| 1        |              | STATE OF HAWAII   |
|----------|--------------|---|
| 2        |              | LAND USE COMMISSION   |
| 3        |              | July 11, 2019   |
| 4        |              | Commencing at 9:30 a.m.   |
| 5        |              | Airport Conference Center   |
| 6        |              | 400 Rogers Blvd., Suite 700, Room #IIT#2  |
| 7        | <u>AGEND</u> | Honolulu, Hawaii 96819<br><u>A</u>  |
| 8        | VII.         | Call to Reconvene   |
| 9        | VIII.        | ACTION A05-758 A CHARITABLE FOUNDATION CORPORATION  |
| 11       |              | (0'ahu) To Consider Motion for Order Releasing  |
| 12       |              | Condition Nos. 1, 4, 7, 8, 10 and 11 As Set Forth in the Findings of Fact, Conclusions of   |
| 13<br>14 |              | Law, and Decision and Order dated April 21, 2006 and in the Declaration of Conditions Recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2006-105635 |
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| 25       |              |   |

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| 1  | APPEARANCES:  |   |
| 2  | COMMISSIONERS:  |   |
| 3  | JONATHAN SCHEUER, Chairperson<br>NANCY CABRAL, Vice Chair             |   |
| 4  | AARON MAHI, Vice Chair<br>GARY OKUDA                                  |   |
| 5  | DAWN N.S. CHANG EDMUND ACZON  |   |
| 6  | RANDALL S. NISHIYAMA, ESQ.  |   |
| 7  | Deputy Attorney General   |   |
| 8  | STAFF: DANIEL ORODENKER, Executive Officer                            |   |
| 9  | RILEY K. HAKODA, Chief Clerk/Planner BERT SARUWATARI, Planner         |   |
| 10 | BERT STROWNTRRY, TTAINICE   |   |
| 11 | EUGENE TAKAHASHI, Deputy Director<br>DINA WONG, Acting Division Chief |   |
| 12 | Honolulu County Department of Planning and Permitting                 |   |
| 13 | DAWN APUNA, ESQ.  |   |
| 14 | Deputy Attorney General RODNEY FUNAKOSHI,                             |   |
| 15 | State Office of Planning  |   |
| 16 | DICKSON LEE, ESQ.<br>TRACY FUKUDA, Wilson Okamoto                     |   |
| 17 | DR. DAVID DRUZ, Petitioner Representative For A05-758                 |   |
| 18 |   |   |
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|    |                                   |      | 3 |
|----|-----------------------------------|------|---|
| 1  | INDEX                             |      |   |
| 2  | WITNESS:                          | PAGE |   |
| 3  | <u>A05-758</u>                    |      |   |
| 4  | CHARITABLE FOUNDATION CORPORATION |      |   |
| 5  | DAVE DRUZ                         | F 0  |   |
| 6  | Direct Examination                | 50   |   |
| 7  |                                   |      |   |
| 8  |                                   |      |   |
| 9  |                                   |      |   |
| 10 |                                   |      |   |
| 11 |                                   |      |   |
| 12 |                                   |      |   |
| 13 |                                   |      |   |
| 14 |                                   |      |   |
| 15 |                                   |      |   |
| 16 |                                   |      |   |
| 17 |                                   |      |   |
| 18 |                                   |      |   |
| 19 |                                   |      |   |
| 20 |                                   |      |   |
| 21 |                                   |      |   |
| 22 |                                   |      |   |
| 23 |                                   |      |   |
| 24 |                                   |      |   |
| 25 |                                   |      |   |
|    |                                   |      |   |

- 1 CHAIRPERSON SCHEUER: Aloha mai kakou.
  2 Good morning.
- This is the July 11, 2019 Land Use
  Commission Meeting.

2.1

- I would like to announce that Agenda Item

  IX of the Agenda Docket No. DR19-66 Poma'ikai

  Partners, LLC, will not be heard today.
  - Petitioner advised the Commission after the agenda notice was circulated that it was not ready to proceed as scheduled.
  - So our next agenda item is a continued action hearing on Docket AO5-758 A Charitable Foundation Corporation Motion for Order Releasing Condition Nos. 1, 4, 7, 8, 10 and 11 As Set Forth in the Findings of Fact, Conclusions of Law, and Decision and Order dated April 21, 2006 and In the Declaration of Conditions Recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2006-105635.
  - Will the parties please identify themselves?
  - MR. LEE: Good morning, Members of the Commission. My name is Dickson Lee. I have with me today Dr. David Druz, who is representing the Petitioner, and to my left is Tracy Fukuda from the

- 1 planning firm of Wilson Okamoto.
- 2 CHAIRPERSON SCHEUER: City and county.
- 3 MS. WONG: My name is Dina Wong. I'm with
- 4 Department of Planning and Permitting. I'm the
- 5 Acting Planning Division Chief.
- 6 MR. TAKAHASHI: Eugene Takahashi, Deputy
- 7 Director of Department of Planning and Permitting.
- 8 CHAIRPERSON SCHEUER: Welcome.
- 9 MS. APUNA: Deputy Attorney General Dawn
- 10 Apuna on behalf of State Office of Planning. Here
- 11 with me today is Rodney Funakoshi.
- 12 CHAIRPERSON SCHEUER: Let me now update the
- 13 record in this docket.
- On April 9th, 2019, the Commission received
- 15 Petitioner's Motion for Order Releasing Conditions 1,
- 16 4, 7, 8, 10 and 11 as set forth in the Findings of
- 17 Fact, Conclusions of Law and Decision and Order dated
- 18 April 21st, 2006 and in the Declaration of Conditions
- 19 Recorded in the Bureau of Conveyances of the State of
- 20 Hawaii as Document No. 2006-105635.
- 21 On April 12th, 2019, the Commission
- 22 received the Office of Planning's request for
- 23 | Extension of Time to Respond to the Petitioner's
- 24 Motion.
- On April 15, 2019, the Commission mailed

1 | correspondence granting OP's request.

On May 28th of this year, the Commission received Petitioner's Memorandum re: Amended Affidavit of Authorized Officer David Druz.

On June 10th, 2019, the Commission received the Office of Planning's response to Petitioner's Motion.

On June 20th the Commission received the Petitioner's response to OP's response to the Petitioner's Motion.

On July 1st the Commission mailed the July 10th through 11, 2019 LUC meeting agenda notice to the Parties and the Statewide, Oahu and Hawai'i mailing and emailing lists.

Now, let me briefly describe our procedure for today on this docket.

First I'll give the opportunity for the Petitioner to comment on the Commission's Policy governing reimbursement of hearing expenses.

I will then call on any individuals desiring to give public testimony, which looking around, I believe there are none.

After public testimony, the Commission will hear argument on Petitioner's Motion. We will first hear from the Movant, then County and finally the

Office of Planning.

The Movant will present oral argument on Releasing Conditions 1, 4, 7, 8, 10 and 11 consecutively and in order without interruption. No additional evidence or witnesses are required. At the completion of its argument, the Commissioners will be given the opportunity to ask questions.

Once the Petitioner's presentation is complete and the Commissioners have completed their questioning, the County shall give its presentation in the same manner. The Commissioners can ask questions.

Once the County has completed its presentation and the Commissioners have completed their questioning, OP will present its case in the same manner. The Commissioners will then ask questions.

Once the Commissioners have completed their questioning of OP, the Petitioner will ge given a chance for a short rebuttal, and then finally questions by the Commissioners.

At the conclusion of that, the Commission will conduct its deliberation.

Are there any questions on our process for this morning?

1 MR. LEE: None. 2 MS. WONG: No questions. 3 MS. APUNA: No questions. 4 CHAIRPERSON SCHEUER: Thank you very much. 5 So, Mr. Lee, have you reviewed HAR 6 15-15-45.1 with regard to reimbursement of hearing 7 expenses? 8 MR. LEE: Yes. 9 CHAIRPERSON SCHEUER: And what is your 10 client's position on this? MR. LEE: We concur with whatever the 11 12 Commission requires. 13 CHAIRPERSON SCHEUER: Thank you very much. 14 Last check. I don't see anybody desiring 15 to give public testimony. We can proceed. COMMISSIONER OKUDA: May I make a 16 17 disclosure before we proceed? CHAIRPERSON SCHEUER: Yes, please proceed 18 19 with your disclosure, Commissioner Okuda. 20 COMMISSIONER OKUDA: I would like to 21 disclose to all parties that I know personally 22 Dickson Lee. The basis of my knowledge of Dickson 23 Lee is his firm, which originally was known as the 24 Law Firm of Okumura, Takushi, Funaki & Wee hired me 25 when I was still in law school as a summer law clerk in 1980, and I practiced at the Okumura Takushi Law Firm from 1981 when I graduated law school, to approximately 1986 when I left to form my own firm.

Since then I have had clients that have also been represented by Mr. Lee's firm, predecessor firm and the current law firm.

And he's also been involved in cases that I've been involved in.

I would also like to disclose the fact that our firm represents the Tojo Revocable Trust which has a pending proceeding with City and County of Honolulu. I believe it's under the jurisdiction of Department of Planning and Permitting, a technical issue about whether or not consolidation of a lot, which is nonreflective on the land court certificate of title, is still applicable to the title issues. That's set for mediation before Retired Supreme Court Justice James Duffy.

I don't believe any of these relationships or matters affect my ability to give a fair and impartial decision in this case.

CHAIRPERSON SCHEUER: Thank you.

Does the Petitioner object to Mr. Okuda's continued participation in this matter?

MR. LEE: No.

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1
               MR. TAKAHASHI: No.
2
               MS. APUNA: No objection.
3
                CHAIRPERSON SCHEUER: Any other disclosures
     or matters? Commissioner Cabral.
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5
               VICE CHAIR CABRAL: I just now met Mr.
 6
      Dickson Lee, but we have had -- he's worked with some
7
     clients that -- we have mutual clients, and I think I
     have some emails from him, but I have nowhere near
8
9
     the memory of that detail, so I'm sure it will not
10
     affect my ability to be impartial. Thank you.
11
                CHAIRPERSON SCHEUER: Any objection?
12
               MR. LEE: This is the first time I've met
     Mrs. Cabral. I'm not -- I do think she has received
13
14
     copies of emails from my client.
15
                CHAIRPERSON SCHEUER: Not regarding --
16
               MR. LEE: Not regarding any of this.
17
                CHAIRPERSON SCHEUER: Any objection to Ms.
     Cabral's continued participation in this proceeding?
18
               MR. LEE: No.
19
20
               MR. TAKAHASHI: No.
21
               MS. APUNA: No.
22
               CHAIRPERSON SCHEUER: With that then, you
23
      can proceed with your case. And I'll remind you
24
      again, this is not an evidentiary hearing.
25
               MR. LEE: I'm going to ask Ms. Fukuda to
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1 show a graphic on the Petition Area.

2 (Video shown.)

This is an old docket, so I don't think any of you were here in 2006.

The Petition Area is outlined in red.

Apparently, according to Ms. Fukuda, it was recently done by the City and County of Honolulu in terms of GIS graphic showing the Petition Area.

The large area consists of approximately 79 acres. The area to the right, on top of it consists of approximately nine acres. And the parcel that's below the area, that small area, is approximately five acres.

The 79-acre parcel of land was conveyed to the State earlier this year.

The Petitioner still owns the two parcels to the right of it.

So with that proper perspective, the condition of the land has not changed, it's still basically overgrown.

With that, lights on -- well, okay, maybe to the left is Waimea Bay. To the bottom of the Petition Area is Waimea Valley. Above the Petition Area is a residential community in Urban.

CHAIRPERSON SCHEUER: Please continue.

1 MR. LEE: Thank you.

My client, the Petitioner Charitable

Foundation is an environmentally sensitive nonprofit

corporation, which acquired the land on Pupukea Ridge

about 2020 -- 2000, I'm sorry.

The purpose of his acquiring the land is to basically acquire the land in order to give to the State for State Park Reserve. It acquired all the other land simply because it had to do some as a condition of purchasing from the prior owner, Finance Realty. The sole purpose was to preserve --

CHAIRPERSON SCHEUER: For the benefit of the record, I'm going to ask you to try and stay fairly close and a consistent distance from the microphone. It's hard for us who like to gesture.

MR. LEE: The sole purpose of acquisition of the land was to preserve and to convey it to the State for State Park Reserve.

The total area is approximately 94 acres, of which only 34 acres was the subject of this Petition. Approximately 29 acres was in Agriculture, and five acres were in Conservation -- I'm sorry, 55 acres.

So what we did was we sought to transfer, change the district boundary of approximately --

let's see, total of 55 acres, and we changed 34 acres from Agriculture into Conservation. And approximately five acres into Agriculture, from Conservation to Agriculture.

The Commission approved the Petition in 2006. And thereafter, the Petitioner sought to comply with the conditions imposed by the Commission which was basically to create the subdivision. It took almost 12 years to do that.

And it involved getting approvals from the Department of Planning and Permitting, including development of a road for access to the agriculture lots that are off to the right of the picture here.

The Office of Planning has acknowledged that the Petitioner has complied with substantially all of the conditions which we are requesting to be released except for the condition that the Petitioner continue to file annual reports solely for the purpose of reporting -- excuse me, I have an allergy, I can't hear sometimes -- solely for the purpose of informing the Commission of an intent to convey the two agriculture lots.

We believe we have complied with that condition where in our motion we have stated that Petitioner intends to convey those two lots. We

believe that there's no prejudice to the State or the public if the Commission were to release Condition

No. 7 which is that. And the reason for that is that we have several layers of protection for the State.

2.1

The first is the recordation, the Decision and Order which says that those two lots are agriculture.

The second layer of protection is declaration of conditions, covenants and restrictions which the City required the Petitioner to file saying that the property is in agriculture.

A third position that -- a third protection that we afford to the State and to the public is that after this hearing, we will be filing a declaration of covenants, conditions and restrictions, which provides that the number of farm lots, farm dwellings that can be situated on the two farm lots must comply with both the Commission and Department of Planning and Permitting requirements.

The declaration will also provide that there will be no further subdivision without obtaining the Land Use Commission and Department of Planning and Permitting's approval.

That being said, we feel that there's adequate protection. Whoever owns the property will

have knowledge of these restrictions by virtue of the title deed that's covered by these three documents.

In summary, we are requesting the Commission to release Condition No. 1, which provides the Petitioner convey the 79-acre parcel of land to the State or State Park Reserve. We have done that as of January 24, 2019, earlier this year.

I would like to point out that the deed to the State contains several conditions, restrictions on the use of the land which are intended -- which are specifically crafted with input from the North Shore Community which prohibits construction of any improvements on the property.

For example, the State cannot build a cell tower to be placed on the property. The State cannot allow a windmill to be placed on the property for electrical generation. There's no hunting allowed on the property.

We are asking the Commission to release

Condition No. 4 which required the Petitioner to

maintain the trail system on the property for a

period of ten years. That condition expired in 2016

We're asking again the Commission to release Condition No. 7, which is what we discussed earlier, that we have complied with the condition

that we notify -- excuse me -- notify the Commission
of the intent to convey the two parcels of land.

We believe, again, that there's no prejudice to the State or to the public by releasing that condition.

We have complied, the Petitioner has complied with Condition No. 10 which required that a notice of the Commission's Decision and Order be a recorded. That was done June 1, 2006. We're asking that the Commission release Condition No. 11, which required that the Decision and Order be recorded, and that was done on June 7, 2006

That being said, we are requesting the Commission to favorably consider our request.

Again, I apologize. I cannot hear sometimes. Thank you.

CHAIRPERSON SCHEUER: I have the same problem, but no excuse of an allergy.

Thank you, Mr. Lee.

Commissioners, are there any questions for the Movant? Commissioner Aczon or -- I'm trying to remember how they mispronounced your name in Kona yesterday. Acozone?

COMMISSIONER ACZON: Maybe I'm missing something. What about Condition No 8?

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MR. LEE: Condition No. 8 and the report,
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2
     we're asking the annual report also be released.
3
                COMMISSIONER ACZON: Thank you.
 4
               MR. LEE: I'm sorry, I apologize. I
5
     assumed that was deferred.
 6
                CHAIRPERSON SCHEUER: Thank you,
7
     Commissioner Aczon.
8
                Commissioner Chang, we have missed you.
9
                COMMISSIONER CHANG: Thank you very much.
10
     Good to be back.
11
               Mr. Dickson, who is the adjoining landowner
12
     to the property below, I guess on the bottom?
13
               MR. LEE: That's Waimea Bay. I believe OHA
14
     owns that. I think they own the Waimea Valley Park.
15
                COMMISSIONER CHANG: The Waimea Valley
      Park, that's on the bottom?
16
17
               MR. LEE: The bottom.
18
               COMMISSIONER CHANG: The bottom third?
19
               MR. LEE: Yeah.
20
               COMMISSIONER CHANG: And they are
21
     adjoining --
22
               MR. LEE: They own the valley.
23
                COMMISSIONER CHANG: Where is the army's
     property? Is it above there?
24
25
                MR. LEE: I don't know but, David, can you
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respond to that?

Will he have to be sworn in?

CHAIRPERSON SCHEUER: Correct. Generally because this is not an evidentiary hearing, we work without witnesses. However, disclosing, since I was in charge of the acquisition of Waimea Valley for the Office of Hawaiian Affairs, I could actually respond to the question for you if you wish.

The Office of Hawaiian Affairs owns approximately 1800 acres, which is from the red property line to the bottom of the page, or towards the ridge. At the ridgeline where you can see sugarfields, that is owned by Kamehameha Schools.

The Office of Hawaiian Affairs conveyed the property to Hi'ipaka, LLC, which is the holder of the land right now. The army's land is much farther mauka out of this image.

COMMISSIONER CHANG: Thanks. I just needed to understand.

MR. LEE: Also like to point out that a primary reason for the Petitioner to acquire this land was because you have residential right above it, and we wanted to make sure there was no further development of that ridgeline.

CHAIRPERSON SCHEUER: Commissioners, are

1 there other questions? I just had a brief question.

You said the North Shore Community sought certain conditions, certain of these conditions.

Can you be a little more descriptive?

There are many communities within the North Shore

Community, I know from personal and painful

experience.

MR. LEE: I think it's the neighborhood board that was involved. There was North Shore Neighborhood, Sunset Beach Association and North, and North Shore Community Land Trust.

MR. LEE: The conditions that are in the deed, and that's Exhibit 1 to our Petition, or our Motion, which is the limited warranty deed. On page 4 -- would you like me to read it?

CHAIRPERSON SCHEUER: Please proceed.

MR. LEE: And Grantee covenants that the Property is and shall forever be owned for the public good in the management, maintenance and preservation of the Property's scenic, viewplanes, open space, recreational values, and cultural, historical and natural resources and values of the Pupukea Ridge and restricted from any development or the use that would impair or interfere with such resources and values. Structures such as communication or other utility

towers or poles, ziplines and wind turbines, are and shall be prohibited.

Notwithstanding the foregoing, Grantee may construct improvements, such as maintenance structures and comfort stations, provided that such improvements do not detract from such resources and values and blend with the natural environment, do not exceed a height of 15 feet, are set back so that such improvements are not visible from Waimea Valley and Waimea Beach Park below.

Recreational use is and shall be restricted to traversing the Property by foot or on animals, such as horses, mules or donkeys. Dogs and public hunting are not and shall not be permitted on the Property provided that Grantee may conduct ungulate control and eradication of invasive animals, except for motor vehicles necessary for Grantee to maintain the Property and to allow for a parking area for no more than 24 motor vehicles, no other motor vehicles, including motorcycles and all terrain vehicles, and non-motorized vehicles, such as bicycles, shall be permitted to be operated or used within the Property for any other use or purpose.

Any activity on or use of the Property inconsistent with the foregoing covenant is and shall

be prohibited. Notwithstanding the foregoing, 1 2 Grantee shall have the right to grant easements and 3 rights-of-way and the right to grant to any public 4 utility or governmental authority such rights-of-way 5 over, across and under said easements for lines and other transmission facilities and appurtenances only 6 7 for water and electricity serving only the Property. CHAIRPERSON SCHEUER: I think that's good. 8 9 Thank you. 10 MR. LEE: That was drafted with input from the North Shore Communities. 11 12 CHAIRPERSON SCHEUER: Thank you. 13 Any other questions, Commissioners? 14 Commissioner Cabral. 15 VICE CHAIR CABRAL: Your comments now 16 brought up a question. I think previously you said 17 hunting would be prohibited on the property. 18 MR. LEE: Yes. The State asked for the 19 ability to be able to eradicate pigs. That was the 20 word "ungulate". 21 VICE CHAIR CABRAL: So eradication of the 22 pigs may be permitted and allow for hunting? 23 MR. LEE: Not open hunting. 24 VICE CHAIR CABRAL: Well, I live around 25 those pigs because I live in the country and hunting

is a really good way to help control them. It's 1 2 much, much more difficult to trap and remove. So I'm 3 just suggesting you might want to have controlled 4 hunting. 5 MR. LEE: We no longer own the land. That 6 would be a State issue at this point, because we 7 originally asked for no hunting at all, and the State asked for the ability to do hunting for pigs. 8 VICE CHAIR CABRAL: That's fine. I agree. 9 10 Thank you. Okay. 11 CHAIRPERSON SCHEUER: Commissioners, any 12 other questions for the Movant? If not, you'll have 13 a chance for rebuttal. We can proceed with the City 14 and County of Honolulu. 15 MR. TAKAHASHI: We have no questions. 16 rebuttal. 17 CHAIRPERSON SCHEUER: You would we have no 18 objection? 19 MR. TAKAHASHI: Yeah, we have no objection. 20 CHAIRPERSON SCHEUER: Are there any 21 questions for the County? 22 COMMISSIONER CHANG: I do have one

If the Petitioner files a subdivision, is there a public hearing process for that where the

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24

25

question.

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1
     community would be notified of that?
2
               MR. TAKAHASHI: There is no hearing process
 3
     for subdivision. It's administrative.
 4
                COMMISSIONER CHANG: So the notice of
 5
     change of ownership, because I think Mr. -- but,
     okay, so there is no public process for a
 6
7
     subdivision?
               MR. TAKAHASHI: A public hearing process?
8
     Correct, there is no public hearing.
9
10
               COMMISSIONER CHANG: Is there a public
     notice process for subdivision?
11
12
               MR. TAKAHASHI: No.
13
               COMMISSIONER CHANG: So the community would
     not know when there's a subdivision that has been
14
15
     filed?
16
               MR. TAKAHASHI: That is correct.
17
               MR. LEE: May I respond to that question?
               CHAIRPERSON SCHEUER: We can leave it for
18
19
     rebuttal.
20
               Are there other questions for City and
21
     County of Honolulu? No, okay.
22
                Office of Planning, Ms. Apuna.
23
               MS. APUNA: Thank you, Chair.
24
                The purpose of the original district
25
     boundary amendment was to facilitate the Petitioner's
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donation f 79.031 acres to the State of Hawaii for creation of a new State Park Reserve to come under the jurisdiction and management of the DLNR. The area now serves as open space, promotes the historical landscape, view corridors and recreational opportunities of Waimea Valley for the public good.

In response to Petitioner's Motion for Order Releasing Specific Conditions of the D&O, OP agrees with Petitioner that Conditions 1, 4, 10 and 11 have been fulfilled and therefore may be deleted.

Condition 1 required the consolidation, re-subdivision, and conveyance of 79.031 acres, which includes Petition Area A, and adjacent Conservation District Land to DLNR.

Condition 4 required the Petitioner's maintenance of the trail system in Petition Area A until it was turned over to DLNR.

Conditions 10 and 11 required the recordation of the conditions with the Bureau of Conveyances.

However, OP disagrees with Petitioner's request to delete Conditions 7 and 8.

Condition 7 requires that Petitioner give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise

voluntarily alter the ownership interests in the Petition Areas prior to any development of the Petition areas.

OP believes that retaining Condition 7
would keep the Commission informed of any change in
ownership of the Petition Area, whether it be
Petition Area A or Petition Area B. If current
Petitioner, A Charitable Foundation Corporation,
sells Petition Area B, that responsibility would be
transferred to the new owner, or in other words,
would run with the land.

Notably, Op is not suggesting that A

Charitable Foundation Corporation be responsible for notifying the Commission of a change in ownership of Petition Area B if it no longer is the owner of Petition Area B.

Condition 8 requires Petitioner submit annual reports to the Commission, OP and DPP in connection with the status of the Petition Areas and Petitioner's progress in complying with the conditions.

For Condition 8, even though Conditions 1 and 4 are fulfilled and Petitioner should be released of those, there are other conditions that continue in effect, which any current or future landowners are

subject to, and that Petitioner has not asked for release from.

that farm dwellings be consistent with Department of Health's sewage disposal rules and regulations, and any single family dwelling on the lot shall be used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling.

Condition 3 requires that any future owner shall not subdivide the retained 15.144 acres into more than two zoning or subdivided lots.

Condition 5 requires that the discovery of any burial, archaeological, or historical sites during the course of development of the Petition

Areas must stop until issuance of an archaeological clearance.

OP suggests that the Commission may want to be aware of compliance with these conditions through annual reports under Condition 8.

Ultimately, we defer to the Commission whether it would want or need to be informed of changes in ownership for the Petition Areas or annual report statuses of other continuing conditions. For consistency with other DBA's, we've suggested that

these conditions continue to comply. The Commission should determine that even if the Petitioner has transferred the Petition Area A to DLNR, whether it wants to continue its jurisdiction and oversight of the Petition Area through Conditions 7 and 8.

I wanted to address that counsel had stated that the annual reports are just with regard to the sale of the Petition Area, and I would -- I think the way that that Condition 8 is written regarding the annual report, I don't think it is limited to just the sale of the Petition Area and its further status of all conditions.

CHAIRPERSON SCHEUER: Thank you, Office of Planning.

Commissioners, other questions for the Office of Planning? Seeing none.

Mr. Lee, you have a chance for brief rebuttal.

MR. LEE: What was your question, Commissioner Chang?

COMMISSIONER CHANG: I asked the City whether when a subdivision is applied for, is there a public process?

MR. LEE: I don't believe so, but as I pointed out in my earlier comment, that we intend to

file a declaration of conditions, covenants and restrictions, which provide and reinforce the requirement that there be no further subdivision of the property without this Commission's approval, as well as the Department of Planning's approval.

So if an owner of the property, the two lots, wanted to subdivide the property, they would have to go back to you. And that is what we intend to do, that is what we want to do to address that specific question that you have.

If there is no public hearing on the City's side, then it would be covered by the jurisdiction of this Commission here, because it expressly says that they must come back to the Commission for that approval.

Secondly, we reinforce the Condition No. 2 dealing with farm dwellings in that declaration.

Again, I would like to emphasize that the Petitioner is an environmentally sensitive entity. It spent the last almost 20 years planning for this to come up with 79 acres of land to be able to convey it to the State. That was its primary purpose.

But collateral to that, they were also mindful about concerns about these other two parcels here, and that's the reason for adding the

declaration of covenants, which is Exhibit 5, I believe, to our Motion.

Again, I would like to emphasize that there is no prejudice to the State or to the public where we haven't put in the declaration that they must come back to you if they want to make any change to those two lots.

We feel that we have complied with all of the other conditions except for the ones that we're not asking to be released, but they run with the land. They're on title.

So when we convey, or when the Petitioner conveys those two properties, it will be on title.

And anyone dealing with that land will have to buy it or acquire it with those conditions on record and have to comply with them.

Now, once Petitioner conveys those lands out, it has no control over the lands, much as the Petitioner has no longer control over the 79 acres which is owned by the State. Again, no prejudice to the State or to the public.

Your concern that if there are any changes to this property, is there a public hearing? They're going to have to go back to you and I believe they would have to follow your rules on practices and

procedures.

COMMISSIONER CHANG: Thank you very much,
Mr. Lee. However, you're asking us to release
Condition 7 and 8, which are the opportunities for,
1) the Commission to know what's going on annually;
and then 2) the change of ownership.

So the things that you are providing as a safeguard, those are some of the conditions that you're asking us to release.

MR. LEE: We believe the safeguards that we put in place address Condition No. 7. Condition No. 7 only says that Petitioner must notify the Commission of the intent to transfer. The Petitioner is not a land-owning entity, and it intends to convey those two parcels out, subject to all the conditions imposed by this Commission regarding the use of the land, as well as the declaration that we intend to file limiting any subdivision, and limiting the numbers of farm dwellings that are on the property.

This is what was represented to the Commission when the Petitioner came before the Commission -- represented by the Petitioner when it came before the Commission some 12 years ago.

COMMISSIONER CHANG: Can I ask what's so onerous about providing -- about keeping Condition 7

1 and 8?

MR. LEE: It's just a matter of having to come back year by year. We have no idea when we are going to transfer. But to do so it costs a lot of money. They've spent a lot of money to acquire this land, and over the last 18 years to get this property subdivided.

It's been a very onerous expensive proposition for us, and it just cannot afford to continue to be here, next year, and for the following year, depending on when the property is transferred.

COMMISSIONER CHANG: But the annual reports don't require an actual presentation to the Commission unless we ask for it.

MR. LEE: No, but it's a matter of filing it. They would like to go onto their other charitable activities. So it was basically a matter of economics and practicality that we have put into place sufficient protections for this Commission and the public.

CHAIRPERSON SCHEUER: Are there further questions for the Movant?

I have some along the line of Commissioner Chang's questions.

As I have some familiarity with

Conservation transactions where land is set aside for conservation purposes. I certainly do appreciate that through this process we have been able to see land successfully conveyed around to the State as a buffer zone for both Puu O Mahuka Heiau, as well as Waimea Valley.

Normally, however, in a Conservation transactions, long-term restrictions would be not done through CC&Rs. They would actually be done through some kind of a Conservation Easement, and the reason for that is that the CC&Rs, even if it runs with the deeded property, you have to have an interested party so there's -- you're restricting the use of the land, right? In the future there is subdivided, the two smaller parcels.

The public interest that it's trying to protect, right, is a restriction on the kind of buildings that can be built, the height, the amount of time that the land could be further subdivided. Somebody has to sort of pay attention for the public that this is going on.

Normally a land trust, a qualified land trust would have been issued Conservation easement, would have an annual monitoring obligation to make sure that that doesn't occur.

In some ways the way this deal has been structured, the LUC has been positioned to keep that eye on things. I certainly don't want to at all step in the way of the Petitioner, the Movant, and move onto other charitable activities and convey these properties away, but at the time these properties are conveyed away, the only person who is going to be knowledgeable about these conditions and monitoring on the daily basis is the landowner of new parcel, who has motivation to not necessarily want to fully comply with the conditions therein.

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So this is why I feel that the State's interest might not be as fully protected as you presented to us. I don't know if you want to respond to that.

MR. LEE: Yes, I do.

First of all, we have no control over the Conservation portion, that belongs to the State.

CHAIRPERSON SCHEUER: I fully understand.

I'm only referring to the future of the two parcels

of land which may be, my understanding of the

Decision and Order, further subdivided at least once.

MR. LEE: I'm sorry, I can't hear.

CHAIRPERSON SCHEUER: Further -- the two parcels, if I understood the presentation and the

materials, correct me if I am wrong, they can at least be conveyed separately, and it's possible for that to be further subdivided at least once under the conditions?

MR. LEE: No. Those are two separately -CHAIRPERSON SCHEUER: But those may be
separately conveyed?

MR. LEE: They can be separately conveyed.

They're two separate lots. Agriculture District,

both State Land Use, as well as DPP requirements.

Any person acquiring title to that land will be

subject to the remaining provisions of the

Commission's Decision and Order. It will be subject to the declaration of ag requirements that are recorded in connection with subdivision of the land.

So those conditions are recorded right now today. After this hearing we will be filing another declaration of covenants, conditions, restrictions which address the limitation on farm dwellings, as well as further subdivision of the land.

And so we believe that that is sufficient for public as well as this Commission's interest to protect the original intent that we acquired.

I would also like to point out that the Petition only involved, I think it was 34 acres, of

1 the 94. But we are imposing conditions affecting the 2 rest of the property, primarily the ag side as well, 3 most of which was not subject to the Petition. 4 CHAIRPERSON SCHEUER: But these conditions 5 were --6 MR. LEE: They were imposed on the entire 7 property, yes. But, again, like anything else, all we had to do is inform the Commission of the intent 8 9 to convey, which we have done so. 10 I apologize. I have a hard time hearing. 11 CHAIRPERSON SCHEUER: That's okay, I 12 haven't said anything important. 13 Are there other questions for any of the 14 parties, Commissioners? Commission Okuda. 15 COMMISSIONER OKUDA: Thank you, Mr. Chair. 16 Maybe this question is directed more to 17 Office of Planning. Having heard what the Petitioner has 18 19 represented, does that satisfy the Office of Planning's concerns, or does that not satisfy the 20 21 Office of Planning's concerns? And if it doesn't 22 satisfy the Office of Planning's concerns, can you 23 please tell us why?

MS. APUNA: Well, first I think the CC&Rs,
like Chair Scheuer has mentioned, they aren't

really -- they're enforceable perhaps by the landowner, but what the conditions in the D&O do is they provide the Commission with greater oversight and accountability. The landowner, and I understand that they're recording these conditions in different forms, but the Condition 7 and 8 are just to keep the Commission abreast of what's going on and whether this landowner or a subsequent landowner.

So I mean, we leave it up to you, as the Commission, as to what you would like to see and how much you would like to continue to oversee what happens with the land.

CHAIRPERSON SCHEUER: Commission Okuda.

COMMISSIONER OKUDA: Thank you, Mr. Chair. This question is directed to Mr. Lee.

The deeds, or the conveyance documents may have these conditions or restrictions recorded.

Would there be an issue about standing as far as who would have the standing to enforce those conditions?

And the reason why I raise that question is, I think there was a Hawai'i Supreme Court or Court of Appeals case involving the Tom family, T-O-M, with respect I think they claimed a right to enforce conditions in one of the properties they previously were involved in a transaction involving, I think it might have

been the Waikiki Malia, M-A-L-I-A, Hotel or Resort property. And I think, if my recollection is correct, the Appellate Court said, because they had no present interest in the property or the transaction resulting from the property, because of the passage of time and other events, they had no standing to enforce the covenants or restrictions. So, I mean, can you comment on that?

MR. LEE: Waikiki Malia is a case dealing with Land Court property. And in that case the Tom family owned the Aina Aulani Hotel property. They sold it. And they thought there were covenants dealing with the height, if I recall correctly, of the building, and they were concerned about their viewplane on, I guess, adjoining property.

The court did say they did not have standing to object to what was happening. But that dealt with a Land Court matter, and it basically said it wasn't on title. The covenants were not on title. They didn't exist, because of the Land Court law.

Now, in terms of this particular property, there can be several layers of encumbrances, and it's a real property law issue that a person buying this property -- we intend to sell the property in order to recap some of the expenses that were incurred over

the last 20 years -- but anybody buying the property is going to have to examine that title. They're going to have to look at the encumbrances on title.

They're going to see the Commission's direct Decision and Order. They're going to see the City's declaration of covenants, conditions and restrictions regarding ag use, and also going to see the declaration of covenants, conditions, restrictions, which we intend to file which restrict the number of farm dwellings that can be placed on the property as well as any further subdivision on this property.

So it really becomes a real property law issue with any subsequent owner. They're going to have to examine that title and they're going to see those encumbrances on title.

COMMISSIONER OKUDA: That assumes that whoever is the successor in interest to the -- title to the property is going to be a law abiding respectful person or entity.

If you have somebody who is not so respectful of the law, then it's a question of who is going to have standing to enforce the covenants.

MR. LEE: My client no longer owns the property. I would imagine the public would have

Standing to argue. I would imagine the North Shore Community would have standing to object, because we were -- when they started up with this, I would say, journey, Petitioner was in contact with North Shore Communities, saying this is what we want to do.

So if someone were to come in and violate the law, violate the zoning law, violate the Commission's requirements, I think the State would have standing, the City would have standing, and people in the community would have standing, including adjoining landowners. That's basically when the land use law, as I understand it to mean, is that an adjoining owner has standing.

COMMISSIONER OKUDA: My question about standing to enforce the covenant, it's actually a little bit more narrow.

I'm not the Supreme Court, so what I think about the Waikiki Malia case may not amount to a hill of beans there, but I think there is a legitimate concern about standing, because if a party doesn't have standing or a significant beef in the dispute, yeah, there could be clear covenants that prohibit certain activities or a clear restriction which restricts certain heights or activities, but if you don't have standing, then the court -- I mean --

MR. LEE: Arguably it's -- a deed is matter of contract. I believe my -- filed a claim that you're violating this deed, but that doesn't really involve the Land Use Commission at that point.

COMMISSIONER OKUDA: But you would agree that nobody can really say with 100 percent certainty that that North Shore residents or North Shore Community Organization would definitely 100 percent have standing to enforce these covenants or restrictions?

MR. LEE: I'm not sure whether I could say they don't have standing, but I would imagine if you find somebody trying to do something that violates these covenants, someone's going to object. And I'm sure the North Shore Community, being as active as they are, are certainly going to come out to say you can't do that.

Now, I can say, for example, if you have like Waipio Valley -- not Waipio, but Waipio -- Kipapa Ridge, Kipapa area, they're building houses in that area there where they shouldn't be. The State is coming down on them. The City is coming down saying you can't do that.

COMMISSIONER OKUDA: My question is more narrow. It's just strictly on the issue of other

private entities or persons not directly named in the transaction to have standing to enforce the transaction.

But I understand the point. Thank you, Mr. Lee.

CHAIRPERSON SCHEUER: Are there other questions for any of the parties from the Commissioners?

Commissioner Chang.

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COMMISSIONER CHANG: Mr. Lee, there's no doubt your client has been noble in acquiring this property and preserving this.

My question is, rather than an enforcement issue, wouldn't you agree that notwithstanding all these safeguards about recording all of these covenants with the bureau, that unless someone knows ahead of time that this is going to happen, and unless they go and search, that they won't know.

So the one way for the community and the public to be aware that there may be a potential sale, there may be a question regarding compliance of the covenants, it is through these annual reports.

The annual reporting in my view is not as onerous. It's not as if you have to come before the Commission. You file a letter updating us on the

compliance. But that is a public record that is filed and the community has an opportunity at that point in time, because enforcement after the fact, after something has come up is much more difficult then knowing ahead of time what may have occurred.

Wouldn't you agree with that?

MR. LEE: No.

COMMISSIONER CHANG: Oh, you wouldn't.

Okay.

MR. LEE: Petitioner has informed the Commission that it intends to convey these properties out today, as soon as possible. We complied with that requirement by notifying the Commission and the Motion that was filed.

Petitioner will not know, and will -certainly Petitioner will not do what you think they
might do, they have no intention of -- it has no
intention of subdividing or adding more farm
dwellings than allowed. I can represent that to you.

A person buying a property, we have no idea what their intent is, other than complying with these encumbrances.

COMMISSIONER CHANG: And isn't that the whole point, Mr. Lee, is that we have no doubt that your client has no intention to subdivide, but the

next owner, we have no idea what their intentions are, so with the filing and with the annual reports, these conditions run with the land, whoever buys it. So the new owner, not your client, but the new owner would be required to provide those updates in an annual report. So we are not necessarily saying your client would provide the annual report, whoever owns the property would provide the annual report.

MR. LEE: I understand your point. I hear you.

If a person that acquired title to the land wanted to do something else with the property, I believe there is enough safeguards in the documents. They still have to come back to you to change whatever is not allowed under your Decision and Order, or to change whatever is not allowed under the County law.

That's what we did by including the Land
Use Commission as a party with standing in the
declaration of covenants, conditions and restrictions
which we intend to file. I can read the language to
you on the record.

CHAIRPERSON SCHEUER: It's already on the record.

COMMISSIONER CHANG: Thank you. You've

- 1 answered my question.
- 2 CHAIRPERSON SCHEUER: I have a quick
- 3 question for the County.

- If, say, for instance, there was two farm dwellings or buildings allowed under your zoning -
  I'm making this up, hypothetical.
- Two dwellings allowed under your zoning,

  but only one allowed under some CC&Rs and

  restrictions on the property.
  - If a future landowner comes to you and applies for two building permits for the two units, are you going to look at the deed before issuing them a building permit?
  - MR. TAKAHASHI: The City is not a party to the CC&Rs, County would not enforce the CC&Rs. That would be the difficulty. The rules we're set forth to apply the revised ordinances of Honolulu, and CC&Rs are not a part of it.
  - CHAIRPERSON SCHEUER: Thank you very much.

    Are there any other questions for any of the parties?

    If not, I have the sense we might be ready to move into deliberation.
  - Commissioners, what is your pleasure?

    Commissioner Aczon.
- 25 COMMISSIONER ACZON: Mr. Chair, after

reviewing the record and all the parties' arguments 1 2 and positions, I would like to make a motion. 3 CHAIRPERSON SCHEUER: Please proceed. 4 COMMISSIONER ACZON: Mr. Chair, I would like to make a motion, move that Conditions 1, 4, 10 5 and 11 be released or deleted, and Conditions 7 and 8 6 7 must be retained. CHAIRPERSON SCHEUER: A motion has been 8 9 made by Commission Aczon. Is there a second? 10 VICE CHAIR MAHI: Yes. 11 CHAIRPERSON SCHEUER: Commissioner Mahi, 12 seconded. 13 Is there discussion on the motion? Commission Aczon. 14 15 COMMISSIONER ACZON: I just thought that 16 the record speaks for itself, so I don't have 17 anything else to say. 18 CHAIRPERSON SCHEUER: Not seeing that I'm 19 interrupting any of my fellow Commissioners, I will 20 just add that, two things in my mind. 21 I think I indicated that the reason why I 22 think in property law in U.S. and in Hawai'i we now 23 have these opportunities to create Conservation 24 Easements is specifically to deal with this kind of

situation. That's not what the Land Use Commission

prior to this required in this case, so we don't have that remedy available. So somebody has to do this kind of monitoring to protect these lands in the future and the promises that were made.

I also feel that I would be much more hesitant if we were asking for the new inclusion of conditions that we were putting -- that the landowner had not already agreed to, but that is not the case. The landowner is simply asking for something to be released, we're simply declining to release two of the things.

Any other comments or deliberations?

Commissioner Okuda, then Commissioner Cabral.

COMMISSIONER OKUDA: Thank you very much, Mr. Chair.

First of all, I think we recognize the great public good that the Petitioner has done. And, you know, it's with some hesitancy that I have sometimes where, you know, people do good in the community, and then they face a government agency, and you start maybe having a little bit of thought, well, gee, this is not only looking a gift horse in the matter, but his is criticizing the color of the horse, and what the horse's performance is, and maybe the next time, why should I spend my time and money

doing these things for the community?

So I hope the decision or the motion is not taken that way. That's really not the intent. And I really hope that us being -- there's no belief that we're being super technical about certain things.

I think the one concern I have is basically this. If the identity of the landowner would be you folks for the rest of eternity, then, frankly, it's like these additional conditions may not really be a big deal. Why is that? Because the bottom line many times is the law cannot make people good people. You have good people like you folks protecting the environment, looking out to preserve what we've really lost in this community, well, hey, you know, these good things will happen, notwithstanding what the law says.

But unfortunately, you know, more and more we're seeing where these types of good faith actions, the commitment to the community, we cannot guarantee that that's really what is going to be the crystal ball in the future.

So I do apologize if for some reason if this motion passes it continues a burden on you which may seem unfair that to carry out the public good, you're still facing some type of burden.

But I hope you can see, at least for me personally, I think there is a real legal issue about who would have standing to enforce these provisions if for some reason you folks are no longer around.

So for those reasons, I would be voting in favor of the motion.

CHAIRPERSON SCHEUER: Thank you,
Commissioner Okuda. Commissioner Cabral.

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VICE CHAIR CABRAL: I am confused, and so I'm still deciding how to vote, because I would be in favor of releasing Condition 7 and 8, because the two parcels that it's applying to, are the ones that are less thank 15 acres already, and they have already been through so many different things and they have so many other restrictions on them, that at some point in time I have to start to question at what point does the government get away from controlling everything about every action that someone takes.

Again, especially in this case where someone has done good, but then we just never quite let them free of our constant oversight, both in regards to the Petitioner and their goodness; and then also, you know, if the land use is going to have its finger forever into everything that it ever touched, then that may never -- nothing ever gets

1 released. 2 I like to think that if both parcels are 3 under 15 acres and they have all these other 4 restrictions on their deeds, any potential buyer is going to see it's not going to easily become a high 5 6 rise subdivision or condominium or something else. 7 So I would have -- I would be in favor of including 7 and 8 in our release. Thank you. 8 9 CHAIRPERSON SCHEUER: We've been going 10 about an hour. I want to take a quick break. (Recess taken.) 11 12 CHAIRPERSON SCHEUER: We're back on the 13 record. Mr. Lee, you have a request? 14 MR. LEE: Yes. I respectfully request that 15 Dr. Druz have the opportunity to say something to the Commission before deliberation. 16 17 CHAIRPERSON SCHEUER: The request is untimely, but I'm going to ask if there is any 18 19 objections. County? 20 MR. TAKAHASHI: No objection. 21 MS. APUNA: No objection. 22 CHAIRPERSON SCHEUER: Commissioners?

Dr. Druz, do you swear or affirm that the testimony you're about to give is the truth?

THE WITNESS: Absolutely.

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1 CHAIRPERSON SCHEUER: Thank you. Please 2 proceed. 3 DAVID DRUZ 4 Was called as a witness by and on behalf of the 5 Petitioner, was sworn to tell the truth, was examined and testified as follows: 6 7 DIRECT EXAMINATION THE WITNESS: Thank you for the opportunity 8 to address the Commission. 9 10 CHAIRPERSON SCHEUER: Please go close to 11 the microphone, practically kissing it. 12 THE WITNESS: Of course, I'm appealing to 13 you to use common sense, and to release us from No. 7 14 and 8. We've been working on this thing for 15 18 years, and every step of the way it's like running through quicksand, and dealing with things like this 16 17 it's cost us hundreds and hundreds of thousands of dollars to do this. 18 19 And as the one Commissioner cited, no, we 20 would never do it again, because of things just like 21 this. 22 No. 7, the Petitioner shall give notice of 23 any intent to sell. We have done that. We have

satisfied No. 7. We want to sell this land as fast

as we can and recoup expenses that we put into this

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property so we can do other charitable things with it.

That's what we do. We are not land developers. We bought this property to preserve it, to prevent building on this land. When we acquired the property, we got involved because when it was being sold, even though a large portion was

Conservation, the seller had already surveyed it and marked it out in 50 lots on the ridge overlooking

Waimea Valley to try to encourage a developer to buy that property and develop it. That's why we got involved.

And it's taken us 18 years from when we first got involved to reconfigure that property to give all the viewplane sensitive property to the State and preserve it.

We've complied with No. 7 exactly as stated. Our intent is to sell.

No. 8, these annual reports. They're not free. They cost money. I have got a lawyer and a planner that have to be involved each time. Any penny that we spend on them is money we can't spend to give to the Hawai'i Food Bank, to give to books for schools on North Shore. We contribute money for basketball courts up there that we did. Any money we

spend on this kind of bureaucratic red tape is money that can't go for a good purpose.

I don't think there's anyone here that truly believes that if someone tried to do something with this property outside all the restrictions that are on it that the North Shore Community wouldn't be up in arms like crazy and bring it to everyone's attention. That's how that place is.

There's no way anything is happening on this property outside of all the restrictions without being called out on it. And if you require a subsequent landowner to file an annual report, how are they going to know what's going on with lot a that the State owns? They can't. And you're requiring them, you're putting them in an impossible situation.

We're already in an impossible situation, because we don't know what the State is doing with their property. But the annual report says it includes all of the Petition, original Petition Area.

So I'm just appealing to your common sense to ask you to please just let this thing go. We've done it all. The property is protected. We're the ones that specifically asked in 2006 of this Commission that those parcels could not ever be

further subdivided because we didn't want a developer coming in there and chopping up that land and making lots of little houses and making it worse for the neighbors in the area.

So that's basically what I have to say.

I'm just asking you. I understand the legal points

you've raised, and they're all valid, but I'm just

asking you to please use your heart on this, and say,

you guys, you did a good job, and you're done.

Thank you.

CHAIRPERSON SCHEUER: Commissioners, are there questions for the witness? Commissioner Okuda.

COMMISSIONER OKUDA: Chair, I would, with the indulgence of the Chair, have a question for Office of Planning to respond. And I have a specific question to ask Office of Planning if the Chair believes at some point in time that's appropriate and allow it.

CHAIRPERSON SCHEUER: Thank you. Let me first see if there are any questions for the witness.

Commissioner Chang.

COMMISSIONER CHANG: Thank you.

Mr. Druz, I appreciate hearing from you personally. And thank you to your organization for ensuring that the property is protected.

Is it your understanding that once your organization sells the property, that you will -- your organization will continue to be responsible for filing the annual reports or notifying the Commission of any new sale or any changes?

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THE WITNESS: No, that's not my understanding. My understanding is the new owner would have this responsibility.

COMMISSIONER CHANG: And is it your position that having the new owner comply with Condition 7 and 8 would be onerous?

THE WITNESS: Yeah. I think if they're an honest person, they're going to do it, follow all the rules; and if they're dishonest, they're going to lie to you anyway and not submit it.

COMMISSIONER CHANG: Mr. Druz, that's the whole point. The honest person has no problem. The dishonest person may not comply with those conditions. And as you also said, the North Shore Community would be the first ones to be up in arms if something happened that was inconsistent.

But these annual reports and this notice also is a way for the community to know ahead of time what may be occurring on that property before it actually occurs so that the North Shore Community

doesn't come back and tell LUC, how come? What's 1 2 going on? 3 THE WITNESS: I understand completely. 4 But the way this is stated, there is no --5 those annual reports have to cover the entire 6 Petition Area. That's what it says. And whoever 7 buys Lots B and C, those ones that are left, they 8 can't possibly do that. They can't possibly report 9 on what is happening with the State's land. 10 And let's suppose they're sold to two 11 different people. They can't possibly be expected to 12 know what the other person is doing. So you're 13 asking for compliance to something that can't be 14 complied with. 15 COMMISSIONER CHANG: How do you report 16 currently what is going on with the State land? 17 THE WITNESS: We can't. We no longer can. 18 We no longer can do it. And this is one of the reasons we're asking for release from the annual 19 20 reports. 21 COMMISSIONER CHANG: And you can't do it 22 because the State refuses to --23 THE WITNESS: No, because how are we going

25 CHAIRPERSON SCHEUER: If I may, can I ask

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to monitor --

our Executive Officer to describe what would be required of an annual report if a new landowner no longer the owned the entire Petition Area? Mr.

Orodenker.

EXECUTIVE OFFICER: The new landowner would only be required to file annual reports with regard to the portion that they owned.

CHAIRPERSON SCHEUER: Sorry to interrupt your questioning, Commissioner Chang.

COMMISSIONER CHANG: So, Mr. Druz, with that clarification, do you still believe that that would be onerous for the new owner, since they're only required to file the annual report on that parcel that they own?

THE WITNESS: Yes. Think about it. They have to get a lawyer or a land planner involved. Who wants to do that? It costs money. It's a hassle.

And it makes it actually more difficult to find a landowner or a buyer for the land who would be willing to do it.

It's like we already have layers of restrictions on there, oh, and by the way, every single year you have to hire a lawyer or a land planner and send in annual reports on what you do with your property.

How many people have properties where every year you have to do something like that? It's just ag land with ag restrictions.

And addressing the Chair's comment, our restrictions are simply restating the City and County restrictions, exactly the same. We're not saying anything different so that someone could come in and circumvent that. We're just making sure whoever gets that property knows these are the rules. This is ag land. You can't subdivide it any further. You can't put any more farm dwellings on there. Nothing different, just restating it.

And, yes, I do think it's onerous to ask anybody who buys the property to go through the legal hassle every year for the rest of their life for something that is covered in other ways.

MR. LEE: May I also add that would also apply to any other subdivision for residential project from an ag to an urban, same condition, a boiler plate condition. So are you going to require every homeowner to say I'm going to do something --

CHAIRPERSON SCHEUER: So we are in the middle of deliberation on a motion, counsel. You asked for a special --

MR. LEE: I apologize.

CHAIRPERSON SCHEUER: -- opportunity for your client to speak. We afforded that.

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Are there any other questions for Dr. Druz?

It not, Commissioner Okuda, you had one question for Office of Planning.

COMMISSIONER OKUDA: Yes.

Now, having heard what Dr. Druz testified to, does that change the position of the Office of Planning? And if the answer is no, if you can tell us why not.

MS. APUNA: I don't think it does change our position. I know Dr. Druz says he needs a lawyer and a planner to provide the annual reports, but there is no requirement that an attorney or planner get involved.

We understand annual reports to just be an update of what is happening on the land according to the conditions provided in the Decision and Order.

We don't think that requires particular legal or planning expertise. It's just a report of what is happening. We don't believe it is onerous.

I would also just -- I didn't find

Condition 5 with regard to archaeological and

historical sites in the CC&Rs. I could be wrong, but

I didn't see that that was covered. As they say it

is covered in other protections, but I didn't necessarily see that.

So, no, I don't think our position changes
as far as Condition 7 and 8.

CHAIRPERSON SCHEUER: Commissioners, we're done with questioning. We are in deliberation on the motion.

Again, the Motion was to Release Conditions

1, 4, 10 and 11, and not release Condition 7 and 8

was the way the motion was stated.

Is there further deliberation on the motion? Seeing none -- Commissioner Okuda.

COMMISSIONER OKUDA: I think as part of this deliberation, I understand and recognize what Dr. Druz says, I think we have a procedural issue now, that if anyone votes against this motion because they agree with Dr. Druz' presentation, then we probably will not have six votes sufficient to -- which may be necessary to pass the motion.

So if I may, Mr. Chair, I would like to make a motion to amend the present motion. And if it is seconded or if it dies without a second, then fine.

CHAIRPERSON SCHEUER: Please proceed. So what we will do is you may state the motion to amend

the motion. We need a second on that. Then the movant and the seconder of the original motion will have to agree.

COMMISSIONER OKUDA: Or the Commission can vote on my motion to amend the motion and vote it up or down. I'll leave it to the Chair.

COMMISSIONER OKUDA: I would make a motion to amend the prior or underlying motion to delete the requirement for the annual report, and also to deem the fact or the condition that requires that the intent to sell the parcels, to have that condition be deemed satisfied by the presentation and notice given here today.

CHAIRPERSON SCHEUER: So let me -- I'm not understanding your proposed amendment.

Can you please phrase it in terms of which conditions you're proposing for releasing?

COMMISSIONER OKUDA: Let me withdraw that proposed motion and restate it more clearly.

The Motion to Amend that I'm making is to grant the Petitioner's relief that they are requesting in their Petition in whole as to all the conditions that they were requesting relief from

1 today.

CHAIRPERSON SCHEUER: So, respectfully,

Commissioner, I think the way that procedurally might

be the clearest for us, if my feel of where we are at

is good, would be for the initial motion to be

amended to drop references to 7 and 8, to simply have

a motion right now that would be release conditions

1, 4, 10 and 11 and make no reference to 7 and 8, and

then we can take up 7 and 8 separately.

COMMISSIONER OKUDA: That's acceptable also.

CHAIRPERSON SCHEUER: So that's a suggestion by the Chair. Does the movant,

Commissioner Aczon, and the seconder, Commissioner

Mahi, agree that the motion can amended to simply state that it is to release Conditions 1, 4, 10 and 11, and subsequently we can take up a discussion, any motion on 7 and 8?

CHAIRPERSON SCHEUER: No. So, Commissioner Mahi, the motion you seconded said we agree to release 1, 4 10 and 11 and not release 7 and 8. So I'm suggesting that right now procedurally for this body, since there seems to be, by my reading, no

- disagreement that we should release 1, 4, 10 and 11.

  Let's do a motion just on that, and then entertain

  after a motion on 7 and 8. So that's my suggestion
- 5 VICE CHAIR MAHI: I'm good.
- 6 COMMISSIONER ACZON: Yes.

for the amended motion.

- CHAIRPERSON SCHEUER: The motion is solely to release Conditions 1, 4, 10 and 11, amendment to the motion.
- So the motion amended made by Commissioner
  Aczon, seconded by Commissioner Mahi, amended by
  myself with their agreement, is to release Conditions
  1, 4, 10 and 11.
  - Is there any further discussion on this motion? If not, Mr. Orodenker, please poll the Commission.
  - EXECUTIVE OFFICER: Thank you, Mr. Chair, for the clarification. We are voting on the amendment, proposed amendment to the motion that was originally made; is that correct?
  - CHAIRPERSON SCHEUER: I apologize to everybody for the confusion that this has caused in my attempt to add clarity. I am welcome to the opinion on counsel on how to best handle this.
- I've been advised, and it would actually be

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clearest on the record if the original motion was
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2
     withdrawn.
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               COMMISSIONER ACZON: Mr. Chair, I was going
 4
     to do that. Permit me to withdraw my original motion
5
     and make another motion.
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               CHAIRPERSON SCHEUER: Does the seconder
7
     agree to that?
8
               VICE CHAIR MAHI: Yes.
9
                CHAIRPERSON SCHEUER: So the original
10
     motion has been withdrawn.
                Commissioner Aczon.
11
12
                COMMISSIONER ACZON: So making another
13
     motion to release Conditions 1, 4, 10 and 11.
14
                CHAIRPERSON SCHEUER: Commissioner Aczon
15
     has made a motion to release 1, 4, 10 and 11.
               VICE CHAIR MAHI: Second.
16
17
                CHAIRPERSON SCHEUER: Seconded by
     Commissioner Mahi. Any discussion? Hearing none,
18
19
     Orodenker, please poll the Commission.
20
               EXECUTIVE OFFICER: Thank you, Mr. Chair.
21
                Once again, the motion is to release
22
     Conditions 1, 4, 10 and 11.
23
               Commissioner Aczon?
24
               COMMISSIONER ACZON: Yes.
25
                EXECUTIVE OFFICER: Commissioner Mahi?
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| 1  | VICE CHAIR MAHI: Aye.                                 |
|----|---|
| 2  | EXECUTIVE OFFICER: Commissioner Okuda?                |
| 3  | COMMISSIONER OKUDA: Yes.                              |
| 4  | EXECUTIVE OFFICER: Commissioner Cabral?               |
| 5  | VICE CHAIR CABRAL: Yes.                               |
| 6  | EXECUTIVE OFFICER: Commissioner Chang?                |
| 7  | COMMISSIONER CHANG: Yes.                              |
| 8  | EXECUTIVE OFFICER: Chair Scheuer?                     |
| 9  | CHAIRPERSON SCHEUER: Aye.                             |
| 10 | EXECUTIVE OFFICER: Thank you, Mr. Chair,              |
| 11 | the motion passes unanimously.                        |
| 12 | CHAIRPERSON SCHEUER: I'll now entertain               |
| 13 | another motion separately to Condition 7 and 8 or one |
| 14 | motion on both.                                       |
| 15 | Commissioner Okuda.                                   |
| 16 | COMMISSIONER OKUDA: Mr. Chair, I move that            |
| 17 | Condition 7 be deleted from requirements moving       |
| 18 | forward on this docket.                               |
| 19 | CHAIRPERSON SCHEUER: For everybody's                  |
| 20 | benefit, Condition 7 regards notification of intent   |
| 21 | to sell.  |
| 22 | There is a motion to release Condition 7.             |
| 23 | VICE CHAIR CABRAL: I will second that.                |
| 24 | CHAIRPERSON SCHEUER: Seconded by                      |
| 25 | Commissioner Cabral. Is there any discussion on this  |

1 motion?

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COMMISSIONER OKUDA: Mr. Chair, very briefly and without going over what has already been stated.

I think the plain English of the condition just requires the intention to be given, not necessarily all the details of the transaction. The plain English or statement of the condition doesn't require those other matters, so I believe on the record here today, that intention was so stated, so notification has been granted.

And I believe also the evidence shows, especially the supplemental testimony of Dr. Druz, that the benefit to the community of keeping this condition is really outweighed by the cost, which also includes the matters that Dr. Druz testified about.

CHAIRPERSON SCHEUER: There is a motion.

There is no second yet -- oh, Commissioner Cabral seconded.

We're now in discussion on the motion.

Commissioner Chang.

COMMISSIONER CHANG: So, Commissioner
Okuda, is it your intention that when the property is sold, that this condition would not run to the new

landowner? So that the new landowner would not have to notify LUC of any change of their intent to sell, lease, assign or place in trust when they own the property?

COMMISSIONER OKUDA: Yes, that's correct.

And let me explain why I believe that the benefit to the community of keeping that condition running with the land is not worth the cost.

I agree with Dr. Druz' testimony that there's probably going to be an impact on the sell price and possibly marketability of the property if the condition is there. I think from our common experience, two parcels of land being equal, we would either pay a lot less or not even consider as carefully a parcel that has additional cost attached, especially a reporting cost to the government.

Now, it's true that, you know, a dishonest person, or somebody who's not that careful may simply ignore the condition. However, I think when we view marketability of the property and the type of cost, we would have to take into account, or assume that the buyer will take action based on all available knowledge and information.

The other thing that I find very persuasive in Druz' testimony is his testimony that given the

perils in compliance that this charitable entity faced here, they would not maybe do this ever again, and I'm not saying that the standard should be loosened or lessened just because someone claims to be a charitable institution. That's not what I'm saying.

If the law requires compliance, then it's our duty to ensure compliance. But in this type of situation with respect to releases of conditions, we have the discretion to determine whether or not a petitioner has really gone the route to comply with these conditions.

I believe that the record has shown that they have. They've done the things to preserve the viewplanes and the natural resources and beauty of the State, the Constitution requires us to look at.

And I think that detriment to the community, the real detriment to the community is that if people of good faith feel that they're going to face burdens which really don't result in real benefit to the community, then they may spend their time doing other things which is not going to really help the community.

So that's my long drawn out, I believe as succinct as I can, reasons why I think the release of the condition is worth the long-term benefit.

1 CHAIRPERSON SCHEUER: Is there other 2 discussion on the motion? Commissioner Aczon. 3 MR. LEE: May I ask a quick --4 CHAIRPERSON SCHEUER: We are in 5 deliberation. 6 COMMISSIONER ACZON: I'm really struggling 7 on this. From a layman's perspective, when the original motion, when the Petitioner was granted in 8 2006, it's between the Land Use Commission and the 9 10 Petitioner. So when you sold the property --11 COURT REPORTER: You need to speak up. 12 COMMISSIONER ACZON: -- if we release this 13 condition, we don't have any enforcement to our 14 agreement between the Petitioner and Land Use 15 Commission not to (indecipherable) my understanding is whatever conditions we have, Petitioner is still 16 17 liable. And the second thing, if we do this, it 18 19 might create some precedence to the new petitions 20 that would follow; that we provide special 21 considerations to one party, and then what happens to 22 the other party? So I'm struggling on this one. 23 CHAIRPERSON SCHEUER: Thank you. 24 Commissioner Cabral.

VICE CHAIR CABRAL: I'm in support of this

release in part because it's a land mass we're talking about under 15 acres, and not really being really clear on all of that ancient history, but the fact right now, if they were individual parcels, they would not ever have to come before us, because they're under 15 acres of agriculture.

So because of the evolution of this, to maintain control of it into the future seems unnecessary. Thank you.

CHAIRPERSON SCHEUER: Commissioners, further discussion? Commissioner Chang.

against the motion. I believe that this was a condition that was agreed to by the Petitioner, and they knew that it would run with the land whether they sold it. I believe it's not onerous. I believe that the risk of it affecting real property, the value of the property versus having the Land Use Commission continue to have some oversight which provides the community the opportunity to know what is going on with the property, outweighs that. So I am going to vote against it. Thank you.

CHAIRPERSON SCHEUER: I'm also inclined to vote against the motion for these two reasons.

First of all, the future landowner or

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owners will be able to get these conditions released.

They have that opportunity as well. And, in fact, if

the lands are sold to separate entities, they get to

go to the County, they don't have to come to the Land

Use Commission, because it's going to be under

15 acres.

Secondly, Condition 7 and 8, in my mind,

Secondly, Condition 7 and 8, in my mind, actually run together. In my past experience with the Land Use Commission, sometimes when this happens, the landowner has sold the property, not informed the LUC, and then we haven't gotten the annual report required. We've inquired with the landowner, and they said, oh, yeah, we sold the property.

Only the information that the property has been sold has allowed us to know who is then responsible for filing the annual reports.

Further deliberation on this motion? If not, Mr. Orodenker, please poll the Commission on the motion to release Condition 7.

EXECUTIVE OFFICER: Thank you, Mr. Chair. The motion is for Condition 7 to be deleted.

Commissioner Okuda?

COMMISSIONER OKUDA: Yes.

EXECUTIVE OFFICER: Commissioner Cabral?

VICE CHAIR CABRAL: Yes.

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| 1  | EXECUTIVE OFFICER: Commissioner Chang?              |
|----|---|
| 2  | COMMISSIONER CHANG: No.                             |
| 3  | EXECUTIVE OFFICER: Commissioner Mahi?               |
| 4  | VICE CHAIR MAHI: A'ole.                             |
| 5  | EXECUTIVE OFFICER: Commissioner Aczon?              |
| 6  | COMMISSIONER ACZON: No.                             |
| 7  | EXECUTIVE OFFICER: Chair Scheuer?                   |
| 8  | CHAIRPERSON SCHEUER: No.                            |
| 9  | EXECUTIVE OFFICER: Thank you, Mr. Chair.            |
| 10 | The motion does not carry.                          |
| 11 | CHAIRPERSON SCHEUER: Commissioner Okuda.            |
| 12 | COMMISSIONER OKUDA: Thank you, Mr. Chair.           |
| 13 | I move that Condition No. 8, which requires         |
| 14 | annual reports, also be deleted.                    |
| 15 | CHAIRPERSON SCHEUER: There has been a               |
| 16 | motion to delete Condition 8 or remove it. Is there |
| 17 | a second?   |
| 18 | VICE CHAIR CABRAL: I will second that               |
| 19 | motion.   |
| 20 | CHAIRPERSON SCHEUER: Commissioner Cabral            |
| 21 | seconds the motion. Discussion on the motion?       |
| 22 | Commissioner Okuda.                                 |
| 23 | COMMISSIONER OKUDA: Thank you. I                    |
| 24 | incorporate by reference my earlier statements. I   |
| 25 | don't think there is any need to repeat.            |

| 1  | CHAIRPERSON SCHEUER: Is there further                |
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| 2  | discussion on the motion? If not, there is a motion  |
| 3  | before us to delete Condition 8. Mr. Orodenker,      |
| 4  | please poll the Commission.                          |
| 5  | EXECUTIVE OFFICER: Thank you, Mr. Chair              |
| 6  | Commissioner Okuda?                                  |
| 7  | COMMISSIONER OKUDA: Yes.                             |
| 8  | EXECUTIVE OFFICER: Commissioner Cabral?              |
| 9  | VICE CHAIR CABRAL: Yes.                              |
| 10 | EXECUTIVE OFFICER: Commissioner Mahi?                |
| 11 | VICE CHAIR MAHI: A'ole.                              |
| 12 | EXECUTIVE OFFICER: Commissioner Aczon?               |
| 13 | COMMISSIONER ACZON: No.                              |
| 14 | EXECUTIVE OFFICER: Commissioner Chang?               |
| 15 | COMMISSIONER CHANG: No.                              |
| 16 | EXECUTIVE OFFICER: Chair Scheuer?                    |
| 17 | CHAIRPERSON SCHEUER: No.                             |
| 18 | EXECUTIVE OFFICER: Thank you, Mr. Chair.             |
| 19 | The motion does not carry.                           |
| 20 | CHAIRPERSON SCHEUER: With that, we've                |
| 21 | addressed the entirety of the request from the       |
| 22 | movant, and I believe that we have no other business |
| 23 | that needs attention. Commissioners? Seeing none, I  |
| 24 | declare this one moment, please. A very brief        |
| 25 | recess.  |

|    |   | J |
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| 1  | (Recess taken.)                           |   |
| 2  | CHAIRPERSON SCHEUER: We are at recess and |   |
| 3  | we are adjourned.                         |   |
| 4  | (The proceedings adjourned at 11:09 a.m.) |   |
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| 1  | CERTIFICATE<br>STATE OF HAWAII )                     |
|----|--|
| 2  | ) SS.  |
| 3  | COUNTY OF HONOLULU )                                 |
| 4  | I, JEAN MARIE McMANUS, do hereby certify:            |
| 5  | That on July 11, 2019, at 9:30 a.m., the             |
| 6  | proceedings contained herein was taken down by me in |
| 7  | machine shorthand and was thereafter reduced to      |
| 8  | typewriting under my supervision; that the foregoing |
| 9  | represents, to the best of my ability, a true and    |
| 10 | correct copy of the proceedings had in the foregoing |
| 11 | matter.  |
| 12 | I further certify that I am not of counsel for       |
| 13 | any of the parties hereto, nor in any way interested |
| 14 | in the outcome of the cause named in this caption.   |
| 15 | Dated this 11th day of July, 2019, in Honolulu,      |
| 16 | Hawaii.  |
| 17 |  |
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| 19 | S/S Jean Marie McManus                               |
| 20 | JEAN MARIE McMANUS, CSR #156                         |
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