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August 14, 2025

Via E-mail to Daniel.e.orođenker@hawaii.gov

Mr. Daniel E. Orođenker, Executive Officer
State of Hawaii Land Use Commission
Department of Business, Economic Development &
Tourism
P.O. Box 2359
Honolulu, Hawaii 96804-2359



Re: Annual Report for 2024
LUC Docket No. A92-686 – Pu‘ukoli‘i Mauka and Pu‘ukoli‘i Triangle

Dear Mr. Orođenker:

We are the attorneys for Kaanapali Land Management Corp. (“**KLMC**”), a petitioner in the above-referenced docket (the “**Docket**”).

On behalf of KLMC, and pursuant to Condition 28 of those certain Findings Of Fact, Conclusions Of Law, And Decision And Order, entered on May 5, 1993 (collectively, the “**Original Decision and Order**”), as amended by that certain Order Granting Motion To Substitute Parties And Modify Certain Conditions And Other Matters In The Findings Of Fact, Conclusions Of Law, And Decision And Order Dated May 5, 1993, entered on March 5, 2009 (the “**Order of Amendment**”) (the Original Decision and Order, as amended by the Order of Amendment, is referred to herein as the “**Amended Decision and Order**”), we hereby submit the Annual Report set forth below for the year 2024. Additionally, pursuant to the request of the Land Use Commission (the “**Commission**”) at its June 4, 2025 meeting, an update on KLMC’s discussions with the State of Hawaii Commission on Water Resource Management (“**CWRM**”) is also provided below.

I. General Status of the Project

The Petition Area consists of approximately 298 acres of land in Ka‘anapali, Maui, Hawaii and was to comprise a project originally known as “Pu‘ukoli‘i Village”. The corridor for the future Lahaina Bypass Highway bisects the Petition Area. The portion of the Petition Area located mauka of the future highway is referred to as “**Pu‘ukoli‘i Mauka**” and the portion located makai of the future highway is referred to as “**Pu‘ukoli‘i Triangle**”.

On January 20, 1993, the Housing Finance and Development Corporation (“**HFDC**”) certified the Pu‘ukoli‘i Village project under Act 15 (1988 Haw. Sess. Laws) (the “**Act 15 Certification**”). In accordance with the Act 15 Certification, HFDC and Amfac Property Investment Corp. (“**APIC**”), the owner of the Petition Area at the time, entered into that certain Pu‘ukoli‘i Village Development Agreement dated March 4, 1993 (the “**Development Agreement**”). The Development Agreement contemplated, among other things, that HFDC and APIC (collectively, the “**Original Petitioner**”) would petition the Commission to reclassify the Petition Area to the urban land use district in order to facilitate the development of the Pu‘ukoli‘i Village project, and that the project would include an affordable housing component as addressed in the Development Agreement.

Pursuant to the Development Agreement, the Original Petitioner petitioned the Commission to reclassify the Petition Area to the urban land use district. On May 5, 1993, the Commission issued the Original Decision and Order.

APIC subsequently transferred the Petition Area to KLMC, an affiliated entity and the current owner of the Petition Area. KLMC and the Hawaii Housing Finance and Development Corporation (“**HHFDC**”), the successor agency to HFDC, subsequently determined that it was no longer feasible to proceed with the development of the Pu‘ukoli‘i Village project in the form contemplated by the Development Agreement and the Original Decision and Order because the estimated development costs were expected to far exceed anticipated revenues from the sale of developed units. Accordingly, KLMC, HHFDC and the County of Maui (the “**County**”) entered into that certain Pu‘ukoli‘i Mauka Affordable Housing Agreement dated April 7, 2008 (the “**Affordable Housing Agreement**”) which, among other things, revised certain requirements of the Development Agreement in order to facilitate the development of the Pu‘ukoli‘i Mauka portion of the Petition Area. In addition, the Affordable Housing Agreement contemplated that KLMC and HHFDC would request the Commission’s approval to substitute themselves for the Original Petitioners as the petitioner of record in the Docket, and to amend the Original Decision and Order in order to facilitate the development of Pu‘ukoli‘i Mauka.

On June 12, 2008, KLMC and HHFDC filed their motion with the Commission to substitute themselves in the Docket for the Original Petitioner, and to amend the Original Decision and Order. On March 5, 2009, the Commission entered the Order of Amendment approving the substitution of KLMC and HHFDC (collectively, the “**Petitioner**”) for the Original Petitioners as the petitioner of record in the Docket, and amending the Original Decision and Order.

As a result of the Order of Amendment, certain conditions of the Amended Decision and Order now apply only to Pu‘ukoli‘i Mauka, other conditions apply only to Pu‘ukoli‘i Triangle, and a third category of conditions apply to both Pu‘ukoli‘i Mauka and Pu‘ukoli‘i Triangle.

KLMC is continuing with its efforts to develop Pu‘ukoli‘i Mauka and to satisfy the conditions of the Amended Decision and Order that relate to Pu‘ukoli‘i Mauka as summarized below.

Plans and specifications for off-site and on-site master infrastructure (roadways, water, sewer, electricity, drainage) for Pu'ukoli'i Mauka have been prepared by KLMC and approved by the applicable County agencies and utility providers. Construction of off-site roadway, sewer, electrical, and drainage facilities has been substantially completed. KLMC has submitted a grading permit application for Pu'ukoli'i Mauka to the County. In connection with the grading permit application, KLMC has (a) obtained a National Pollution Discharge Elimination System ("**NPDES**") permit from the State of Hawaii Department of Health (issued in June, 2020 and reapproved in April, 2024), (b) completed an Archaeological Inventory Survey, Monitoring Plan, and Preservation Plan (approved by the Hawaii State Historic Preservation Division in February, 2023), (c) completed a drainage report (approved by the County in 2021), and (d) completed a best management practices plan.

In 2022, CWRM designated the Lahaina Aquifer Sector Area (which includes the Petition Area) as a ground and surface water management area. As a result of the designation, water use permits issued by CWRM are required for existing and new water uses within the Lahaina Aquifer Sector Area. The deadline to submit applications for existing water use permits was on or about August 7, 2023.

In response to the Commission's request, KLMC presented at the Commission's June 4, 2025 meeting a Status Report on the status of KLMC's application for a water use permit from CWRM for Pu'ukoli'i Mauka. At the meeting, KLMC clarified that as of June, 2025, an application for a new water use permit to serve Pu'ukoli'i Mauka had not yet been submitted due to uncertainties relating to the timing of CWRM's processing of new and existing water use permit applications and uncertainties relating to the availability of new water use permits. At the meeting, it was clarified that KLMC has submitted applications for existing water use permits for KLMC's existing nonpotable water uses ("**KLMC's Existing Nonpotable Use Applications**").

CWRM Deputy Director Ciara Kahahane also attended the June 4, 2025 meeting. At the meeting, Deputy Director Kahahane and representatives of KLMC expressed interest in meeting to discuss Pu'ukoli'i Mauka water use permit matters, including clarification of CWRM processing requirements and possible options for making potable water service available for housing development within Pu'ukoli'i Mauka. The Commission encouraged the parties to meet and requested that following the meeting, KLMC provide an update to the Commission as part of this Annual Report (which is provided below).

KLMC representatives met with CWRM Deputy Director Kahahane and several CWRM staff members on July 16, 2025. Representatives of co-Petitioner HHFDC and Hawaii Water Service Company also attended the meeting. The meeting was informative as CWRM staff members explained their current plans for processing applications for water use permits for the Lahaina Aquifer Sector. At the meeting, KLMC also presented the concept of converting some of KLMC's existing nonpotable water uses (which are included in KLMC's Existing Nonpotable Use Applications) to potable water use to serve Pu'ukoli'i Mauka. CWRM staff members provided feedback on the concept and indicated that a change in the existing use would require a permit for a new water use.

Based on CWRM staff's feedback, KLMC has decided to seek CWRM approval for a change in some of KLMC's existing nonpotable water use to potable water use to serve Pu'ukoli'i Mauka. In connection with that, KLMC submitted an application for a new water use permit to CWRM on July 28, 2025 ("**KLMC's New Use Application**").

Based on information provided by CWRM staff members at the July 16, 2025 meeting, KLMC has the following understanding as to what may be expected with respect to the timing and processing of KLMC's filed water use permit applications.

1. It is KLMC's understating that CWRM is required to act on applications for existing water use permits before applications for new water use permits (which would include applications involving a change in existing water use).
2. It is KLMC's understanding that CWRM will accept and review applications for new water use permits concurrently with applications for existing water use permits, but that CWRM action on applications for new water use permits cannot be taken until CWRM action on all applications for existing water use permits is completed.
3. KLMC understands that CWRM staff is preparing a proposed framework for processing the large number of applications received. The proposed framework may provide for review and approval of applications by prioritized location of aquifer(s) and hydrologic unit(s). CWRM approval of a processing framework is required prior to implementation. CWRM staff anticipate presenting a proposed framework to CWRM in early 2026.
4. Following CWRM approval of the proposed framework, review and approval of applications for existing water use permits would proceed (this is expected to include KLMC's Existing Nonpotable Use Applications). CWRM review and approval of applications for new water use permits would follow (this is expected to include KLMC's New Use Application).

Due to the uncertainties with respect to the timing and outcome of water use permit applications for Pu'ukoli'i Mauka, KLMC has deferred further development work for Pu'ukoli'i Mauka. KLMC expects that following CWRM issuance of the required water use permits for Pu'ukoli'i Mauka, development work will resume. It should be noted that conversion of some of KLMC's existing nonpotable use to potable use for Pu'ukoli'i Mauka would require planning, engineering, and construction of additional water infrastructure. KLMC currently estimates that it may take several years following CWRM approval of KLMC's New Use Application to complete the additional water infrastructure for Pu'ukoli'i Mauka.

With respect to Pu'ukoli'i Triangle, KLMC intends to have Pu'ukoli'i Triangle developed in connection with the entitlement and development of adjacent and nearby properties owned by KLMC and/or KLMC affiliated entities. To facilitate compatible land use entitlements of Pu'ukoli'i Triangle with adjacent and nearby properties, KLMC sought and obtained HHFDC approval to cancel the Act 15 Certification for Pu'ukoli'i Triangle. KLMC intends to seek and obtain full reversal of the land use

entitlements for Pu'ukoli'i Triangle to agricultural designations and appropriate new land use entitlements in the future. Towards that end, KLMC requested, by letter dated May 25, 2011, that HHFDC cancel the Act 15 Certification with respect to Pu'ukoli'i Triangle. On June 9, 2011, HHFDC approved the decertification of Pu'ukoli'i Triangle from Act 15. Based on discussions with HHFDC, KLMC has prepared a draft Memorandum of Understanding setting forth an intent to pursue reversal of the land use entitlements and proposed action items for accomplishing the reversal, which would include termination of the Development Agreement as to Pu'ukoli'i Triangle. The draft Memorandum of Understanding was submitted in December, 2024 to the County's Department of Housing for review and comment and, as of the date of this letter, is currently under review by the County's corporation counsel.

II. Status of Compliance with Conditions of Amended Decision and Order

The following table summarizes the status of compliance with the conditions of the Amended Decision and Order as of the date of this letter.

| No. | Condition | Status |
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| 1. | <u>As to Pu'ukoli'i Mauka only:</u> As to the Pu'ukoli'i Mauka portion of the Petition Area, Petitioner shall comply with the terms, covenants and conditions of that certain Pu'ukoli'i Mauka Affordable Housing Agreement (the "Affordable Housing Agreement"), dated April 7, 2008, among KLMC, HHFDC, and the County of Maui. | As indicated above, construction of certain off-site infrastructure for Pu'ukoli'i Mauka has been substantially completed. Further development work has been deferred pending CWRM review and issuance of a required new water use permit for potable water service to Pu'ukoli'i Mauka. |
| 1. | <u>As to Pu'ukoli'i Triangle only:</u> As to the Pu'ukoli'i Triangle portion of the Petition Area, Petitioner shall comply with Act 15, 1988 Session Laws of Hawaii, all rules and regulations promulgated thereunder, and all amendments and successor legislation thereto. | Act 15 sunsetted in April 1993. KLMC intends to have Pu'ukoli'i Triangle developed in connection with the entitlement and development of adjacent and nearby lands owned by KLMC and/or KLMC affiliated entities. In order to facilitate such development and to allow for compatibility across the various future entitlements that will apply to Pu'ukoli'i Triangle and nearby properties, KLMC intends to seek and obtain full reversal of the land use entitlements for Pu'ukoli'i Triangle to agricultural designations and appropriate new land use entitlements in the future. Towards that end, KLMC requested, by |

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| | | letter dated May 25, 2011, that HHFDC cancel the Act 15 Certification with respect to Pu'ukoli'i Triangle. On June 9, 2011, HHFDC approved the decertification of Pu'ukoli'i Triangle from Act 15. Based on discussions with HHFDC, KLMC has have prepared a draft Memorandum of Understanding setting forth an intent to pursue reversal of the land use entitlements and proposed action items for accomplishing the reversal, which would include termination of the Development Agreement as to Pu'ukoli'i Triangle. The draft Memorandum of Understanding has been submitted to the County's Department of Housing for review and comment and, as of the date of this letter, is currently under review by the County's corporation counsel. |
| 2. | <p><u>As to Pu'ukoli'i Triangle only:</u></p> <p>The Project contains a unit mix such that not less than sixty percent (60%) of the Project provides housing opportunities for families earning less than one hundred and forty percent (140%) of the median income in accordance with the State Affordable Housing Guidelines. The sixty percent (60%) affordable requirement shall be in addition to any units built to satisfy affordable housing requirements of any other projects.</p> | See the status update for Condition 1 pertaining to Pu'ukoli'i Triangle. |
| 3. | Petitioner shall provide housing opportunities as represented in the Petition and during hearings for low, low-moderate, and moderate income residents of the State of Hawaii. | <p>With respect to Pu'ukoli'i Mauka, as required by Condition 1 pertaining to Pu'ukoli'i Mauka, the Affordable Housing Agreement, as it may be amended, shall be complied with.</p> <p>With respect to Pu'ukoli'i Triangle, see the status update to Condition 1 pertaining to Pu'ukoli'i Triangle.</p> |
| 4. | <p><u>As to Pu'ukoli'i Triangle only:</u></p> <p>Petitioner shall work with the County of Maui and State Department of</p> | KLMC and its affiliates have complied with this condition in the following respects: |

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| | <p>Transportation to resolve the issues detailed in the final Environmental Impact Report (January 1993) through intersection improvements and/or re-routing of existing traffic flow to reduce projected Level of Service.</p> | <p>(a) Working with the Department of Transportation of the State of Hawaii (the “DOT”), KLMC and its affiliates funded the design of significant improvements to that portion of Honoapi‘ilani Highway fronting then existing Ka‘anapali Beach Resort. These improvements, all of which are completed and have significantly improved the Level of Service on Honoapi‘ilani Highway, included the following:</p> <p>(i) Widened Honoapi‘ilani Highway to four (4) lanes;</p> <p>(ii) Installed a left turn storage lane and a separate right turn lane on the south bound approach of Honoapi‘ilani Highway at its intersection with Ka‘anapali Parkway; and</p> <p>(iii) Installed improved signalization at the intersection of Honoapi‘ilani Highway and Ka‘anapali Parkway.</p> <p>(b) KLMC completed the construction of Kaka‘alaneo Drive and Ikena Nani Road, which extend from Honoapi‘ilani Highway to Pu‘ukoli‘i Mauka and nearby properties and runs parallel and near to the long-existing Pu‘ukoli‘i Road. Kaka‘alaneo Drive and Ikena Nani Road will be the sole access to Pu‘ukoli‘i Mauka until portions of the Lahaina Bypass Highway abutting the Petition Area are completed.</p> <p>(c) In order to provide substantial traffic mitigation measures for the future development of the Pu‘ukoli‘i Village project and adjacent lands, the DOT and APIC entered into the Lahaina Bypass Highway Development Agreement on June 16, 1993, as amended on March 10, 2008 (the “Bypass Agreement”). The Bypass Agreement contemplates the construction of the Lahaina Bypass Highway by the DOT. KLMC and its affiliates have timely complied with all terms and conditions of the Bypass Agreement and have expended</p> |
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| | | <p>approximately \$2.4 million to comply with its requirements including, among other things, the following:</p> <p>(i) The research, preparation and regulatory approval of an environmental impact statement for the entire Lahaina Bypass Highway which extends from Launiupoko (south of Lahaina town) to Honokowai (north of the Ka'anapali Beach Resort);</p> <p>(ii) The civil and geotechnical engineering work to initiate construction of the first phase of the bypass highway;</p> <p>(iii) The surveying and engineering work to determine the corridor and possible right of way for almost the entire length of the bypass highway;</p> <p>(iv) The surveying, engineering, and archaeological work to establish the right of way for the second phase of the bypass highway; and</p> <p>(v) The surveying and engineering work to subdivide KLMC's and its affiliates' lands mauka of the Ka'anapali Beach Resort for the creation of a corridor for the bypass highway.</p> <p>Since 1993, the DOT has completed a portion of the Lahaina Bypass Highway. Significant portions, however, including portions adjacent to Pu'ukoli'i Mauka, have not yet been constructed.</p> <p>The most recent DOT Statewide Transportation Improvement Plan (STIP) shows that improvements to extend the Lahaina Bypass Highway have been deferred to 2030.</p> |
| 5. | <p><u>As to Pu'ukoli'i Triangle only:</u></p> <p>Petitioner shall commence construction of the mauka parcel of the Project only</p> | <p>By its terms, this condition is inapplicable to Pu'ukoli'i Triangle.</p> |

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| | upon completion of the Bypass Highway. | |
| 6. | If any archaeological resources such as artifacts, shell, bones or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance are encountered during development of the Project, Petitioner shall immediately stop work on the impacted area, and contact the State Historic Preservation Division of the State Department of Land and Natural Resources. | <p>This condition is acknowledged and shall be complied with during development.</p> <p>In connection with a grading permit application for Pu'ukoli'i Mauka, KLMC completed an Archaeological Inventory Survey, Monitoring Plan, and Preservation Plan for Pu'ukoli'i Mauka, which was approved by the Hawaii State Historic Preservation Division in February, 2023.</p> |
| 7. | Petitioner shall inform all prospective occupants of: (1) possible odor, noise, and dust pollution resulting from surrounding agricultural operations; and (2) the Hawaii Right-to-Farm Act, Chapter 165, HRS, which limits the circumstances under which pre-existing farming activities may be deemed a nuisance. | This condition is acknowledged and shall be complied with in connection with the sale and leasing of the property. |
| 8. | <p><u>As to Pu'ukoli'i Triangle only:</u></p> <p>Petitioner shall participate in the funding (on a proportionate share basis), design and construction of off-site roadway improvements necessitated by the Project identified by and to the satisfaction of the State Department of Transportation, with the exception of the Proposed Roadway, which shall be funded as set forth below.</p> | See status update to Condition 4. |
| 8a. | <p><u>As to Pu'ukoli'i Mauka only:</u></p> <p>Petitioner shall improve the intersection of Honoapi'ilani Highway and Kaka'alaneo Road including traffic signalization when warranted to be established by a traffic study provided by</p> | This condition is acknowledged and shall be complied with. In 2014, KLMC sold and conveyed certain property adjacent to Kaka'alaneo Drive (i.e., "Lot 17") to Newport Hospital Corporation ("NHC") for development of a hospital and related medical facilities on Lot 17. As a condition to the sale |

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| | Petitioner and approved by the Department of Transportation (“DOT”). | of Lot 17, NHC has agreed to complete the improvements required by this condition, subject to reimbursement by KLMC of a portion of the costs thereof. |
| 8b. | <u>As to Pu’ukoli’i Mauka only:</u> Petitioner shall prepare a Preliminary Engineering (plan and profile) for the section of the Lahaina Bypass Road which intersects with Kaka’alaneo Drive. The preliminary engineering shall be subject to review and acceptance by the DOT to ensure that conflicts between the proposed Pu’ukoli’i Mauka development and the proposed four-lane Lahaina Bypass Road are minimized. | Preliminary Engineering Plans for the section of the Lahaina Bypass which intersects with Kaka’alaneo Drive were prepared and submitted by KLMC to the DOT in 2013. The plans indicate no significant conflicts between the planned grade of the Lahaina Bypass and the grade of Kaka’alaneo Drive. The DOT has acknowledged submittal of the Preliminary Engineering Plans. |
| 9. | Petitioner shall fund, design, and construct all roadway improvements necessitated by the proposed project. Kaka’alaneo Drive shall be the Proposed Roadway and the main access road from Honoapi’ilani Highway to the Petition Area. | See status updates to Conditions 4, 8, 8a, and 8b. |
| 10. | <u>As to Pu’ukoli’i Mauka only:</u> Petitioner shall comply with the Lahaina Bypass Highway Development Agreement dated June 16, 1993, as amended on March 10, 2008. | Compliance is ongoing. See status update to Condition 4 for more information. |
| 10. | <u>As to Pu’ukoli’i Triangle only:</u> Petitioner shall participate (on a proportionate share basis) in the funding for the construction of local and regional transportation improvements and programs necessitated by the proposed project, including dedication of rights-of-way as determined by the State Department of Transportation and the County of Maui Department of Public Works. | See status update to Condition 4. |

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| 11. | <p>Petitioner shall comply with applicable provisions of the State Department of Health Administrative Rules, and Title 11, Chapter 20 concerning Potable Water Systems. Petitioner shall also provide the necessary water source, storage, transmission facilities, and improvements to accommodate the Project.</p> | <p>Hawaii Water Service Company (“HWSC”), a private water utility company regulated by the State of Hawaii Public Utility Commission, provides potable water (and the necessary source, storage and transmission facilities) to the Petition Area. To the best of KLMC’s knowledge, HWSC’s potable water source, storage and transmission systems comply with the applicable rules of the Department of Health of the State of Hawaii (the “DOH”) (Title 11, Chapter 20, Hawaii Administrative Rules).</p> <p>KLMC has reserved capacity within HWSC’s existing facilities to serve an initial phase of development within Pu‘ukoli‘i Mauka. Construction plans and specifications for storage and transmission facilities to expand the water delivery service to Pu‘ukoli‘i Mauka have been completed and approved by HWSC. It is KLMC’s understanding, however, that any provision of water service by HWSC under the reserved capacity would require issuance of a new water use permit by CWRM.</p> <p>As discussed above, it is possible that the source(s) of potable water to serve Pu‘ukoli‘i Mauka may change in connection with required water use permits. A change in source(s) may necessitate planning, engineering, permitting, construction, and installation of additional water infrastructure.</p> <p>With respect to Pu‘ukoli‘i Triangle, see the status update for Condition 1 pertaining to Pu‘ukoli‘i Triangle.</p> |
| 12. | <p><u>As to Pu‘ukoli‘i Triangle only:</u></p> <p>Petitioner shall work out its agreement with the County of Maui to ensure that there is adequate capacity at the existing Lahaina Wastewater Treatment Plant for the Project. Should it be required, Petitioner shall fund its proportionate</p> | <p>The requirements set forth in the first two sentences of this condition have been satisfied. The County and an affiliate of KLMC have entered into agreements under which capacity at the Lahaina Wastewater Treatment Plant has been reserved for various properties of KLMC</p> |

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| | share to expand or improve the existing Lahaina Wastewater Treatment Plant to the satisfaction of the State Department of Health and the County of Maui. In addition, Petitioner shall fund and construct transmission facilities to service the Project. | and KLMC affiliated entities, including Pu'ukoli'i Triangle, among others. Installation of wastewater transmission facilities along Kaka'alaneo Drive from the boundary of Pu'ukoli'i Mauka to the County wastewater transmission line within Honoapi'ilani Highway, which can provide service to Pu'ukoli'i Mauka and Pu'ukoli'i Triangle, has been substantially completed. |
| 13. | KLMC shall fund and construct wastewater transmission facilities to service the Project to the extent necessary to connect to the nearest existing County wastewater transmission lines. | Installation of wastewater transmission facilities along Kaka'alaneo Drive from the boundary of Pu'ukoli'i Mauka to the County wastewater transmission line within Honoapi'ilani Highway, which can provide service to Pu'ukoli'i Mauka and Pu'ukoli'i Triangle, has been substantially completed. |
| 14. | <u>As to Pu'ukoli'i Triangle only:</u> KLMC shall also fund and construct transmission facilities as necessary for the disposal of treated effluent as generated by the development, on lands owned by KLMC. | This condition is acknowledged and will be addressed in connection with the development of Pu'ukoli'i Triangle. KLMC has engaged in discussions with, and will continue to engage and cooperate with, the County in support of extending the County's reclaimed water distribution system to certain areas. |
| 15. | Petitioner shall submit a final detailed drainage and erosion control plan to the State Department of Health and County of Maui Department of Public Works for review and approval, and fund and construct the necessary drainage improvements. Petitioner shall provide verification that the grading and runoff water generated by the Project shall not have an adverse effect on adjacent and downstream properties. | With respect to Pu'ukoli'i Mauka, KLMC has submitted off-site and on-site infrastructure plans, which include drainage plans, to the County, and has completed a Drainage Report (dated April, 2021) that was approved by the County in August, 2021. KLMC has also obtained a NPDES Permit for Pu'ukoli'i Mauka, which was approved by the DOH in April, 2024. With respect to Pu'ukoli'i Triangle, see the status update for Condition 1 pertaining to Pu'ukoli'i Triangle. |
| 16. | KLMC shall construct off-site drainage improvements for the subject project to | With respect to Pu'ukoli'i Mauka, KLMC has submitted off-site and on-site infrastructure |

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| | <p>accommodate a 100 year storm. Appropriate mitigation measures shall be taken to reduce impacts on the adjacent and downstream properties.</p> | <p>plans, which include drainage plans, to the County, and has completed a Drainage Report (dated April, 2021) that was approved by the County in August, 2021. KLMC has also obtained a NPDES Permit for Pu'ukoli'i Mauka, which was approved by the DOH in April, 2024.</p> <p>With respect to Pu'ukoli'i Triangle, see the status update for Condition 1 pertaining to Pu'ukoli'i Triangle.</p> |
| 17. | <p>All infrastructure improvements and the construction thereof for the Project shall be developed in compliance with County of Maui standards in accordance with the terms of the Development Agreement between KLMC and HHFDC.</p> | <p>With respect to Pu'ukoli'i Mauka, the Affordable Housing Agreement superseded the Development Agreement. In connection with the development of Pu'ukoli'i Mauka, the Affordable Housing Agreement, as it may be amended, shall be complied with.</p> <p>Plans and specifications for off-site and on-site master infrastructure (roadways, water, sewer, electricity, drainage) for Pu'ukoli'i Mauka have been prepared by KLMC and approved by the applicable County agencies and utility providers. Construction of off-site roadway, sewer, electrical, and drainage facilities has been substantially completed.</p> <p>With respect to Pu'ukoli'i Triangle, see the status update for Condition 1 pertaining to Pu'ukoli'i Triangle.</p> |
| 18. | <p>The County of Maui has concerns that pursuant to Act 15 insufficient review time will be available to the various County agencies to review the infrastructure master plans and construction plans should they be submitted simultaneously. The County is required to complete its review within 30 days of submittal by KLMC or the plans are deemed approved. This condition is subject to the Development Agreement.</p> | <p>This condition is acknowledged. The master infrastructure and construction plans have been submitted and reviewed by the County of Maui. Subsequent plans for parcel development will be prepared and submitted to the County of Maui following resolution of the uncertainties relating to the timing and issuance of the required water use permits for potable water service for Pu'ukoli'i Mauka.</p> <p>With respect to Pu'ukoli'i Mauka, the Affordable Housing Agreement superseded the Development Agreement.</p> |

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| | | With respect to Pu'ukoli'i Triangle, see the status update for Condition 1 pertaining to Pu'ukoli'i Triangle. |
| 19. | Petitioner shall implement effective soil erosion and dust control measures both during and after construction of the Project to the satisfaction of the State Department of Health. | This condition is acknowledged and shall be complied with during and after construction. County issuance of a grading permit for Pu'ukoli'i Mauka is expected to be conditioned upon implementation of an approved Best Management Practices plan that addresses soil erosion and dust control during construction. |
| 20. | Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health. | The DOH has advised KLMC and its affiliates that the DOH does not have an air quality monitoring program specific to the West Maui area. All applicable DOH rules relating to air quality, including those rules requiring the use of "best management practices" to control fugitive dust during construction shall be complied with. |
| 21. | Petitioner shall cooperate with the State Department of Health and the County of Maui Department of Public Works to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, HRS. | This condition is acknowledged and shall be complied with. Prior to commencement of development, such cooperation with the DOH and the County Department of Public Works shall occur. |
| 22. | Petitioner shall donate to the State of Hawaii a not less than eight (8) acre site for a school in satisfaction of Department of Education requirements (the "School Site"). The School Site shall be adjacent to a not less than four (4) acre public park (the "Park Site"), subject to the following conditions: a) The common border between the School Site and the Park Site shall be as close to a straight line as possible as agreed to by the Department of Education and the Director of the Department of Parks and Recreation of | The location of the School Site as recommended by the State of Hawaii Department of Education (the " DOE ") was approved by HHFDC in 2009. The School Site is adjacent to the Park Site within Pu'ukoli'i Mauka and has been subdivided. KLMC expects to complete the conveyance of the School Site, as required by this condition, in coordination with the DOE and development of Pu'ukoli'i Mauka. KLMC has reached out to the DOE to further efforts towards the conveyance of the School Site. |

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| | <p>the County of Maui (the “Parks Director”).</p> <p>b) The School Site shall be conveyed to the State of Hawaii free and clear of all materially adverse liens and encumbrances.</p> <p>c) Petitioner shall seek reapproval of the concept plan for the School Site from HHFDC, with the Department of Education, having the added opportunity to meet with Petitioner regarding any changes in the School Site.</p> <p>d) The School Site should be relatively square.</p> | |
| 23. | <p><u>As to Pu‘ukoli‘i Triangle only:</u></p> <p>As permitted by law, Petitioner shall provide affordable housing opportunities in the Project to give preference for rental or purchase to those persons who are the lessees of record of Waianae Village housing units according to the records of Pioneer and who are eligible to purchase affordable housing units under HFDC guidelines, and who have been or will be displaced from the Waianae Village.</p> | <p>As there are no remaining lessees of Waianae Village housing units, this condition is no longer applicable.</p> |
| 24. | <p>Petitioner shall participate in the funding and construction of appropriate civil defense measures related to the Project as determined by the State and County of Maui civil defense agencies.</p> | <p>The County Civil Defense Agency had informed KLMC that no emergency sirens were required within the Petition Area.</p> <p>In light of the 2023 wildfires, continued coordination with the County Civil Defense Agency is expected.</p> |
| 25. | <p>Petitioner shall comply with the park dedication requirements under § 18.16.320, Maui County Code.</p> | <p>This condition is acknowledged and shall be complied with.</p> |

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| | | KLMC has had numerous discussions with the County Department of Parks and Recreation (the “ Parks Department ”) regarding satisfaction of this condition and has submitted draft park improvement plans for review and approval. Discussions with the Parks Department on satisfaction of this condition are ongoing. |
| 26. | Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in the reversion of the Property to its former classification, or change to a more appropriate classification. | With respect to Pu‘ukoli‘i Mauka, this condition is acknowledged and shall be complied with. With respect to Pu‘ukoli‘i Triangle, see the status update for Condition 1 pertaining to Pu‘ukoli‘i Triangle. |
| 27. | Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to the development of the Property. | This condition is acknowledged and shall be complied with. KLMC has been in discussions and negotiations with third parties regarding the sale and development of Pu‘ukoli‘i Mauka, or portions thereof. Prior to consummating any such sale, KLMC will notify the Commission thereof. |
| 28. | Petitioner shall provide annual reports to the Commission, the Office of State Planning, and the County of Maui, Planning Department in connection with the status of the Project and Petitioner’s progress in complying with the conditions imposed. | Compliance with this condition is ongoing. |
| 29. | The Land Use Commission may fully or partially release these conditions as to all or any portions of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner. | The condition is acknowledged. |

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| 30. | Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a Statement to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Commission. | <p>This condition has been satisfied by the recording in the Bureau of Conveyances of the State of Hawaii (the "Bureau") of the following instruments, copies of which have been filed with the Commission:</p> <ul style="list-style-type: none">a. Certificate recorded as Document No. 93-106910;b. Amendment to Certificate recorded as Document No. 93-136094; andc. Second Amendment to Certificate recorded as Document No. 2009-048854. |
| 31. | Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Title 15, Section 92, Hawaii Administrative Rules. | <p>This condition has been satisfied. See status update to Condition 30.</p> |

Mr. Daniel E. Orodener, Executive Officer
State of Hawaii Land Use Commission
August 14, 2025
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Please do not hesitate to contact us if you have any questions.

Very truly yours,

SCHNEIDER TANAKA RADOVICH
ANDREW & TANAKA,
A Limited Liability Law Company

By: 
Diane Yuen Praywell

cc: Land Use Division Administrator, Office of Planning and Sustainable
Development, State of Hawaii (*via U.S. mail*)
Dean Minakami - Director, Hawaii Housing Finance & Development Corporation
(*via U.S. mail*)
Kate Blystone, Director - Planning Department, County of Maui (*via U.S. mail*)
Kaanapali Land Management Corporation, Attention: Margaret Jenness (*via e-mail*)