

**HAWAIIAN HOMES COMMISSION**  
**Minutes of April 11 and 12, 2016**  
**Meeting held at Kūlana ‘Ōiwi Conference Room**

Pursuant to proper call, the 674<sup>th</sup> Regular Meeting of the Hawaiian Homes Commission was held at the Kūlana ‘Ōiwi Conference Room, 600 Maunaloa Highway, Kalama‘ula, Moloka‘i, Hawai‘i, beginning at 9:00 a.m.

**PRESENT** Jobie M. K. Masagatani, Chair  
Doreen N. Canto, Maui Commissioner  
Kathleen P. Chin, Kaua‘i Commissioner  
Gene Ross K. Davis, Moloka‘i Commissioner  
Wallace A. Ishibashi, East Hawai‘i Commissioner  
David B. Ka‘apu, West Hawai‘i Commissioner  
Wren Wescoatt III, O‘ahu Commissioner

**EXCUSED** Michael P. Kahikina, O‘ahu Commissioner  
William K. Richardson, O‘ahu Commissioner

**COUNSEL** Matthew Dvonch, Deputy Attorney General

**STAFF** William J. Aila Jr., Deputy to the Chairman  
Niniau Simmons, NAHASDA Manager  
Paula Aila, Hale Manager  
Hokulei Lindsey, Administrative Rules Officer  
Leah Burrows-Nuuanu, Secretary to the Commission  
Rodney Lau, Administrative Services Officer  
Dean Oshiro, Acting Homestead Services Division Administrator  
Norman Sakamoto, Acting Land Development Division Administrator  
P. Kahana Albinio, Acting Land Management Division Administrator  
Kaleo Manuel, Acting Planning Office Manager  
Nancy McPherson, Planner  
John Peiper, Land Agent/Enforcement Officer  
Paul Ah Yat, Enforcement Officer  
Ku‘uwehi Hiraishi, Info. Specialist  
Halealoha Ayau, Acting Moloka‘i District Office Manager  
Michelle Alfante, Moloka‘i District Office  
Julie Kaupu, Moloka‘i District Office

**ORDER OF BUSINESS**

**CALL TO ORDER/ROLL CALL**

Chair Masagatani called the meeting to order at 9:00 a.m. Seven (7) members present at roll call. Commissioners Kahikina and Richardson were excused.

**APPROVAL OF AGENDA**

Moved by Commissioner Canto, seconded by Commissioner Davis, to approve the agenda. Motion carried unanimously.

**MOTION/ACTION**

Moved by Commissioner Davis, seconded by Commissioner Canto, to convene in executive session pursuant to section 92-5 (a) (4), HRS. Motion carried unanimously.

## EXECUTIVE SESSION IN

9:02 AM

The Commission convened in executive session pursuant to section 92-5 (a) (4), HRS, to consult with its legal counsel on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities.

- I. Update on Nelson Case- Richard Nelson, III et al., v HHC, Civil No. 07-1-1663
- II. For Information Only – the United States of America, Secretary of the Air Force, General Lease No. 254, Ho'olehua-Pala'au, Island of Moloka'i, TMK No. (2)5-2-06:063

## EXECUTIVE SESSION OUT

11:26 AM

Chair Masagatani thanked everyone for their patience while the Commission deliberated in executive session.

## ITEMS FOR DECISION MAKING

### CONSENT AGENDA

### HOMESTEAD SERVICES DIVISION

- ITEM D-2** Ratification of Loan Approvals (see exhibit)
- ITEM D-3** Approval of Consent to Mortgage (see exhibit)
- ITEM D-4** Approval of Streamline Refinance of Loans (see exhibit)
- ITEM D-5** Approval to Schedule Loan Delinquency Contested Case Hearings (see exhibit)
- ITEM D-6** Approval of Refinance of Loans (see exhibit)
- ITEM D-7** Approval of Homestead Application Transfers / Cancellations (see exhibit)
- ITEM D-8** Ratification of Designations of Successors to Leasehold Interest and Designation of Persons to Receive Net Proceeds (see exhibit)
- ITEM D-9** Approval of Assignment of Leasehold Interest (see exhibit)
- ITEM D-10** Approval of Amendment of Leasehold Interest (see exhibit)
- ITEM D-11** Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)

### RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: Motion to approve items listed on the Homestead Services Division Consent Agenda.

### MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Ishibashi, to approve the motion as stated. Motion carried unanimously.

### REGULAR AGENDA

### OFFICE OF THE CHAIRMAN

- ITEM C-1** **Accept Beneficiary Consultation Report for Department of Hawaiian Home Lands Proposed Amendments to Title 10, Hawaii Administrative Rules**

### RECOMMENDED MOTION/ACTION

Administrative Rules Officer Hokulei Lindsey recommended the following: Motion that the Hawaiian Homes Commission accepts the Beneficiary Consultation Report on the Department of Hawaiian Home Lands Proposed Amendments to Title 10, Hawaii

Administrative Rules as the formal record of the DHHL's consultation with beneficiaries in accordance with the Commission's Administrative Rules Development, Review, and Amendment Process.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Ishibashi, to approve the motion as stated in the submittal. Motion carried unanimously.

**ITEM C-2      Accept 2016 Annual Housing Plan for Title VIII, Native American Housing and Self Determination Act**

RECOMMENDED MOTION/ACTION

NAHASDA Manager Niniau Simmons recommended the following:  
Motion to accept the 2016 Native Hawaiian Housing Block Grant Annual Housing Plan for submission to the U.S. Department of Housing and Urban Development.

DISCUSSION

N. Simmons stated the Annual Housing Plan is the same report filed each year in accordance with 24 CFR Part 1006, Title VIII of the Native American Housing and Self Determination Act (NAHASDA).

Notable changes this year include:

- Capital Improvement Projects are now listed as one activity, instead of by project. This allows more room in the budget section and shortens the housing plan itself.
- Water infrastructure improvements are a new activity this year. DHHL intends to leverage USDA monies to improve its water systems at Anahola, Kaua'i and Ho'olehua, Moloka'i.
- Language regarding the Nelson decision was included in the Housing Needs section.
- This year, the DHHL also included estimated NAHASDA funding needs for home rehabilitation, bringing the combined total need to \$10.8 billion.

MOTION/ACTION

Moved by Commissioner Ishibashi, seconded by Commissioner Canto Ishibashi, to approve the motion as stated in the submittal. Motion carried unanimously.

**LAND DEVELOPMENT DIVISION**

**ITEM E-1      New 5-year Agreement, Hawaii Community College Model Home Project**

RECOMMENDED MOTION/ACTION

Acting Land Development Division Administrator Norman Sakamoto recommended the following:  
Motion to authorize the Department to enter into a new 5-year agreement with the University of Hawai'i ("UH") to construct houses on Hawaiian Home Lands using the Hawai'i Community College ("HCC") Model Home Program.

DISCUSSION

On October 27, 1998, Hawaiian Homes Commission authorized DHHL to enter into an agreement with the UH, for its HCC, to annually provide a vacant lot and the Hilo area for HCC's Model Home program. The first Agreement was signed on November 30, 1998, between DHHL and the UH. Since that initial Agreement, three additional 5-year Agreements have been entered into, and seventeen (17) homes have been built under the Agreements. A copy of the current 5-year Agreement is attached.

Chair Masagatani asked if the program can be expanded to include more than just one home. N. Sakamoto stated the number of students enrolled in this program determines the number of homes they can build. At this point, the class size allows only one home to be built.

Commissioner Chin asked who pays for the cost of materials. N. Sakamoto replied that DHHL reimburses the model home program for the cost of materials. The lessee reimburses the Department for the cost of the home after the secure financing, and the project is complete. The costs are like a self-help type project where the students provide sweat equity and, but electrical and plumbing services are contracted.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Ishibashi, to approve the motion as stated in the submittal. Motion carried unanimously.

**ITEM E-2 Approval of Lease Award – Rodney K. Kamalu**

RECOMMENDED MOTION/ACTION

Acting Land Development Division Administrator Norman Sakamoto recommended the following:

Motion to approve the award of Department of Hawaiian Home Lands Residence Lot Lease to the applicant listed in the submittal for 99 years, subject to the purchase of the existing improvements on the lot by way of a loan or cash.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Chin to approve the motion as stated in the submittal. Motion carried unanimously.

**LAND MANAGEMENT DIVISION**

**ITEM F-1 Approval to Issue License as Easement to Hawaii Pacific University, Waimanalo, Island of O‘ahu, TMK Nos. (1)4-1-014:005(por.) &:011(por.)**

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Peter “Kahana” Albinio presented the following:

Motion that the Hawaiian Homes Commission (HHC) authorizes the issuance of a non-exclusive license as an easement to HPU, covering the subject area as identified and described in the submittal for a non-exclusive license as easement purposes. Approval and issuance of this non-exclusive license as easement shall be subject to the conditions in the submittal.

DISCUSSION

K. Albinio stated that this item was brought to the Commission in January 2016 as a for information the only submittal. The Commission asked staff to do a beneficiary consultation in the community to make sure the community was on board with the project. LMD staff took the project to the community in March 2016, to date, there have been no concerns or issues from the community. Sam Moku of HPU and Sean Hollis of Oceanic Institute were in attendance.

Chair Masagatani asked if there were consultation meetings with the beneficiary Associations in the area. K Albinio confirmed that S. Moku has a letter of support from the Waimānalo Homestead Association. They have been working with the community in the last few months to develop not only a scholarship program for a Waimānalo student but also a future internship program for high school students.

Chair Masagatani mentioned that the Department holds a community meeting in Waimānalo once each year, and she would reserve some time on the agenda for an update on outreach efforts from the HPU/Oceanic Institute.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis, to approve the motion as stated in the submittal. Motion carried unanimously.

**ITEM F-2 Approval to Issue Addendum No. 3, License No. 204, U.S. Department of Transportation, Federal Aviation Administration, Waiakea, Island of Hawai'i, TMK No. (3)2-1-013:001(por.)**

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Peter “Kahana” Albinio presented the following:

Motion that the Hawaiian Homes Commission (HHC) authorizes the issuance of Addendum No. 3 to License No. 204 for continued use of roadway access to FAA, covering the subject area as identified and described in the submittal attachment. Approval and issuance of this Addendum No. 3 shall be subject to the conditions in the submittal.

Chair Masagatani asked what service the facility is used for. K. Albinio stated the facility is used for airport communications.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto, to approve the motion as stated in the submittal. Motion carried unanimously.

**PLANNING OFFICE**

**ITEM G-1 Declare a Finding of No Significant Impact (FONSI) for a Final Environmental Assessment (FEA), Improvements to the Ho'olehua Water System PWS No. 230, Portions of Parcels in TMK (2)5-2-005, (2)5-2-006, (2)5-2-007, (2)5-2-008, (2)5-2-009, (2)5-2-010, (2)5-2-012, (2)5-2-013, (2)5-2-021, (2)5-2-023, (2)5-2-024, (2)5-2-025, (2)5-2-032, and (2)5-2-033**

RECOMMENDED MOTION/ACTION

Grant Specialist Gigi Cairel and Acting Moloka'i District Manager Halealoha Ayau recommended the following:

Motion that the Hawaiian Homes Commission (HHC) declares a Finding of No Significant Impact (FONSI) based on the information provided in the Final Environmental Assessment (FEA) for the proposed improvements to the Ho'olehua Water System PWS No.230.

DISCUSSION

G. Cairel provided an overview of the project that started in 2011. It is one of the Department's major projects, estimated to cost \$30 million. DHHL is applying to the US Department of Agriculture for grant funds to fund the improvements. Today, the Department is asking for approval of the FONSI to move forward.

Chair Masagatani asked for an update on the timeframe the Department is dealing with to secure federal funds for the improvements. G. Cairel stated the USDA grant DHHL is applying to is for existing systems like the Moloka'i Water System that need major improvements and upgrades.

USDA gave DHHL a deadline of June 30, 2016, to get the grant application in. The Department should have all the pieces needed to submit the application by May.

Commissioner Chin asked if the project will require an environmental impact study. G. Cairel stated since the Department is planning to use some HUD funding, it requires a HUD environmental review record (ERR), and USDA has an environmental review (ER) requirement as well. All three studies are being done simultaneously. The FONSI is the most complex and has more requirements than the other two. One this one has approved the others should be finished soon after.

Commissioner Ka'apu asked if there would be a buffer zone to protect the cultural sites that were identified. H. Ayau stated the upgrades would replace the lines in the same corridors so there should be no disturbances outside of the current corridor.

Commissioner Davis thanked the DHHL team for their persistence and dedication. The project has been in the planning stages for a long time, and residents wondered how DHHL would find the funding. Residents are anxious to get the upgrades in place.

Commissioner Chin asked if the upgrades included increased capacity if the Department builds additional homes. H. Ayau stated the improvements would update the areas of the system that are 90-years old but do not increase capacity. DHHL's current water use permits are pending approval but the improvements will increase efficiency.

Commissioner Wescoatt asked what percent of the power is coming from the new Photo Voltaic System. G. Cairel stated when the sun is shining; they run the PV to power the pumps to fill up the tanks.

#### MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi, to approve the motion as stated in the submittal. Motion carried unanimously.

**ITEM G-2      Declare a Finding of No Significant Impact (FONSI) for a Final Environmental Assessment (FEA), St. Rita Catholic Church Master Plan, Nānākuli, O'ahu, TMK (1) 8-9-005:001, (1) 8-9-007:002(por.), and (1) 8-9-007:004(por.)**

#### RECOMMENDED MOTION/ACTION

Planner Julie Cachola presented the following:

Motion that the Hawaiian Homes Commission (HHC) declares a Finding of No Significant Impact (FONSI) based on the information provided in the Final Environmental Assessment (FEA) for the St. Rita Catholic Church Master Plan.

The St. Rita Catholic Church plans to demolish and remove all the existing facilities (church, rectory, Quonset hut, four portables and the restrooms). The site will be completely renovated with a new meeting hall to accommodate 300 people, a new church to accommodate from the present occupancy load of 180 to 400, and a single-story office building of approximately 2,200 square feet. Figure 2 provides an illustrative rendering of the completed renovations. Figure 3 provides a detailed site plan.

- The NEW CHURCH will be 5,650 square feet in size, able to accommodate 400 people. The façade of the existing church and bell tower will be designed into the construction of the new church.

- The NEW COMMUNITY/MEETING HALL will be 6,400 square feet in size and will include a large meeting area, classrooms, warm-up kitchen, storage, and men's and women's restrooms.
- The NEW OFFICE BUILDING will be 1,000 square feet and will include: Three (3) offices, a reception area waiting room, and men's and women's restrooms.

Based on the FEA analysis, including agency recommendations that have been incorporated into the FEA, DHHL staff concludes that the development, construction, and operation of St. Rita Church's facility Master Plan will not have a significant impact on the project area or surrounding vicinity. Should the HHC disagree with staff findings, an Environmental Impact Statement Preparation Notice (EISPN) may be issued instead of a FONSI, per HAR §11-200-11.2.

Chair Masagatani deferred action on the Item to the Tuesday agenda.

## **ITEMS FOR INFORMATION/DISCUSSION**

### **GENERAL AGENDA- Requests to Address the Commission**

#### **ITEM J-1      Cheyenne Hiapo Perry, Mauna Kea Watershed Alliance**

C. Perry represented the Mauna Kea Watershed Alliance (Alliance) in its request for a license to manage the watershed. The license is needed to access \$250,000 in federal funding, which has a due date in June. He introduced Lori Buchanan who has been in the land management field who offered to support his testimony.

L. Buchanan reiterated the urgency to do whatever it takes to help the Alliance access the funding to manage the watershed for everyone. Chair Masagatani explained the DHHL was a member of the Alliance previously. The complication now is that the Alliance is not a 501 (c) 3, and the parent fiscal agent is not a non-native, non-beneficiary organization. Beneficiaries have become more engaged and vocal about how the Department issues long-term land dispositions. The sensitivity of things happening in and around Humu'ula makes it even more complicated.

#### **ITEM J-2      John McBride – Mauna Kea**

J. McBride commented that the previous project sounds wonderful and something the Commission should approve. The only problem with it is that the Keaukaha Community Association applied to do something similar, and they are beneficiary comprised and operated. The Department just held a beneficiary consultation in Hilo, and it seemed like everyone agreed that no licenses should go to non-beneficiary organizations.

#### **MOTION/ACTION**

Moved by Commissioner Chin, seconded by Commissioner Davis, to convene in executive session pursuant to Section 92-5 (a)(4), HRS. Motion carried unanimously.

### **EXECUTIVE SESSION IN**

**1:10 PM**

The Commission anticipates convening in an executive meeting pursuant to Section 92 5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Notice of Proposed Rule Making for Procedures for Reestablishing a Government-to-Government Relationship with the Native Hawaiian Community

**ITEM J-3 Noelani Yamashita & Kauila Hanchett – Ka Honua Momona (KHM)**

N. Yamashita and K. Hanchett thanked the Commission for coming to Moloka‘i. They shared provided Commissioners with an update of their project. KHM’s relationship with DHHL started in 2005 with a limited ROE. They could meet all the project deliverables in year 3 of 5 and were granted a 35-year license for Ali‘i Fishpond, Kaloko LE Fishpond and a 1.46-acre lot for a mala and hale. The 35-year lease allowed them to leverage funds to be the first smart microgrid on Moloka‘i. Their social imperative is cultural and environmental stewardship and education.

K. Hanchett added KHM’s five core principals are: 1) Hoewe (Cultural Rootedness), 2) Kahu Hoilina (Environmental Stewardship), 3) Kukai ka Ha (Intergenerational Exchange), 4) Ka Imi‘ike (Lifelong Learning), and 5) Mahuaola (Health and Wellbeing).

**ITEM J-4 Stephanie K. Lauifi – 2016 Legislation on Blood Quantum**

S. Lauifi thanked the Commission for supporting the Moloka‘i Homestead Associations in the effort to get the blood quantum bill passed at the legislature this past session. Although the bill didn’t get passed this time around, the Moloka‘i contingent is committed to keeping trying. She asked the Commission to help spread the word to the homestead associations across the state as it does its annual meetings on every island.

**ITEM J-5 Skylla Villanueva – Lease #3442, Lot 112A, Ho‘olehua, Moloka‘i.**

S. Villanueva and her sister Tania Joao came before the Commission to ask for an update on her lease situation. They came before the Commission a year ago and after a long and arduous process, thought an agreement had been struck. They are back before the Commission a year later because nothing has materialized. Thinking that an agreement had been made, they moved forward with gathering 192 Norfolk pine trees and 342 slips of pine, 3000 feet of poly hose, and 800 feet of PVC pipe only to learn that another survey was done which changed the boundary by 20 ft. Everything they put in is now outside of the boundary.

**WORKSHOPS****ITEM C-1 US Department of Agriculture Water & Environmental Program**RECOMMENDED MOTION/ACTION

None. For information only. Grants Specialist Gigi Cairel provided an oral presentation on the USDA Water & Environmental Program.

DISCUSSION

G. Cairel explained that through Rural Utilities Service Water and Environmental Programs (WEP), rural communities obtain the technical assistance and financing necessary to develop drinking water and waste disposal systems. Safe drinking water and sanitary waste disposal systems are vital not only to public health but also to the economic vitality of rural America. Rural Development is a leader in helping rural America improve the quality of life and increase economic opportunities for rural people.



## **ITEM H-1 Budget Variance Report**

Note: This item was deferred to the May HCC meeting.

## **REGULAR AGENDA**

### **PLANNING OFFICE**

#### **ITEM G-4 Moloka'i Regional Update to the Hawaiian Homes Commission**

##### RECOMMENDED MOTION/ACTION

Deputy Director William Aila Jr. introduced Nancy McPherson, who presented updates on the existing plans and the status of their implementation.

##### DISCUSSION

###### Molokai Island Plan Implementation Status

Since its adoption in June 2005, there has been one land use amendment to the Molokai Island Plan. At the request of beneficiaries, and after beneficiary consultation was conducted, a land-use amendment re-designating 7,415 acres of General Agriculture and 62 acres of Community Use lands to Special District was approved by the Hawaiian Homes Commission on December 14, 2010.

In addition, a land exchange with the State of Hawaii of 6 acres of Community Use land adjacent to the Ho'olehua Fire Station and the Lanikeha Ho'olehua Community Center for 89 acres of land in Ma'ili, O'ahu, to be developed for residential homesteads, was executed in 2006. The former DHHL parcels in Community Use in Ho'olehua are now being planned for use by the Molokai Middle School. The separation of middle and high school students was identified as an issue and potential project in the Molokai Regional Plan.

###### Molokai Regional Plan

The Molokai Regional Plan was first adopted by the HHC in December of 2007 and subsequently updated in April of 2010. Outreach to and engagement with Molokai beneficiaries throughout the planning process identified the following priority projects:

- (1) Alternative Energy Initiative
- (2) Conduct Beneficiary Consultation on Large Scale Renewable Energy Development
- (3) Water Pressure Testing in Kalama'ula
- (4) Modify Septic Tank at Kiowea Park
- (5) Support Molokai Sustainment Farming Project, Ho'olehua Homestead Association

###### Miscellaneous Joint Projects

- (1) Kanakaloloa Cemetery Improvements -This project consists of the construction of the following
- (2) Kapa'akea Flood Mitigation Efforts
- (3) Kapuwiwa Coconut Grove Cleanup and Stabilization
- (4) 'Ohi'apilo Wetland and Bird Sanctuary Mitigation
- (5) Kalaupapa General Management Plan

## **GENERAL AGENDA- Requests to Address the Commission**

#### **ITEM J-6 Yama Kaholoaa, Vice-President Hawaiian Homes Cattle Association (HHCA)**

Y. Kaholoaa clarified that the Hawaiian Homes Cattle Association does not have a partnership with Ka Honua Momona (KHM), as was mentioned by N. Yamashita. HHCA has the license for the upper Kalama‘ula parcel and KHM had Nancy McPherson grant them access without discussing it with their board first. The HHCA board meets every month and has invited KHM to join them but no one came. He mentioned a scheduling conflict where KHM wanted to access the parcel at the same time they had a large cattle round-up. They asked KHM to reschedule but in the end, KHM was granted access by the Department.

**RECESS**

**4:45 PM**

DRAFT

**HAWAIIAN HOMES COMMISSION**  
**Minutes of April 11 and 12, 2016**  
**Meeting held at Kūlana ‘Ōiwi Conference Room, Kalama‘ula, Moloka‘i**

**PRESENT** Jobie M. K. Masagatani, Chair  
Doreen N. Canto, Maui Commissioner  
Kathleen P. Chin, Kaua‘i Commissioner  
Gene Ross K. Davis, Moloka‘i Commissioner  
Wallace A. Ishibashi, East Hawai‘i Commissioner  
David B. Ka‘apu, West Hawai‘i Commissioner  
Wren Wescoatt III, O‘ahu Commissioner

**EXCUSED** Michael P. Kahikina, O‘ahu Commissioner  
William K. Richardson, O‘ahu Commissioner

**COUNSEL** Matthew Dvonch, Deputy Attorney General

**STAFF** William J. Aila Jr., Deputy to the Chairman  
Niniau Simmons, NAHASDA Manager  
Paula Aila, Hale Manager  
Hokulei Lindsey, Administrative Rules Officer  
Leah Burrows-Nuuanu, Secretary to the Commission  
Rodney Lau, Administrative Services Officer  
Dean Oshiro, Acting Homestead Services Division Administrator  
Norman Sakamoto, Acting Land Development Division Administrator  
P. Kahana Albinio, Acting Land Management Division Administrator  
Nancy McPherson, Planner  
John Peiper, Land Agent/Enforcement Officer  
Paul Ah Yat, Enforcement Officer  
Ku‘uwehi Hiraishi, Info. Specialist  
Halealoha Ayau, Acting Moloka‘i District Manager  
Michelle Alfante, Moloka‘i District Office  
Julie Kaupu, Moloka‘i District Office

**ORDER OF BUSINESS**

**CALL TO ORDER/ROLL CALL**

Chair Masagatani called the meeting to order at 9:03 a.m. Commissioner Kahikina and Richardson were excused. Seven (7) members were present at roll call.

Chair Masagatani noted item C-4 is deferred. The minutes for August 2015 will be emailed to Commissioners for approval at the next meeting. She notes Public Testimony on Agendized items will be moved to be the first item addressed.

**PUBLIC TESTIMONY ON AGENDIZED ITEMS**

**Item A-1      John K. McBride, Keaukaha Homestead Association**

J. McBride asked for clarification about the ‘Āina Mauna Legacy Program regarding changes in management. He asked if the people who have permits on the Mauna are paying fair market value for their leases. He mentioned trying to communicate with the Department about

management changes but hasn't gotten any response. He felt like the Department cut off communication with him and his association.

## **ITEMS FOR DECISION MAKING**

### **REGULAR AGENDA**

#### **OFFICE OF THE CHAIRMAN**

**ITEM C-4 Approval of Subdivision, Transfer of a Portion of Lease and Amendment to Lease No. 9504, Lot A, Waimea, Hawai'i – Flora Beamer Solomon (Lot A-3), Huali Solomon Covington (Lot A-1), Alice Leiomalama Solomon (Lot A-2).**

Note: This item was deferred.

**ITEM G-2 Declare a Finding of No Significant Impact (FONSI) for a Final Environmental Assessment (FEA), St. Rita Catholic Church Master Plan, Nānākuli, O'ahu, TMK (1) 8-9-005:001, (1) 8-9-007:002(por.), and (1) 8-9-007:004(por.)**

#### **RECOMMENDED MOTION/ACTION**

Planner Julie Cachola presented the following:

Motion that the Hawaiian Homes Commission (HHC) declares a Finding of No Significant Impact (FONSI) based on the information provided in the Final Environmental Assessment (FEA) for the St. Rita Catholic Church Master Plan.

#### **MOTION/ACTION**

Moved by Commissioner Davis, seconded by Commissioner Ka'apu to approve the motion as stated in the submittal. Motion carried unanimously.

**ITEM G-5 Extend Existing Water Rates for the DHHL Moloka'i and Anahola Water Systems**

#### **RECOMMENDATION**

Deputy Director William Aila Jr. presented the following:

Motion that the Hawaiian Homes Commission (HHC) extends existing water rates (including water delivery, system, and meter fees) for all consumers on the Department of Hawaiian Home Lands' (DHHL) Moloka'i and Anahola Water Systems until June 30, 2018, pending preparation of a water rates assessment to be presented to the HHC for action.

#### **MOTION**

Moved by Commissioner Davis, seconded by Commissioner Ishibashi, to approve the motion as stated in the submittal.

#### **DISCUSSION**

Joy Gannon of Rural Community Assistance Corporation (RCAC), Water Consultant Dr. Jonathan Scheuer, and Moloka'i District Manager Halealoha Ayau provide the status update of the cost of service study and water rate assessment study. The action is meant to keep the rates at the same level until the studies are complete.

Chair Masagatani asked if the intent is to have one rate structure for all systems? J. Gannon stated that it would be one of the policy decisions for the Commission after the cost of service is

determined. It could be one utility where everyone pays the same rates, like what the counties have in place.

ACTION

Motion carried unanimously.

**ITEMS FOR INFORMATION**

**REGULAR AGENDA**

**OFFICE OF THE CHAIRMAN**

**ITEM C-3 Environmental Assessment for HUD-assisted Projects under 24 CFR part 58, Kalama‘ula Residential Lots, various parcels within tax map plats (2) 5-2-032 and 5-2-033**

RECOMMENDED MOTION/ACTION

None; for information only. NAHASDA Manager Niniau Simmons presented the following: Information for the Commission regarding an anticipated Finding of No Significant Impact (FONSI) based on the information provided in the Environmental Assessment under 24 CFR Part 58 for the proposed DHHL Kalama‘ula Residential Lots.

DISCUSSION

N. Simmons introduced PBR Consultant Katie Tollerson.

The Kalama‘ula subdivision is a 132-acre area divided into mainly one-acre lots, 72 of which are vacant. The existing vegetation throughout most of the property consists of open, low dry grassland with scattered koa-haole shrubs and kiawe trees. The development consists of single-family homes that have been developed on scattered lots throughout the subdivision. An old, unused school building is located on one of the lots (Lot 135). The subdivision and infrastructure development was subject to State environmental review (Chapter 343, HRS) in 1996. The Kalama‘ula Residential Lots, Unit 1 subdivision plan, was filed in 2001 in the Bureau of Conveyances as File Plan No. 2298.

The proposed Project is to use the Native American Housing Assistance and Self Determination Act (NAHASDA) funds to provide infill and rehabilitation housing opportunities within this established neighborhood. This would involve encouraging existing lessees to build where the lot has sat vacant through package home loans or self-help housing (or other programs), to rehabilitate older homes, and to improve as necessary and award any available lots.

The purpose of this project is to offer opportunities to native Hawaiian beneficiaries to develop lands or rehabilitate home structures for homesteading. It is consistent with the Hawaiian Homes Commission Act, 1920, as amended, which provides for the development and settlement of native Hawaiians on lands owned by the DHHL (the State of Hawai‘i, (Act of July 9, 1921, c 42, 42 Stat 108)). This project represents DHHL's ongoing efforts to expedite the development and distribution of its lands to qualified beneficiaries.

**HOMESTEAD SERVICES DIVISION**

**ITEM D-1 HSD Status Reports**

Exhibits:

A - Homestead Lease and Application Totals and Monthly Activity Reports

B - Delinquency Report

C – DHHL Guarantees for USDA-RD Mortgage Loans

**PLANNING OFFICE**

**ITEM G-3 For Information Only – Due Diligence for Non-Homestead Land Use Requests from Nonprofit Organizations**

RECOMMENDED MOTION/ACTION

None. For information only. Grants Specialist Gigi Cairel provided an oral presentation on the submittal.

DISCUSSION

This submittal provides information on the Department of Hawaiian Home Lands' (DHHL) due diligence process for non-homestead land use requests from nonprofit organizations.

G. Cairel stated DHHL has a land disposition for over 10,000 acres to over 70 nonprofit organizations statewide. The types of nonprofits that vary from homestead community-based nonprofits, community development corporations are partnering with a homestead, and private, nonprofit organizations such as charter schools, churches, Alu Like, and Kamehameha Schools. Nonprofits range from small, volunteer-run organization too large size organizations with paid employees; from organizations that are only registered with the state as a non-profit to private, charitable nonprofit corporations with federal IRS 501 C3 tax-exempt status. The types of activities and projects also vary from providing education and health care services to constructing a community center.

In July 2015, Department staff was tasked to review internal procedures for processing land use requests from nonprofit organizations seeking to negotiate with below market value rent. In exchange for reduced rent on Hawaiian home lands, such nonprofits proposed to offer benefits such as programs and services to beneficiaries of the Hawaiian homes Commission act. The Department's planning office and land management division met jointly to make improvements to their due diligence process. The basic premise of the due diligence process is based on three elements summarized below.

- 1) Organizational Development
  - Who is the organization - vision, mission, purpose?
  - Who is on the board, and who do you serve?
  - Relationship between the organization and HHCA beneficiaries.
  - Organizational qualifications and experience to plan and implement the proposed project/activity or similar.
- 2) Program Planning
  - What does the community need that your proposed project will address?
  - What are the benefits to HHCA beneficiaries?
  - Is your proposed project consistent with DHHL Island Plans and Regional Plans; and other governmental plans?
  - Business plan to include feasibility, market study, startup/initial costs, operating budget, reserve fund, and project income/revenue (user fees, grants, government subsidies, etc.)
- 3) Social Capital
  - Demonstration of a broad base of HHCA beneficiary support, at-large community support, public and private sectors, funders, etc.

This due diligence process is triggered when DHHL receives a completed Land Use Request Form. Generally, a letter (or email) is sent to the requester, notifying them of the Criteria and requesting them to submit documentation addressing the Criteria.

G. Cairel stated staff has already started talking with community groups about the process, and it has been added to the Department's website.

**RECESS**

**10:35 AM**

**RECONVENE**

**10:45 AM**

**ITEM G-6 For Information Only - Update on Moloka‘i Water Projects and Issues**

RECOMMENDED MOTION/ACTION

None; For Information Only

DISCUSSION

Deputy Director William Aila Jr. introduced water consultant Dr. Jonathan Scheuer who offered an oral presentation of the submittal.

J. Scheuer stated many water issues and efforts of significance to beneficiaries and the Department of Hawaiian Home Lands (Department) are ongoing on Moloka‘i. The submittal provides background information on:

- (1) planned water needs to be associated with Department tracts on Moloka‘i;
- (2) proposed Ho‘olehua Water System Improvements;
- (3) preparation of a water rates assessment concerning Department water systems, including the Ho‘olehua water system;
- (4) the Moloka‘i Irrigation System (MIS); and
- (5) interests in Kalapa’s aquifer resource disputes.

Water needs were determined based on the Department's Moloka‘i Island Plan (2005) and Moloka‘i Regional Plan.

Chair Masagatani asked if water from the source could be transported to Kalama‘ula. She added that Kalama‘ula beneficiaries are the ones that use potable water for agriculture. J. Scheuer stated it could be done physically, but the system is water-short as it is.

Chair Masagatani stated DHHL beneficiaries have a 2/3rds priority. J. Scheuer stated the system was originally built for DHHL beneficiaries but later was used by the pineapple company and eventually others. His understanding is that where there are shortages, non-homestead users are cut off first, before other users.

J. Scheuer stated the preferred strategy is to assert DHHL’s unambiguous rights to pump what is needed right now from those wells. Chair Masagatani stated for the overall health of the aquifer; it would help to identify the best site for another well, regardless of who owns the land and who runs it. A list of the preferred site, next best site and so on. Then advocate for it collectively just to preserve the health of the aquifer.

MOTION/ACTION

Moved by Commissioner Ishibashi, seconded by Commissioner Wescoatt, to convene in executive session pursuant to Section 92-5 (a)(4), HRS. Motion carried unanimously.

**EXECUTIVE SESSION IN**

**11:28 AM**

The Commission anticipates convening in an executive meeting pursuant to Section 92 5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission’s powers, duties, privileges, immunities, and liabilities on these matters.

**EXECUTIVE SESSION OUT**

**12:14 PM**

## **ANNOUNCEMENTS**

Chair Masagatani thanked everyone for coming out to the meeting. The next meeting is being held on May 23 & 24, 2016, in Kona. The next community meeting will be held on May 23, 2016, in Kona, Hawaii.

## **ADJOURNMENT**

**12:15PM**

Moved by Commissioner Davis, seconded by Commissioner Richardson, to adjourn the meeting. Motion carried unanimously.

Respectfully submitted:

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Jobie M. K. Masagatani, Chair  
Hawaiian Homes Commission

Prepared by:

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Leah Burrows-Nuuanu, Commission Secretary  
Hawaiian Homes Commission