

LAND USE COMMISSION  
STATE OF HAWAII

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

2012 OCT 10 P 3:29

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

**SIXTEENTH ANNUAL REPORT OF HONU'A'ULA PARTNERS, LLC,**  
**SUCCESSOR PETITIONER TO KAONOULU RANCH**

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

COMES NOW HONU'A'ULA PARTNERS, LLC (the "Successor Petitioner")<sup>1</sup>,  
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 Sixteenth annual report of compliance  
with the conditions established by said approval as follows:

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.

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<sup>1</sup> 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.

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. 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.

On September 14, 2012, Honua’ula filed a Motion for an Order Bifurcating Docket No. A94-706 and Suspending Show Cause Hearing as to Honua’ula Partners, LLC (“Motion to Bifurcate”), wherein Honua’ula seeks, *inter alia*, that the docket herein be bifurcated to separate the Honua’ula Parcel from the other parcels subject to the D&O, on the basis that Honua’ula intends to file a Motion to Amend the D&O to make clear that the Honua’ula Parcel

may be used as the site for the desired affordable housing units. Therein, Honua`ula further represents that it will file the Motion to Amend by not later than July 31, 2013, and that no construction of the desired affordable housing units or related site work will occur on the Honua`ula Parcel unless and until the Commission grants the Motion to Amend. The Motion to Bifurcate has been set for hearing before the Commission on November 15, 2012.

This Sixteenth 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 Kaonoulu 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 Sixteenth 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. While 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, Successor Petitioner will, in response to the State of Hawaii Office of Planning's position regarding workforce affordable housing apartment use, seek an amendment to the original District Boundary Amendment to specifically allow the Honua`ula Parcel to be used for workforce and affordable housing. Successor Petitioner has agreed not to commence construction of such housing unless and until such amendment is approved by the Commission.

**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.

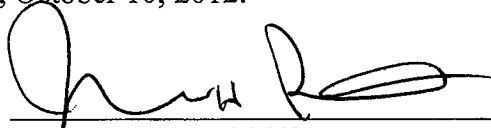
**20. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner.**



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

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

DATED: Honolulu, Hawai'i, October 10, 2012.

A handwritten signature in black ink, appearing to read 'Clifford J. Miller', written over a horizontal line.

CLIFFORD J. MILLER

JOEL D. KAM

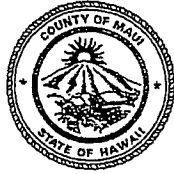
JONATHAN H. STEINER

Attorneys for Honua'ula Partners, LLC

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 (Piilani 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,

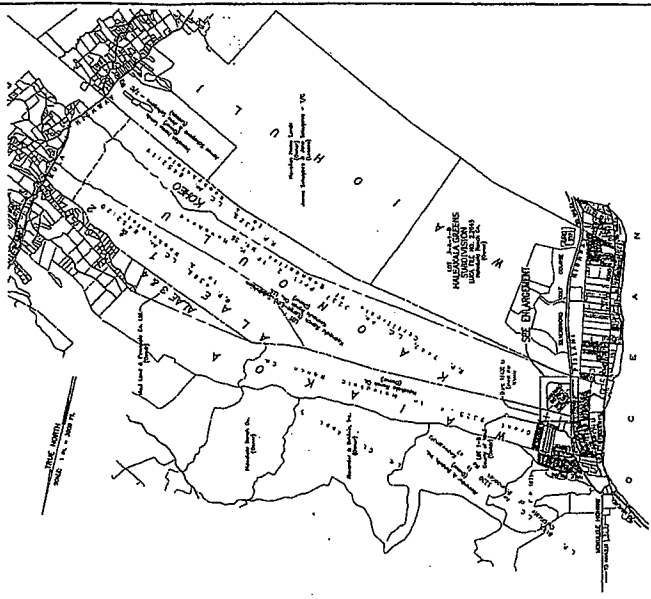


MILTON M. ARAKAWA, A.I.C.P.  
Director of Public Works

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



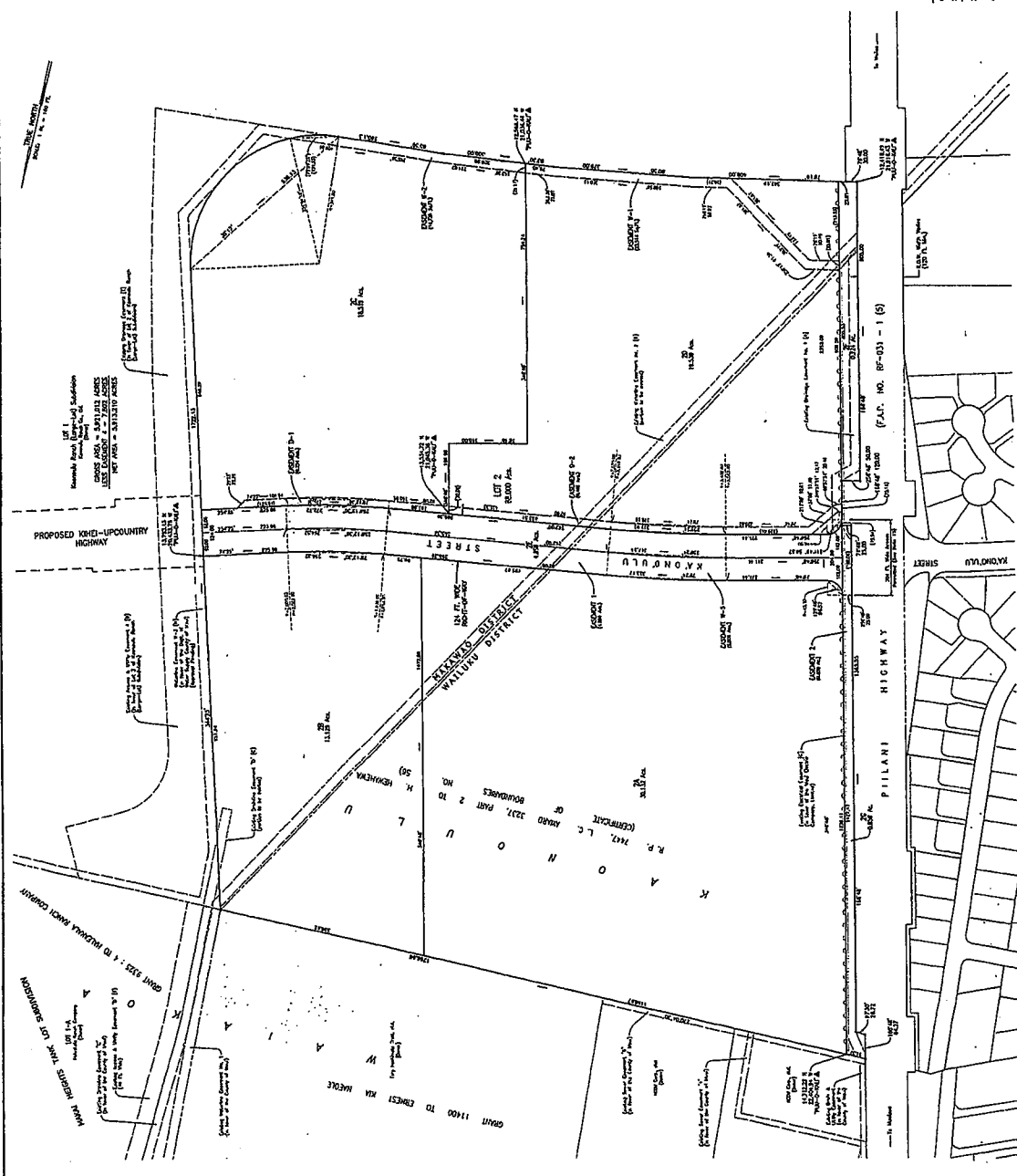
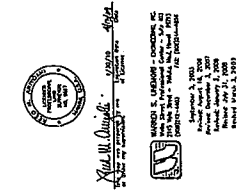
**KAONOULULU RANCH (LARGE LOT) SUBDIVISION NO. 2**  
 SUBDIVISION OF LOT 2, OF KAONOULULU RANCH  
 (LARGE-LOT) SUBDIVISION, INTO LOTS 2A TO 2G, INCLUDING  
 DESIGNATION OF EASEMENTS, ACCESS RIGHTS AND  
 DESIGNATION OF RESTRICTION OF VEHICULAR ACCESS RIGHTS  
 AFFECTING LOTS 2A AND 2D, AND DELETION OF PORTIONS  
 OF EASEMENTS NO. 2 AND D.

SHOW A PORTION OF 6.82 7442 L.C. 2032  
 PART 2 TO H. HEVANA, CERTIFICATE OF BOUNDARIES NO. 58  
 KAONOULULU, MAHONO AND MAHONO, MAHI, HAWAII

**TOTAL AREA = 86,000 ACRES**

SCALE: 1" = 100 FT.

OWNER: MAHI INDUSTRIAL PARTNERS, LLC  
 ADDRESS: MAHI, HAWAII 96753



- ARTICLE 1.** THE BOUNDARY LINES AND CORNERS ARE SHOWN ON THE PLAN, UNLESS OTHERWISE NOTED.
- ARTICLE 2.** ALL EASEMENTS AND RESTRICTIONS, WHETHER BY DEED OR OTHERWISE, SHALL BE DEEMED TO BE SUBJECT TO THE TERMS AND CONDITIONS OF THIS PLAN, UNLESS OTHERWISE NOTED.
- ARTICLE 3.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 4.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 5.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 6.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 7.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 8.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 9.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 10.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 11.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
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- ARTICLE 13.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 14.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 15.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 16.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 17.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 18.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 19.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.
- ARTICLE 20.** THE PLAN IS A PART OF THE DEED AND SHALL BE CONSIDERED TO BE PART OF THE DEED.



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 Orodenker [Daniel.E.Orodenker@dbedt.hawaii.gov](mailto:Daniel.E.Orodenker@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](mailto: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](mailto: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](mailto:William.Spence@co.maui.hi.us)  
Director, Planning Department  
County of Maui  
250 S. High Street  
Kalana Pakui Building, Suite 200  
Wailuku, Hawai'i 96793

DATED: Honolulu, Hawai'i, October 10, 2012.

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

Attorneys for Honua'ula Partners, LLC