

HAWAIIAN HOMES COMMISSION
Minutes of May 14, 2012
Meeting Held in Lihue, Hawai'i

Pursuant to proper call, the 627th Regular Meeting of the Hawaiian Homes Commission was held at the Kaua'i State Office Building, 3060 Eiwa Street, Lihue, Hawai'i, May 14, 2012 beginning at 10:00 a.m.

PRESENT Mr. Perry O. Artates, Chairman Pro-Tem
 Mr. Imaikalani P. Aiu, Commissioner, Kaua'i
 Ms. Leimana DaMate, Commissioner, West Hawai'i
 Mr. J. Kama Hopkins, Commissioner, O'ahu
 Mr. Michael P. Kahikina, Commissioner, O'ahu
 Mr. Ian B. Lee Loy, Commissioner, East Hawai'i (arr: 1:30 pm)
 Mr. Renwick V.I. Tassill, Commissioner, O'ahu

EXCUSED Mr. Henry K. Tancayo, Commissioner, Moloka'i

COUNSEL Deputy Attorney General S. Kalani Bush

STAFF Michelle Ka'uhane Deputy to the Chair
 Linda Chinn, Administrator, Land Management Division
 Darrell Yagodich, Administrator, Planning Office
 Dean Oshiro, Acting Administrator, Homestead Services
 Gil Fernandez, Loans Agent, Homestead Services Division
 Crystal Kua, Information & Community Relations Officer
 Norman Sakamoto, Land Development Specialist
 Francis Apoliona, Supervisor, Enforcement Officer
 Kaleo Manuel, Planner, Planning Office
 Julie Cachola, Planner, Planning Office
 Paul AhYat, Enforcement Officer
 Erna Kamibayashi, Kaua'i District Office Clerk
 Lucy Pascual, HOAP Administrator
 Zelda Moleta, Secretary, Office of the Chair
 Trish Paul, NAHASDA representative
 Kuuwehi, Hiraishi, Information Specialist, ICRO
 Elaine Searle Secretary to the Commission

MELE/PULE Commission Kama Hopkins

AGENDA Commissioner K. Hopkins moved, seconded by Commissioner I. Aiu to approve the agenda. Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner R. Tassill to formally appoint Commissioner P. Artates as Vice Chairman, seconded by Commissioner K. Hopkins. Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner K. Hopkins to defer minutes of April 23, 2012, seconded by Commissioner L. DaMate. Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner L. DaMate, seconded by Commissioner M. Kahikina to defer Items No. F-1 & F-2 until Commissioner Lee Loy is in attendance. Motion carried unanimously.

A – WORKSHOP PRESENTATIONS

Item No. A-1

SUBJECT: Proposed General Lease – Kamehameha School Ka Pua Initiatives

Presenter: Land Management Administrator – Linda Chinn

Land Management Administrator Linda Chinn presented an update of the joint development between Kamehameha Schools (KS) and Department of Hawaiian Home Lands (DHHL) of a residential and learning community in Ma'ili, O'ahu. The development sits on an 89 acre parcel formerly known as Voice of America which is accessible through St. Johns Road from Farrington Hwy. Plans are to expand another road access through Sea Country to allow for future development amid costs estimated at \$2.5 million. Upgrade costs to water booster pumps are estimated at \$4.2 while wastewater improvements are minimal. Electrical and telecom systems are suitable for current usage, said Ms. Chinn.

A request for a long-term general lease will be presented at next month's commission meeting to initiate the Phase I project for Kamehameha School. Once DHHL receives a written approval from Department of Interior (DOI) for the land exchange, Kamehameha Schools will begin its building plans. The land exchange will notably take two to three years for final land exchange approval. A 65-year general lease will subsequently be authorized under the Hawaiian Homes Commission Act Sec 204(a), and the HRS Sec 171.42.1 leasing to a certified 501(c)3 charitable organization, declared Ms. Chinn. Infrastructure costs will be shared by both entities as they enter into this joint venture of a residential and community learning development. Deputy M. Ka'uhane added that the goal is to complete a residential development around the learning community. The department will need to create an infrastructure for the adjacent housing development. The shared development will be oversized to accommodate these needs.

Commissioner Kahikina has community concerns. Thus far, only one community meeting has taken place. Planner Julie Cachola assured Commissioner Kahikina that neighbors who abut the property and community neighborhood boards will be informed of its plans.

Current zoning is for Agriculture-2 and the educational development component currently meets this criteria. The department is looking for a higher value exchange because of an anticipated R-5 residential zoning. For the general lease provision, the current zoning is being utilized for the lease rent. In addition, KS is providing a 60-foot wide road. Acting Chairman Artates pointed out this project is still in its infancy stages and details should be forthcoming at a later time.

ITEM NO. A-2

SUBJECT: Kaua'i Regional Plans

Presenter: Planner Kaleo Manuel

Planners Kaleo Manuel and Julie Cachola presented a summary of the Kaua`i Regional Plans from 2009 to 2011 which consisted of three regional plans and its land holdings and key issues. They identified 5 or 6 priority projects which identified the land use designations of 2004.

Wailua Regional Plan

- 1) Updated in 2009 consisting of 529 acres of undeveloped land from Wailua to Kapa`a
- 2) Acquired Aloha Beach Resort site in Dec, 2010 from DLNR
- 3) Five priority projects:
 - a) Malae heeiau – cultural site
 - b) Water source – need to be established prior to homesteading or ag use
 - c) Kalepa Ridge – surface water system has a breach in system; need to maintain a pipe system to allow surface water through our lands
 - d) County looking for new site for landfill in Kalepa
 - e) Kapa`a relief valve to facilitate traffic flow is currently suspended.
- 4) Wailua Wastewater Treatment –under design for capacity usage

Anahola Regional Plan

- 1) Adopted in 2007, consists of 4200 acres, 537 residential and 47 agriculture lessees.
- 2) Priority projects
 - a) Anahola Town Center – capture passersby traveling to Kapa`a
 - b) Anahola Clubhouse - develop community initiatives
 - c) Irrigation systems – secure and manage water resources – many issues to consider due to age. Four dams are being monitored Goal - develop agricultural benefits
 - d) Kanuikapono Charter School – utilizes property in uplands and mouth of river as study labs; area yet to be delineated for those purposes
 - e) Improvement to access Anahola from a designated left hand turn lane

West Kaua`i Regional Plan

- 1) Over 15,000 acres in Waimea – licensed to Division of Forestry and Wildlife (DOFAW) for public contained game management, 1 Pastoral lessee
- 2) 52 acres in Kekaha, 117 residential lessees; 365 acres in Hanapepe, 46 residential lessees on Moi Rd.
- 3) Act 14 Settlement in Dec, 2012– acquisition of 50 acres of land which need to be identified from Department of Agriculture (DOA) for DLNR holdings for future residential use.
- 4) Five priority projects:
 - a) Develop agriculture and water plan for West Kaua`i. Rugged terrain - may need to swap lands with DLNR. Partnering to develop hydroelectric opportunities.
 - b) Develop a multi-purpose, educational and evacuation shelter. Village concept being considered

- c) Kekaha Enterprise Center – identified as Lot 51, in conjunction with NAHASDA being developed by Kaua'i Community College and CNHA.
- d) Develop Renewable energy projects for agriculture
- e) Develop Hanapepe Lots for agricultural use

Many opportunities and proposals are beginning to happen to Anahola, noted Commissioner Aiu. He indicated Wailua has one of the richest lands on the island, yet is underutilized. Commissioner L. DaMate asked Ms. Chinn if community is involved with hunting issue process as it provides subsistence to lessees. Planner Kaleo Manuel clarified beneficiaries have been involved with discussions and wish to continue hunting and negotiate for other lands for residential/agriculture use.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

- 1) Re: Items A-1, A-2, C – 3, G-3 Items – Testifier Blossom Feiteira, Association of Hawaiians For Home Lands (AHHL)

A-1 - Ka Pua Initiative – Ms. Feiteira says partnership in the Ka Pua project is a worthy opportunity for communities. She welcomes neighbor island beneficiaries to weigh in on beneficiary consultation.

A-2 – Kaua'i Regional Plans - Concerned with lands in Waimea, Kaua'i being limited to "hunting only". Ms. Feiteira wants assurances beneficiaries are part of the mana'o. in regional plan development for residential and agriculture usage.

C-3 – Resolution 265 – Engaging Homestead Associations – Has worked diligently over the years to establish good relationships and formulizing those relationships into partnerships.

C-4 – Waiohuli Community Economic Development Grant – What impacts one community will impact all communities statewide. She applauds this community's efforts.

G-3 – Declaration of Covenants, Conditions and Restrictions (DCCR) – Emphasis needs to be applied how lessees perceive what DCCR's truly mean as lessees tend to overlook its effects.

MOTION/ACTION

Moved by Commission K. Hopkins, seconded by Commissioner I. Aiu to commence with Item J-2 due to large presence of interested parties. Motion carried unanimously

ITEM NO. J-2:

SUBJECT: Request to Address the Commission - Kawai Warren – Pu'u Opae Plan

MOTION/ACTION

None. For Information Only

Kekaha Homestead Association President Kawai Warren presented a power point on Pu'u Opae. Pu'u Opae project – place of refuge where Hawaiians can reconnect with lands to share farming and pastoral skill; a plan for healing and fulfilling the Hawaiian Homes Act.

- Identified area as the “kula” for growing sweet potato and taro
- prepped as bio-intensive and organic farming by Hawaiians – attempting to integrate an international sustainable model

Values: 1) Akua first where earth and water is connected to Akua. 2) Responsibility: no greed, no hoarding; kuleana: connecting the Hawaiians with the land; 3) Kupuna to `opio: passing on the Hawaiian guidelines for future generation.

The area encompasses 15,000 acres in West Kaua'i. Heiau has over 3,000 acres and the lands require protection and not desecration by future land tenants, noted Kawai Warren. Its lands provide an opportunity for practicing conservation. The “ili” was in a land area where ali'i used it as a community garden, and today, used as a healing and learning center. Hydro and solar comprise main funding for this project in five-seven years.

Water is the most important source making this area significant for future generations to access. Organic farming reduces the cost of fertilizer - pesticides while maintaining healthy farming for community to learn and work together. Lands provided according to usage and needs. Good food and opportunities provide for sustained healthy bodies. Material provided to be made a part of these minutes as Exhibit "A".

MOTION/ACTION

Moved by Commissioner K. Hopkins to convene with Item J-1, seconded by Commissioner L. DaMate. Motion carried unanimously.

ITEM NO. J-1

SUBJECT: Request to Address the Commission – Bo Kahui, La'i`opua 2020 Update

Executive Director of La'i`opua 2020 and Villages of La'i`opua Bo Kahui updated the commission on the progress of this project. Bo Kahui indicated he has been working with Kamehameha Schools to partner in establishing a pre-school for this community.

La'i`opua 2020 is at a juncture in development by completing County of Hawai'i approval to initiate its first phase development of a medical clinic, community center and pre-school. . Predevelopment entitlement plans on water, sewer and electrical are completed. An equity investment of \$2,000,000 dollars has been spent thus far.

A request of \$5,000,000 dollars received from Health Resource Service Administration (HRSA) to commence vertical construction of the medical clinic. Monies from CIP and Legislature totaled \$400,000 dollars which is insufficient to provide vertical construction of the community facility. To not lose the opportunity to move forward, Bo Kahui is submitting a request for grant funds from NAHASDA. Costs will average near \$17,000,000 dollars. Acting Chairman Artates commended Bo Kahui for his dedication and commitment to La'i'opua 2020. Material provided to be made a part of these minutes as Exhibit "A."

(cont.) PUBLIC TESTIMONY ON AGENDIZED ITEMS

- 2) A-1 – Kaua'i Regional Plans – Testifier: Anahola Hawaiian Homestead Association (AHHA) president, Lorraine Rapoza expressed gratitude to Chairman Nahale-a and Deputy Ka'uhane for the \$60,000 in grants. She says Anahola is coming into an era where the community is giving back to the department with the implementing of solar, biomass and agriculture lot projects. Anahola beneficiaries take pride and want to improve conditions for themselves. She encourages other communities to pursue funding from NAHASDA and USDA.

ITEM NO: C-1

SUBJECT: Nanakuli Housing Corp. – NAHASDA 2010 Grant Deliverables (For Information Only)

MOTION/ACTION

None. For Information Only.

DISCUSSION

DHHL representative Trish Paul updated the commission on two open grants issued NAHASDA to Nanakuli Housing Corporation. Nanakuli Housing Corporation provided assistance for O'ahu families who completed training and financial counseling, in addition, homeowner assistance was provided for families needing extensive home repairs. Construction materials were provided for these programs and work plans, and repairs completed for all members involved in the self-help program. The department completed and approved the environmental records for the first contract.

The environmental records for the second contract work plans provided construction materials for roof repairs, bathroom renovations, handicap access and wheel chair ramps. One family received a solar water heater. Final task for both contracts is the down payment assistance for home replacement. Funding delays have affected financing through USDA. Once disbursements have been issued for down payment assistance, both contracts will be closed. Commissioner M. Kahikina asked how families are selected. Ms. Paul explained that orientation is held for interested parties where information is gathered to determine who are NAHASDA eligible. Selections are made through a workshop attendance, added Ms. Paul.

MOTION/ACTION

Moved by Commissioner L. DaMate, seconded by Commissioner I. Aiu to defer Item C-2 until the next month. Motion carried unanimously.

ITEM NO: C-3

SUBJECT: Resolution 265 – Engaging Homestead Associations

MOTION

Moved by Commissioner M. Kahikina, seconded by Commissioner I. Aiu.

AMENDED MOTION

Moved by Commissioner K. Hopkins to amend the “NOW THEREFORE BEIT RESOLVED, **“the Hawaiian Homes Commission”** (replaces “Chairman”) is authorized to enter into Memorandums of Understanding..., seconded by Commissioner I. Aiu. Motion carried unanimously.

MOTION TO DEFER

Commissioner K. Hopkins requested to defer this item and forward the resolution to homestead association presidents to provide input from its community before a final decision is rendered, seconded by Commissioner L. DaMate.

WITHDRAW DEFERRAL

Commissioner K. Hopkins withdrew his deferral to allow Commissioner L. DaMate an opportunity to amend the Resolution, seconded by Commissioner R. Tassill.

2ND AMENDED MOTION

Moved by Commissioner L. DaMate to change paragraph 3 - WhereasCongress delegated the authority and responsibility to administer “**in Trust**, the Hawaiian Homes Commission Act of 1920 to the State of Hawai'i with an oversight by the federal government"; seconded by Commissioner K. Hopkins.

DISCUSSION

Deputy Attorney General Kalani Bush recommends this matter be addressed in executive session.

MOTION/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner M. Kahikina to adjourn to Executive Session. Motion carried unanimously.

RECESS: 12:40 p.m.

EXECUTIVE SESSION

The Commission convened in Executive Session Pursuant to Section 92-5 (a), HRS, to consult with its attorney on questions and issues pertaining to Resolution 265.

RECONVENE 1:10 p.m.

Moved by Commissioner K. Hopkins, seconded by Commissioner L. DaMate to reconvene in regular meeting. Motion carried unanimously.

Note: Commissioner I. Lee Loy is present.

ITEM NO. C-3 (cont)

SUBJECT: Resolution 265 – Engaging Homestead Associations

DISCUSSION

Deputy M. Ka'uhane reviewed all amendments to Resolution 265:

1st) Change in third paragraph, WhereasCongress delegated the authority and responsibility to administer "**in Trust**", the Hawaiian Homes Commission Act of 1920 to the State of Hawai'i.

2nd) NOW THEREFORE BEIT RESOLVED, THE Hawaiian Homes Commission authorizes the Chairman to "**prepare**" Memorandums of Understanding.....(add to the end of paragraph) "**subject to approval by Hawaiian Homes Commission**"

3rd) This resolution accomplishes the following:
"Enables DHHL ~~administratively~~ to enter into MOU's with specific "**beneficiary**" governed homestead associations

MOTION TO AMEND/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Aiu to approve the above amended changes to the resolution. Motion carried unanimously.

ACTION

Motion carried unanimously.

RECESS: 1:12 p.m.

MOTION/ACTION

Moved by Commissioner I. Aiu, seconded by Commissioner R. Tassill to recess for 15 minutes.
Motion carried unanimously.

RECONVENE 1:20 p.m.

MOTION/ACTION

Moved by Commissioner I. Lee Loy, seconded by Commissioner M. Kahikina to reconvene to regular session. Motion carried unanimously.

ITEM NO: C-4

SUBJECT: Approval of Wai'ohuli Community Economic Development Grant

Note: Chairman Pro Tem P. Artates recused himself from voting due to his affiliation with Wai'ohuli Hawaiian Homestead Association.

RECOMMENDATION

Home Ownership Assistance Program Manager Lucy Pascual requested approval of Budget Amendment No. 3 for FY 2011-2012 which is to authorize \$250,000 dollars from Native Hawaiian Rehabilitation Fund (NHRF) to finance a grant application for Waiohuli Hawaiian Homesteaders Association (WHHA) submitted on March 1, 2011.

MOTION

Moved by Commissioner I. Lee Loy, seconded by Commissioner K. Hopkins.

DISCUSSION

When Chairman Nahale-a assumed office in January 2011, the Office of the Chair took over managing the Kulia Ika Nu'u grant program previously administered by the Planning Office. Waiohuli was one of the last remaining homesteads which submitted a Stage 3 certification at a

meeting held in late 2010. Due to an uncertainty of verification, the item was withdrawn and inadvertently never appeared before the commission again. The grant has since been reviewed and found to meet all criteria for Stage 3 approval. Pua Gomes, WHHA Secretary, declared WHHA is ready to take a stand and move forward after 10 years of planning. Ms. Gomes thanked Deputy Ka'uhane and Maui staff member Maria Ornellas for their assistance and kokua. Commissioners congratulated WHHA for achieving this goal.

ACTION

Motion carried unanimously.

ITEM NO: C-5

**SUBJECT: Request to Reprogram Native Hawaiian Rehabilitation Fund from
FY 2011 to FY 2012**

RECOMMENDATION

That Hawaiian Home Lands (HHC) approve reprogramming of \$38,500 dollars Native Hawaiian Rehabilitation Fund (NHRF) grants approval from FY 2010-2011 to FY 2012-2013. Reprogramming should include amending date requirements of products, stated Lucy Pascual, HOAP Manager.

MOTION/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-1

SUBJECT: HSD Status Reports

MOTION/ACTION

None. For Information Only

ITEM NO: D-2

SUBJECT: Approval of Various Lease Awards

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-3

**SUBJECT: Rescission of Homestead Lease Award and Reinstatement of Application -
East Kapolei I, Undivided Interest**

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-4

SUBJECT: Ratification of Loan Approval

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-5

SUBJECT: Approval of Consent to Mortgage

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-6

SUBJECT: Schedule of Loan Delinquency Contested Case Hearings

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-7

SUBJECT: Homestead Application Transfers/Cancellations

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-8

SUBJECT: Reinstatement of Deferred Applications

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-9

**SUBJECT: Commission Designation of Successor to Application Rights - Public Notice
2006 and 2010**

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-10

**SUBJECT: Cancellation of Deceased Applicants from Waiting List - Public Notice
2006 and 2010**

MOTION/ACTION

Moved by Commissioner I. Aiu, seconded by Commissioner M. Kahikina. Motion carried unanimously.

ITEM NO: D-11

**SUBJECT: Ratification of Designation of Successors to Leasehold Interest and
Designation of Persons to Receive Net Proceeds**

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-12

SUBJECT: Approval of Assignment of Leasehold Interest

MOTION/ACTION

Moved by Commissioner R. Tassill, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-13

SUBJECT: Approval of Amendment of Leasehold Interest

MOTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins.

DISCUSSION

Deputy Attorney General K. Bush recommended deferral to executive session.

AMENDED MOTION/ACTION

Moved by Commissioner M. Kahikina to defer this item to executive session, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-14

SUBJECT: Approval of Assignment of Leasehold Interest - Rose Kahalewai

MOTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins.

DISCUSSION

Acting Homestead Administrator Dean Oshiro claims this item appeared on last month's agenda which revealed the transferee had a previous obligation to the department and needs to be rectified. This submittal was restructured to clarify the importance of meeting those obligations to make this trust whole.

MOTION TO DEFER/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner R. Tassill to defer this item to executive session. Motion carried unanimously.

ITEM NO: D-15

SUBJECT: Approval of Amendment of Leasehold Interest

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-16

SUBJECT: Request to Schedule Contested Case Hearing - Lease Violations

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-17

SUBJECT: Designation of Successor - Louise P. Ku / Clara K. Ku

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-18

SUBJECT: Designation of Successor - Clifford K. Keahi

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: D-19

**SUBJECT: Request to Approve Third Party Agreements - Lot Nos. 1, 6, 7, 9, 10, 17
& 23-A, Pu'uapu, Kamuela, Hawai'i, and Lot No. 16, Nienie, Hamakua,
Hawai'i**

MOTION/ACTION

Moved by Commissioner M. Kahikina, seconded by Commissioner K. Hopkins.

MOTION TO DEFER

Moved by Commissioner M. Kahikina to defer this item to executive session, seconded by Commissioner K. Hopkins. Motion carried unanimously.

ITEM NO: F-1

SUBJECT: General Lease No. 245, Waiakea Center, Inc., Waiakea, Island of Hawai'i

RECOMMENDATION

Land Management Administrator Linda Chinn noted a second paragraph was added to this general lease to allow the Lessor (Department of Hawaiian Home Lands) to designate a non-profit organization to receive funds of not less than \$100,000 dollars from the Lessee (Waiakea Center) and sublessees to promote community development, educational and cultural projects for the Hawaiian community. Lessor will select the recipient based on an elected and organized non-profit foundation or organization.

MOTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Aiu.

DISCUSSION

The original document determined which non-profit entity received funding from Waiakea Center. With this current provision, Department of Hawaiian Home Lands will determine where those funds will be directed. Since 1996, Ha'ola, Inc. has been the sole recipient of these community benefit contributions. However, due to non-compliance to provide financial statements and board meeting minutes on how funds were being utilized, Waiakea Center curtailed funding to Ha'ola, Inc in 2011, articulated Ms. Chinn.

Keaukaha Community Assn. and Panaewa Hawaiian Homestead Community Assn received a "lions share" of these funds, stated Commissioner Lee Loy, a member of the Panaewa Farmers Association. A Ha'ola Inc. board member informed him funds were being redirected for scholarship use. One option suggested placing these funds in the NHRF funds and have foundations apply for it. Commissioner Hopkins expressed empathy for the communities to allow them an opportunity how those funds should be utilized. He recommends adjourning in executive session to consult with its attorney on this matter.

MOTION/ACTION

Moved by Commissioner I. Lee Loy, seconded by Commissioner K. Hopkins to adjourn to executive session. Motion carried unanimously.

RECESS: 2:05 P.M.

EXECUTIVE SESSION

The Commission adjourned to executive session to consult with its attorney on this matter.

RECONVENE: 2:25 P.M.

MOTION/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Lee Loy to reconvene in regular session. Motion carried unanimously.

ITEM NO. F-1 (cont)

SUBJECT: General Lease No. 245, Waiakea Center, Inc., Waiakea, Island of Hawaii

MOTION/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Lee Loy to defer until further information is made available. Motion carried unanimously.

ITEM NO. F-2

SUBJECT: Annual Renewal of Revocable Permits, Statewide

RECOMMENDATION

- 1) Continuation of Revocable Permits listed on Exhibit "A" at the recommended rentals, effective July 1, 2012;
- 2) Authorize to extend all Revocable Permits issued by June 30, ~~2011~~ 2012, on a month-to-month basis up to 12 months, but not longer than June 30, ~~2012~~ 2013; (2 corrections were noted)
- 3) Authorize Chairman to negotiate and set forth other terms and conditions deemed necessary

MOTION

Moved by Commissioner I. Aiu, seconded by Commissioner K. Hopkins.

DISCUSSION

Land Management Administrator Linda Chinn s says this is a report of all month-to-month revocable permits (RP). Knowing that the purpose is a holding position for the land to generate income, Commissioner I. Aiu recommended to approve all permits until such time when an RP is

transitioned to a general lease or revoked due to non-compliance, etc. Commissioner K. Hopkins requested to adjourn to executive session to consult with its attorney on this matter.

MOTION/ACTION

Moved by Commissioner K. Hopkins to adjourn to executive session to consult with its attorney on this matter, seconded by Commissioner R. Tassill. Motion carried unanimously

RECESS: 2:30 P.M.

EXECUTIVE SESSION

The Commission convened in executive session to discuss with its attorney on matters pertaining to Revocable Permits.

RECONVENE: 3:05 P.M.

ITEM NO. F-2 (cont.)

SUBJECT: Annual Renewal of Revocable Permits, Statewide

ACTION

Motion carried unanimously.

ITEM NO. F-3

SUBJECT: Ratification of Consents and Approvals by Chairman, Hawaiian Homes Commission

RECOMMENDATION

- 1) Extend License Agreement Nos. 488 & 612 to 10 year term;
- 2) Improvement plans for Safeway in Panaewa, License No. 284;
- 3) Approval of plans for Kalama`ula Homesteaders, License No. 754;
- 4) Consent to Sublease for General Lease 202.

MOTION

Moved by Commissioner L. DaMate, seconded by Commissioner K. Hopkins.

DISCUSSION

Commissioner K. Hopkins commended Land Management Administrator Linda Chinn on the lease rent especially in the whole retail property.

ACTION

Motion carried unanimously.

ITEM NO. F-4

SUBJECT: Notices of Default and Revocations, Statewide

RECOMMENDATION

To ratify two notices of default for RP No. 375 - Bears Trucking and License No. 725 - Blow Up, LLC

MOTION

Moved by Commissioner I. Aiu, seconded by Commissioner M. Kahikina.

DISCUSSION

Bears Trucking was on a workout repayment plan but unfortunately has fallen behind on payments, again. Thus, the department has determined it will need to cancel its Revocable Permit. In the meantime, Blow Up, LLC requested concessions be made for payments due to a buyout of another company. Money was promised and the department allowed Blowup additional time to complete its transaction. Unfortunately, no money was proffered; therefore the department has decided to cancel the license and make an effort to recover what is owned, explained Administrator Linda Chinn.

ACTION

Motion carried unanimously.

ITEM NO. G-1

SUBJECT: Honokaia Pastoral Lot Awards, Phase 2 (For Information Only)

MOTION

None. For Information Only.

DISCUSSION

Due to a settlement agreement on the Aged Hawaiians Settlement Agreement of pastoral lands in Honokaia, Waimea, Phase II lot selection will afford an additional 20 lessees an opportunity to receive a parcel based on a date of application. Lots will be smaller than those previously issued; up to 50 acres. Ranch plans were submitted; then delayed due to the Lum lawsuit. A settlement was agreed upon and plans are moving forward in July 2012 to award the balance of the lands.

These lots will be awarded similar to Phase I awards where no water will be available. Planning Administrator Darrell Yagodich assured the commission these lots are in an area with good rainfall where water catchments will likely be used.

Blossom Feiteira, former president of Hui Kako'o Aina Ho'opulapula, participated in a development of a resolution for the Aged Hawaiians lawsuit and claims the department emphasized to potential lessees no water and no infrastructure would be available. Lessees would require utilizing their own resources for this. Commissioner L. DaMate pointed out lessees are now claiming Hawaiian Homes Commission Act guarantees them water. Planning Administrator Darrell Yagodich claims that half of the lessees have received matching federal grants and have structured water catchments on their lands (Phase I).

Commissioner K. Hopkins asked what makes this award different from the first award, where lessees signed papers agreeing to these conditions, and then the department gets sued. Attorney General K. Bush says he is uncertain, and doesn't know what previous advice was given. This is how the Honokaia Settlement was structured.

According to Darrell Yagodich, these lands are deemed better lands due to the 60 inches or more of natural rainfall it receives as determined by Department of Water Supply, Hawai'i County.

ITEM NO. G-2

SUBJECT: Approval of Ka'u Regional Plan

MOTION

Moved by Commissioner L. DaMate, seconded by Commissioner K. Hopkins.

DISCUSSION

Commissioner L. DaMate congratulated Planner Kaleo Manuel for taking on the Ka'u Regional Plan and providing excellent reporting of comments. Commissioner I. Lee Loy recognized Kaleo Manuel's interest and investment put forth, and because of it, the Ka'u community formed its own homestead association.

Commissioner DaMate would like commendations be added to their files.

Planner Kaleo Manuel listed the five priority projects for Ka'u:

- 1) Affordable Homestead alternatives in Ka'u
- 2) Create Ka'u homestead community association
- 3) Obtain additional water for homestead lots in Kama'oa, Pu'u'e'o and Wai'ohinu
- 4) Protect and preserve cultural site and natural resources in Kama'oa
- 5) Agricultural leases at Wai'ohinu; pursue partnership with DLNR for homesteading

ACTION

Motion carried unanimously.

ITEM NO. G-3

**SUBJECT: Declaration of Covenants, Conditions and Restrictions (DCCR) Communities
(For Information Only)**

MOTION/ACTION

None. For Information only.

DISCUSSION

Communities that have DCCR's allow community associations to exercise more direct control over their affairs and can cite people for not following the house rules or design criteria to be set for them. For many communities, the training is very important – going from DCCR's without a board, to an interim board, to an elected board within a one-year period, noted Planner Darrell Yagodich. In order for HUD to close loans, DCCR's are setup prior to awards and it's the people who create the DCCR's to fit their situation.

KANO has been contracted to assist with bylaws, Articles of Incorporation, conducting elections, providing corporate organizational training, and assisting with securing mail boxes. Meetings are scheduled with newer associations that don't have DCCR's so they can benefit from these services. The department will address issues that face DCCR communities to review the Kanawai's before coming back to the commission for approval. The contract ends at the end of the year and training and services should be completed by then.

ITEM NO. H-1

**SUBJECT: Amendment to Office of Hawaiian Affairs Memorandum of Agreement,
OHA Contract No. 2337**

MOTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Aiu.

DISCUSSION

An MOA (Memorandum of Agreement) exists between OHA and DHHL of which OHA pays \$3,000,000 debt service annually for DHHL to float a 42.5 million dollar revenue bond. In preparing audits of both entities at the end-of-year, OHA sees that DHHL reports the actual cash up front that reflects \$90,000,000. Auditors agreed to allow OHA to reflect similar reporting in their books to be more in sync.

ACTION

Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Lee Loy to adjourn to executive session to discuss Items D-13, D-14 & D-19 which were deferred to executive session.

RECESS: 3:50 P.M.

EXECUTIVE SESSION

The Commission convened in executive session to consult with its attorney on matters pertaining to commission's powers, duties and liabilities on these issues as stated.

1. Approval of Amendment of Leasehold Interest – Deniose H. Ventura
2. Approval of Assignment of Leasehold Interest – Rose Kahalewai
3. Request to Approve Third Party Agreement: Lots 1,6,7,9,10,17 & 23-A – Pu'ukapu, Kamuela, Hawai'i, and Lot No. 16, Nienie, Hamakua, Hawai'i

RECONVENE 4:15 P.M.

MOTION/ACTION

Moved by Commissioner L. Lee Loy, seconded by Commissioner K. Hopkins to reconvene in regular session. Motion carried unanimously.

ITEM NO. D-13 (cont)

SUBJECT: Approval of Amendment of Leasehold Interest – Denise H. Ventura

MOTION

Moved by Commissioner K. Hopkins, seconded by Commissioner L. DaMate.

Note: Commissioner I. Aiu - excused

DISCUSSION

Commissioner K. Hopkins clarified this is one case we can form policy to take care of the things going forward case by case. The Trustee should be informed that this commission will set policy to address those on the waitlist verses the first individual that comes up with the money, noted Commissioner I. Lee Loy. Deputy Attorney General said if anyone comes back later, this is the policy of the commission going forward.

ACTION

Motion carried. Commissioner Aiu – excused.

ITEM NO. D-14 (cont)

SUBJECT: Approval of Assignment of Leasehold Interest – Rose Kahalewai

MOTION

Moved by Commissioner K. Hopkins, seconded by Commissioner L. DaMate. Motion carried unanimously. Commissioner Aiu – voted.

ITEM NO. D-19 (cont)

SUBJECT: Request to Approve Third Party Agreements – Lot Nos. 1,6,7,9,10,17 & 23-A, Pu'ukapu, Kamuela, Hawai'i and Lot No. 16, Nienie, Hamakua, Hawai'i

MOTION

Moved by Commissioner K. Hopkins, seconded by Commissioner I. Lee Loy.

DISCUSSION

Commissioner K. Hopkins communicated this matter needs to be reviewed again and denies support of the recommendation. Commissioners Lee Loy and DaMate concur that rules need to be addressed for third party agreements and agree to not support this measure. Commissioner M. Kahikina supports the decision of both Big Island commissioners. Commissioner R. Tassill is not in support of this motion.

ACTION

This motion was "voted down" unanimously. Yes = "0" A'ole: Aiu, DaMate, Hopkins, Kahikina, Lee Loy, Tassill, Artates = 7.

RECESS: 4:40 P.M.

EXECUTIVE SESSION

The Commission convened in Executive Session Pursuant to Section 92-5 (a), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities and liabilities of the following items.

4. Richard Nelson, III, Kaliko Chun et al. v HHC, Civil No. 09-1-161507
5. Maui County Tax Settlement
6. Civil Union Law
7. Kamehameha Schools VOA – Protential General Leases (deferred)

RECONVENE 4:52 P.M.

Moved by Commissioner I. Aiu, seconded by Commissioner K. Hopkins to reconvene to regular meeting. Motion carried unanimously.

ADJORNMENT: 4:52 P.M.

Moved by Commissioner K. Hopkins, seconded by Commissioner M. Kahikina to adjourn the regular meeting. Motion carried unanimously.

ANNOUNCEMENTS AND ADJOURNMENT


NEXT MEETING The next regular monthly meeting will be held on June 18, 2012
Kapolei, O'ahu

ANNOUNCEMENTS Next community meeting will be held at Papakolea Community Center,
2150 Tantalus Dr., Honolulu, Hawai'i at 6:00 p.m.

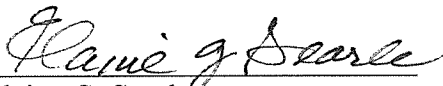
ADJOURNMENT 4:52 p.m.

Respectfully submitted:



 Albert "Alapaki" Nahale-a, Chairman
Hawaiian Homes Commission


Prepared by:



Elaine G. Searle
Secretary to the Commission

APPROVED BY:
The Hawaiian Homes Commission
At Its Regular Monthly Meeting of
June 18, 2012



 Jobie M.K. Masagatani, Chair Designate