V-.75) by the County.

Mr. Kevin E. Moore
April 11, 2017
Page 2

Mahalo for the opportunity to comment. Do not hesitate to contact me should you have questions concerning our response.

Sincerely,


MICHAEL YEE, Director
Planning Department

LM:klt

Ref: COR-17-110717



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

April 20, 2017

Savio HBH Development Company LLC
Attn: Mr. Peter Savio
1451 South King Street, Suite 504
~~Hilo~~, Hawaii 96814
Honolulu

Subject: Life Safety Concerns at Pagoda Hilo Bay Hotel, Revocable Permit No. S-7879 to Savio HBH Development Company LLC, Waiakea, South Hilo, Hawaii; TMK Nos.: (3) 2-1-005: 033, 034, 035 and 045

Dear Mr. Savio:

On July 14, 2016, we met with you regarding the report prepared by our architectural consultant Erskine Architects, Inc. dated June 29, 2016, and shared the findings of the report as well as an electronic copy of it with you. We also shared a copy of the report with the County of Hawaii Planning Department.

The primary purpose of the Erskine study was to assist the Board of Land and Natural Resources on deciding what to do with the old structures on Banyan Drive since the leases were all expiring—such as whether it would be more prudent to tear down completely and rebuild new structures, or remodel—taking into consideration the impacts of current zoning laws, special management area regulations and tsunami/flood zone issues, etc. Nevertheless, the report also pointed out some life safety issues. In our letter to you dated July 15, 2016 enclosing a compact disc of the report, we explained that these issues should be evaluated more closely and addressed as necessary to ensure the safety of hotel staff, guests and other invitees. A copy of pages 120-23 from the Erskine report, which are relevant to the life safety issues identified at Pagoda Hilo Bay Hotel, is enclosed.

We recently sought comments from the Planning Department and other agencies on the proposed renewal of the subject revocable permit and the issuance of a short-term lease for the property by public auction. In response, the Planning Department raised concerns about life safety issues at Pagoda Hilo Bay Hotel based on the findings of the Erskine report. Copies of the Planning Department's letters setting forth these concerns are enclosed.

To address the Planning Department's concerns, can you please comment on the measures that have been taken since Savio HBH Development Company LLC took possession of

EXHIBIT 3

the property regarding the life and safety issues that were identified in the Erskine report, namely:

- The stair tower located on the makai end of the West Wing is in a state of disrepair and unsafe.
- In the West Wing, the ground floor walkway that provides access to the guest rooms has been enclosed, impeding ground floor escape.
- The common area walkway that is relied upon for egress is undulating because of the roots from the nearby trees upheaving the surface of the walkway. Access to the makai exit is non-compliant in terms of accessibility and maneuvering clearances. Exiting toward the mauka direction is not along an accessible means of egress.
- Two unprotected laundry rooms are located at the point of exit discharge into the Lobby area.
- In the North Wing, in the case of a fire, there are no compliant accessible means of egress out of the building.
- An elevator is included in the North Wing, but it is located in a dead end corridor.
- In the East Wing, the ground floor door of the mauka stairwell is locked and does not include a lever to operate the door from the outside. This is another safety concern as fire rescue personnel would have a difficult time accessing the stair in the case of an emergency.
- The other stair tower is not protected by 1-hour rated construction. None of the stair towers meet exiting, fire protection or accessibility requirements and all are considered non-compliant.
- None of the buildings contain fire sprinklers or adequate fire protection devices. Fire extinguishers appear old and not regularly tested.
- Surface mounted fire extinguisher cabinets also partially block maneuvering near the doors leading into the stair towers.
- The open Lobby is damaged by termite infestation and includes an unprotected restaurant and two unprotected laundry rooms.
- The Lobby, restaurant area, and laundry rooms are not fire separated from the hotel guest rooms. This is of particular concern because the hotel is constructed primarily out of wood, is unprotected by a fire sprinkler system, exceeds the allowable height and building area, contains inadequate fire protection devices and the fire exits out of this building do not comply with building or accessibility code.

Additionally, in a report dated November 17, 2016, Engineering Partners advised your company of the possible settling of a concrete masonry wall adjacent to the elevator shaft. Engineering Partners made the following recommendations:

1. The 4 rooms near the elevator where the floor has dropped need to be unoccupied until further exploration can occur. There is significant settlement in this one area that presents a safety concern.
2. To better evaluate the settlement we need to remove the wall, ceiling and floor finish materials so we can better evaluate the cause of the settlement. We will also have to take out part of the slab. This only needs to happen on the ground floor for now, but

April 20, 2017

Page 3

eventually we'll need to look at all the floors and ceilings that connect to this wall to ensure they are still secure. Our biggest concern is the possibility of a void under the foundation of this wall, so we want to look for signs of that.

3. The roofing needs to be replaced. I don't think a simple coating will suffice. The damage is extensive, and the water intrusion may be partially to blame for the settlement issue.

4. The elevator is in good working condition, despite the drywall damage on the exterior. All damaged drywall in the shaft should be replaced, but only after the roof and the cracks in the exterior plaster are repaired.

5. The vending room next to the elevator should remain blocked until the roof and exterior wall in this area can be re-built. Significant water damage has caused loss of support for part of the floor. Once the roof, walls, and floor are repaired, the vending room can re-open.

Please let us know any steps that have been taken to comply with these recommendations. We would appreciate a response by May 12, 2017.

Please contact Hawaii District Land Agent Gordon Heit at 961-9590 if you have any questions or if you would like to discuss this letter in more detail.

Sincerely,



Russell Y. Tsuji
Administrator

Enclosures

C: District File

signage, lighting and building emergency exit diagrams should be installed inside the stair tower. Accessible signage should be installed at each floor level, both inside and outside of the stair tower. Any penetrations into the stair tower should be repaired or fire stopped so that the 1-hour rating is not compromised.

- **MAUKA WING STAIR TOWER:** Remove the glass curtain wall bordering the mauka wing stair. Patch the openings with construction materials and/or openings that meet the allowable construction type and building code. Demolish the stair assembly and replace with a new stair assembly that complies with accessibility requirements. Provide proper lighting and signage around the stair at each floor level. At the top and bottom landings at each stair run, ensure that proper accessible maneuvering clearances are met.
- **MAUKA WING DEAD END CORRIDORS:** Construct a new 1-hour rated enclosed stair tower at or near the end of the common area walkway so that the dead end corridor condition is brought into compliance. The stair tower will connect to each floor level of the building and exit at grade.
- **DECORATIVE MASONRY BLOCKS:** Replace all decorative masonry blocks throughout the building with guardrails or solid walls.
- **MAUKA WING WINDOWS:** Install guardrails at all common area windows.
- **NON-FUNCTIONING EQUIPMENT:** Remove all inoperable or unused electrical and mechanical equipment.
- **LAUNDRY AREA:** Construct a laundry room that is protected by the required fire rating.

It is important to note that by addressing the HSW issues noted above, other anticipated and unanticipated code compliance measures will be triggered. At the on-set of future repair projects, the owner and their designers should work closely with the Authorities Having Jurisdiction (AHJ) to ascertain to as much of an extent as possible, other code compliance measures that the AHJ's will require before design drawings are advanced too far. The types of code compliance measures and other requirements that might be imposed by the AHJ's could potentially be so onerous, that the repair project under contemplation would need to be halted due to structural impracticability, scheduling concerns, land-use compliance measures or simply be too expensive.

3.2.3 Uncle Billy's Hilo Bay Hotel

PRIMARY RECOMMENDATION is DEMOLISH: Some of the structures comprising Uncle Billy's are in extremely poor condition and bordering on a state of dilapidation. The remaining useful life was estimated to be at 5-10 years, and that was back in 2014. The parking lot is undersized, does not meet the required parking count, but is in good condition otherwise. All of the structures, exterior walkways, pool area and landscaping are dated in appearance and worn. Large trees surrounding the West Wing have been unmanaged and allowed to grow to a

point where their roots have undermined the building and appears to have damaged the structure. The West Wing, South Wing, and Lobby areas appear to be in the poorest physical condition. The North and East Wings do not fare much better, but appear to be in a slightly better condition. There is evidence of termite damage all around the hotel. The termite damage in the Lobby area is highly visible in the structural and non-structural components of the building frame. Evidence of termite damage appears on almost every wooden surface of the Lobby. Each of the wings and Lobby contain areas of non-compliance when compared against the current major codes, including a few areas that need to be improved to address HSW concerns. The building wings and hotel grounds do not meet accessibility standards. Of the areas tested for hazardous materials, a significant amount of asbestos containing materials and lead paint was identified. The opinion of probable cost to address the areas of distress is significant and exceeds the taxable value of the property. The operator of the property has also informed the DLNR that there are major leaking problems with the roof, and the leaks are not contained to any particular area, but are spread throughout.

There are considerable areas of concern with Uncle Billy's. Of particular concern is the stair tower located on the makai end of the West Wing, which is in a state of disrepair and unsafe. In the West Wing, the ground floor walkway that provides access to the guest rooms has been enclosed, impeding ground floor escape. The common area walkway that is relied upon for egress is undulating because of the roots from the nearby trees upheaving the surface of the walkway. Access to the makai exit is non-compliant in terms of accessibility and maneuvering clearances. Exiting toward the mauka direction is not along an accessible means of egress. Two unprotected laundry rooms are located at the point of exit discharge into the Lobby area. In the North Wing, in the case of a fire, there are no compliant accessible means of egress out of the building. An elevator is included in the North Wing, but it is located in a dead end corridor. In the East Wing, the ground floor door of the mauka stairwell is locked and does not include a lever to operate the door from the outside. This is another safety concern as fire rescue personnel would have a difficult time accessing the stair in the case of an emergency. The other stair tower is not protected by 1-hour rated construction. None of the stair towers in Uncle Billy's meet exiting, fire protection or accessibility requirements and all are considered non-compliant. None of the buildings contain fire sprinklers or adequate fire protection devices. Fire extinguishers appear old and not regularly tested. Surface mounted fire extinguisher cabinets also partially block maneuvering near the doors leading into the stair towers.

The North, West, and East Wings are four stories high. The overall floor area of Uncle Billy's is expansive. Both the height of the building and floor area exceeds that allowable by the current building code. The open Lobby is damaged by termite infestation and includes an unprotected restaurant and two unprotected laundry rooms. The Lobby, restaurant area, and laundry rooms are not fire separated from the hotel guest rooms. This is of particular concern because Uncle Billy's is constructed primarily out of wood, is unprotected by a fire sprinkler system,

exceeds the allowable height and building area, contains inadequate fire protection devices and the fire exits out of this building do not comply with building or accessibility code.

Because of the numerous areas of distress described above, the recommendation for this property is DEMOLISH. The opinion of probable cost to address the areas of distress is excessive, especially when compared to the taxable value of the property and/or the physical condition of the buildings. The cost of the repairs will exceed 50% of the taxable value of the property, even if improvements were spread out over a number of years. To address the areas of distress, portions of the building not intended to be repaired or improved would be required to conform to current land use regulations and/or building codes. This would result in a domino effect of planning and design challenges that would require numerous regulatory reviews and approvals, thereby resulting in excessive design fees and lengthy delays. The extent and likely cost of the construction work necessary to address the areas of distress is prohibitive. It would require lengthy shut downs of portions of the building and be extremely challenging from a marketing or logistical standpoint for management. Unfortunately, this property is comprised of several smaller parcels of land making it more difficult to redevelop. The property could realize a significant loss of use due to the presence of internal property lines and setbacks that would need to be respected in any new development, unless the individual parcels were consolidated into one larger parcel.

Uncle Billy's is considered an iconic hotel and held in high regard by many in the public. Strong public opposition can be anticipated to any announcement of demolition of this nostalgic piece of Banyan Drive. Regardless of public opposition, the building contains numerous life safety issues, various building and accessibility code violations, fire protection concerns, large quantities of hazardous materials, drastically exceeds the allowable building height and floor area given its wooden construction, unprotected and comprised stair towers, does not include a fire sprinkler system and has extensive termite damage; the protection of the health, safety and welfare of the public should take precedence. Furthermore, the cost to retrofit and repair Uncle Billy's is excessively cost prohibitive.

The demolition of a four story structure along the shoreline is a difficult, timely, and expensive endeavor. The demolition phase will require several years to complete and be expensive. A considerable amount of reports, studies, and surveys will need to be conducted, reviewed, and approved by the authorities having jurisdiction before a demolition permit can be applied for. Some of the reports, studies and surveys may include, but is not limited to the following; botanical survey, avian and terrestrial mammal survey, air quality study, noise study, marine and water quality study, archaeological survey plan, inventory and monitoring plan, cultural impact assessment, engineering report(s), soils testing and solid waste management plan and special management area permit. Additional environmental engineering for the survey, testing, and identification of hazardous materials is also warranted. The myriad of regulatory bodies that would be charged with reviewing the reports, studies and surveys may include but is not limited to the following; US Army Corps of Engineers, State DLNR, State DOH,

County Department of Environmental Management, County Planning Department, County Building Division, County Engineering Division, County of Hawai'i Fire Department, County DWS, HELCO, and others.

ALTERNATIVE RECOMMENDATION: If the buildings are not demolished, the obvious alternative would be to REPAIR them. The way in which repairs are handled could be extremely challenging, the associated costs could be prohibitive, and the construction schedules could be time consuming. As such, the types of repairs and the order in which the repairs are phased should be highly scrutinized. Repairs should be done proportionately over several years so that the repair cost does not exceed 50% of the taxable value of the property. Prior to starting any repair or improvement project, the architect and/or engineers who will design the repairs should work closely with the AHJ's to ensure that grandfathering in of non-conformities can remain in place. Repairs to address the health, safety and welfare of the public, as well as repair and maintenance projects to prolong the remaining useful life of the building should be performed first. The following minimum repairs include, but are not limited to the following:

- **CONSOLIDATE THE PROPERTY:** Consolidate the individual lots into a single lot.
- **FIRE PROTECTION STRATEGY:** Assess the existing overall fire protection strategy of the buildings in totality.
- **PHYSICAL TESTING OF FIRE PROTECTION DEVICES:** Test all fire protection devices (fire alarm panel, pull boxes, emergency lighting, strobes, horns, smoke detectors, fire extinguishers, etc.) throughout all of the buildings. Repair and/or improve the overall fire protection system and all fire protection devices so that the buildings are in compliance with the current County Fire Code.
- **HAZARDOUS MATERIALS ABATEMENT PLAN:** Assess locations of hazardous materials to determine where the materials are located and how they may be impacted by the repairs being contemplated. Develop a hazardous materials abatement plan.
- **ROOF REPAIRS:** The roofs for all remaining existing structures should be repaired. The repairs include complete removal of all existing roof finishes, including the flashings. The roof decks should be inspected for water or termite damage and repaired. A completely new roofing system with flashing of all penetrations and edges, along with gutters and downspouts should be installed.
- **IMPROVEMENT OF LIGHTING:** Improve lighting in all common areas so that they are properly illuminated. Install emergency lighting in all common areas.
- **EXIT SIGNS:** Install properly illuminated exit signs with directional arrows.
- **COORDINATION WITH THE COUNTY:** Confirm with the County that the non-conforming parking lot will be grandfathered in and that the proposed improvements will not trigger new parking requirements. Or, identify existing and/or new off-site parking areas that can support the redevelopment and satisfy the County's parking requirements.

- **DEMOLISH THE WEST WING, LOBBY AND RESTAURANT:** Demolish the West Wing of the hotel, the Lobby and shuttered restaurant. The Lobby should be demolished to allow for access to the West Wing work. Remove all large trees with invasive roots.
- **NEW WEST WING:** Construct a new four-story West Wing of the hotel in the same location as the existing West Wing. The new West Wing should be constructed to comply with accessibility requirements. The West Wing will house modern hotel rooms, properly enclosed and 1-hour fire rated stair towers, fire sprinklers and support spaces.
- **NEW LOBBY, RESTAURANT and KITCHEN:** After the new West Wing is completed, a new accessible and code compliant Lobby should be constructed in the same place as the existing. The Lobby would be designed so that it was constructed in the spirit of the original Lobby. The Lobby would contain 2 or 3 new elevators and elevator lobbies. The elevators would provide an accessible path from the Lobby to each of the floor levels in all three wings of the hotel. A new protected Laundry room, properly separated from the hotel wings and lobby would also be constructed. The reception area would be opened to the lobby and be accessible. An accessible route leading down toward the existing swimming pool would be constructed. The new lobby would also include a covered drop off area, luggage holding area, lobby seating areas, male and female restrooms, hotel office(s), hotel facilities support space(s), electrical and communications closets and storage.
- **NORTH WING HSW REPAIRS:** Replace, or if possible, repair the makai end stair tower so that it is protected by not less than 1-hour rated construction. Replace all stair tower doors and door frames so that they are 45 minute rated minimum and properly labeled. All door hardware should be replaced. Doors should latch properly and meet clearance requirements after installation. Approach, entry and exit at doors should be assessed, and where structurally practicable, be improved to address accessibility maneuvering clearances. Proper signage, lighting and building emergency exit diagrams should be installed inside the stair tower. Accessible signage should be installed at each floor level, both inside and outside of the stair tower. Any penetrations into the stair tower should be removed, encapsulated or fire stopped so that the 1-hour rating is not compromised. Address exit discharge so that it's along an accessible route. Construct a new accessible and code compliant mauka end stair tower that connects the new Lobby to each floor level of the hotel. The new mauka stair tower could potentially serve both the North Wing and East Wing.
- **NORTH WING WINDOWS:** Install guardrails at all common area windows where needed.
- **NORTH WING EXISTING ELEVATOR:** Demolish the existing elevator and address the dead end corridor condition.
- **EAST WING HSW REPAIRS:** Replace, or if possible, repair the makai end stair tower so that it is protected by not less than 1-hour rated construction. Replace all stair tower doors and door frames so that they are 45 minute rated minimum and properly labeled. All door hardware should be replaced.

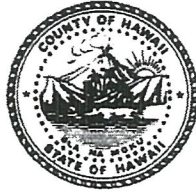
Doors should latch properly and meet clearance requirements after installation. Approach, entry and exit at doors should be assessed, and where structurally practicable, be improved to address accessibility maneuvering clearances. Proper signage, lighting and building emergency exit diagrams should be installed inside the stair tower. Accessible signage should be installed at each floor level, both inside and outside of the stair tower. Any penetrations into the stair tower should be removed, encapsulated or fire stopped so that the 1-hour rating is not compromised. Address exit discharge so that it's along an accessible route. Construct a new accessible and code compliant makai end stair tower that connects the new Lobby to each floor level of the East Wing. There is a possibility that a single stair tower could act as the North Wing mauka stair tower and East Wing makai stair tower. The hardware at the fire door at the ground level of East Wing mauka stair tower should be replaced.

It is important to note that by addressing the HSW issues noted above, other anticipated and unanticipated code compliance measures will be triggered. At the on-set of future repair projects, the owner and their designers should work closely with the AHJ to ascertain to as much of an extent as possible, other code compliance measures that the AHJ's will require before design drawings are advanced too far. The types of code compliance measures and other requirements that might be imposed by the AHJ's could potentially be so onerous, that the repair project under contemplation would need to be halted due to structural impracticability, scheduling concerns, land-use compliance measures or simply be too expensive.

3.3 Important Notes Concerning Health, Safety and Welfare

This Report was not developed to identify or catalog specific areas concerning HSW issues. The Objectives of this Report is described under Section 1.2. Although this Report provides recommendations to address HSW issues, the reader SHALL NOT rely solely on the recommendations contained herein. The property owner, operator, vendor or other entity that is responsible for operating the property should consult with the AHJ's and design professionals to determine precisely which HSW issues pose safety hazards, and which codes need to be addressed as a result.

Harry Kim
Mayor



Michael Yee
Director

Daryn Arai
Deputy Director

West Hawai'i Office
74-5044 Ane Keohokalole Hwy
Kailua-Kona, Hawai'i 96740
Phone (808) 323-4770
Fax (808) 327-3563

County of Hawai'i PLANNING DEPARTMENT

East Hawai'i Office
101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
Fax (808) 961-8742

April 4, 2017

Mr. Gordon C. Heit, District Land Agent
Department of Land and Natural Resources
75 Aupuni Street, Room 204
Hilo, HI 96720

Subject: Comments on Request for Sale of Lease at Public Auction, Ref. No.: 17HD-028
TMKs: (3) 2-1-005:033, 034, 035 and 045, Waiākea, South Hilo, Hawai'i

Dear Mr. Heit:

The County of Hawai'i Planning Department received your request for comment dated March 21, 2017, concerning a request for sale of lease at public auction involving TMKs: (3) 2-1-005:033, 034, 035 & 045 (Ref. No.: 17HD-028). We understand that the Department of Land and Natural Resources, Land Division, is supporting the issuance of a three year general lease for resort-hotel purposes covering the subject parcels and improvements. The improvements on the property, formerly known as the Uncle Billy's Hilo Bay Resort and currently operated as the (Pagoda) Hilo Bay Hotel on a month-to-month revocable permit, are identified as a four-story hotel with convenience store and restaurant. Footnotes in the communication indicate then restaurant is closed due to several County DPW building code violations.

The recently released assessment report of Banyan Drive properties conducted by Erskine Architects, Inc. dated June 29, 2016 (the Report), raises strong concerns with the current suitability of the property for hotel or resort use. Specifically in regard to the subject property the Report states: "*Uncle Billy's is considered an iconic hotel and held in high regard by many in the public. Strong opposition can be anticipated to any announcement of demolition of this nostalgic piece of Banyan Drive. Regardless of public opposition, the building contains numerous life safety issues, various building and accessibility code violations, fire protection concerns, large quantities of hazardous materials, drastically exceeds the allowable building height and floor area given its wooden construction, unprotected and comprised stair towers, does not include a fire sprinkler system and has extensive termite damage; the protection of the health, safety and welfare of the public should take precedence.*" Given this information, the Planning Department cannot reasonably support the sale of a three-year lease of the subject

Mr. Gordon Heit
April 4, 2017
Page 2

properties and improvements for intense resort-level use in their current state. Doing so would be contrary to the preservation of public health, safety, and welfare.

The County of Hawai'i has been supporting the Banyan Drive Hawai'i Redevelopment Agency (BDHRA) in their execution of the redevelopment of the Waiākea Peninsula. To date, the BDHRA has developed a conceptual land use master plan for the area with which to extend further consultation and research into the development of a Master Plan for the peninsula. The Master Plan may be two or more years away from adoption. The Planning Department notes that the areas occupied by the current improvements do preliminarily maintain their "resort" designation in the adopted conceptual master plan. Until such time that the Master Plan has been adopted by the BDHRA, the current State and County zoning (as well as any existing permits) guide the allowable uses on the property. Currently, the property is in the State Land Use Urban district and zoned Resort (V-.75) by the County.

Mahalo for the opportunity to comment on the proposed sale of lease at public auction. Do not hesitate to contact me should you have questions concerning our response.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Yee", with a stylized flourish at the end.

MICHAEL YEE, Director
Planning Department

LM:klt

Ref: COR-17-110548

Harry Kim
Mayor



Michael Yee
Director

Daryn Arai
Deputy Director

West Hawai'i Office
74-5044 Ane Keohokalole Hwy
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County of Hawai'i PLANNING DEPARTMENT

East Hawai'i Office
101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
Fax (808) 961-8742

April 11, 2017

Mr. Kevin E. Moore, State Lands Assistant Administrator
Department of Land and Natural Resources
P.O. Box 621
Honolulu, HI 96809

RECEIVED
LAND DIVISION
2017 APR 17 AM 10:58
DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

Subject: Comments on After-the-Fact Renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, Permittee, Ref. No.: RP S-7879
TMKs: (3) 2-1-005:033, 034, 035 and 045, Waiākea, South Hilo, Hawai'i

Dear Mr. Moore:

The County of Hawai'i Planning Department received your request for comment dated March 30, 2017, concerning an after-the-fact renewal of Revocable Permit No. (RP) S-7879 to Savio HBH Development Company LLC, permittee (Ref. No.: RP S-7879). Please note that the Planning Department recently commented on a request for sale of lease at public auction (Ref. No.: 17HD-028) for the same properties identified in this request, and did not support the lease sale proposed in that communication. As mentioned in our previous correspondence, the Erskine Architects assessment report for the subject property stated that "*the building contains numerous life safety issues*" and the Planning Department does not feel that a lease under those conditions, with no commitment to reduce or eliminate life safety issues, would be in the best interest of public health, safety, and welfare. The same concerns are applicable to the subject renewal of Revocable Permit No. (RP) S-7879.

The County of Hawai'i has been supporting the Banyan Drive Hawai'i Redevelopment Agency (BDHRA) in their execution of the redevelopment of the Waiākea Peninsula. To date, the BDHRA has developed a conceptual land use master plan for the area with which to extend further consultation and research into the development of a Master Plan for the peninsula. The Master Plan may be two or more years away from adoption. The Planning Department notes that the area occupied by the current improvements do preliminarily maintain their "resort" designation in the adopted conceptual master plan. Until such time that the Master Plan has been adopted by the BDHRA, the current State and County zoning (as well as any existing permits) guide the allowable uses on the property. Currently, the property is in the State Land Use Urban district and zoned Resort (V-.75) by the County.

Mr. Kevin E. Moore
April 11, 2017
Page 2

Mahalo for the opportunity to comment. Do not hesitate to contact me should you have questions concerning our response.

Sincerely,



MICHAEL YEE, Director
Planning Department

LM:klt

Ref: COR-17-110717



Engineering Partners

Progressive Solutions

Date:	November 17, 2016
To:	Savio HBH 1451 S King St. Ste 504 Honolulu, Hawaii 96814
Attn:	Ashlee Matsui

EP JN:	16105-16-01
Re:	Structural Assessment Report Hilo Bay Hotel 87 Banyan Drive Hilo, Hawaii 96720
TMK:	(3) 2-1-005: 034

On November 4, 2016 Engineering Partners (EPI) performed a site investigation at the above referenced property. The purpose of the investigation is to evaluate the structural condition of the elevator shaft and adjacent rooms. The following is a summary of the results of the assessment and recommendations.

The structure is a multi-story masonry and concrete building with a wood-framed roof. The general structural condition of the building as a whole is poor, however this report will concentrate only on the condition of the concrete masonry wall adjacent to the elevator shaft. In summary, it seems this concrete masonry wall has settled significantly, perhaps over 1". This settlement has created noticeable slope and cracks in the floor slab of each level up to and including the roof. The elevator supports and rails appear to be in good condition, and given that it is inspected on a monthly basis there is no reason to take it out of service. If issues arise in future elevator inspections, those should be brought to our attention.

The following is a list of recommendations and observations from our assessment:

1. The 4 rooms near the elevator where the floor has dropped need to be unoccupied until further exploration can occur. There is significant settlement in this one area that presents a safety concern.
2. To better evaluate the settlement we need to remove the wall, ceiling and floor finish materials so we can better evaluate the cause of the settlement. We will also have to take out part of the slab. This only need to happen on the ground floor for now, but eventually we'll need to look at all the floors and ceilings that connect to this wall to ensure they are still secure. Our biggest concern is the possibility of a void under the foundation of this wall, so we want to look for signs of that.
3. The roofing needs to be replaced. I don't think a simple coating will suffice. The damage is extensive, and the water intrusion may be partially to blame for the settlement issue.
4. The elevator is in good working condition, despite the drywall damage on the exterior. All damaged drywall in the shaft should be replaced, but only after the roof and the cracks in the exterior plaster are repaired.
5. The vending room next to the elevator should remain blocked until the roof and exterior wall in this area can be re-built. Significant water damage has caused loss of support for part of the floor. Once the roof, walls, and floor are repaired, the vending room can re-open.

Regards,
Engineering Partners, Inc.

Yen Wen Fang, P.E.

November 17, 2016

Date

Savio HBH Development Company LLC

RP 7879

1451 South King Street, Suite 504, Honolulu, Hawaii 96814-2509 * Phone 808-946-3222 * Fax 808-946-3224

May 11, 2017

Mr. Russell Y. Tsuji, Administrator
Department of Land and Natural Resources, Land Division
State of Hawaii
P. O. Box 621
Honolulu, Hawaii 96809

RECEIVED
LAND DIVISION
2017 MAY 15 AM 11:22
DEPT. OF LAND AND
NATURAL RESOURCES
STATE OF HAWAII

Dear Mr. Tsuji:

Subject: Life Safety Concerns at Pagoda Hilo Bay Hotel
Revocable Permit No. S-7879 to Savio HBH Development Company LLC,
Waiakea, South Hilo, Hawaii; TMK No. (3) 2-1-005: 033, 034, 035 and 045

I received your letter dated April 20, 2017, along with copies of the April 4, 2017, and April 11, 2017, letters from the County of Hawaii.

The Erskine study is an accurate representation of the condition of the hotel when Pagoda took over the operation just over a year ago. We started the repairs by replacing the damaged sewer line and installing a new backflow preventer for the hotel. We closed the kitchen due to concerns over the structure and fire safety. We repaired some of the termite damage in the lobby and stairway area.

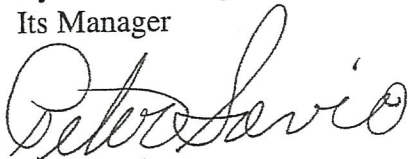
Because the awarding of our lease was being challenged by other parties, we decided to await clarification on our status before spending more money on repairs. We are in agreement that everything should be done as listed in your letter and the Erskine study. We suggest the upgrades be made a requirement under a new lease and believe a lease term of three to five years would be reasonable to allow for a recapture of the cost of repairs and upgrades.

If you have any questions, please feel free to contact me at 808-398-6300.

Sincerely,

Savio HBH Development Company LLC

By Savio Manager Inc.
Its Manager



Peter Savio
President

5.15.17 ey: HDLO

GL-3265



BUILDING DIVISION • DEPARTMENT OF PUBLIC WORKS

101 Pauahi Street, Suite 7, Hilo, Hawai'i 96720

74-5044 Ane Keohokalole Highway, Building E, Kailua-Kona, Hawaii 96740

(808) 961-8331, Fax (808) 961-8410

(808) 323-4720, Fax (808) 327-3509

2014 MAR 12 A 11:31

NOTICE OF VIOLATION

RECEIVED
LAND DIVISION
HILO, HAWAII

March 10, 2014

CERTIFIED MAIL

Mr. Aaron Whiting, Manager
Hilo Bay Hotel
87 Banyan Drive
Hilo, Hawaii 96720

Mr. Gordon Heit, District Land Agent
Department of Land & Natural Resources
75 Aupuni Street
Hilo, Hawaii 96720

RE: Banyan Restaurant Bar and Grill
87 Banyan Drive, Hilo Hawai'i 96720
Tax Map Key (3) 2-1-005:034

Messrs. Whiting and Heit:

The County of Hawai'i, Department of Public Works, Building Division ("DPW-BLDG") inspected the structure at Banyan Restaurant Bar and Grill, address 87 Banyan Drive, Hilo, Hawaii 96720, Tax Map Key (3) 2-1-005:034 ("site") and found a violation of one or more provisions of the Hawai'i County Code ("HCC"). Specifically, the DPW-BLDG inspected and confirmed the structure evidenced defective termite damage and deterioration defined as substandard and unsafe pursuant to Section 5-48, 5-49 and 5-51 of the HCC.

The corrective actions found within SECTION III of this letter are to be completed by **June 8, 2014**. Failure to complete corrective action within the specified time may result in an ORDER being issued that may impose administrative and/or civil fines and/or referral to the appropriate legal authorities for action. The DPW-BLDG is willing to answer your questions or discuss this matter further. The remainder of this warning letter explains the facts and circumstances of this case.

I. BACKGROUND

In response to an anonymous public report of a potentially unsafe structure at the site, the DPW-BLDG on or about September 5, 2013 conducted a site inspection and confirmed the structure evidenced defective termite damage and deterioration defined as substandard and unsafe pursuant to Section 5-48, 5-49 and 5-51 of the HCC. (Photographs attached).

A review of DPW-BLDG records for the site show the most recent permit issued was for repair only to the restaurant & lobby roof in 1991 (building permit number 911857).

II. NOTICE OF VIOLATION

Based upon the foregoing, a review of County records, and the observations of our inspector you are in violation as follows:

Code(s) and/or Ordinance(s) and Section(s)	Violation(s)
Hawai'i County Code § 5-48 Substandard buildings.	Termite damaged & deteriorated roof trusses
Hawai'i County Code § 5-49 Unsafe buildings.	Building found to be unsafe
Hawai'i County Code § 5-51 Buildings found to be unsafe	Building found to be unsafe

The relevant sections of the Hawai'i County Code are provided below:

Section 5-19. Permits Required.

No person, firm, or corporation shall erect, construct, enlarge, alter, repair, move, convert, or demolish any building or structure in the County, or cause the same to be done, without first obtaining a separate building permit for each building or structure from the building official; provided that one permit may be obtained for a dwelling and its accessories, such as fence, retaining wall, pool, storage and garage structures.

Section 5-48. Substandard buildings.

Any building or portion thereof in which there exists any of the following listed conditions to an extent that it endangers the life, limb, health, property, safety or welfare of the public or the occupants thereof shall be deemed and hereby is declared to be a "substandard building".

(2) Structural hazards shall include but not limited to the following:

(F) Members of ceiling, roofs, ceiling and roof supports, or other horizontal members which sag, split, or buckle due to defective material or deterioration.

Section 5-49. Unsafe buildings.

All substandard buildings which are structurally unsafe or not provided with adequate egress, or which constitute a fire hazard, or are otherwise dangerous to human life, or which in relation to existing use constitute a hazard to safety, health or public welfare by reason of

inadequate maintenance, dilapidation, obsolescence, fire hazard or abandonment, as specified in this code or any other effective ordinance are, for the purpose of this chapter, "unsafe buildings."

Section 5-51. Buildings found to be unsafe; Notice to owner.

- (a) Whenever the building official has examined or caused to be examined any building and has determined that such building is an unsafe building:
- (1) The building official shall commence proceedings to cause the repair, rehabilitation, vacating, removal and/or demolition of the building;
 - (2) Such building shall automatically be deemed and are hereby declared to be a public nuisance;
 - (3) The building official shall give to the owner of such building written notice of violation in accordance with section 5-59 and as further described below; and
 - (4) The notice required by subsection (a) (3) above shall require the owner or person in charge of the building or premises, to commence the required repairs or improvements or demolition and removal of the building or structure or portions thereof within forty-eight hours, and to complete all such work within ninety days from date of notice, provided that the building official may provide for more time for completion if deemed reasonably necessary. The notice shall also require the building or portion thereof to be vacated forthwith and not reoccupied until the required repairs and improvements are completed, inspected, and approved by the building official.
- (b) The notice required by subsection (a)(4) above shall remain posted until the required repairs, demolition or removal are completed. Such notice shall not be removed without written permission of the building official, and no person shall enter the building except for the purpose of making the required repairs or of demolishing the building.

III. CORRECTIVE ACTIONS

To be in compliance with the above-mentioned section(s), the following corrective actions are required by the deadline date of **June 8, 2014**:

- (1) Repair, replace and/or correct defective/deteriorated building materials to satisfactorily meet necessitated structural strength requirements prescribed by applicable building codes. Plans for repair, replacement and/or correction work shall be prepared and authenticated by a structural engineer licensed in the State of Hawai'i. OR
- (2) Submit a report prepared and authenticated by a structural engineer licensed in the State of Hawai'i to furnish evidence and documentation that building materials and systems as currently exist satisfactorily meet necessitated structural strength requirements prescribed by applicable building codes.
- (3) You must obtain a building permit from the DPW-BLDG for any reconstruction and/or alteration work.

- (4) You must complete all required demolition or reconstruction work within ninety days from date of this notice; additional time for completion may be requested if deemed reasonably necessary by the DPW-BLDG.

YOUR DEADLINE FOR COMPLIANCE IS: June 8, 2014.

The DPW-BLDG is prepared to answer your questions or discuss this matter further. Please understand that you are responsible to contact the inspector to verify the corrective action.

IV. WARNING

If corrective action is not completed by the deadline date of **June 8, 2014**, an ORDER will be issued that may impose administrative and/or civil fines and/or referral to the appropriate legal authorities for action.

V. CONCLUSION

Please contact the Supervising Building Inspector, Joy Matsumoto at (808) 961-8471 if you have any further questions regarding this matter.

Respectfully,



David Yamamoto, P.E.,
Building Chief

cc: Warren Lee, Director of Public Works
Brandon Gonzalez, Deputy Director of Public Works
Jai Ho Cheng, Deputy Building Division Chief
Joy Matsumoto, Supervising Building Inspector
Kathy Nakashima, Building Inspector Aid



Interior Banyan Restaurant Bar and Grill



Rafter support evidencing termite damage and deterioration at load bearing [HCC5-48(2(F))]



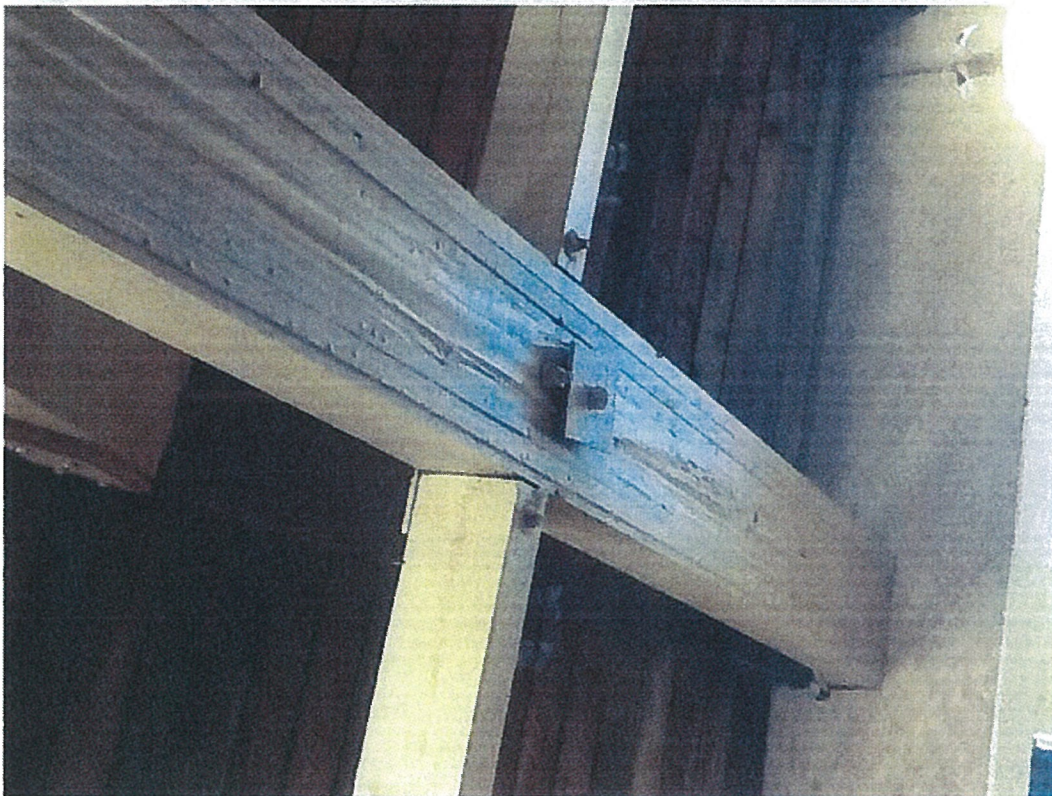
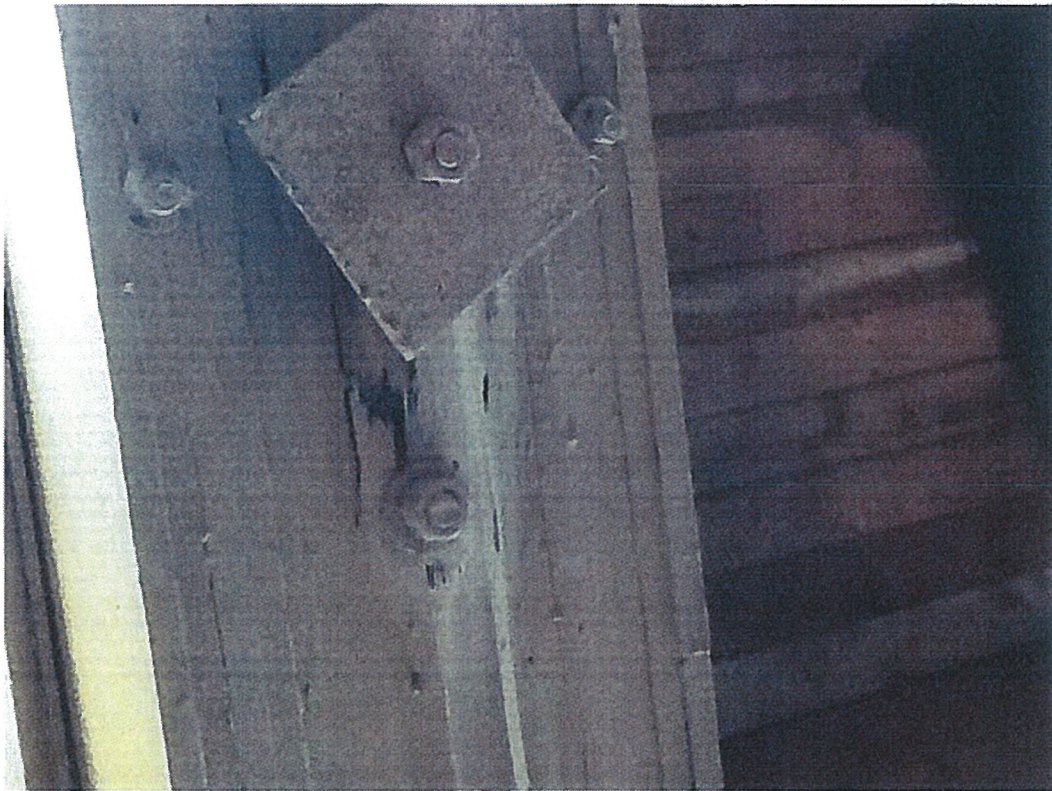
Rafter support evidencing termite damage and deterioration at load bearing [HCC5-48(2)(F)]



Roof truss evidencing deterioration at load bearing [HCC 5-48(2)(F)]



Roof truss evidencing termite damage and loosened hardware [HCC 5-48(2)(F)]



Roof truss evidencing termite damaged and loosened hardware [HCC 5-48(2)(F)]



Roof truss connection plates missing (bolt) hardware [HCC 5-48(2)(F)]

D-5
AMENDED

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

December 12, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 14HD-191

Hawai'i

Deny Lessee's Request for an Extension of Lease Term Pursuant to Act 219, Session Laws of Hawaii 2011, General Lease No. 3029, Reed's Bay Resort Hotel, Ltd., Lessee, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-005:022.

Approve a One-Year Holdover and Subsequent Month-to-month Revocable Permit for General Lease No. 3029, Reed's Bay Resort Hotel, Ltd., Lessee, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-005:022.

APPLICANT AND REQUEST:

Reed's Bay Resort Hotel, Ltd. is requesting an extension of General Lease No. 3029 pursuant to Act 219 Session Laws of Hawaii (SLH) 2011 which authorizes the extension of hotel and resort leases along the Banyan Drive area of Hilo, Hawaii.

LEGAL REFERENCE:

Sections 171- 36(b), 171-40, 171-55, Hawaii Revised Statutes, as amended, and Act 219 SLH 2011.

LOCATION:

Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-1-005:022, as shown on the attached map labeled Exhibit A.

AREA:

1.19 acres, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: Hotel and Resort

as amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
December 12, 2014 4:0

D-5

EXHIBIT 6

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the issuance of a revocable permit upon expiration of the lease is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1. Refer to attached Exhibit D.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

CURRENT USE STATUS:

Encumbered by General Lease No. 3029, Reed's Bay Resort Hotel, Ltd., Lessee, for resort-hotel purposes. Lease to expire on March 14, 2015. The last rental reopening occurred on May 25, 2002 and was for the remainder of the lease term.

LEASE CHARACTER OF USE:

Resort-hotel purposes and uses accessory or incidental thereto and customarily conducted within resort-hotel areas.

TERM OF LEASE:

Original term of 21 years, commencing on September 13, 1945 and expiring on September 12, 1966.

Extension of lease dated November 16, 1962 extended the term changing the expiration of lease to March 14, 2015. Last rental reopening for remaining lease period occurred on December 17, 2005.

LEASE ANNUAL RENTAL:

Current rent is \$23,860.00, due in semi-annual installments of \$11,930.00 on March 14 and September 14 of each year.

RENTAL REOPENINGS:

Reopenings established by the agreement for extension of lease were at the end of the 20th and 40th years of the term, on March 14. The last rental reopening occurred on December 17, 2005.

HOLDOVER LEASE COMMENCEMENT DATE:

March 15, 2015.

HOLDOVER LEASE ANNUAL RENT:

\$23,860.00 billed in two equal semi-annual installments.

REVOCABLE PERMIT COMMENCEMENT DATE:

March 15, 2016.

REVOCABLE PERMIT CHARACTER OF USE:

Resort-hotel purposes and uses accessory or incidental thereto and customarily conducted within resort-hotel areas.

REVOCABLE PERMIT RENT:

Rent under the revocable permit shall be determined by independent appraisal paid for by the applicant.

APPLICANT REQUIREMENTS:

Applicant shall be required to pay for an independent appraisal to determine the rent payable under the revocable permit to be issued as of March 15, 2016.

BACKGROUND:

On 6/30/1944, General Lease No. 3029 was sold at public auction to John and Charlotte Smith for residential purposes. The initial lease term was for 21 years commencing 9/13/1945 and expiring 9/12/1966. The lease was assigned from John and Charlotte Smith to Juliette and Richard Furtado and Phoebe and George Gedge on 12/31/1946. The lease was again assigned from Juliette Furtado, et al. to Juliette and Richard Furtado on 7/05/1956.

Lessees Juliette and Richard Furtado qualified as disaster victims under Section 87 of Act 32, Sessions Laws of Hawaii 1962. The lease was subsequently extended on 11/14/1962 for a period of fifty-three (53) years terminating on 3/14/2015 with rental re-opening twenty (20) and forty (40) years from the most current lease agreement. The Board approval included a condition that in the event the lessees decided to put the demised premises to a use other than residential prior to 9/12/1966, there would be an immediate re-negotiation of the rental for a twenty-year period with the new rent to be established by an appraisal based on the proposed new use.

At its meeting of 12/17/1965, the Board consented to the assignment of lease from Juliette and Richard Furtado, assignor, to Nalei, Incorporated (Nalei), assignee, and the use of the lease was changed from residential to hotel/resort.¹ This resulted in a change in the rental amount from \$280.00 per annum to \$8,112.00 per annum.

¹ No building plans on file.

On 2/27/1970, Nalei was served a notice of default for delinquent rent, allowing 60 days to cure said default. Nalei subsequently filed bankruptcy and a trustee was appointed to operate the hotel and to find a buyer for the lease. Then, at its meeting of 9/08/1972 under agenda item F-20, the Board consented to the assignment of lease from Ralph S. Aoki, Trustee in Reorganization of Nalei, Inc., a Hawaii corporation, in bankruptcy No. 70-26, U.S. District Court, as assignor, to James G. Y. Ho, husband of Florence J. Ho and Dr. Shinkichi Shimabukuro, husband of Betty Z. Shimabukuro, General Partners doing business as Polynesian Pacific Resorts, as assignee.

Further, at its meeting of 9/28/1979 and as a result of foreclosure proceedings, the Board under agenda item F-1-e, consented to the assignment of lease from James G. Y. Ho, Florence J. Ho, Dr. Shinkichi Shimabukuro and Betty Z. Shimabukuro, assignor, to Yorkwood Savings and Loan Association, a New Jersey Corporation, assignee. At the same meeting, the Board, under agenda item F-1-f, consented to the assignment of lease from Yorkwood Savings and Loan Association, as assignor, to David De Luz unmarried; Ronald Carl Robertson, husband of Joann Robertson; John Tolmie and Linda Ann Tolmie, husband and wife, and Puna Shores, Incorporated, assignees.

At its meeting of 9/24/1982 the Board approved the following assignments: 1) F-1-c, assignment of lease with assumption of mortgage from Ronald C. Robertson and Puna Shores, Inc., assignors (1/8 undivided interest, respectively) to David De Luz, assignee: 2) F-1-d Ronald C. Robertson and Puna Shores, Inc., assignors (1/8 undivided interest, respectively) to John Tolmie, assignee: 3) F-1-e, John and Linda Tolmie, Assignors (1/4 undivided interest) to John Tolmie, assignee. Thereafter the lease managed by David De Luz and John Tolmie doing business as Polynesian Pacific Hotel.

In 1982, the Board approved various commercial subleases including Spencer Enterprises, Inc. (health & fitness spa), Canton Gardens, Inc. (restaurant), Doris Nakayama Realty and Teruo Morigaki Realty.

At its meeting of 2/27/1998 under agenda item D-2, as amended, the Board approved the after-the-fact agreement of sale and subsequent assignment of lease from David De Luz and John Tolmie, assignor, to Reeds Bay Resort Hotel, Ltd. (Lessee). The amendment included provisions for an increase in liability insurance and the requirement of a performance bond.

The leasehold property has been utilized as a condominium apartment since the 1980s. The Lessee had requested a change in use for the property from hotel to condominium use similar to General Lease No. 3269 (Country Club-Hawaii, Inc.).² At its meeting of 2/27/1998, agenda item D-3, the Board deferred a request for the conversion of GL 3029 to a condominium property regime or a limited equity housing cooperative due to outstanding issues regarding rent and insurance compliance. Lessee has bought back most of the rental units and the property is currently being utilized for hotel purposes.

² At its meeting of February 13, 1987 under agenda item F-2, the Board consented to the assignment of lease from Richard M. Jitchaku, as assignor, to Country Club Hawaii, Inc. (Herb Arata, principal), as assignee. The submittal also included a provision for the formation of a Horizontal Property Regime allowing the individual units on the property to be converted into condominium apartments and created the Association of Apartment Owners of Country Club Hawaii, Inc.

REQUEST:

Lessee Reed's Bay Resort Hotel, Ltd. operates an apartment/hotel business on the premises in two separate cinder block buildings of one and three stories. The apartment/hotel units are located in the three-story structure on the Hamakua side of the property and to the left of the entrance/lobby. Approximately 58 of the 63 rooms are currently available for transient accommodations. There is a small front desk for the hotel operation. A restaurant once operated above the single story building on the Puna side, however it burned down in 1983 and was never rebuilt. The layout includes a small swimming pool located between the two structures. See Exhibit B attached.

Lessee is requesting a 15-year extension from the end of the current lease set to expire on March 15, 2015 in order to amortize the cost of the improvements necessary to upgrade the hotel. In compliance with the terms and conditions of Act 219, the Lessee plans to restore the property to 100% transient accommodation.

Act 219 Session Laws of Hawaii 2011 authorizes the Board of Land and Natural Resources to extend hotel or resort leases (that have not been sold or assigned within the past five years) up to an additional fifty-five (55) years. As a condition to the extension, the Lessee must commit to substantial improvements to the existing facilities. "Substantial improvements" means any renovation, rehabilitation, reconstruction or construction of the existing improvements, including minimum requirements for off-site and on-site improvements, the cost of which equals or exceeds fifty per cent (50%) of the market value of the existing improvements that the Lessee or the Lessee and developer install, construct, and complete by the date of completion of the total development."

The act also stipulates that prior to entering into a development agreement, the lessee shall submit to the Board the plans and specifications for the total development being proposed. The Board shall review the plans and specifications and determine: 1) Whether the development proposed is of sufficient worth and value to justify the extension; 2) The estimated time to complete the improvements and expected date of completion; 3) The minimum revised annual rent based on the fair market value of the lands to be developed, as determined by an appraiser for the Board, and the percentage rent where gross receipts exceed a specified amounts.

Lessee Reed's Bay Resort Hotel, Ltd. has submitted a cost proposal for improvements and renovations in excess of \$706,000. The Lessee has also provided staff with a Summary Appraisal Report dated October 16, 2013 indicating the value of the existing improvements at approximately \$1,297,000.

The proposed renovations consist of electrical upgrades, ADA upgrades, roof repairs as well as improvements to the lobby, swimming pool, guest rooms and corridors, restoration of the restaurant and repairs to the parking lot. Under the proposal, all the existing structures, originally constructed in 1960s, will be retained, and no new construction of buildings is planned. A draft engineering report for this property estimated the remaining useful life of the improvements at 12 to 15 years. The informal Banyan Drive Task Force established at the request of area legislators and with Governor Abercrombie's concurrence, wants to see the Banyan Drive area revitalized. Allowing the Lessee to continue operations at the premises under a fixed lease of 15 years will likely not facilitate the revitalization of the area that the task force and other

community members are looking for. Staff sent a draft of this submittal to the task force for comment, and a copy of their response letter dated November 18 is attached as Exhibit C.

Unfortunately, staff is unable to recommend a lease extension in this case. Although the Lessee appears to satisfy the basic requirements set forth in Act 219 Session Laws of Hawaii 2011, the low valuation of the property as determined by the Summary Appraisal Report and the proposed renovations submitted by the Lessee do not warrant a 15-year lease extension continuing the use of the existing buildings. Staff believes the site has greater potential.³

ONE YEAR HOLDOVER AND REVOCABLE PERMIT:

Due to the potential liability and attendant problems of illegal habitation of vacant property, staff believes it is in the best interest of the State to have the property remain occupied until a Banyan Drive redevelopment plan can be implemented.

As an alternative to the Lessee's request for a lease extension, staff is recommending a one-year holdover (pursuant to HRS §171-40) and subsequent month-to-month revocable permit (HRS §171-40 & -55). This would provide an opportunity for the Lessee to continue its hotel operations until such time that a redevelopment plan for the Banyan Drive area can be implemented.

Staff is recommending the annual rent for the holdover period to remain at the current annual rent of \$23,860.00. The lease stipulates that at the end of the lease term, all improvements shall become the property of the Lessor. However, staff is recommending that the Board allow Lessee to retain title to all improvements notwithstanding the expiration of the holdover period and issuance of a revocable permit, on the condition that Lessee agree to pay for the removal of the improvements and restoration of the land to a condition acceptable to the Board at the end of the revocable permit should the Board exercise its discretion to require removal. The rent payable under the revocable permit will be determined by independent appraisal contracted for by the Department but paid for by Lessee, and will be based on land value only. The performance bond will be twice the monthly rental under the permit.

RECOMMENDATION: That the Board:

1. Deny the Lessee's request for extension of lease pursuant to Act 219 SLH 2011 for General Lease No. 3029 for the reasons cited above.
2. Authorize a one-year holdover of General Lease No. 3029 for the period of March 15, 2015 to March 14, 2016, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current holdover of lease

³ The only fixed lease extension Lessee is eligible for (aside from the one-year holdover), is the extension allowed by Act 219 SLH 2011. The ten-year extensions other lessees apply for, such as the Kanoelehua Industrial Area lessees, are not available to Reed's Bay Resort Hotel, Ltd. because its lease is already at (and in fact exceeds) the maximum 65-year term permitted by HRS Chapter 171.

- form, as may be amended from time to time;
- b. The annual rent for the one-year holdover period will be \$23,860.00, billed in two equal semi-annual amounts of \$11,930.00 each;
 - c. Review and approval by the Department of the Attorney General; and
 - d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Declare that, after considering the potential effects of the proposed issuance of a revocable permit upon expiration of the lease, as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
4. Authorize the issuance of a revocable permit effective March 15, 2016 to Reed's Bay Resort Hotel, Ltd. covering the subject area for resort and hotel purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
- a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. Notwithstanding the expiration of the holdover period and the issuance of a revocable permit to Reed's Bay Resort Hotel, Ltd., all existing improvements (excluding archaeological/historic sites, if any) shall remain the property of Reed's Bay Resort Hotel, Ltd. In the event of the termination of the revocable permit, the Board shall have the option of requiring the Reed's Bay Resort Hotel, Ltd. to remove such improvements at its sole cost and expense and to restore the land to a condition acceptable to the Board, or to allow Reed's Bay Resort Hotel, Ltd. to surrender title to the improvements to the Board;
 - c. The initial monthly rental amount will be determined by appraisal and subject to annual review. The performance bond shall be equal to twice the monthly rent;
 - d. Review and approval by the Department of the Attorney General; and

- e. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Gordon C. Heit
District Land Agent

APPROVED FOR SUBMITTAL:



William J. Aifa, Jr., Chairperson

Land Board Meeting: December 12, 2014; D-5: Approved as amended.

Approved as amended. The Board deleted the condition of the revocable permit that would have given the Board the right to require permittee to remove all improvements at the termination of the revocable permit at permittee's expense. Accordingly, recommendation 4.b is revised to read in its entirety as follows:

Notwithstanding the expiration of the holdover period and the issuance of a revocable permit to Reed's Bay Resort Hotel, Ltd., all existing improvements (excluding archaeological/historical sites, if any) shall remain the property of Reed's Bay Resort Hotel, Ltd. until the expiration or earlier termination of the permit.

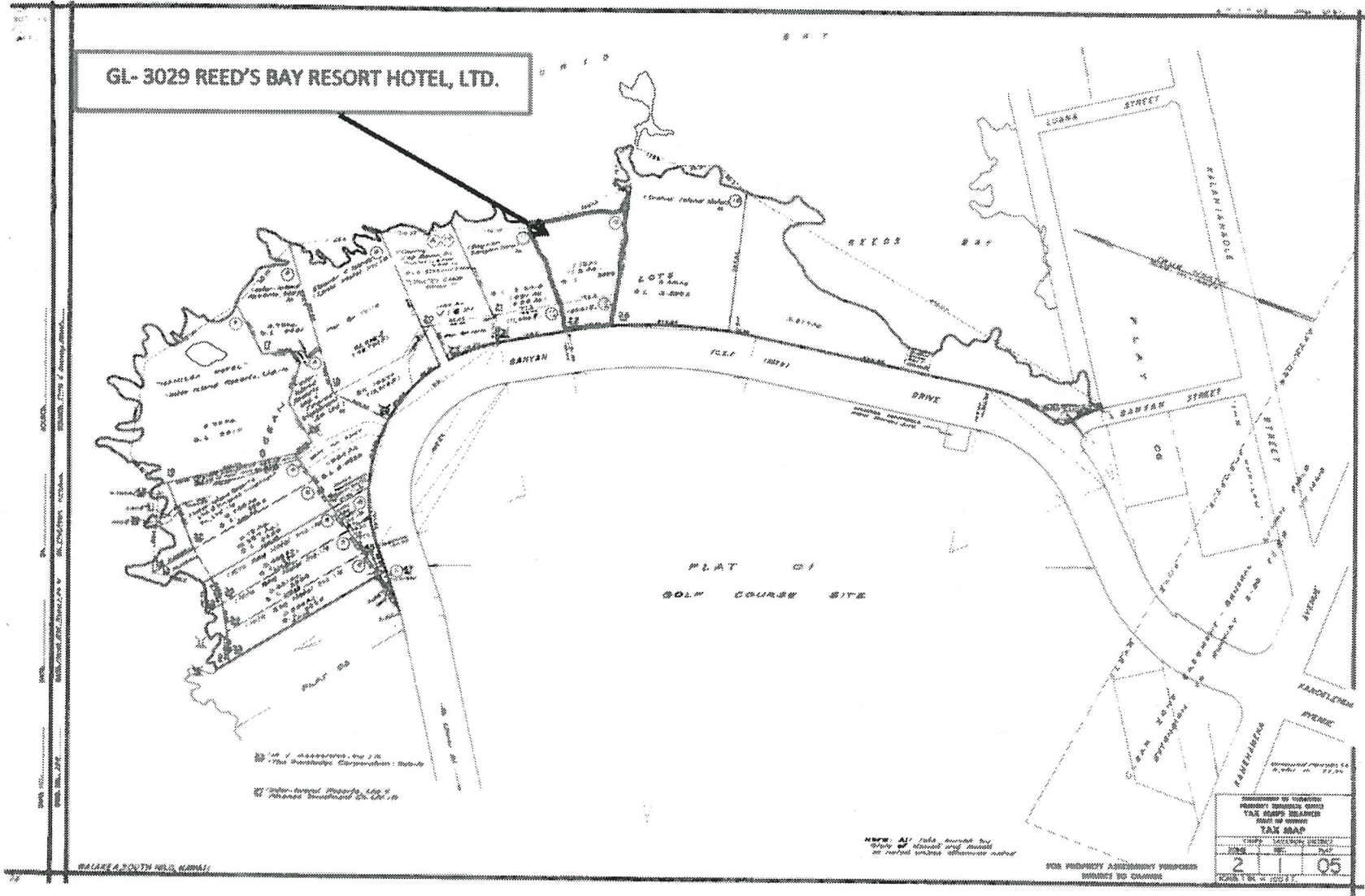


EXHIBIT A

EXHIBIT A

REED'S BAY RESORT HOTEL



EXHIBIT B

November 18, 2014

Kevin E. Moore
State Lands Assistant Administrator
Department of Land and Natural Resources, Land Division
1151 Punchbowl Street, #220
Honolulu, HI 96813

Dear Mr. Moore:

As members of the Banyan Drive Task Force, we thank you for the opportunity to comment on the Land Board's proposed course of action for the renewal of the "Reed's Bay Lease". We think the Land Board's proposed course of action is consistent with our Task Force's position that Banyan Drive needs to be revitalized. While we sympathize with Reeds Bay's request for a fixed extension, our group feels that it is in the overall best interest of the community to establish a long range redevelopment plan prior to committing any of the State's limited and precious resources in the area.

Banyan Drive has historically been East Hawaii's hub of resort activities. The Banyan Drive Task Force envisions a revitalized Banyan Drive with much improved visitor accommodations. We believe between the Hawai'i Volcanoes National Park, other East Hawaii visitor attractions, and the advent of Eco-Tourism, Banyan Drive will return to a small, but thriving tourist destination. The benefits will be the local businesses, the approximately 1200 hotel and visitor industry workers who drive over 200 miles per day round trip for work in Kona, and the East Hawaii Community will have many options not presently available. For these reasons, we strongly believe that a master planned redevelopment of Banyan Drive is the best course of action.

Sincerely,

Banyan Drive Task Force

George Applegate
Kaiu Kimura
Craig Takamine
Barry Taniguchi
Bob Williams

EXHIBIT C

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

December 12, 2014

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

JESSE K. SOUKI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAIHOLAWA ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Issuance of a Revocable Permit to Reed's Bay Resort Hotel, Ltd., for Hotel/Resort Purposes

Project / Reference No.: PSF 14HD-191

Project Location: Ocean View Lease Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-005:022

Project Description: Lessee is requesting a 15-year extension from the end of the current lease set to expire on March 15, 2015 in order to amortize the cost of the improvements necessary to upgrade the hotel. In compliance with the terms and conditions of Act 219, the Lessee plans to restore the property to 100% transient accommodation. Lessee Reed's Bay Resort Hotel, Ltd. has submitted a cost proposal for improvements and renovations in excess of \$706,000.

Under the proposal, all the existing structures, originally constructed in 1960s, will be retained, and no new construction of buildings is planned. A draft engineering report for this property estimated the remaining useful life of the improvements at 12 to 15 years. The informal Banyan Drive Task Force established at the request of area legislators and with Governor Abercrombie's concurrence, wants to see the Banyan Drive area revitalized. Allowing the lessee to continue operations at the premises for 15 years will likely not facilitate the revitalization of the area that the task force and other community members are looking for.

As an alternative to the Lessee's request for a lease extension, staff is recommending a one-year holdover (pursuant to HRS §171-40) and subsequent month-to-month revocable permit (HRS §171-40 & -55). This would provide an opportunity for the Lessee to

EXHIBIT D

continue its hotel operations until such time that a redevelopment plan for the Banyan Drive area can be implemented.

Chap. 343 Trigger(s):

Use of State Land

Exemption Class No.:

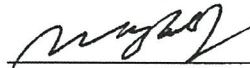
In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the issuance of a revocable permit upon expiration of the lease is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing".

Consulted Parties


Not applicable

Recommendation:

That the Board find the issuance of a revocable permit for the continued hotel/resort use of the property will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.



William J. Aila, Jr., Chairperson


11/20/14

Date