

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96813

July 13, 2007

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

OAHU

Approval in Principle of Direct Lease to Honolulu Marine LLC for Construction of a Shipyard and Limited Right-of-Entry at Keehi Small Boat Harbor, Oahu,
Tax Map Key: (1) 1-2-025:por.024.

APPLICANT:

Honolulu Marine LLC, a Hawaii for-profit corporation, the majority of which is owned by a Native Hawaiian Organization as certified by the Small Business Administration, whose business and mailing address is 123 Ahui Street, Honolulu, Hawaii 96813.

LEGAL REFERENCE:

Section 171-59(b), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Keehi Small Boat Harbor, Oahu, identified by Tax Map Key: (1) 1-2-025:por.024, as shown on the attached map labeled **Exhibit A.**

AREA:

1.11 acres fast land, 0.53 acres fill land & 0.48 acres submerged land, more or less.

ZONING:

State Land Use District:	Urban
City & County of Honolulu CZO:	I-3 Industrial Waterfront

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 20% entitlement lands pursuant to the Hawaii State Constitution: Yes ___ No X

ITEM J-3

CURRENT USE STATUS:

Vacant and unencumbered, Presently DOBOR Impound Area.

CHARACTER OF USE:

Shipyard for the construction and repair of maritime vessels.

LEASE TERM:

Thirty-five (35) years.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

To be determined upon final submittal to the Land Board upon satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

To be determined upon final submittal to the Land Board upon satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities – all utilities will be near site, HM LLC shall be responsible for connection.
Slope – level.
Legal access to property – Staff has verified that there is legal access to the property off of Sand Island Access Road.
Subdivision – Property is not subdivided.
Encumbrances -- Encumbered by Governor Executive Order No. 2526 issued to Department of Transportation for Keehi Lagoon Small Boat Harbor and Governor Executive Order No. 3201 issued to Department of Transportation for Honolulu International Airport navigation easement.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This is a request for the Land Board's approval in principle of a lease to Honolulu Marine LLC for development of a shipyard and authorization for Honolulu Marine LLC to comply with Chapter 343, Hawaii Revised Statutes, as amended.

DCCA VERIFICATION:

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

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Prepare and process all necessary studies and documentation for compliance with Chapter 343, Hawaii Revised Statutes, as amended.

REMARKS:

The subject property is currently vacant and unencumbered.

The current zoning, I-3 Industrial Waterfront, supports the proposed use of the property.

Applicant qualifies for a direct lease as it conducts maritime-related operations pursuant to Section 171-59 (b).

Honolulu Marine LLC (HM LLC) currently operates a commercial maritime vessel construction and repair facility on public lands at Kewalo basin leased from and under the jurisdiction of the Hawaii Community Development Authority (HCDA). HM LLC entered into its lease in 1986 with DLNR approval with the Harbors Division, DOT (later transferred by Executive Order to the HCDA), which extends until 2021. The existing marine vessel repair use of the existing property is inconsistent with development plan and land use under HCDA's Kakaako Makai area plan. HCDA has requested that HM LLC vacate its leased premises under the threat of condemnation.

HM LLC initially worked with the Department of Transportation, Harbors Division, to seek to identify a replacement site within Honolulu Harbor, without success. With the assistance of DOBOR, it has determined that the subject Keehi site as a suitable property to which to relocate the shipyard facility from Kewalo Basin. The subject Keehi site provides the requisite deep water access in an industrial setting that is suitable for a shipyard.

In 2005, the Legislature of the State of Hawaii approved the lease of submerged lands at the subject Keehi Site to Honolulu Marine pursuant to Senate Concurrent Resolution No 134, SD1, HD1, Session Laws of Hawaii 2005. See Exhibit B.

HM LLC requests it be provided with a limited right-of-entry for the purpose of performing such surveys, testing, and reconnaissance that may be necessary to secure the entitlements including, without limitation, Chapter 343 compliance, required for shipyard use and the construction of improvements at the subject Keehi site. HM LLC construction plans for the site include covering the entire fast area with a concrete pad, installing a 135 ft long finger pier and erecting a 200 by 40 ft building for shipyard shops and administration. In reviewing Chapter 343 permitting requirements, HM LLC is planning on submitting the following permits: Environmental Assessment, Archaeology & Cultural Impact Assessment, Marine Biological Assessment, Shoreline Management Area, Dept. of Health NPDES, Shoreline Setback Variance, Army Corps of Engineers, Conservation District Use Permit, Coastal Zone Management Federal Consistency Review, Water Quality Certification and Private Aids to Navigation. Honolulu Marine's consultant for the permitting process, RM Towill, believes these permits will take at best 12 months to complete; therefore, HM LLC is requesting an 18 months period to complete Chapter 343 compliance.

Presently the Division of Boating and Ocean Recreation (DOBOR) is utilizing this property as an impound area to support in the disposal of abandoned or derelict vessels. DOBOR will continue to use this area until which time it is unavailable, and may continue discussion with HM LLC, as to possibility of assisting DOBOR in the future with removal of these vessels.

DOBOR is in the construction phase of a Wastewater Pump-out Project at Keehi harbor adjacent to the subject area. There are two forced main sewage lines, and utility lines planned to run under the property that would impact the future location of permanent structures planned for this site. HM LLC has requested a design change to the proposed utility alignment; and has agreed that any design and construction costs associated for this shall be fully borne by HM LLC.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with its terms and conditions.

If Land Board approval in principal is obtained, HM LLC will pursue compliance with Chapter 343, Hawaii Revised Statutes, as amended and incorporate agency and community comments.

Comments were solicited, they are as follows:

- | | |
|---|---|
| 1. USCG | No comments |
| 2. Office of Conservation and Coastal Lands | No objection-with comments
*See Exhibit D |
| 3. Division of Forestry and Wildlife | No objections |
| 4. Division of State Parks | No comments |

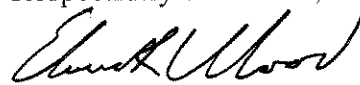
- | | |
|---|---|
| 5. Department of Transportation (DOT) | No objections-*with comments
*See Exhibit E |
| 6. Division of Water Resource Management | No comments |
| 7. Department of Health, Clean Water Branch | Provided comments
* See Exhibit F |
| 8. Office of Hawaiian Affairs | No Comments, Awaiting EIS |
| 9. Division of Aquatic Resources | * See Exhibit G |
| 10. Engineering Division | Comments attached
*See Exhibit H |

RECOMMENDATION: That the Board:

1. Approve in principle, a new direct lease to Honolulu Marine LLC, subject to the following:
 - A. Honolulu Marine LLC shall pursue satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended, and obtain a finding of no significant impact (FONSI) within eighteen (18) months of the Land Board's approval;
 - B. Should Honolulu Marine LLC fail to obtain satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended, within eighteen (18) months, the Land Board's approval shall be considered rescinded;
 - C. Honolulu Marine LLC acknowledges the following:
 - i) All costs associated with obtaining entitlements including the necessary compliance with Chapter 343, Hawaii Revised Statutes, as amended, shall be secured or borne by Honolulu Marine LLC;
 - ii) That this action is an approval in principle and does not provide any assurance of a direct lease and such approval of a direct lease shall be subject to consideration by the Land Board under a separate action after satisfactorily complying with Chapter 343, Hawaii Revised Statutes, as amended;
 - iii) That there have been no representations or assurances made regarding the annual rent to be paid under a direct lease. Honolulu Marine LLC agrees to provide a proposal for rent and justification for such rent in connection with the Land Board's final consideration of a direct lease after satisfactorily compliance with Chapter 343, Hawaii Revised Statutes, as amended;
 - D. Consent for Honolulu Marine LLC to process the certifications and applications for the subject land;

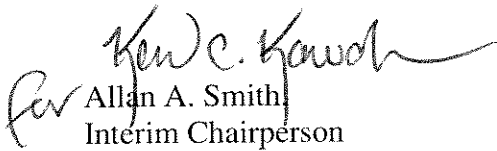
2. Authorize the issuance of a limited right-of-entry to Honolulu Marine LLC and their contractors covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time; and
 - B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

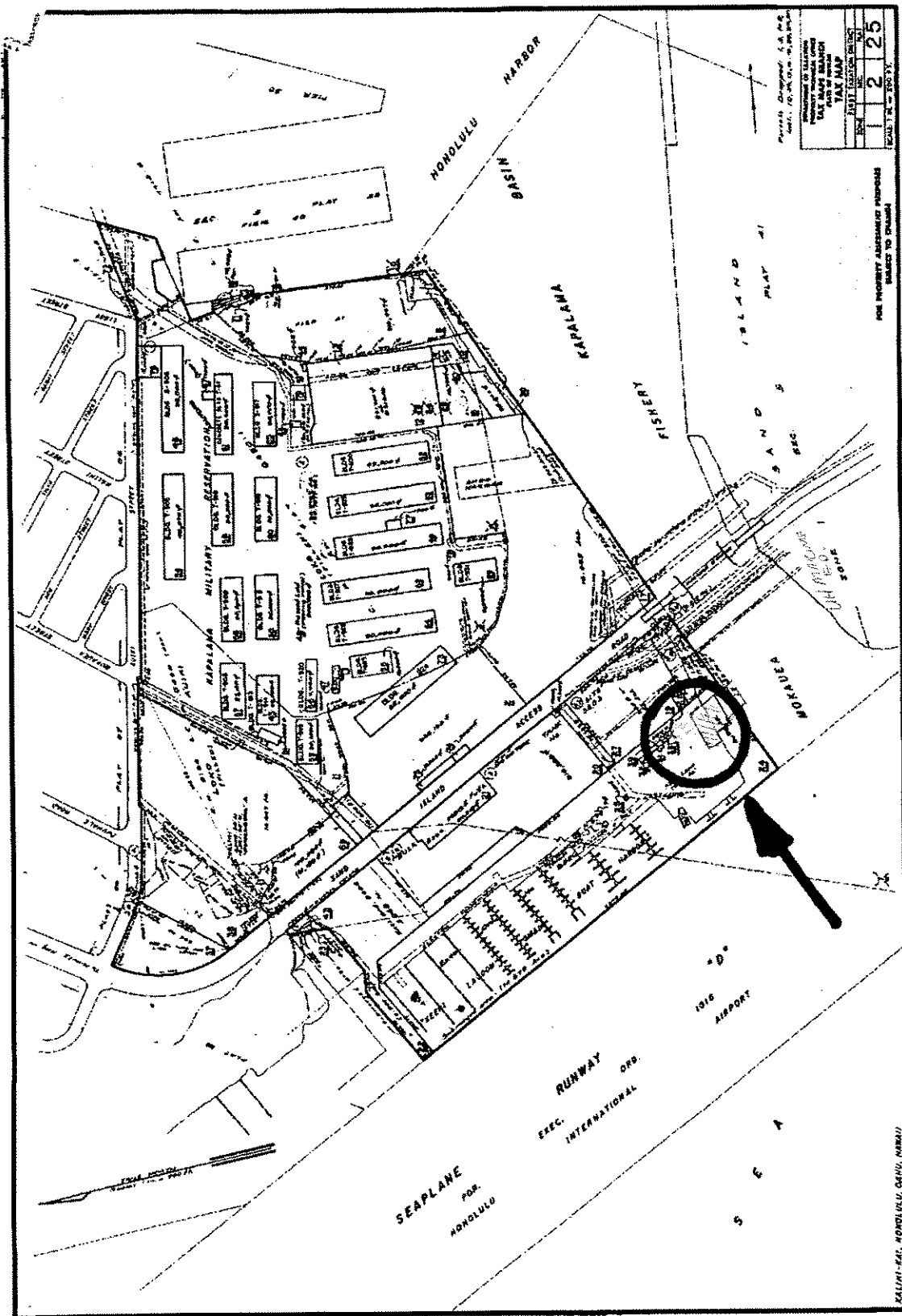


Edward R. Underwood
Administrator

APPROVED FOR SUBMITTAL:



Allan A. Smith
Interim Chairperson



Prepared by: U.S.G.P.S.
 Date: 10/20/50
 Scale: 1" = 100'

PROJECT NO. SHEET NO. TAX MAP DIST. LOCATION	2 25
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FOR PROPERTY ASSUMED RESPONSE
 SUBJECT TO CHANGE

U.S. GEOLOGICAL SURVEY
 WASHINGTON, D.C.

EXHIBIT A

THE SENATE
TWENTY-THIRD LEGISLATURE,
2005
STATE OF HAWAII

S.C.R. NO. 134
S.D. 1

H.D. 1

SENATE CONCURRENT RESOLUTION

AUTHORIZING THE LEASE OF SUBMERGED LANDS AT KEEHI SMALL BOAT HARBOR FOR REDEVELOPMENT, MANAGEMENT, AND OPERATION BY HONOLULU MARINE, INC., FOR A commercial ship repair facility.

WHEREAS, Honolulu Marine, Inc., dba Kewalo Shipyard (Honolulu Marine), currently operates a commercial marine railway/ship repair facility at 123 Ahui Street, a 103,597 square foot waterfront parcel on the Ewa boundary of Kewalo Basin; and

WHEREAS, the land under Honolulu Marine's facility is owned by the Hawaii Community Development Authority (Authority) and leased by the Department of Transportation Harbors Division to Honolulu Marine pursuant to Harbor Lease No. H-86-23; and

WHEREAS, the term of Honolulu Marine's lease is for 35 years and expires in 2021; and

WHEREAS, the Authority is tasked with redeveloping the Kakaako business district, which includes the parcel occupied by Honolulu Marine; and

WHEREAS, the Authority has already advised Honolulu Marine that it must vacate the Kewalo Basin property as soon as possible; and

EXHIBIT B

WHEREAS, Honolulu Marine has been working closely with the Authority and the Department of Transportation, Harbors Division, in an effort to identify an alternate site for Honolulu Marine to move; and

WHEREAS, Honolulu Marine has identified and inspected a parcel under the management of the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, located adjacent to the Keehi Small Boat Harbor; and

WHEREAS, the unimproved dirt lot, which covers 50,400 square feet of total area, is currently used, on a month-to-month tenancy, as a base yard for a nearby construction project; and

WHEREAS, although the Division of Boating and Ocean Recreation's parcel is only one-third the size of Honolulu Marine's existing facility, if the necessary improvements and submerged lands lease are granted, it is the best option available, given the Authority's need to have Honolulu Marine vacate its existing facility as soon as possible; and

WHEREAS, Honolulu Marine proposes to operate a ship repair facility using a newly constructed 120' x 64' floating drydock in lieu of a commercial marine railway; and

WHEREAS, if established, Honolulu Marine will have the ability to perform ship repairs on shore, on the drydock, and in the water; and

WHEREAS, in addition, the scope of operations Honolulu Marine anticipates it will undertake at the new facility includes, but is not limited to:

- (1) The construction of new commercial vessels;
- (2) Repair and maintenance of vessels owned by Honolulu Marine's sister company, P&R Water Taxi, Ltd.;
- (3) Repair and maintenance of vessels owned by the United States Navy; and
- (4) Repair and maintenance of private commercial tugs, barges, and fishing vessels;

and

WHEREAS, Honolulu Marine is interested in a long-term lease of the fast and fronting submerged lands under which a minimum term of 25 years is necessary to ensure that Honolulu Marine can recapture funds it will be required to invest in relocating and developing the parcel as necessary to resume operations; and

WHEREAS, under Honolulu Marine's proposal, the fast land parcel that Honolulu Marine is interested in leasing at Keehi Small Boat Harbor would require the following minimum improvements:

(1) Installing a chain link fence around the entire boundary;

(2) Grading and leveling the property;

(3) Providing utilities and security lighting (i.e., water, sewage, electricity, etc.);

(4) Erecting a 40' x 100' fabrication shop;

(5) Erecting a 40' x 100' two-level combination office building and storeroom; and

(6) Paving the surface of the lot;

and

WHEREAS, because Honolulu Marine seeks to employ the use of a floating drydock, a 135' x 25' finger pier is required to secure the position of the drydock and maximize operating efficiency; and

WHEREAS, a finger pier would allow Honolulu Marine to secure the floating drydock and haul vessels out of the water on one side, while simultaneously having the capability of performing in-water repairs on vessels secured on the opposite side of the pier; and

WHEREAS, in total, Honolulu Marine anticipates it will need to lease a total area of 130' x 160' (20,800 square feet) of submerged land area for its operation; and

WHEREAS, there are multiple incidental benefits that will favorably accrue to the area if the Division of Boating and Ocean Recreation leases the Keehi Small Boat Harbor parcel to Honolulu Marine such as:

- (1) The generation of revenue for the State over a long term;
 - (2) The proposed improvements to the Keehi Small Boat Harbor parcel will dramatically increase the current value of the land; and
 - (3) The presence of Honolulu Marine in a lot that has experienced chronic criminal activities should mitigate such activities;
- and

WHEREAS, the Board of Land and Natural Resources (BLNR) is already authorized to lease the fast lands under the provisions of chapter 171, Hawaii Revised Statutes (HRS), and only the prior approval of the Governor and prior authorization of the Legislature by concurrent resolution pursuant to section 171-53(c), HRS, are required to include the submerged lands of Keehi Small Boat Harbor in a lease to a private entity; and

WHEREAS, the Legislature desires to enable the BLNR to lease certain submerged lands within Keehi Small Boat Harbor to Honolulu Marine for the redevelopment, management, and operation of certain fast and submerged lands as a commercial marine ship repair facility; and

WHEREAS, to process the above-described leases, all appropriate authorizations are required; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2005, the House of Representatives concurring, that BLNR is authorized to lease, pursuant to section 171-53(c), HRS, to Honolulu Marine, Inc., both fast and submerged lands at Keehi Small Boat Harbor for the redevelopment, management, and operation of a commercial ship repair facility; and

BE IT FURTHER RESOLVED that the authorization provided under this Concurrent Resolution relates to the approximately 50,000 square feet of fast and approximately 20,800 square feet of submerged lands located within tax map key 1-2-25-24 and a

portion of the Kapalama Channel seaward of the Bascule Bridge;
and

BE IT FURTHER RESOLVED that this Concurrent Resolution does not impute or imply legislative approval of the decisions that must be independently made by BLNR in approving the issuance of any lease, nor imply any intent to include under this Concurrent Resolution any other fast and submerged land leases; and

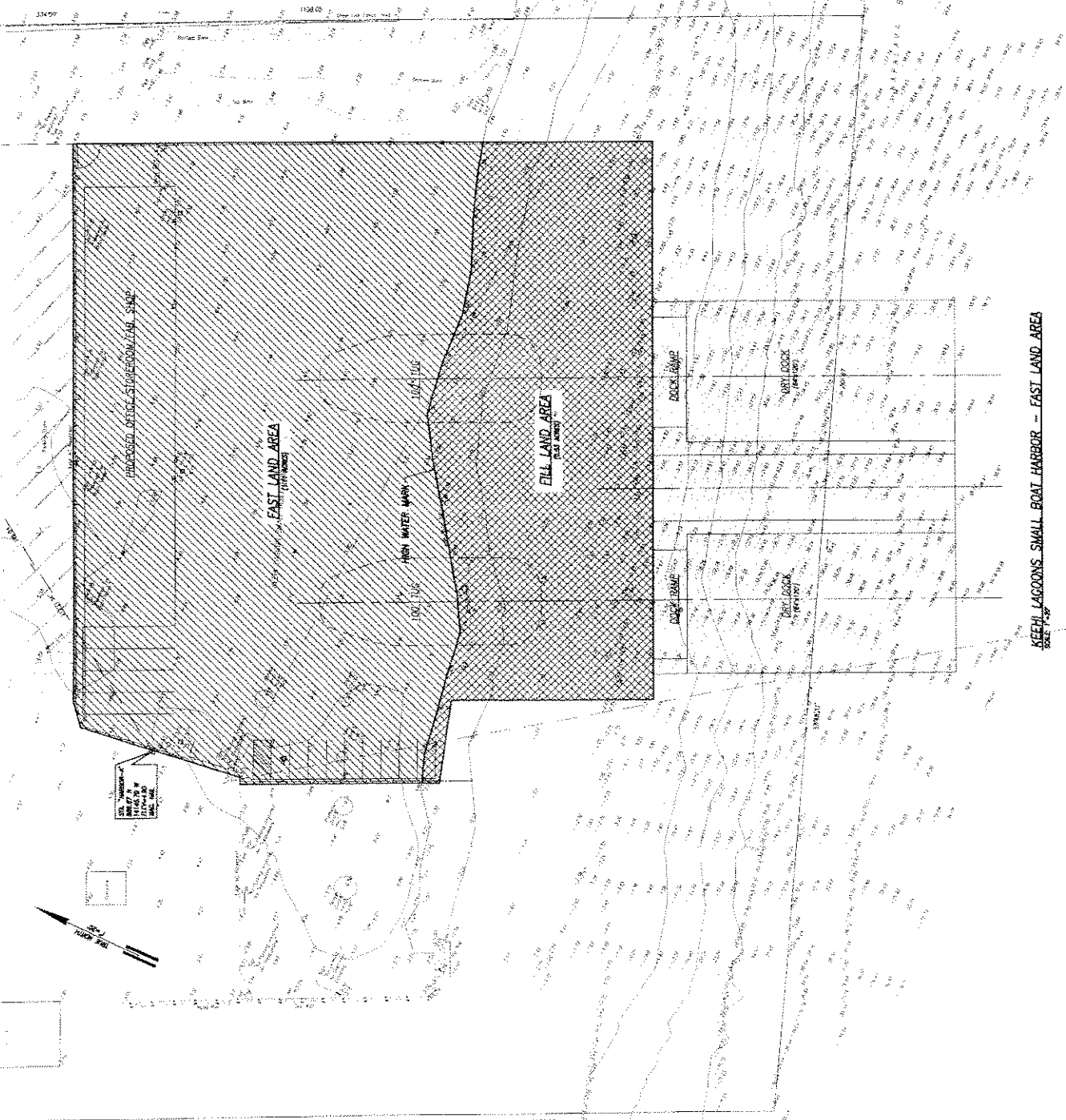
BE IT FURTHER RESOLVED that this Concurrent Resolution does not impute or imply legislative approval of the decisions that must be independently made by other state or federal agencies that may have jurisdiction over the navigable waters that may be impacted by the lease of submerged lands authorized for lease under this measure and that Honolulu Marine is requested to obtain the permits and approvals necessary to redevelop, manage, and operate its commercial ship repair facility; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor, Chairperson of BLNR, and Chief Executive Officer of Honolulu Marine, Inc.

Report Title:

Submerged Lands; Lease Authorization; Shipyard Facility

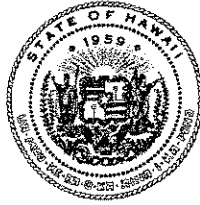
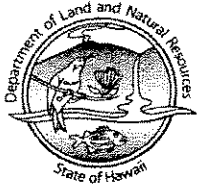
Sheet No. 57



KEEP LAGOONS SMALL BOAT HARBOR - EAST LAND AREA
 SHEET NO. 57

EXHIBIT C

LINDA LINGLE
GOVERNOR OF HAWAII



PETER T. YOUNG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
DEPUTY DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

Office of Conservation and Coastal Lands
POST OFFICE BOX 621
HONOLULU HAWAII 06900

REF:OCCL:TM

Correspondence: OA 07-241

MEMORANDUM

TO: Ed R. Underwood, Administrator
Division of Boating and Ocean Recreation

APR 30 2007

FROM: Samuel J. Lemmo, Administrator
Office of Conservation and Coastal Lands

SUBJECT: Review of the Approval in Principle of a Direct Lease to Honolulu Marine LLC.
for Construction of a Commercial Shipyard and Limited Right-of Entry Located
at Keehi Small Boat Harbor Located at Kalihi-Kai, Honolulu, Island of Oahu,
TMK: (1) 1-2-025:024

The Office of Conservation and Coastal Lands (OCCL) has reviewed the subject recommendation of a direct lease in principle and limited right of entry for survey reconnaissance of the subject area to Honolulu Marine LLC. for proposed commercial ship repair purposes.

The OCCL notes it appears that the proposal calls for approximately (\approx) .53 acres of submerged lands to be filled and \approx .48 acres of submerged lands to be utilized for dry docks. The submerged ocean land of the subject area lie within the Resource subzone of the Conservation District, therefore the proposal requires the filing of a Conservation District Use Application (CDUA).

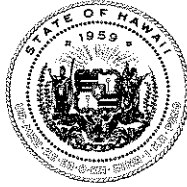
The proposed use is an identified land use in the Conservation District pursuant to the Hawaii Administrative Rules (HAR) §13-5-25, R-6 MARINE CONSTRUCTION (D-1) Marine construction, dredging, filling, or any combination thereof of submerged lands. A public hearing shall also be required pursuant to §13-5-40, HAR, as the proposed use of land is for commercial purposes.

The OCCL has no objections to the submittal however the OCCL notes the two proposed floating dry docks extend beyond the subject parcel's boundaries into the Kapalama Basin/Kalihi Channel. We suggest you consult with the Department of Transportation-Harbors Division regarding any proposed uses within the harbor channel. Should you have any questions regarding this memo, please contact Tiger Mills of our Office at (808) 587-0382.

c: Chairperson
ODLO
DOT-Harbors Division

EXHIBIT D

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
HARBORS DIVISION
79 So. NIMITZ HIGHWAY, HONOLULU, HAWAII 96813

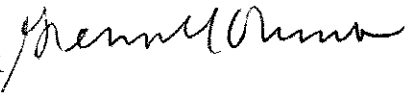
BARRY FUKUNAGA
DIRECTOR

Deputy Directors
FRANCIS PAUL KEENO
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:
HAR-PM
4387.07

May 10, 2007

TO: EDWARD R. UNDERWOOD, ADMINISTRATOR
DIVISION OF BOATING AND OCEAN RECREATION
DEPARTMENT OF LAND AND NATURAL RESOURCES

FROM: GLENN M. OKIMOTO
HARBORS ADMINISTRATOR 

SUBJECT: DRAFT SUBMITTAL TO BOARD OF LAND AND NATURAL RESOURCES
FOR APPROVAL IN PRINCIPLE OF DIRECT LEASE TO
HONOLULU MARINE LLC FOR CONSTRUCTION OF SHIPYARD AND
LIMITED RIGHT-OF-ENTRY TO COMPLETE PERMIT PROCESS

Honolulu Marine LLC provides a valuable maritime service and has served as an exemplary Harbors Division tenant. We support and approve of Honolulu Marine's relocation to the proposed site and the associated draft submittal to the Board of Land and Natural Resources.

The Department of Transportation is pursuing the relocation of the University of Hawaii Marine Center to the lands directly on the other side of the Kalihi Channel, adjacent to the Marine Education Center. Therefore, please consult with Ms. Sandra S. Pfund of the Hawaii Harbors Project to ascertain any potential conflicts with Honolulu Marine's future site. Ms. Pfund may be reached at 586-2521.

Should you have questions with regard to this matter, please call Mr. Glenn Abe, Supervising Property Manager, at 587-1944.

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EXHIBIT E

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. BOX 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
EMD / CWB

05032PKP.07

May 10, 2007

Mr. Edward R. Underwood
Administrator
Division of Boating and Ocean Recreation
Department of Land and Natural Resources
333 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Underwood:

Subject: Request Review and Comment on a Draft Submittal to the Board of Land and Natural Resources for Approval in Principle of Direct Lease to Honolulu Marine LLC for Construction of a Shipyard and Limited Right-of-Entry to Complete Permit Process

The Department of Health, Clean Water Branch (CWB), has reviewed the subject document and offers these comments on your project. Please note that our review is based solely on the information provided in the subject document and its compliance with Hawaii Administrative Rules (HAR), Chapters 11-54 and 11-55. You may be responsible for fulfilling additional requirements related to our program. We recommend that you also read our standard comments on our website at <http://www.hawaii.gov/health/environmental/env-planning/landuse/CWB-standardcomment.pdf>.

1. Any project and its potential impacts to State waters must meet the following criteria:
 - a. Antidegradation policy (HAR, Section 11-54-1.1), which requires that the existing uses and the level of water quality necessary to protect the existing uses of the receiving State water be maintained and protected.
 - b. Designated uses (HAR, Section 11-54-3), as determined by the classification of the receiving State waters.
 - c. Water quality criteria (HAR, Sections 11-54-4 through 11-54-8).

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10:00 AM

EXHIBIT F

Mr. Edward R. Underwood
May 10, 2007
Page 2

2. Please call the Army Corps of Engineers at (808) 438-9258 to see if this project requires a Department of the Army (DA) permit. Permits may be required for work performed in, over, and under navigable waters of the United States. Projects requiring a DA permit also require a Section 401 Water Quality Certification (WQC) from our office.
3. You are required to obtain a National Pollutant Discharge Elimination System (NPDES) permit for discharges of wastewater, including storm water runoff, into State surface waters (HAR, Chapter 11-55). For the following types of discharges into Keehi Lagoon, you may apply for NPDES general permit coverage by submitting a Notice of Intent (NOI) form:
 - a. Storm water associated with industrial activities, as defined in Title 40, Code of Federal Regulations, Sections 122.26(b)(14)(i) through 122.26(b)(14)(ix) and 122.26(b)(14)(xi).
 - b. Storm water associated with construction activities, including clearing, grading, and excavation, that result in the disturbance of equal to or greater than one (1) acre of total land area. The total land area includes a contiguous area where multiple separate and distinct construction activities may be taking place at different times on different schedules under a larger common plan of development or sale. **An NPDES permit is required before the start of the construction activities.**
 - c. Once through cooling water less than one (1) million gallons per day.
 - d. Hydrotesting water.
 - e. Construction dewatering effluent.

You must submit a separate NOI form for each type of discharge at least 30 days prior to the start of the discharge activity, except when applying for coverage for discharges of storm water associated with construction activity. For this type of discharge, the NOI must be submitted 30 days before to the start of construction activities. The NOI forms may be picked up at our office or downloaded from our website at:
<http://www.hawaii.gov/health/environmental/water/cleanwater/forms/genl-index.html>.

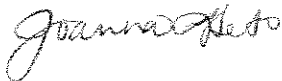
4. You must obtain an NPDES individual permit if there will be any other type of wastewater discharge not listed above, including harbor water flowing off their drydocks during lowering and lifting cycles, from the proposed facilities. An application for an NPDES individual permit must be submitted at least 180 days before the commencement of the discharge. The NPDES application forms may be picked up at our office or downloaded from our website at <http://www.hawaii.gov/health/environmental/water/cleanwater/forms/indiv-index.html>.

Mr. Edward R. Underwood
May 10, 2007
Page 3

5. You must also submit a copy of the NOI or NPDES permit application to the State Department of Land and Natural Resources, State Historic Preservation Division (SHPD), or demonstrate to the satisfaction of the CWB that SHPD has or is in the process of evaluating your project. Please submit a copy of your request for review by SHPD or SHPD's determination letter for the project along with your NOI or NPDES permit application, as applicable.
6. Please note that all discharges related to the project construction or operation activities, whether or not NPDES permit coverage and/or Section 401 WQC are required, must comply with the State's Water Quality Standards. Noncompliance with water quality requirements contained in HAR, Chapter 11-54, and/or permitting requirements, specified in HAR, Chapter 11-55, may be subject to penalties of \$25,000 per day per violation.

If you have any questions, please visit our website at <http://www.hawaii.gov/health/environmental/water/cleanwater/index.html>, or contact the Engineering Section, CWB, at 586-4309.

Sincerely,



for ALEC WONG, P.E., CHIEF
Clean Water Branch

KP:np

State of Hawaii
Department of Land and Natural Resources
DIVISION OF AQUATIC RESOURCES

May 16, 2007

MEMORANDUM

TO: Dan Polhemus, Administrator *DP*
FROM: Paul Murakawa, Aquatic Biologist *PM*
THRU: Richard Sixberry, Aquatic Biologist

SUBJECT: Request review and comment of a Submittal to the Board of Land and Natural Resources (BLNR) for Approval in Principle of Direct Lease to Honolulu Marine LLC for Construction of a Shipyard and Limited Right-of-Entry for completion of with permit process

Comment
Requested by: Ed Underwood
Division of Boating and Ocean Recreation

Summary of Proposed Project

Title: Submittal to the Board of Land and Natural Resources (BLNR) for Approval in Principle of Direct Lease to Honolulu Marine LLC for Construction of a Shipyard and Limited Right-of-Entry for completion of permit process

Project by: Honolulu Marine, LLC

Location: Keehi Small Boat Harbor, Oahu, TMK: (1) 1-2-025:por.024.

Brief Description: The Division of Boating and Ocean Recreation is submitting to the Board of Land and Natural Resources for approval in principle of a direct lease to Honolulu Marine LLC at the Keehi Small Boat Harbor. Honolulu Marine LLC intends to use the land to construct a shipyard, which consists of a 200 foot by 40 foot building and a 135 foot finger pier on land and a 120 foot by 64 foot floating drydock on the water.

Comments: Since this area is a dredged and channelized, the impact on the benthic community is of minimal concern. While we tend to agree with the statement in the submittal that both illegal dumping and illegal activity plagues the area, this area is used by fishermen year-round to fish for the Hawaiian flagtail (aholehole) and jacks (papio or ulua), and during seasonal arrival of fish, such as the bigeye scad (halalu or akule) and young goatfish (oama). Approval of this lease will reduce the area available for fishermen at the Keehi Small Boat Harbor.

EXHIBIT G



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION
333 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813

April 25, 2007

MEMORANDUM

TO:

DLNR Agencies

- Division of Aquatic Resources
- Engineering Division
- Division of Forestry & Wildlife
- Division of State Parks
- Division of Water Resource Management
- Office of Conservation & Coastal Lands
- Office of Hawaiian Affairs
- Division of Boating and Ocean Recreation (Oahu District)

FROM:

Ed R. Underwood *RU*
Administrator

SUBJECT:

Request review and comment of a Submittal to the Board of Land and Natural Resources (BLNR) for Approval in Principle of Direct Lease to Honolulu Marine LLC for Construction of a Shipyard and Limited Right-of-Entry for completion of with permit process.

LOCATION: Keehi Small Boat Harbor, Oahu, Tax Map Key: (1) 1-2-025:por.024.

APPLICANT: Honolulu Marine, LLC

Transmitted for your review and comment on the above referenced document. We would appreciate your comments on this document. Please submit any comments by May 14, 2007.

If no response is received by this date, we will assume our agency has no comments. If you have any questions about this request, please contact William R. Andrews DOBOR Property Manager at 587-1978, or fax 587-1977.

Attachments

- We have no objections.
- We have no comments.
- Comments are attached.

Signed:

Date:

Peter T. Young
5/13/07

EXHIBIT H

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2007

DEPARTMENT OF LAND AND NATURAL RESOURCES
ENGINEERING DIVISION

DBOR/EdUnderwood/WilliamAndrews
Ref.: LandBoardSubmittalForApprovalOfDirectLeaseToHonoluluMarine
Oahu.001

COMMENTS

- () We confirm that the project site, according to the Flood Insurance Rate Map (FIRM), is located in Flood Zone ____.
- (X) **Please take note that the project site according to the Flood Insurance Rate Map (FIRM), is located in Zone AE. The National Flood Insurance Program (NFIP) has strict development regulations within Zone AE as indicated in bold letters below.**
- () Please note that the correct Flood Zone Designation for the project site according to the Flood Insurance Rate Map (FIRM) is ____.
- (X) **Please note that the project must comply with the rules and regulations of the National Flood Insurance Program (NFIP) presented in Title 44 of the Code of Federal Regulations (44CFR), whenever development within a Special Flood Hazard Area is undertaken. If there are any questions, please contact the State NFIP Coordinator, Ms. Carol Tyau-Beam, of the Department of Land and Natural Resources, Engineering Division at (808) 587-0267.**

Please be advised that 44CFR indicates the minimum standards set forth by the NFIP. Your Community's local flood ordinance may prove to be more restrictive and thus take precedence over the minimum NFIP standards. If there are questions regarding the local flood ordinances, please contact the applicable County NFIP Coordinators below:

- (X) **Mr. Robert Sumimoto at (808) 523-4254 or Mr. Mario Siu Li at (808) 523-4247 of the City and County of Honolulu, Department of Planning and Permitting.**
- () Mr. Kelly Gomes at (808) 961-8327 (Hilo) or Mr. Kiran Emler at (808) 327-3530 (Kona) of the County of Hawaii, Department of Public Works.
- () Mr. Francis Cerizo at (808) 270-7771 of the County of Maui, Department of Planning.
- () Mr. Mario Antonio at (808) 241-6620 of the County of Kauai, Department of Public Works.
- () The applicant should include project water demands and infrastructure required to meet water demands. Please note that the implementation of any State-sponsored projects requiring water service from the Honolulu Board of Water Supply system must first obtain water allocation credits from the Engineering Division before it can receive a building permit and/or water meter.
- () The applicant should provide the water demands and calculations to the Engineering Division so it can be included in the State Water Projects Plan Update.

- () Additional Comments: _____

- () Other: _____

Should you have any questions, please call Mr. Alyson Yim of the Planning Branch at 587-0259.

Signed: *Eric T. Hirano*
ERIC T. HIRANO, CHIEF ENGINEER
Date: 5/13/07