



June 26, 2019

State of Hawaii Land Use Commission
Department of Business and Economic Development and Tourism
P.O. Box 2359
Honolulu, Hawaii 96804-2359
Attention: Daniel E. Orodener, Executive Officer

Re: 2018 Annual Report to the Land Use Commission
Docket No. A90-662 (Koele Project Expansion)
Lana'i Resorts, LLC, dba Pulama Lana'i – Successor to Castle & Cooke Resorts, LLC

To Chairperson and Members of the Land Use Commission:

As required by Condition No. 13 of the Finding of Fact, Conclusion of Law, and Decision and Order, dated August 28, 1991 ("D&O"), in the above described docket, Lanai Resorts, LLC, dba Pulama Lana'i, hereby submits this annual report to the Land Use Commission ("Commission") "in connection with the status of the Property and the Petitioner's progress in complying with the conditions imposed." Pulama Lana'i submits this report as the successor entity to Castle & Cooke Resorts, LLC (collectively "Petitioner").

GENERAL PROGRESS OF THE PROJECT

The "Property", as defined in the D&O, includes certain land at Koele, Lana'i, Hawaii, Tax Map Key No. (2) 4-9-002, portion of 001, covering an aggregate area of approximately 78.793 acres. By and through the D&O, the Commission reclassified (a) approximately 63.526 acres of land from the Agricultural District to the Urban District, (b) approximately 4.382 acres of land from the Conservation District to the Urban District and (c) approximately 10.885 acres of land from the Agricultural District to the Conservation District. The Commission approved Petitioner's proposed expansion of the area of the Koele Project District by approximately 67.9 acres in order to reconfigure the low density residential development planned adjacent to the Koele Golf Course (which was reconfigured in order to accommodate the retention of the Cavendish Golf Course for Lana'i residents on a free-play basis).

The residential lots are located in the Lana'i Project District 2 (Koele), as approved by the County of Maui (Maui County Code Chapter 19.71). The project district is located to the north and east of Lana'i City. As noted above, this Project District provides for single-family residential, multifamily residential, hotel, commercial, park, golf course, open space, and public uses; and presently includes The Lodge at Koele, The Experience at Koele Golf Course and clubhouse, the 9-hole Cavendish Golf Course, 27 Villa units, 6 Pine units, and 18 single-family lots (14 of which have completed residences).

PROGRESS IN COMPLYING WITH CONDITIONS IMPOSED

As described below, Petitioner has completed nearly all actions required by the conditions imposed by the Commission.

CONDITION 1

"Petitioner shall donate an adequate amount of land to the County of Maui for affordable residential projects to the satisfaction of the Department of Housing and Human Concerns of the County of Maui."

Compliance: Petitioner has complied with this condition. Petitioner entered into and recorded a Unilateral Agreement and Declaration for Conditional Zoning on February 28, 1992 to establish residential zoning for the Koele Project District. Petitioner agreed to donate to the County of Maui 115 acres of real property for affordable housing, located adjacent to the Lower Waialua Single Family site, in fee simple, at no cost and free and clear of all mortgages and encumbrances. After the County of Maui and Petitioner identified and agreed upon the precise location of the 115 acres of real property, the County of Maui approved the subdivision of land for the 115 acres (as confirmed by letter, dated June 4, 1998, from County of Maui Department of Public Works and Waste Management to Petitioner) and appropriate petitions were filed with the Land Court of the State of Hawaii to record the subdivision. Following the Land Court's approval of the subdivision, the County of Maui accepted conveyance of 115 acres of Land under two Warranty Deeds with Use Restrictions, both file-dated November 13, 1998, and filed as Land Court Document Nos. 2499792 (102.234 acres) and 2499793 (12.766 acres).

CONDITION 2

"Petitioner shall implement a groundwater monitoring program and other measures to prevent groundwater contamination from the development on the Property, in consultation with, and to the satisfaction of, the State Department of Health (DOH)."

Compliance: Petitioner has complied with this condition. This condition has been implemented and completed to the satisfaction of the DOH, as confirmed by letter, dated February 27, 1995, from DOH regarding "Koele Golf Course Groundwater Monitoring Plan" and by the submission to DOH of the "Monitoring System Construction Report-Koele Golf Course", dated March 1995, by Belt Collins. In a January 13, 2016 letter from the Department of Health (DOH), they have simplified the ground water monitoring requirements whereby the areas for recycled water use are redefined for unrestricted, conditional or restricted in the "Reuse Guidelines, Volume II: Recycled Water Projects, January, 2016." For unrestricted areas there are no requirements to submit monitoring reports to the DOH. The Koele Golf Course on Lāna'i is in the unrestricted area. Notice of this change was sent on June 6, 2016 to Mr. Riley K. Haokda, along with the DOH confirming letter that the Koele Golf Course is in the unrestricted area, and would not require any further ground water monitoring.

CONDITION 3

"Petitioner shall have the project-generated wastewater collected and transported to the Lana`i City Wastewater Treatment Facility, and shall also participate in the funding of any expansion or improvements to this treatment facility required by the project-generated wastewater, to the satisfaction of the County of Maui, Department of Public Works, and the State Department of Health."

Compliance: Petitioner has complied with this condition. Petitioner funded the expansion of the Lana`i City Wastewater Treatment Facility (operated by the County of Maui) to accommodate the needs of the Koele residential development (as well as the Koele Golf Course). Wastewater from the present Koele residential development is (and future residential development on the subject Property will be) transported to this facility via a pump station and pipeline installed as part of the Koele residential subdivision.

CONDITION 4

"Petitioner shall fund the design and construction of all necessary water facility improvements, including source development, to provide adequate quantities of potable water to service the subject project."

Compliance: Petitioner has complied with this condition. All necessary water facility improvements, including a new well, pumps, controls and a storage tank, have been completed.

CONDITION 5

"Petitioner shall submit a detailed drainage and erosion control plan including, but not limited to, hydrologic and hydraulic calculations, scheme for controlling erosion and disposal of runoff water, and an analysis of the soil loss using the HESL erosion formula, to the County of Maui, Department of Public Works, for review and approval. This plan shall provide verification that the grading and all runoff water generated by the project will not have an adverse effect on the adjacent and downstream properties. The approval of the plan shall be deemed compliance of this condition."

Compliance: Petitioner has complied with this condition. Petitioner's consultant, Belt Collins & Associates (Hawaii Ltd.), completed and transmitted to the County of Maui-Land Use and Codes Administration, the following reports: (1) Drainage and Soil Erosion Control Study for the Mass Grading for the Villas at Koele, dated March, 1993, (2) Drainage and Soils Erosion Control Study for Koele Residential-Phase I, Package A, dated December 15, 1993, and (3) Drainage and Soils Erosion Control Study for Koele Residential Subdivision-Phase I, Package B, dated December 15, 1993.

The preliminary subdivision approval for the Koele Project District required Petitioner to comply with all "regulations within Chapter 19.71" of the Maui County Code, as stated in a letter, dated July 28, 1993, from George N. Kaya, Director of County of Maui Department of Public Works and Waste Management, to Robert W. Cunningham. As evidenced by the County's final subdivision approval, to the extent that Petitioner has

commenced or completed construction, Petitioner has satisfied the County's requirements to the satisfaction of the County's Department of Public Works and Waste Management. The subdivision approval is confirmed by letter, dated July 10, 1997, from Charles Jencks, Director of County of Maui Department of Public Works and Waste Management, to E. K. Chong.

A drainage master plan for the Koele Project District was completed by Petitioner's consultant, R. M. Towill Corporation, in 2007 and submitted to the County of Maui.

CONDITION 6

"Petitioner shall participate in the funding and construction of any transportation improvements necessitated by the proposed project, identified by and to the satisfaction of the County of Maui, Department of Public Works and State Department of Transportation."

Compliance: To the extent that residential construction has commenced or has been completed, Petitioner has complied with this condition to the satisfaction of both the State of Hawaii and the County of Maui.

In its preliminary subdivision approval, the County of Maui stated very specific requirements with respect to roadway and transportation improvements, as indicated in Conditions 6 through 16 and 18, stated in a letter, dated July 28, 1993, from George N. Kaya, Director of County of Maui Department of Public Works and Waste Management, to Robert W. Cunningham, regarding the County of Maui's Preliminary Subdivision Approval. Petitioner complied with these requirements to the satisfaction of the County's Department of Public Works and Waste Management, as confirmed by letter, dated July 10, 1997 from Charles Jencks, Director of County of Maui Department of Public Works and Waste Management, to E. K. Chong, regarding County of Maui's Final Subdivision Approval.

Petitioner has also satisfied the requirements of the DOT, as confirmed by letter, dated August 3, 1994, from DOT to Land Use Codes Administration, County of Maui stating that Petitioner has satisfied the requirements of the DOT in connection with the Koele Residential Project District.

The DOT and the Petitioner have further agreed on the extent of road improvements necessitated by the combined Koele and Manele residential projects. By letter agreement, dated April 14, 1997, Petitioner and DOT agreed that at the time that 100 residential units (combined for Manele Residential and Koele Residential) are sold or at the request of the District Engineer, Petitioner shall (1) "plan, design and construct the channelized intersection at Kaumalapau Highway and Manele Road" and (2) "dedicate any right-of-way needed for all of Manele Road to resolve encroachments and dedicate right-of-way to provide safety improvements and scenic lookouts" and (3) "dedicate right of way for a proposed realignment of Manele Road at mile post 9.72." By letter dated July 13, 2000, District Engineer Robert Siarot deferred the intersection improvements until traffic improvements are warranted. DOT-Highways reserved the right to require the improvements when deemed necessary. Review of the 1993 to 2014 State traffic counts for the intersection showed that the volume was at 31% of the maximum capacity

for Federal Highway Administration Policy for Highway Capacity of Rural Two-Lane Roads, at peak volumes.

CONDITION 7

"Petitioner shall immediately stop work and contact the State Department of Natural Resources, Historic Preservation Division should any previously unidentified archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, pavings or walls be encountered during the project's development."

Compliance: Petitioner has complied with condition. There have been no findings of previously unidentified archaeological resources to date.

CONDITION 8

"Petitioner shall provide its' pro rata share for police, fire, park and solid waste disposal as may be required by the proposed project and to the satisfaction of the County of Maui."

Compliance: Petitioner has complied with this condition as follows:

Pro rata share for police. Petitioner agreed to convey to the County of Maui a site for the new police station containing one (1) acre of land. Petitioner subdivided land to create a new one-acre lot (Land Court Lot 1163), and subsequently conveyed Lot 1163 to the County of Maui by Deed filed on October 15, 2002 as Land Court Document No. 2850540. Petitioner also executed in favor of the County of Maui an Agreement to Dedicate Upon Demand affecting Lot 1163 (road widening strip along Ninth Street of the new Lana`i police station site), filed on October 15, 2002, as Land Court Document Number 2850541.

Pro rata share for fire. Petitioner and the County of Maui entered into an Indenture of Lease, dated February 22, 1988, demising a 13,650 square foot parcel, identified for real property tax purposes as Tax Map Key (2) 4-9-014:012, on which the County constructed a fire station. The lease rent is \$1.00 per year and lease term ends in the year 2021.

Pro rata share for park. In coordination with the County of Maui: Petitioner designated a five-acre Koele park site to be owned and maintained by Petitioner for public use, as evidenced by the Amended and Restated Petition for Re-subdivision, file- dated March 6, 2001 (Land Court Document 141134), and letter, dated July 21, 2000, addressed to County of Maui Department of Public Works from Belt Collins Hawaii Ltd., transmitting a corrected final map to show that the Koele Park Site is to be owned and maintained by Petitioner as a park for public use.

Petitioner and Maui County had planned for Petitioner's dedication of a 4.7 acre park assessed in connection with Koele and Manele subdivisions. This would provide park credits for a total of 409 residential units in Koele and Manele. Petitioner also paid to Maui County the aggregate sum of \$700,451.85 as a deposit/security (corresponding to 193 units of park credits), based upon the understanding that when the park was completed, the park fees paid would be

returned to Petitioner, leaving a balance of 216 park unit credits to be applied to future development. Petitioner has developed 171 units of the 409 planned, and has received final subdivision approval for an additional 22 units.

Petitioner is in discussions with Maui County Parks Department regarding a potential restructuring of the foregoing plans involving County application of a portion of the park fees previously paid as payment in lieu of dedication of park land, and dedication of a park with less acreage. The park would satisfy the park dedication requirements for the remaining 216 units (of the 409 total planned) to be subdivided in the future.

Petitioner donated a 1.024-acre parcel of land for a park located on Fraser Avenue to the County of Maui by Deed filed on September 7, 2000 as Land Court Document No. 2649278.

Petitioner donated approximately 2.8 acres of land to the County of Maui for a park located on Kaunalapau Highway and Fraser Avenue by Warranty Deed filed on August 19, 2003 as Land Court Document No. 2978954.

Pro rata share for solid waste disposal. By and through a License Agreement dated December 31, 1968, Castle & Cooke, Inc. granted the County of Maui a non-exclusive license to use 10 acres of land "for purposes of a Sanitary Landfill Refuse Disposal operation." For purposes of expanding the landfill site to 35 acres, the State Land Use Commission approved a Special Use Permit on September 13, 1995 (LUC Docket No. SP94-386/Dept. of Public Works and Waste Management, County of Maui). The current area of the landfill site, as re-subdivided and used by the County (to date without the payment of license fees), is 35.677 acres; being Lot 2 as shown on Map 1 of Land Court consolidation 189 of Castle & Cooke, Inc. Petitioner has also worked with the County of Maui to identify a new landfill site and the County's adopted Lana`i Community Plan designates the Kaunalapau Quarry as a future County landfill site. This new landfill site is in addition to the expansion of the existing Lana`i Sanitary Landfill approved by the Commission on September 13, 1995 (LUC Docket No. SP94-386/Dept. of Public Works and Waste Management, County of Maui). The County of Maui received approval from the Commission for a fifteen (15) year extension of the current landfill location on November 15, 2015 (LUC Docket No. SP94-386/County of Maui-Lāna`i Sanitary Landfill. Petitioner is working with the County of Maui to determine whether there are acceptable alternatives to another landfill on Lāna`i.

CONDITION 9

"Petitioner shall provide its' pro rata share for school facilities as may be required by the proposed project and to the satisfaction of the State Department of Education."

Compliance: Petitioner has complied with this condition. In the context of Petitioner's Koele Project District Phase 2 Application (which encompasses the Property as part of a larger 153.555-acre Phase II project) to the County of Maui, the State Department of Education ("DOE") stated that the entire Phase II project will have an enrollment impact of 13 students in grades K through 12, as evidenced by letter, dated October 15, 1992, from Charles T. Toguchi, DOE Superintendent, to Brian Miskae, Maui County Planning Director. In that letter, the DOE concluded:

"Lana`i High and Elementary School should be able to accommodate the students generated from this development. Since the enrollment impact is less than 15 students, the Department of Education will not request that the County require the developer to make a pro rata share contribution for the construction of school facilities."

Notwithstanding this conclusion by the DOE, Petitioner has made substantial contributions to Lana`i public schools and the DOE. Since 1996, Castle & Cooke as Petitioner contributed- either directly or through the Lana`i Community Benefit fund- over \$209,000 to Lana`i High School; over \$120,000 to Lana`i Elementary School (Reading Recovery Program) and \$100,000 to the Maui Chamber of Commerce Tech Ready program. (Prior to 1996 contributions were made by Dole Food Company, Inc.). Moreover, Petitioner has donated \$250,000 to E Malama I Na Keiki O Lana`i (Lana`i Preschool).

Pūlama Lāna`i continued these contributions for the Lāna`i High and Elementary School (LHES) with \$400,000 in 2013, \$550,000 in 2014, \$300,000 in 2015, \$234,000 in 2016, \$246,000 in 2017 \$210,000 for various support programs. In 2018 we contributed \$246,000 to UH Maui and paid for private college counseling.

CONDITION 10

"Petitioner shall fund and install the necessary number of emergency siren units within the Property as required for service to the Property to the satisfaction of the State Department of Defense."

Compliance: Petitioner has complied with this condition. Petitioner has worked with the Hawaii Department of Civil Defense to identify and place an appropriate emergency siren as confirmed by letter, dated August 23, 1994, from Petitioner to Hawaii Department of Civil Defense regarding equipment and site placement and by letter, dated December 8, 1994, from Hawaii Department of Civil Defense to Petitioner regarding recommendations

for civil defense sirens. Petitioner worked with the State to relocate and upgrade the emergency siren in light of the State's assessment of needs, as evidenced by the Right of Entry Agreement between Petitioner and the State of Hawaii Department of Civil Defense dated June 24, 2003.

CONDITION 11

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

Compliance: Petitioner will develop the property in substantial compliance with the representations made to the Commission. Land use approvals for the development of the Property have been obtained from the County of Maui. Petitioner is further required to apply for project district development approvals for the proposed development. The Maui County Planning Commission approved Phase II of the Project District Development on December 29, 1992. The County of Maui granted approval for Koele Project District Phase III, Supplemental Application for Phase 1 and 2 Villas at Koele, 39 Multi-Family Units; 19 Single Family Units (package A); Reservoir (package B); and other related improvements, TMK: (2) 4-9-001 :021, 024, 025, 027, 030, (2) 4-9-001 (por 1); (2)4-9-019:001,002, Koele, Lana`i (95/PH3-001). Petitioner received final subdivision approvals for Phase I on October 11, 1994.

CONDITION 12

"Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property prior to development of the Property."

Compliance: Petitioner has complied with this condition. No alteration of ownership or development interest in the Property occurred "prior to development of the Property." As noted above, Petitioner has subsequently undertaken reorganizations in which Lana`i Company, Inc. became the successor entity to Lana`i Resort Partners, Castle & Cooke Resorts, LLC became the successor entity to Lāna`i Company, Inc., and Pulama Lana`i, most recently, became the successor to Castle & Cooke Resorts, LLC. Petitioner has given the Commission appropriate notice of such changes.

CONDITION 13

"Petitioner shall provide annual reports to the Land Use Commission, the Office of State Planning, and the Maui County Planning Department in connection with the status of the development of the Property and Petitioner's progress in complying with the conditions imposed."

Compliance: Petitioner has complied with this condition. Petitioner has submitted annual reports for each calendar year since the Commission's approval of the project, and this letter constitutes Petitioner's 2018 annual report.

CONDITION 14

The Land Use Commission may fully or partially release these conditions as to all or any portions of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner."

Status: To date, none of the conditions have been fully or partially released, although Land Use Petitioner does intend to request such a release in the future.

CONDITION 15

"Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to title 15, Chapter 15, Section 92, Hawaii Administrative Rules."

Compliance: Petitioner has complied with this condition. Petitioner recorded the Certificate and Authorization dated October 25, 1991 (covering the conditions imposed by the Commission) in the Bureau of Conveyances of the State of Hawaii as Document No. 91-147908 on October 28, 1991.

CONDITION 16

"The Cavendish golf course shall remain as a 'free play' golf course to the residents of Lana'i."

Compliance: Petitioner has complied with this condition. The Cavendish Golf Course is operating and will continue to operate as free play course to residents of Lana'i. Petitioner's obligation to maintain "free play" on the Cavendish Golf Course is documented in the Unilateral Agreement and Declaration for Conditional Zoning, dated February 28, 1992, by Lana'i Resort Partners

Should you have any questions or desire any additional information concerning the foregoing, please contact the undersigned at (808) 237-2205. Mahalo!

Very truly yours,

Lanai Resorts, LLC, dba Pulama Lanai



Kurt Matsumoto
Chief Operating Officer

cc: State of Hawai'i, Office of Planning
Ms. Michele Chouteau McLean, Director, County of Maui Planning Department