

**BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII**

In the Matter of the Petition of

Docket No. A94-706

KAONOULU RANCH To Amend the
Agricultural Land Use District Boundary into
the Urban Land Use District for approximately
88 acres at Kaonoulu, Makawao-Wailuku,
Maui, Hawaii; Tax Map Key Nos. 2-2-02:por.
of 15 and 3-9-01:16

LAND USE COMMISSION
STATE OF HAWAII
2013 AUG 30 A 8:43

**SEVENTEENTH ANNUAL REPORT OF HONUA'ULA
PARTNERS, LLC, SUCCESSOR PETITIONER TO KAONOULU
RANCH (2012)**

TO THE HONORABLE LAND USE COMMISSION OF THE STATE OF HAWAII:

COMES NOW HONUA'ULA PARTNERS, LLC (the "Successor Petitioner")¹,
successor-in-interest to MAUI INDUSTRIAL PARTNERS, LLC ("MIP"), in regards to the real
property which is the subject matter of Docket No. A94-706, as referenced above, and pursuant
to Condition No. 17 of the Findings of Fact, Conclusions of Law, and Decision and Order issued
on February 10, 1995 (the "D&O"), hereby submits this Seventeenth annual report¹ of
compliance with the conditions established by said approval, for the year 2012, as follows:

¹ Honua'ula is the current owner of one of the seven parcels encumbered by the D&O. Honua'ula owns tax map key parcel (2) 3-9-001:169 (hereinafter, the "Honua'ula Parcel"). The remaining seven parcels encumbered by the D&O, tax map key parcels: (2) 3-9-001:016 and 170-174, are owned by Piilani Promenade South, LLC and Piilani Promenade North, LLC (hereinafter "the Piilani Parcels"). This Annual Report only addresses the Honua'ula Parcel. Successor Petitioner understands that the owners of the Piilani Parcels will file their own separate annual report.

¹ This Seventeenth Annual Report is submitted to replace what was previously entitled "Fifteenth Annual Report of Honua'ula Partners, LLC, Successor Petitioner to Kaonoulu Ranch" that was submitted by Honua'ula Partners, LLC on October 10, 2012. Successor Petitioner has learned that the files of the Land Use Commission do not contain a copy of any Annual Report for the year 2009, filed by Maui Industrial Partners, LLC, which was the owner of the Petition Area during the year 2009. Rather, in 2010, a report was filed entitled "Fourteenth Annual Report." Successor Petitioner therefore, of even date herewith, has submitted a Fourteenth Annual Report to cover the year 2009. In order to correct the numbering of the subsequent Annual Reports, Successor Petitioner is therefore submitting replacement Annual Reports for 2010 through 2012, with the correct numbering (Fifteenth through Seventeenth). The

General Progress of the Project

Kaonoulu Ranch (the "Original Petitioner") obtained a Community Plan Amendment and Change in Zoning for the Petition area referred to above (the "Petition Area"). On May 12, 2005, MIP purchased the fee simple interest in the Petition Area from the Original Petitioner, together with all of the interests in the Petition Area and its entitlements.

MIP actively engaged a consulting team to implement the plan of development for the project consistent with the D&O. MIP also involved the County of Maui and the State of Hawaii Department of Transportation ("SDOT") in this effort. Subdivision of the Petition Area was applied for in September 2003, and civil construction plans for the Petition Area were submitted to the County of Maui in May 2005 addressing all requirements for preliminary subdivision approval. Final bonded subdivision approval was received by MIP on August 14, 2009, for both a large lot subdivision of the Petition Area and for an additional subdivided lot in the Petition Area required for construction of County of Maui water system improvements necessary for the subdivision. A copy of the subdivision approval letter and associated maps are attached hereto as **Exhibit "A"** for reference. Subsequent to the finalization of the large lot subdivision, the Successor Petitioner purchased the Honua'ula Parcel from MIP. The Honua'ula Parcel is depicted as Lot 2B on **Exhibit "A"**.

As required by Condition No. 5 of County of Maui Ordinance No. 3554, Successor Petitioner plans to develop and construct a 250 unit workforce affordable housing project on the Honua'ula Parcel, prior to completion of any market rate units on the land commonly referred to as Wailea 670. Honua'ula is the current owner/developer of Wailea 670.

information contained herein is similar, but not identical to that previously submitted, as a reference to a Motion which was filed by Successor Petitioner and then withdrawn has been deleted. Successor Petitioner represents that the information contained herein has been verified by Charles Jencks, who was the owner's representative of Successor Petitioner during the period covered by this Seventeenth Annual Report.

Construction of this workforce housing project is dependent upon and must follow the installation of certain infrastructure for the project to be developed on the Piilani Parcels.

This Seventeenth Annual Report addresses compliance with the conditions of approval for the Honua'ula Parcel.

Report on Compliance with Conditions Imposed by Commission

The following states whether the conditions in the approval have been met:

1. The Petitioner shall obtain a Community Plan Amendment and Change in Zoning from the County of Maui.

This condition has been satisfied. The Community Plan Amendment was approved on March 20, 1998, and the Change in Zoning application was approved by the Maui County Council and became effective on May 25, 1999.

2. Petitioner shall cooperate with the State Department of Health and the County of Maui Department of Public Works and Waste Management to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawaii Revised Statutes.

Successor Petitioner intends to cooperate with the State Department of Health and the Department of Public Works and Environmental Management, formerly a part of the Department of Public Works and Waste Management.

3. Petitioner shall contribute its pro-rata share to fund and construct adequate wastewater treatment, transmission and disposal facilities, as determined by the State Department of Health and the County of Maui Department of Public Works and Waste Management.

Successor Petitioner understands its obligation to contribute its pro-rata share to fund and construct adequate wastewater treatment, transmission and disposal facilities.

4. Petitioner shall fund and construct adequate civil defense measures as determined by the State and County Civil Defense agencies.

Successor Petitioner understands its obligation to fund and construct adequate civil defense measures.

5. Petitioner shall fund, design and construct necessary local and regional roadway improvements necessitated by the proposed development in designs and

schedules accepted by the State Department of Transportation and the County of Maui. Petitioner shall provide traffic signals at the intersection of Piilani Highway and Kaonoulū Street, and shall submit a warrant study in coordination with the Department of Transportation. Petitioner shall also install a fence and appropriate screening, i.e. landscaping, etc., along the highway right-of-way in coordination with the State Department of Transportation. Petitioner shall provide for a frontage road parallel to Piilani Highway and other connector roads within the Petition Area, in coordination with other developments in the area with the review and approval of the State Department of Transportation and the County of Maui.

Successor Petitioner understands its obligation to comply with this condition. The Piilani Owners have received approval of the civil construction plans for the project to be developed on the Piilani Parcels from all of the above referenced agencies. For further information as to the Piilani Owners' plans to satisfy this Condition, Successor Petitioner directs the Commission's attention to the Seventeenth Annual Report which Successor Petitioner understands will be submitted by the Piilani Owners to the Commission.

6. Petitioner shall fund and construct adequate potable and non-potable water source, storage, and transmission facilities and improvements to accommodate the proposed project. Water transmission facilities and improvements shall be coordinated and approved by the appropriate State and County agencies.

Successor Petitioner understands its obligation to fund and construct adequate potable and non-potable water source, storage, and transmission facilities and improvements to accommodate the development of the Honua'ula Parcel. Civil construction plans for the Piilani Parcels approved by the County of Maui include improvements addressing both potable and non-potable water systems and waste water collection systems located within and outside the Piilani Parcels.

7. Petitioner shall participate in an air quality monitoring program as determined by the State Department of Health.

Successor Petitioner intends to participate in an air quality monitoring program if required by the Department of Health.

8. Petitioner shall fund the design and construction of its pro-rata share of drainage improvements required as a result of the development of the Property, including oil water separators and other filters as appropriate, and other best management

practices as necessary to minimize non-point source pollution into Kulanihakoi Gulch, in coordination with appropriate state and county agencies, such as the following:

a. All cleaning, repairs and maintenance of equipment involving the use of industrial liquids, such as gasoline, diesel, solvent, motor oil, hydraulic oil, gear oil, brake fluid, acidic or caustic liquids, antifreeze, detergents, degreasers, etc., shall be conducted on a concrete floor, where roofed or unroofed. The concrete floor shall be constructed so as to be able to contain any drips or spills and to provide for the recovery of any spilled liquid. Water drainage from these concrete floors, if necessary, shall pass through a separator sump before being discharged.

The Successor Petitioner understands its obligation to comply with this condition.

b. All employees shall be instructed to immediately collect and contain any industrial liquid spills on the concrete floor and should be informed against discharging or spilling any industrial liquids. Employees shall be instructed to prevent any industrial liquid spills onto the bare ground.

The Successor Petitioner understands its obligation to comply with this condition.

c. Barrels for the temporary storage of used oil or other industrial liquids shall be kept on a concrete surface. The surface shall be bermed to prevent the loss of liquid in the event of spills or leaks. The barrels shall be sealed and kept under shelter from the rain. (The Department of Labor and Industrial Relations' Occupational Safety and Health regulations, sections titled, "Housekeeping Standards" and "Storage of Flammable or Combustible Liquids," shall be followed, along with the local fire code.)

The Successor Petitioner understands its obligation to comply with this condition.

9. Should any human burials or any historic artifacts, charcoal deposits, or stone platforms, pavings or walls be founds, the Petitioner shall stop work in the immediate vicinity and contact the State Historic Preservation District. The significance of these finds shall then be determined and approved by the Division, and an acceptable mitigation plan shall be approved by the Division. The Division must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E, Hawaii Revised Statutes.

The Successor Petitioner understands its obligation to comply with this condition.

10. A long term preservation plan for the petroglyph stone (Site 50-10-3746) that was removed from the project area shall be reviewed and approved by the State Historic Preservation Division. Long term preservation measures shall be implemented within 60 days after final approval of the preservation plan.

This condition has been satisfied. As stated in the Fifth Annual Report, the

Original Petitioner prepared a long term preservation plan which has been approved by the State

Historic Preservation Division, Department of Land and Natural Resources, State of Hawaii, a copy of which was transmitted to the Land Use Commission.

11. Petitioner shall contribute its pro-rata share to a nearshore water quality monitoring program as determined by the State Department of Health and the State Division of Aquatic Resources, Department of Land and Natural Resources.

Successor Petitioner understands its obligation to contribute its pro-rata share to a nearshore water quality monitoring program as it is determined.

12. Petitioner shall implement effective soil erosion and dust control methods during construction in compliance with the rules and regulations of the State Department of Health and the County of Maui.

Successor Petitioner understands its obligation to implement effective soil erosion and dust control methods during construction.

13. Petitioner shall create a buffer zone between lands designated as SF (Single-Family) by the County's Kihei-Makena Community Plan and industrial uses on the Property to mitigate impacts between future residential activities and the proposed industrial development.

The Successor Petitioner understands its obligation to comply with this condition.

14. In the event Petitioner sells its interest in the Project, Petitioner shall subject the Property to deed restrictions to run with the land which shall require the successors and assigns to comply with the terms and conditions set forth in the Commission's Decision and Order.

Successor Petitioner understands that it is required to comply with the terms and conditions in the Commission's Decision and Order and understands its obligation to comply with this condition.

15. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

Successor Petitioner understands its obligation to comply with this condition. In the original Petition, the Petitioner proposed the construction of a commercial and light industrial subdivision, and attached to the Petition a conceptual plan for that project. In the material

presented to the Commission, and in testimony presented to the Commission, it was represented that the conceptual plan presented was only one conceptual alternative in response to real estate market conditions existing at that time, and was subject to reassessment and adjustment, based on evolving real estate market conditions. At the time the conceptual plan was presented, the possibility that the land subject to the Petition could be used for apartments as permitted under the anticipated rezoning of said land by the County of Maui was disclosed to the Commission.

Successor Petitioner proposes to use the Honua`ula Parcel for workforce affordable housing apartments, which use is permitted under the Maui County Zoning Code for property zoned Light Industrial. Successor Petitioner maintains that apartment use does not violate any condition of the D&O and is consistent with representations made to the D&O.

16. 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 development of the Property.

Successor Petitioner understands its obligation to comply with this condition.

17. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of Planning, and the County of Maui Planning Department in connection with the status of the subject Project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall include written documentation from each State and County agency responsible, indicating that the terms of the condition(s) are progressing satisfactorily or have been completed to the satisfaction of the agency. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.

Successor Petitioner understands its obligation to comply with this condition, and submits this annual report in compliance therewith.

18. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92 Hawaii Administrative Rules.

This condition has been satisfied. Petitioner has recorded a Notice of Imposition of Conditions with the Bureau of Conveyances of the State of Hawaii pursuant to Section 15-15-92 Hawaii Administrative Rules.

19. Within seven (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 that the Property is subject to conditions imposed herein by the Land Use Commission in the reclassification of the Property; and (b) shall file a copy of such recorded statement with the Commission.


This condition has been satisfied. Petitioner has recorded a Document Listing Conditions to Reclassification of Land with the Bureau of Conveyances of the State of Hawaii and has filed a copy of the recorded document with the Commission.

20. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner.

The Successor Petitioner understands that the Commission may fully or partially release the conditions provided herein.

Except as stated above, the responses in the Sixteenth annual report are still correct and remain unchanged.

DATED: Honolulu, Hawai'i, August 28, 2013.


CLIFFORD J. MILLER
JOEL D. KAM
JONATHAN H. STEINER

Attorneys for Honua'ula Partners, LLC

CERTIFICATE OF SERVICE

THE UNDERSIGNED HEREBY CERTIFIES that on this date a true and correct copy of the foregoing document was duly served upon the following parties at their last known address via U.S. Mail and electronic mail:

Daniel Orodener Daniel.E.Orodener@dbedt.hawaii.gov
Director
Office of Planning, Land Use Commission
235 South Beretania Street, Room 406
Honolulu, Hawai'i 96813

Bryan C. Yee Bryan.C.Yee@hawaii.gov
Deputy Attorney General
Department of the Attorney General
Commerce & Economic Development Division
425 Queen Street
Honolulu, Hawai'i 96813

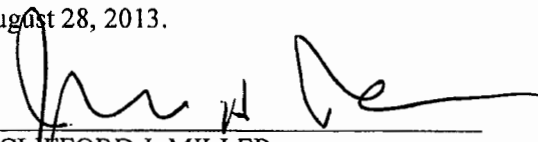
Jesse K. Souki, Director Jesse.K.Souki@dbedt.hawaii.gov
Planning Program Administrator
Office of Planning, Land Use Division
Leiopapa a Kamehameha, Room 600
235 South Beretania Street
Honolulu, Hawai'i 96813

William Spence, Director William.Spence@co.maui.hi.us
Director, Planning Department
County of Maui
250 S. High Street
Kalana Pakui Building, Suite 200
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Attorneys for Piilani Promenade South, LLC and
Piilani Promenade North, LLC

DATED: Honolulu, Hawai'i, August 28, 2013.


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CHARMAINE TAVARES
Mayor

MILTON M. ARAKAWA, A.I.C.P.
Director

MICHAEL M. MIYAMOTO
Deputy Director



RALPH M. NAGAMINE, L.S., P.E.
Development Services Administration

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
DEVELOPMENT SERVICES ADMINISTRATION
250 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

August 14, 2009

Mr. Darren Okimoto, P.E.
WARREN S. UNEMORI ENGINEERING, INC.
2145 Wells Street, Suite 403
Wailuku, Hawaii 96793

SUBJECT: KAONOULU RANCH (LARGE-LOT) SUBDIVISION NO. 2
TMK: (2) 3-9-001:016
SUBDIVISION FILE NO. 2.2795

KAONOULU RANCH-WATER TANK SUBDIVISION
TMK: (2) 2-2-002:015
SUBDIVISION FILE NO. 2.2995

Dear Mr. Okimoto:

Final approval for the subject subdivisions have been granted on August 14, 2009, based upon an "Agreement For Subdivision Approval" and "Subdivision Bond" in the following amounts totaling \$22,058,826.00:

Bond No. SU1102685 (Sitework Improvements)	\$1,256,710.00
Bond No. SU1102686 (East Kaonoulu Street Improvements)	2,299,046.00
Bond No. SU1102687 (Pillani Highway Widening Improvements)	1,411,106.00
Bond No. SU1102688 (Access Road and Swales)	1,771,330.00
Bond No. SU1102689 (Sewer System/Revisions)	712,592.00
Bond No. SU1102690 (Storm Drainage System/Revisions)	2,895,052.00
Bond No. SU1102691 (Onsite Water System)	834,700.00
Bond No. SU1102692 (12" Offsite Water/1MG Water Tank)	4,802,784.00
Bond No. SU1102693 (36" Water Main/Water/Misc. Revisions)	2,444,940.00
Bond No. SU1102694 (Electrical)	885,566.00
Bond No. SU1102695 (Traffic Signal Improvements)	643,000.00
Bond No. SU1102696 (Landscape/Irrigation)	1,202,000.00
Bond No. SU1102697 (CRM Walls)	\$ 900,000.00

The approved final plats and copies of the "Agreement For Subdivision Approval" and "Subdivision Bond" are enclosed for your records.

EXHIBIT " A "

Mr. Darren Okimoto, P.E.

SUBJECT: **KAONOULU RANCH (LARGE-LOT) SUBDIVISION NO. 2**
SUBDIVISION FILE NO. 2.2795
KAONOULU RANCH-WATER TANK SUBDIVISION
SUBDIVISION FILE NO. 2.2995

August 14, 2009

Page 2 of 2

The "Agreement For Subdivision Approval" and "Subdivision Bond" stipulates that the Subdivider shall complete the required subdivision improvements on or before July 17, 2010.

If you have any questions regarding this letter, please contact Lesli Otani of our Development Services Administration at 270-7252.

Sincerely,



MILTON M. ARAKAWA, A.I.C.P.
Director of Public Works

Enclosures: Final Plats

Agreement For Subdivision Approval

Subdivision Bond (Bond Nos. SU1102685 thru SU1102697)

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c: Dept. of Finance, Accounts Division w/final plats, agreement, & bonds
Dept. of Finance, Real Property Tax Division w/final plats
Dept. of Finance, Tax Map Division w/final plats
Building Permit Section w/final plats
Engineering Division w/final plats
Dept. of Environmental Management, WWRD w/final plats
Dept. of Planning w/final plats
Dept. of Water Supply, SD 03-90 & 06-106 w/final plats
Police Dept. w/final plats
Dept. of Parks and Recreation w/final plats
State Department of Health w/final plats
DOT, Highways Division w/final plats
Maui Electric Co. w/final plats

