

HAWAIIAN HOMES COMMISSION
Minutes of May 22, 2017
Meeting held at Kuhio Hale, Kamuela, Hawai`i

Pursuant to proper call, the 687th Regular Meeting of the Hawaiian Homes Commission was held at Kuhio Hale, 64-756 Mamalahoa Highway, Kamuela, Hawai`i, on Monday, May 22, 2017, at 10:00 a.m.

PRESENT Jobie M. K. Masagatani, Chairman
Doreen N. Canto, Maui Commissioner
Kathleen P. Chin, Kaua`i Commissioner (left at 5 pm)
Gene Ross K. Davis, Moloka`i Commissioner
Wallace A. Ishibashi, East Hawai`i Commissioner
David B. Kaapu, West Hawai`i Commissioner
Michael P. Kahikina, O`ahu Commissioner (left at 2:36 pm)
William Richardson, O`ahu Commissioner
Wren Wescoatt, O`ahu Commissioner

EXCUSED None

COUNSEL Craig Iha, Deputy Attorney General

STAFF William Aila Jr., Deputy to the Chairman
Paula Aila, Information and Community Relations Manager
Kahana Albinio, Acting Land Management Division Administrator
Dean Oshiro, Acting Homestead Services Division Administrator
Kaleo Manuel, Acting Planning Office Manager
Norman Sakamoto, Acting Land Development Division Administrator
Michelle Brown, Secretary to the Chairman
James Du Pont, West Hawai`i District Office Supervisor
Halealoha Ayau, Acting Moloka`i District Office Supervisor
Kualii Camara, Land Agent
Susie Richey, Secretary

ORDER OF BUSINESS

CALL TO ORDER

Chair Masagatani called the meeting to order at 10:26 a.m. Nine (9) members were present at roll call.

APPROVAL OF AGENDA

MOTION/ACTION

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

APPROVAL OF MINUTES

Chair Masagatani asked if there were any amendments to the October 2015 Minutes. There were none.

MOTION/ACTION

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

PUBLIC TESTIMONY ON AGENDIZED ITEMS

ITEM A-1 Lei Costillo Re: Item D-1

L. Costillo testified as a resident of La`i`Opua about two issues: excessive cars and excessive dogs. The neighbor's dogs are not leashed most of the day and defecate in her yard and by her sliding door. Her neighbors across the street have to deal with the issue as well. Chair Masagatani asked Francis Apoliona from DHHL's Enforcement Division to talk with her about her issues.

ITEM A-2 Bo Kahui Re: Items G-1, D-1, G-2, G-3, G-4

B. Kahui testified regarding the transfer of the La`i`Opua property from Rigador to the Akos.

ITEM A-3 Edwina Troxell Re: D-11

E. Troxell testified about her frustration with how long it takes to get an approval for an RFI. They have submitted five approvals in September and October 2016 and have not yet received a response from the Department. In April, she received a notification from SunRun that the interconnection with HELCO was approved, and all they needed next was the approval from DHHL. She sent an email to James Du Pont requesting the status of their application for improvements. She was told her application was incomplete and had to be written on the RFI. She is requesting the Commission's support and approval for improvements.

ITEM A-4 Kepa Kaolulo Re: Item G-2

K. Kaolulo stated that the Beneficiary Trust Council formally requested to be on the 'Aina Mauna Advisory Board. There are community pastoral or agricultural lots for beneficiaries like the one on Moloka`i. The beneficiaries and successors would like to engage in reforestation projects and gorse control. The Beneficiary Trust Council, Moku o Keawe 6th district demand the waitlist be addressed, especially for kupuna who have been waiting on the list since 1956. The request also is that no new compost sites should be built on Panaewa, and there should be a mass investigation of the toxicity of the Keaukaha homesteads that have been plaguing the airport, to the sewage contamination and other issues that have been detrimental to the health of the homesteaders.

ITEMS FOR DECISION MAKING

CONSENT AGENDA

HOMESTEAD SERVICES DIVISION

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro presented the following:
Motion to approve the Consent Agenda as listed in the submittal.

DISCUSSION

Chair Masagatani asked Commissioners if there were any Items from the Consent Agenda that they wanted to move to the Regular Agenda. Chair Masagatani stated that Item D-12 would be moved to the Regular Agenda.

- ITEM D-2** Ratification of Loan Approvals (see exhibit)
- ITEM D-3** Approval of Consent to Mortgage (see exhibit)
- ITEM D-4** Approval of Refinance of Loans (see exhibit)
- ITEM D-5** Approval of Streamline Refinance of Loan (see exhibit)
- ITEM D-6** Approval to Schedule Loan Delinquency Contested Case Hearings (see exhibit)
- ITEM D-7** Approval of Homestead Application Transfers / Cancellations (see exhibit)
- ITEM D-8** Approval 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)
- ITEM D-13** Request to Schedule Contested Case Hearing- Lease Violation, **DELLDRENE K. MOWAT**, Lease No. 00351, Pastoral Lot No. 81A, Kapaakea, Molokai
- ITEM D-15** Commission Designation of Successor- **TERRACE KEKAHUNA**, Residence Lease No. 4993, Lot No. 86C, Hoolehua, Molokai
- ITEM D-17** Request to Schedule Contested Case Hearing- Authorization to Proceed to Public Notice Under Section 209, HHCA, Due to Nonresponsive Designated Successor(s) (see exhibit)

LAND DEVELOPMENT DIVISION

- ITEM E-1** Rescission of Homestead Lease Award and Reinstatement of Application East Kapolei I, Undivided Interest-Tamar P. Panee
- ITEM E-2** Rescission of Homestead Lease Award and Reinstatement of Application La`i Opuu, Undivided Interest-George D.P. Aukai
- ITEM E-3** Approval of Various Lease Awards (see exhibit)

MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto, to approve the Consent Agenda. Motion carried unanimously.

HOMESTEAD SERVICES DIVISION

- ITEM D-14** Approval of Assignment of Leasehold Interest-**DARLENE R. BERARD**, Lease No. 5802, Lot No. 52-B6, Hoolehua, Molokai, Hawai`i

RECOMMENDED MOTION/ACTION

Homestead Services Supervisor Juan Garcia and Acting Moloka`i District Supervisor Halealoha Ayau presented the following:

Motion for the Approval of Assignment of Leasehold Interest- **DARLENE R. BERARD**, Lease No. 5802, Lot No. 52-B6, Hoolehua, Molokai, Hawai`i

DISCUSSION

Chair Masagatani stated that the recommended motion/action is to reconsider and approve the transfer of Lease No. 5802, Lot No. 52-B6 from Darlene R. Berard to Tammy Levi and a simultaneous transfer to Tiana M. Levi Merino for the remaining term of the lease.

MOTION

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

DISCUSSION

T. Levi stated there are two stipulations; one is the farm plan from Tiana and the other from Darlene, who lives on the mainland, confirmation of the events that happened to get the transfer. Chair Masagatani stated that the main thing was to confirm the transfer from the lessee to you, Tammy Levi, for no sale. Chair stated the other question was whether or not it was the intention of your daughter to actually farm the land.

MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Davis to convene in executive session 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. Motion carried unanimously.

EXECUTIVE SESSION IN 11:17 A.M.

EXECUTIVE SESSION OUT 11:25 A.M.

Chair Masagatani stated that the motion is to reconsider and approve the transfer of Lease No. 5802, from Darlene R. Berard to Tammy Levi.

ACTION

Moved by Commissioner Kahikina to reconsider and approve the transfer of Leasehold Interest- DARLENE R. BERARD , Lease No. 5802, Lot No. 52-B6, Hoolehua, Molokai, Hawai`i to Tammy Levi.						
Seconded by Commissioner Davis						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Canto			X			
Commissioner Chin			X			
Commissioner Davis		X	X			
Commissioner Ishibashi			X			
Commissioner Ka'apu			X			
Commissioner Kahikina	X		X			
Commissioner Richardson			X			
Commissioner Wescoatt					X	
Chair Masagatani			X			
TOTAL VOTE COUNT			8		1	
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED						
Motion passes with eight (8) Yes, one (1) Abstain.						

ITEM D-12 Request to Schedule Contested Case Hearing- Lease Violation- **ROBYN K. KAINOA, Residence Lease No. 2290, Lot No. 233, Papakolea, O'ahu**

RECOMMENDED MOTION/ACTION

Homestead Services Supervisor Juan Garcia, presented the following:

Motion that the Hawaiian Homes Commission approve the scheduling of a contested case hearing for Robyn K. Kainoa, residential Lease No. 2290, Lot No. 233 in Papakolea, O`ahu.

MOTION

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

DISCUSSION

J. Garcia stated that R. Kainoa received the lease via successorship from her deceased father. Prior to his demise, he demolished the existing home with the intent to construct a new home. Unfortunately, he passed away before construction began. The successorship was left to his wife, but being non-Hawaiian, he named her to receive the net proceeds. However, being there was no vertical improvements, there were no net proceeds to pay. The Department proceeded with public notice with no successor to the lease. Robyn submitted a claim, and the Commission approved her as the successor. The Department received that request prior to the administrative rules prohibiting the sale of vacant, undeveloped, and undivided interest, the Department has no option but to proceed with the contested case hearing with the lease violation of non-occupancy.

R. Kainoa stated that she resides in Waimea. When she became the successor to the Papakolea lot, the original thought was it could go to her children. She now wants to know what she needs to do to get the lease transferred to her brother. Chair Masagatani said that there are options available, but the main thing is to move to occupancy of the homestead lot as soon as your family can. Chair asked R. Kainoa when she came into possession of the lease. R. Kainoa said she thinks it was last summer.

Chair Masagatani's recommendation to the Commission is to consider deferring this action and allow staff to work with the Kainoa family to see what actions they would like to consider.

ACTION

Deferred.

REGULAR AGENDA

OFFICE OF THE CHAIRMAN

ITEM C-1 Acceptance Resolution Recognizing and Commending the Hawaii Community College's 50th Model Home

RECOMMENDED MOTION/ACTION

NAHASDA Manager Niniau Simmons presented the following:

Motion that the Hawaiian Homes Commission accepts the resolution recognizing and commending the Hawai'i Community College's 50th model home. N. Simmons read the resolution to the Commission.

MOTION/ACTION

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

ITEM C-2 Approval of the 2017 Native Hawaiian Housing Block Grant Annual Housing Plan

RECOMMENDED MOTION/ACTION

NAHASDA Manager Niniau Simmons presented the following:
Motion that the Hawaiian Homes Commission approves the 2017 Native Hawaiian Housing Block Grant Annual Housing Plan for submission to the US Department of Housing and Urban Development.

MOTION/ACTION

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

LAND MANAGEMENT DIVISION

ITEM F-1 Annual Renewal of Right of Entry Permits, West Hawai'i (see exhibit)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following:
Motion that the Hawaiian Homes Commission approves the annual renewal of right of entry permits for North and West Hawai'i Island. LMD is requesting the Hawaiian Homes Commission approve the following actions while developing a process to making short-term agricultural and pastoral land dispositions available to beneficiaries:

- A. To renew all North and West Hawai'i Island right of entry permits as listed on Exhibit A, and identified by approximate location on the North and West Hawai'i Island Map Exhibit A-1 that comply and issued temporary approvals as of July 1, 2016, granted by the Hawaiian Homes Commission at it June 2016 meeting under Agenda Item F-3 attached hereto as Exhibit B.
- B. The annual renewal period shall be on a month-to-month basis for up to twelve (12) months, but no longer than May 30, 2018, or at the next scheduled HHC meeting in North or West Hawai'i Island whichever occurs sooner.
- C. Authorize the Chairman to negotiate and set forth other terms and conditions that may be deemed to be appropriate and necessary.

MOTION

Moved by Commissioner Canto, seconded by Commissioner Ishibashi, to approve the motion as stated in the submittal and resolution.

DISCUSSION

Commissioner Ka`apu stated that he did not see an analysis of the ROEs being made to the non-natives, he would like to know what the best use for each property would be. Commercial zoning could get substantially more rent than parking.

Chair Masagatani stated for consideration, we could amend Item A, which is renew right of entry 461, 464, and 466, which are beneficiaries.

MOTION TO AMEND/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Ka`apu, to approve the renewal right of entry permits for Nos. 461, 464, and 466. Motion carried unanimously.

ACTION ON MAIN MOTION AS AMENDED

Motion carried unanimously.

Chair Masagatani asked when the last time the rents for Kahua Ranch, Palekoki Ranch, and Parker Ranch were reviewed was. K. Albinio said back in 2011 when the lease expired.

Chair Masagatani asked how long it would take to review the rents for these ranches. She is inclined to hold off the approvals until the rents for the three ranches are included.

Commissioner Wescoatt suggested they move forward with the approvals subject to the rent increase at the end of the month, and the review of the three ranches. Chair Masagatani stated to renew the right of entry 462, 483, 484, 485, and 599 subject to adjustment after analysis in the rent. There is still the matter of non-native holders of right of entries.

MOTION/ ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis to approve the renewal of those non-beneficiary right of entries subject to review and update of the rent, and review of highest and best use of the commercial lands; and the Department outlining other options to manage these lands for the Commission’s consideration, with the Department reporting back to the Hawaiian Homes Commission in August 2017. Motion carried unanimously.

RECESS

12:30 P.M.

RECONVENED

12:41 P.M.

ITEM F-3 Approval to Issue Right of Entry Permit to the State of Hawai'i, Department of Agriculture for Temporary Storage Water Basin, Waimea, Hawai'i TMK No. (3)6-4-002:137 (por.)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following: LMD is requesting the approval to the right of entry permit to the State of Hawai`i, Department of Agriculture for the temporary storage water basin in Waimea, Hawai`i TMK No. (3)6-4-002:137 (por.)

Motion that the Hawaiian Homes Commission (HHC) authorizes the issuance of a Right of Entry Permit, covering the subject area as identified and described below for access and possible area use to construct and install a temporary 250,000 gallon to 350,000-gallon water storage basin while improvements are being made to the existing adjacent Pu`ukapu Reservoir.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Ka`apu, to approve the motion as stated in the submittal and resolution.

DISCUSSION

K. Albinio introduced Glenn Okamoto of the Department of Agriculture (DOA). Chair Masagatani asked G. Okamoto to provide a summary of the project and what the DOA needs the

temporary facility for. G. Okamoto stated that the overall project is for safety improvements. While the reservoir is being drained, they want to have sufficient storage for the farmers because all there will be in the ditch water. Chair Masagatani asked what areas does the system feed? G. Okamoto said the system feeds Pu`ukapu and Waimea. Chair asked if it includes the homestead lots as well, and the answer was yes. When the project is completed, what are the plans for the temporary reservoir? G. Okamoto stated that it would be restored to its original condition.

ACTION

Motion carried unanimously.

ITEM F-4 Approval to Issue Right of Entry Permit to Kaua'i Island Utility Cooperative (KIUC), Pu'u 'Opae, Kekaha, Kaua'i, TMK No. (4)1-2-002:023(por.)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following: Motion that the Hawaiian Homes Commission approves the issuance of the right of entry permit for KIUC to assess the potential hydro-related renewable energy uses. Its right of entry expires May 30 and is requesting for a new right of entry permit.

MOTION

Moved by Commissioner Daivs, seconded by Commissioner Richardson, to approve the motion as stated in the submittal and resolution.

Commissioner Chin stated she will recuse herself from discussion and the vote.

DISCUSSION

Commissioner Ka`apu asked if this right of entry part of the settlement agreement with the Water Commission. Deputy Aila stated that it's not specifically permitted, but it's a continuation of right of entry that KIUC has requested to continue to do its due diligence on soil sampling.

ACTION

Motion carried unanimously.

ITEM F-5 Approval to Extend the Term of Right of Entry No. 666, State of Hawai'i, Department of Land and Natural Resources, Kahikinui, Maui, TMK Nos. (2)1-9-001:003 (por.), 007 (por.) and 011 (por.)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following: LMD is requesting the Hawaiian Homes Commission Approves to extend the right of entry permit of No. 666, State of Hawai`i Department of Land and Natural Resources on Kahikinui, Maui for the purpose of constructing approximately 3.6 miles of 7 feet high ungulate-proof fence and to conduct feral ungulate control activities for the protection and restoration of watershed forest at Kahikinui, Maui TMK Nos. (2)1-9-001:003 (por.), 007 (por.) and 011 (por.). and further described in the site plan rendering attached hereto as Exhibit "A."

MOTION/ACTION

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

PLANNING OFFICE

ITEM G-1 Approval of Kaiimana-Pi`ihonua Regional Plan 2017

RECOMMENDED MOTION/ACTION

Acting Planning Office Manager Kaleo Manuel presented the following;
Motion that the Hawaiian Homes Commission adopts the Kaumana-Pi`ihonua regional plan update and authorize dissemination of the Kaumana-Pi`ihonua regional plan update.

MOTION/ACTION

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

MOTION/ACTION

Moved by Commissioner Chin, seconded by Commissioner Ka`apu, to convene in executive session 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. Motion carried unanimously.

RECESS FOR LUNCH 1:02 P.M.

EXECUTIVE SESSION IN 1:35 P.M.

The Commission anticipates convening in 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. Amendment no. 1 to Fiscal Year 2017 Department of Hawaiian Home Lands Budget-Increase to Hawaiian Home Lands Trust Fund and Hawaiian Home General Loan Fund budget items to pay American Savings Bank settlement agreement

EXECUTIVE SESSION OUT 1:59 P.M.

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

REQUESTS TO ADDRESS THE COMMISSION

ITEM J-2 Mellaney L. Bean-Photo Voltaic System (PVS)

M. Bean lessee of La`i`Opua shared her timeline of events for her efforts in getting a PVS installed to her roof from SunRun. Her timeline started in January 2016, and to date, she still hasn't gotten her PVS installed. On May 9, 2017, she was told by James Dupont that she needed to reapply with a new RFI. On May 10, 2017, she reapplied. M. Bean is before the Commission asking that her application dated May 10, 2017, be approved to end the agony. It starts with the District Office, and then the request for placement onto the submittal is made by the District Office.

WORKSHOPS

LAND MANAGEMENT DIVISION

ITEM F-6 For Information Only: Results of Geophysical Surveys DHHL Lands Humuula Saddle

RECOMMENDED MOTION/ACTION

None. For information only. Acting Land Management Division Administrator Kahana Albinio presented the following:

DISCUSSION

Dr. Donald Thomas, Ph.D., of the Center for the Study of Active Volcanoes, Hawai'i Institute of Geophysics and Planetology, University of Hawai'i, presented the results of the geophysical surveys that he and his research team conducted under the 2015 right of entry granted by the Hawaiian Homes Commission.

Dr. Thomas stated that in 2015 he received approval for right of entry to allow him and his research group to conduct geophysical surveys on DHHL properties. The purpose was two-fold, one to determine if they could find evidence of groundwater on the DHHL land, as well as to see if there was evidence for a geothermal resource on Mauna Kea. The methods used were non-invasive, meaning they don't do any drilling but have instruments that they put on the ground or shallow in the ground. There is no significant impact on the ecosystem. The method relies on radio waves generated in the outer atmosphere that pass into the earth and reflect back from the earth. The idea is that the electrical resistance of saturated or high temperature rocks is less resistant than dry or cooler temperature rocks. A sequence of measurements was done along Mana road at half a kilometer to a kilometer using gravity measurements that can measure the density of the rocks. The density of the rocks indicates if the rocks are intrusive or dike rocks, one of the sources of dike impounded aquifers. In Manoa Valley, there is a tunnel to the dike complex of the Koolau that has been providing water for the past 80-years. The additional measurement is giving geologic information that will help decide whether there is heat and or water present in the region. The magnetotelluric can measure electrical resistivity down to as much as 10 to 20 kilometers deep while the audio magnetotelluric measures down to as much as 1 to 2 kilometers deep. The findings indicate that there is a higher likelihood of shallow groundwater than previously expected. The type of aquifer is perched water, and there is a significant probability that a geothermal resource is present beneath the DHHL parcels in this region.

Chair Masagatani noted that the Commission would convene in executive session to consult with its attorney. She asked for a motion to go into executive session.

MOTION/ACTION

Moved by Commissioner Ka`apu, seconded by Commissioner Ishibashi, to convene in executive session 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. Motion carried unanimously.

EXECUTIVE SESSION IN

3:10 P.M.

The Commission anticipates convening in 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

3:21 P.M.

PLANNING OFFICE

ITEM G-2 West Hawai'i Regional Update

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Office Manager Kaleo Manuel presented the following;

DISCUSSION

The regional plans focus on establishing existing homestead communities that look at issues and opportunities. Hawai'i island is the largest plan holding for DHHL, over 56,000-acres. The focus is on West Hawai'i from Hamakua down towards Kona. In 2002, the island plan was developed, and in 2005, DHHL acquired properties via Act 14 settlement and purchased properties with Hawai'i Housing Finance Development Corporation (HHFDC). In 2009, an update of the island plan was adopted by the Hawaiian Homes Commission for DHHL lands, and Kealakehe and Kalaoa Tracts were added to the DHHL land inventory. The DHHL lands near the Keahole Airport used to be residential, but when DHHL acquired more property in La'i `Opua, the land use designation near the airport shifted to commercial. Kupolo Point was acquired by DHHL during the Hawaiian Home Lands Recovery Act, i.e., the federal surplus properties. The Kawaihae tract is one of the few areas where DHHL has almost the entire ahupua`a from mauka to makai. Pu`ukapu is pastoral lands and one of the largest. Most of the lands in this region are pastoral homesteads, and a majority of those pastoral homesteads are encumbered. So, there aren't lots of vacant lands to lease out for pastoral homestead. The region also includes Waimea Nui, which was originally called the Lalamio/Pu`ukapu Regional Plan, but the community came up with the concept that this is all Waimea; thus, it was re-branded Waimea Nui. Waimea is a preferred location to live.

ITEM G-3 West Hawai'i Water Issues and Projects

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Office Manager Kaleo Manuel presented the following;

DISCUSSION

Chair Masagatani stated after almost a decade of work, the Commission on Water Resource Management (CWRM) finally passed the State Water Project Plan, which identifies the Department's needs across the state, and will be the tool to secure reservations with CWRM. It was a huge accomplishment and she acknowledged the efforts of Kaleo Manuel and consultant Dr. Jonathan Scheuer.

J. Scheuer spoke on how future water demands are calculated, plans to meet existing and future needs, and recent events. For the most part, the Department uses county water system standards. Each county has a requirement to reallocate, for developers, 600-gallons of water per day for a

single-family home. Drier areas use more water than wet areas, and in some areas, the counties don't have water system standards. These demands were calculated in a recent update to the state water project, which was approved May 16, 2017. The long-term demand is 50-million gallons of water per day for both potable and non-potable needs on this island. These water demands don't include the lands that the HHC isn't sure of what it's going to do with the lands over the long-term. The ways water gets to the DHHL properties is to work with the counties to extend existing water systems to DHHL water systems; create partnerships with other water systems, look to developing additional source and distributions, and secure the Department's legal entitlements to water as well as the means to enforce those legal entitlements. Few events of significance to this area have happened.

The National Park Service in 2013, petitioned the State Water Commission to designate the Keahole Aquifer as a groundwater management area. In groundwater management areas or surface water, people who want to develop water have to get diversion permits for good construction pump installation permits also have to get the water use permit. The water use permit, which is only issued in designated areas, one of the conditions is subject to rights in the DHHL. In the water rights management area, DHHL has clear and forceful rights to water. If you want water and the water has been allocated to other people, their permits are all conditioned on DHHL's rights. K. Manuel added that the Department of Ag's water system diverts streams into a 60-million-gallon reservoir, which is on Hawaiian Home Lands, but the system is operated by the Department of Agriculture. From the reservoir, it flows down into a 100-million-gallon reservoir near the DHHL Pulehu residential community, which is also on Hawaiian Home Lands. This region has dual water systems.

GENERAL AGENDA

REQUESTS TO ADDRESS THE COMMISSION

ITEM J-3 Maxine Kahalelio- Pu'ukapu Farm Lot

M. Kahalelio stated her testimony is a continuation of her Kapolei testimony regarding her horse. She resides on her Pu'ukapu farm lot. She stated that she wrote a letter of request to Jobie Masagatani on March 26, 2013, to apply for an RP to occupy lot No. 45, Ag lot, for her horses. Over time and events, the lot was given back to DHHL. Water lines were being installed from the paved road to the dirt road leading to the Pu'ukapu pastoral lots. The pastures where the animals grazed were thick with dust and soot, which affected the animals. Her horse got sick. She knew she was not supposed to be on lot 45, but she put her horses on the lot, someone opened the gate for her. Her horse has since passed and is buried on lot 45.

ITEM J-4 George Matthews- Prioritizing on Waitlist

G. Matthews testified on an award that his sister received in May 2012, and was transferred to him in July 2013. Upon doing this, his sister fell to the bottom of the list. In August 2013, she had a time-stamped document stating that she was the successor to her father. Lynn Suber, former lessee, and current applicant said her final request is making sure that she is in her dad's position/number.

ITEM J-5 Creighton Sanchez- Pu'ukapu Lease Transfer Request

C. Sanchez testified that he wants to check on his transfer request and what is the delay. C. Sanchez said he submitted a transfer request in October 2015. Chair Masagatani referred C. Sanchez to Deputy Aila to check on C. Sanchez's status.

ITEM J-6 Patrick Hurney-Habitat for Humanity & Blitz Build Update

B. Kahui testified that he serves on the West Hawai'i Habitat for Humanity's Board, and he is speaking on behalf of Patrick Hurney. There are currently nine families selected for the Blitz Build, and the board is looking for its last candidate. He stated that the board spoke with Niniau and Deputy Aila and the Department selected America First as the Escrow company, but they are non-compliant with the State's express appliance renewal, so they are disqualified in providing escrow services. The concern is if the price is greater than \$500, the homeowners will bear that cost. The escrow fees are rolled over by Habitat, and the families do not have to put up escrow. If Habitat can find a solution, this matter can be resolved.

ITEM J-7 Bo Kahui-La'i Opua 2020, Villages of La'i Opua

B. Kahui was joined by Dora Aio, President of the Homestead Association, and the Secretary for La'i `Opua 2020. B. Kahui requested a written response on the status of the vacant homes in La'i `Opua. He reported abandoned car issues and boats parking wherever due to no area designated for boats, lease transfers happening without the Association knowing, the current lessee list is not updated, and delinquencies are arrears about \$135,000. Again, B. Kahui requested for a Kona office to help take care of the issues at hand.

WORKSHOPS

LAND MANAGEMENT DIVISION

ITEM F-7 For Information Only: 'Aina Mauna Legacy Program Plan Update (DLNR Fence ROE/License, Advisory Council, etc.)

RECOMMENDED MOTION/ACTION

None. For information only. Acting Land Management Division Administrator Kahana Albinio presented the following:

DISCUSSION

Property Development Agent Kualii Camara stated the Advisory Council is responsible for the overall management of the Aina Mauna lands, gathering community input, and technical implementation. They have been looking to change the makeup of the Advisory Council, utilizing the homestead community associations. The changes were meant to encourage more involvement from the beneficiaries and the homestead community associations with the intent of having transparency and advisory support. There are representatives from the homestead associations and individuals to represent the perspective of the waiting list, and there are natural and cultural resource managers, but they are looking for the expertise to help advise the Department, and then from the Department to the Commission. The conversations would be old-style, around the table with the beneficiaries to talk and get the best ideas, as opposed to it being formal, video recorded, and posted to Facebook. Issues that were agreed upon to take care of were resources, get rid of the gorse, the second issue is trespassing and poaching. One of the association's questions were what is the assurance that it'll all follow through.

K. Camara stated that another question and concern was how the Advisory Council would function as far as with DHHL staff, the capacity. One of the challenges is the gorse infestation, which is spreading rapidly, still seeking to find effective methods on best management practices. Animal control had proven to be more problematic than expected; however, working towards finding options for animal removal. The need for partnerships for technical expertise, managing a large and challenging landscape, expertise in capitalizing on available resources staying in alignment with DHHL. DLNR has built a fence, at no cost to DHHL, which helps control the ungulates and the reforestation efforts. DLNR needs a right of entry permit to finish 2.5 miles of fencing.

REGULAR AGENDA

PLANNING OFFICE

ITEM G-6 For Information Only: Draft Environmental Assessment for Wailua Well Project at Wailua, Kaua'i, TMK: (4) 3-9-002:12 Portion

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Office Manager Kaleo Manuel presented the following;

DISCUSSION

K. Manuel stated that the item is the draft environmental assessment for the Wailua Well Project, which is provided to the Commission for review and comments. It will be submitted to OEQC and published in the June issue of the environmental notice.

ITEM G-5 Legislative Update 2017

RECOMMENDED MOTION/ACTION

None. For information only. Legislative Analyst Lehua Kinilau-Cano presented the following:

DISCUSSION

In terms of the CIP, there is \$20 million for each fiscal year for lot development. The Legislature put \$34 million in FY 2018 and \$2.9 million in FY 2019. For R&M for existing infrastructure, the Governor proposed \$5 million for each fiscal year with a total of \$10 million. The Legislature put in \$10.6 million in the FY2018. The Legislature awarded \$1.5 million to three homestead associations for the GIA applications, and the Legislature awarded Waimea Nui Development Corporation \$800k in GIA for the CIP funding and \$150k for the Papakolea Community Development Corporation. Overall, the Department has done well compared to prior fiscal years.

In terms of Legislation and bills, one bill that passed was the bill to lower the blood quantum for successors from 25% to 1/32nd. The bill still has to be signed by the Governor, and then it requires Congressional consent. We do not want to give people the impression that it is effective immediately; there is a process. Chair Masagatani stated, in response to Commissioner Chin's question, that after the Governor signs it, it goes to the Department of Interior, then the DOI opines if whether or not the consent of Congress is required. There are bills waiting for consent.

RECESS

6:16 P.M.

HAWAIIAN HOMES COMMISSION

Minutes of May 23, 2017

Meeting held at Kuhio Hale, Kamuela, Hawai'i

Pursuant to proper call, the 687th Regular Meeting of the Hawaiian Homes Commission was held at Kuhio Hale, 64-756 Mamalahoa Highway, Kamuela, Hawai'i, on Monday, May 22, 2017, at 10:00 a.m.

PRESENT

Jobie M. K. Masagatani, Chairman
Doreen N. Canto, Commissioner, Maui (left at 2:48 pm)
Kathleen P. Chin, Commissioner, Kaua'i (left at 2:00 pm)
Gene Ross K. Davis, Moloka'i (left at 1:00 pm)
Wallace A. Ishibashi, Commissioner, East Hawai'i
David B. Kaapu, Commissioner, West Hawai'i (arrived 10:37 am, court)
Michael P. Kahikina, Commissioner, O'ahu
William Richardson, Commissioner, O'ahu
Wren Wescoatt, Commissioner, O'ahu (left at 2:00 pm)

EXCUSED

All present

COUNSEL

Craig Iha, Deputy Attorney General

STAFF

William Aila Jr., Deputy to the Chairman, Office of the Chair
Paula Aila, ICRO Manager
Kahana Albinio, Acting Land Management Division Administrator
Dean Oshiro, Acting Homestead Services Division Administrator
Kaleo Manuel, Acting Planning Office Manager
Norman Sakamoto, Acting Land Development Division Administrator
Leah Burrows-Nuuanu, Secretary to the Commission
James Du Pont, West Hawai'i District Office Supervisor
Halealoha Ayau, Water Specialist
Bryan Cheplic, ICRO
Debra Aliviado, Customer Service Manager
Kamana`o Mills, Special Assistant to the Chairman
Gigi Cairel, Grant Specialist
Susie Richey, Secretary

ORDER OF BUSINESS

CALL TO ORDER

Chair Masagatani called the meeting to order at 10:11 a.m. Eight (8) members were present at roll call. Commissioner Kaapu arrived later.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

ITEM A-1 Roy Santos Re: Pu`ukapu Lessee

R. Santos stated that on May 23, 2016, he requested relocation from his homestead, which was approved by the HHC due to UXOs. He stated that he identified three location options, two are in the Kawaihae area, and the other is in Honokaia. So far, Mr. Dupont has not been able to confirm

the status of any of the parcels. He would appreciate an explanation that would allow him to relocate and why it's taking super long..

ITEMS FOR DECISION MAKING

REGULAR AGENDA

ADMINISTRATIVE SERVICES OFFICE

ITEM H-1 Approval of Amendment No. 1 to Fiscal Year 2017 Department of Hawaiian Home Lands Budget- Increase to Hawaiian Home Lands Trust Fund and Hawaiian Home General Loan Fund budget items to pay American Savings Bank mortgage settlement agreement

RECOMMENDED MOTION/ACTION

Special Assistant to the Chairman Kamana`o Mills presented the following:
Motion that the Hawaiian Homes Commission approves amendment No. 1 to fiscal year 2017 Department of Hawaiian Home Lands Budget.

MOTION/ACTION

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

LAND MANAGEMENT DIVISION

ITEM F-2 Approval to Issue Right of Entry Permit to Kailapa Community Association, Kawaihae, Hawai`i, TMK No. (3)-6-1-001:007

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following:
Motion that the Hawaiian Homes Commission approves to issue a right of entry permit to Kailapa Community Association, Kawaihae, Hawai`i, TMK No. (3)-6-1-001:007, covering the subject area as identified and described below for KCA to continue its natural resource management and cultural resource management planning efforts in conjunction with the planning process for a wellness park project as proposed.

MOTION/ACTION

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

ITEMS FOR INFORMATION/DISCUSSION

WORKSHOP AGENDA

OFFICE OF THE CHAIRMAN

ITEM C- 3 Workshop on Bond Overview and Refinancing Opportunity

RECOMMENDED MOTION/ACTION

None. For information only. Deputy William Aila and Holly Pocal of Stifel Nicolaus presented the following:

DISCUSSION

In September 2016, the Department of Hawaiian Home Lands requested assistance from the Department of Budget and Finance to evaluate analyses justifying refunding of the Department of Hawaiian Home Lands revenue bonds issued in 2009 and certificates of participation issued in 2006. Hawaiian Home Lands requested the Department of Budget and Finance assistance to retain bond counsel and underwriter to proceed with the revenue bond and COPs refunding. Because of the complexity of the bond documents, the Chair appointed an ad hoc committee consisting of Commissioners David Ka`apu, Wren Wescoatt, and Kahele Richardson to review the documents and provide comments to the Department of Budget and Finance, Attorney General Office and Bond Counsel for inclusion in the final documents. The final product would be a Bond Resolution pertaining to the bond documents that would be submitted to the Hawaiian Homes Commission for approval at the June 20, 2017 meeting.

The Underwriter is Stifel Nicolaus, who structures the bonds and coordinates the bond issuance process and markets and sells bonds to investors. The Bond Counsel is Orrick Herrington & Sutcliffe. They provide legal advice to the issuer on financing and draft primary bond documents. The Underwriter's Counsel is McCorriston Miller Mukai MacKinnon LLP, who drafts an official statement describing the issuer and bond security for investors. The Bond Issuer is the Department of Hawaiian Home Lands.

REGULAR AGENDA

PLANNING OFFICE

ITEM G-7 For Information Only: Potential Land Acquisition/Transfer-Wai`ohinu, Ka`u, Hawai`i, TMK 395005003

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Office Manager Kaleo Manuel and Planner Andrew Choy presented the following:

DISCUSSION

K. Manuel stated that the land acquisition/transfer is from DLNR to DHHL, 380-acres in Wai`ohinu, Ka`u. In 2012, the Hawaiian Homes Commission adopted the Ka`u Regional Plan. One of the priority projects in the original plan was entitled Agriculture Homestead Leases at Wai`ohinu and Pursue, a Partnership with DLNR for Hawaiian Homesteading. The goal was to create farming opportunities, and one of the implementations was for DHHL to consult with DLNR for farming opportunities for native Hawaiians within DLNR's Wai`ohinu

landholdings. In August 2016, the Ka`u Hawaiian Home Lands Association (KHHLA) submitted a request to DHHL for 5-acres of DHHL land in Wai`ohinu for subsistence farming for the KHHLA members and the Ka`u community.

The land is encumbered by ROE 467, Mr. Pernell Hanoa, for livestock and pasture use. Mr. Hanoa's concern is the KHHLA use of the property may cause unintentional negative impacts on his livestock operations. In the fall of 2016, Mr. Hanoa and Mr. Paul Makuakane of KHHLA met to discuss KHHLA's proposal and resolve any misunderstandings and concerns, and the parties agreed to on two options. On January 5, 2017, the DLNR Land Division staff indicated they had no concerns with transferring the property to DHHL. DLNR Forestry staff said they would need to analyze the reforestation potential of the property prior to concurring with the land transfer to DHHL. On April 19, 2017, at the site visit with DHHL and DLNR, the DLNR staff stated that the property possessed little reforestation potential and expressed a strong interest in transferring the property to DHHL. DLNR staff expressed that should the parcel be transferred from DLNR to DHHL, a public access easement be set aside for DLNR and public access into the adjacent Ka`u Forest Reserve. DLNR staff stated that they would be seeking the Board of Land and Natural Resource (BLNR) approval on the potential transfer of the lands sometime in the summer of 2017.

Planning has provided a submittal for information. The next conversation with the DLNR staff is May 25, 2017.

HOMESTEAD SERVICES DIVISION

ITEM D-18 Workshop on Gap Group Financing Product

RECOMMENDED MOTION/ACTION

None. For information only. Acting Administrator, Homestead Services Division, Dean Oshiro, presented the following:

DISCUSSION

D. Oshiro briefed the Commission on the DHHL Direct Loans HHC Act 215, at any time, the outstanding loans made to any lessee, successors or successors in interest, for the repair, maintenance, purchase, and erection of a dwelling and related permanent improvements shall not exceed fifty percent of the maximum single residence loan amount allowed in Hawai`i by the United States Department of Housing and Urban Development's Federal Housing Administration.

The loans shall be repaid in periodic installments, such installments to be monthly, quarterly, semiannual, or annual, as may be determined by the Department in each case. Financing issues for the "gap group" or those beneficiaries whose income is too high to qualify for NAHASDA and/or self-help programs and products, but whose income may be too low for them to qualify for financing from the programs available to beneficiaries, i.e., FHA 247 and HUD 184A. A PowerPoint submittal in detail was distributed for information.

MOTION/ACTION

Moved by Commissioner Ka`apu, seconded by Commissioner Ishibashi, to convene in executive session 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. Motion carried unanimously.

EXECUTIVE SESSION IN

1:27 P.M.

The Commission anticipates convening in 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. Update on Nelson Case- Richard Nelson, III et al., v HHC, Civil No. 07-1-1663
2. Update on issues related to Sandwich Isles Communications.

EXECUTIVE SESSION OUT

2:18 P.M.

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next regular meeting will be held on June 19 & 20, 2017, at Hale Pono'i, Kapolei, O'ahu.

ADJOURNMENT

2:19 P.M.

Respectfully submitted:

Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

Prepared by:

Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission

APPROVED BY:

The Hawaiian Homes Commission at its regular monthly meeting on:

Jobie M.K. Masagatani, Chairman
Hawaiian Homes Commission