1 financial matters. You had these other matters which included litigation and fraud. 3 Were there any other reasons why this 4 Motion to Amend, which was filed in 2006, was not 5 moved forward? 6 MS. GARSON: Also because of the recession 7 there were a number of developers that had gone 8 bankrupt that also affected the University. 9 COMMISSIONER OKUDA: So you named financial 10 matters, these other matters like fraud, litigation, 11 recession. 12 Were there any other matters which prevented the Motion to Amend filed in 2006 from 13 14 going forward? 15 MS. GARSON: No. 16 COMMISSIONER OKUDA: Is it your contention, 17 or your client's contention that somehow the Land Use Commission or the staff of the Land Use Commission 18 19 was responsible for any of these matters which 20 prevented the Motion to Amend from going forward? 21 MS. GARSON: No, it was not staff's fault 22 that these things weren't going forward. 23 And, Commissioner Okuda, once again, my 24 position is regardless of fault. It's a

procedural -- I'm raising a procedural issue.

COMMISSIONER OKUDA: And my final question -- Chair, if you will indulge me -- deals with the authority for the Land Use Commission to issue an order to show cause.

You do agree that HAR 15-15-93, subparagraph (b) states that, and I quote:

"Whenever the Commission shall have reason to believe that there has been a failure to perform according to the conditions imposed, or the representations or commitments made by the Petitioner, the Commission shall issue and serve upon the party or parties or persons bound by the conditions, representation or commitment, an Order to Show Cause why the property should not revert to its former land use classification, or be changed to a more appropriate classification."

You do agree that's what the administrative rule states; correct?

MS. GARSON: I couldn't find it fast enough, but I'll agree that that is what you read.

COMMISSIONER OKUDA: And just so that -and I might be misunderstanding your filing, it's not
like the Hawai'i Supreme Court has ever held that the
Commission had exceeded its authority, and the
governor made it his authority by signing off on this

administrative rule, isn't it true that in the DW Aina Le'a Development, LLC, versus Bridge Aina Le'a, LLC case, which is 134 Hawai'i 187, and actually it was at page 196 at Footnote 2, the Hawai'i Supreme Court actually quoted HAR 15-15-93(b), the provision that I read.

And in fact, the Supreme Court underlined and highlighted that provision in the Aina Le'a decision, which kind of leads me to believe the Supreme Court was telling us, the Land Use Commission, hey, you know, this is your rule, and you better follow your rule.

I mean, is that a reasonable interpretation of how to read that point of the Bridge Aina Le'a case?

MS. GARSON: May I just say that HRS 205-4(g) specifically states the Commission may provide a condition.

HRS 205-4(g) states in part that the Commission may provide, by condition, the absence of substantial commencement of the use of land in accordance with such representations the Commission shall issue and serve upon the parties --

COURT REPORTER: You really need to slow down.

MS. GARSON: He read fast too (indicating). 1 2 COURT REPORTER: Yes, but I can understand 3 him. MS. GARSON: Let me try again. 4 5 The Commission may provide, by condition, 6 that absent special substantial commencement of use of the land in accordance with representations, the 8 Commission shall issue and serve upon the party bound by the condition an Order to Show Cause why the 9 10 property should not revert to its former land use 11 classification, or be changed to a more appropriate classification. 12 13 So this is what the statute provides. have read the Bridge Aina Le'a many times. I do not 14 15 know if this issue had come up in that case. 16 COMMISSIONER OKUDA: My question actually 17 was limited to whether or not the Hawai'i Supreme 18 Court had quoted and highlighted the provision of the administrative rule which sets forth when the 19 20 Commission shall issue an order to show cause. 21 But let me just ask this one final 22 question. 23 Chair, I promise this is the final 24 question.

Would you agree that it's in fact your

client's filing here that leads, or allows the Commission to have reason to believe that there's been a failure to comply with the conditions?

Because, for example, your client filed this Motion to Substitute Petitioner and withdraw Land Use Commission approvals and revert land use district boundary classification to agricultural — and I know that's a mistaken word, should be "agriculture", but that document was filed February 4, 2019.

I mean, whether you folks want to back off on that document or not, the fact of the matter is the record in this case shows that your client itself raised the issue about whether or not the Land Use Commission now is required by its administrative rules to issue the Order to Show Cause.

MS. GARSON: And that -- and that motion was withdrawn, and I'm representing that was filed mistakenly based on the mistaken impression that they could do what they wanted to do with the property via a special permit on ag.

COMMISSIONER OKUDA: In fact, on page -MS. GARSON: Commissioner Okuda, the
petition was withdrawn, the motion was withdrawn.

COMMISSIONER OKUDA: But whether it was

withdrawn or not, the fact is your client put
something in the record here, put something in the
record here which contained factual statements which
would lead the Commission to believe that
representations made with respect to the original
boundary amendment was not complied with, correct?

Whether or not it's withdrawn, statements

Whether or not it's withdrawn, statements were still made.

MS. GARSON: I think what you're asking me is what the impression of the Commission was with the filing --

COMMISSIONER OKUDA: No, I'm asking about the statement that is on the second page of the Memorandum in Support of the Motion, fourth paragraph down, where it specifically states the previous owners have not proceeded with the original plan.

Further, a residential development of this nature is not justified based on the current market conditions and needs. And talks about what it's evidenced by.

In other words, these are factual statements, or statements being made to a government agency. And I'm assuming with the belief the government agency, meaning the LUC, is going to rely on them, and these are statements of fact.

1 MS. GARSON: Two points. One, it was 2 withdrawn, so, again, I'll object to us referring to 3 it. 4 Number two, those statements are also 5 supportive of the Motion to Amend that was filed in 6 2006. I don't think the Petitioner -- the Petitioner basically stated those things in the Motion to Amend 7 in 2006 which has not been resolved. 8 9 COMMISSIONER OKUDA: Thank you, Mr. Chair. 10 No further questions. 11 CHAIRPERSON SCHEUER: Commissioners, are 12 there other questions? 13 Commissioner Chang. 14 COMMISSIONER CHANG: Just a few. 15 you, Ms. Garson. 16 As I understand this motion that we're 17 addressing at this point is your Motion to Rescind the Order to Show Cause because of the pending Motion 18 19 to Amend? 20 MS. GARSON: Correct. COMMISSIONER CHANG: That motion was made 21 22 in 2006. As I understand, through questioning of Commissioner Okuda, your legal authority is that your 23 24 clients' due process rights have been violated; is

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that correct?

1 MS. GARSON: Correct. 2 COMMISSIONER CHANG: I just want to walk 3 through that same process, look at the procedural due 4 process. 5 Your client was given notice on the hearing 6 on the Motion to Amend in 2006? 7 MS. GARSON: Correct. 8 COMMISSIONER CHANG: And your client was 9 given an opportunity to participate in the Motion to 10 Amend? 11 MS. GARSON: Correct. 12 COMMISSIONER CHANG: So due process was 13 satisfied, would you agree? 14 MS. GARSON: Up until that point. 15 COMMISSIONER CHANG: Up until what point? MS. GARSON: Up until the hearing. 16 17 Again, my point is there was no conclusion 18 to that hearing. They were supposed to come back. 19 So the procedure is still in place. I mean the 20 procedure is still in place for them to come back and 21 have their Motion to Amend heard. 22 COMMISSIONER CHANG: Let me ask you. 23 your position is that it's an open docket, the Motion 24 to Amend? And that has not been resolved. 25 Has your client -- how has your client been prejudiced? That was in 2006. So what has your client done -- you've cited considerations like there was the University had issues, economy, but what has your client done to address that motion in a timely fashion?

Because now we're in the year 2019, so approximately how many years has passed, 13 years has passed.

So how has your client been prejudiced by that "no action" on the Motion to Amend when it has been 13 years later? And you're raising this question about the LUC's lack of addressing the Motion to Amend or closing the Motion to Amend.

How has your client been prejudiced given the 13 years?

MS. GARSON: I think the prejudice comes if you move onto the OSC, and if for some reason the OSC is granted, at that point that is where our client would be prejudiced by not being able to come forward and present its plan that was first brought forth in the Motion to Amend in 2006.

So the prejudice comes at the time now if the OSC goes forward, that they have not had that opportunity.

COMMISSIONER CHANG: But didn't you have

the opportunity 12 years ago, 11 years? Doesn't your 1 client bear any responsibility to have timely brought 2 3 back that Motion to Amend? 4 MS. GARSON: Again, going back to what I 5 was saying to Commissioner Okuda. Your rules do not 6 have a time limit on motions. A petition, if you do 7 not act on them within 365 days, they're granted. Some court rules, some other rules say if a motion is 8 not addressed within a certain period of time, it's 9 10 denied. 11 Your rules don't have those kind of 12 protections for a situation like that. 13 Again, all I'm saying is this is a procedural anomaly and it has to be addressed before 14 15 you proceed. 16 And what I wanted to do is to take that 17 position, and without waiving that, going to the 18 resolution that we have brought forward with the stipulation for the continuance of the OSC and the 19 20 one year. 21 COMMISSIONER CHANG: So are you considering 22 withdrawing your Motion to Rescind? 23 MS. GARSON: No, no. 24 COMMISSIONER CHANG: So when you say your

client has not had protections because there's been

no timely closure on the Motion to Amend, but in the absence of a particular statute or rule or time period, don't we apply the reasonableness?

Is 13 years, in your mind, reasonable for no action to be taken, no initiation on the part of the Petitioner to come forward and seek closure on that?

MS. GARSON: And they are ready now.

COMMISSIONER CHANG: But you're saying because the LUC failed to address the Motion to Amend, we are precluded from addressing the Order to Show Cause?

MS. GARSON: I'm not blaming the LUC. All I'm saying is that it hasn't been granted. It hasn't been denied. There has been no action on it.

And procedurally that should be done before you move on.

COMMISSIONER CHANG: The LUC is caught in a procedural dilemma as well. On one hand you're saying we can't proceed with the motion to the Order to Show Cause until we close this motion to amend.

MS. GARSON: Right, which is why our solution -- and we truly were trying to be cooperative and helpful in putting forth the stipulation that we raised.

1 That wasn't the direction that the Chair 2 wanted to go, but with the stipulation, Office of 3 Planning and County have also agreed to allow us one 4 year to bring back a motion to amend before the 5 Commission within the one year and continue the OSC. 6 Again, we are trying to come up with a 7 solution, given this procedural issue. We felt that 8 that was a fair process and procedure to go through. 9 COMMISSIONER CHANG: I understand, but you 10 were sort of caught in a procedural dilemma as well, given your Motion to Rescind the Order to Show Cause 11 12 because of failure to act on the Motion to Amend. 13 You understand the dilemma that you have 14 placed the LUC in by your motion in the absence of 15 withdrawing your motion, we're now having to address 16 that, the merits of your motion? 17 MS. GARSON: Yes. Okay. So this is 18 another thing that you can do procedurally, rescind the order to show cause, order that the Petitioner 19 20 come back within one year with an amended motion to 21 amend. That will also work procedurally. 22 could withdraw your Motion to Rescind. 23

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COMMISSIONER CHANG: Or procedurally you

That's all the questions I have.

CHAIRPERSON SCHEUER: Thank you,

1 | Commissioner Chang.

Just at this point before any other Commissioners might say anything.

Yes, it was my choice on which order to take up your various motions, but obviously if we acted positively on your motion for the order to rescind, it would make all the other motions moot. That's why we are taking it up.

MS. GARSON: It wasn't a criticism.

 $\label{eq:CHAIRPERSON SCHEUER: Commissioners, are } \\$  there further questions? Commissioner Wong.

 $\label{eq:commissioner} \mbox{COMMISSIONER WONG:} \quad \mbox{So got to think this} \\ \mbox{one through.}$ 

13 years to me is a long time for anything. Some of my kids from judo wasn't even born yet, so they don't even know who Kalapana is, or weren't even born for 9/11.

It just blows my mind, because if I get audited by the IRS, they can only go back six, seven years. And 13 years, if it was me, I would have done something, say, hey, LUC, let's do something, because you guys are not doing anything. Put the heat on, write a letter.

I'm sorry, for local boy here, it just doesn't make sense, just plain and simple, not legal

stuff. I mean, I mean I would have done -- if I was the owner, even if I went to bankruptcy or something, if something is outstanding, you know, my wife would have killed me if I left something outstanding like leaving the laundry out or something.

It's just this local boy would say, do something. Hey, at least put some records in to say I want to do something.

But there was nothing done from 2006 to pretty much present. And I understand about bankruptcy and all this, that, but somebody dropped the ball on your side, or maybe LUC, but someone really dropped the ball.

And to me this Motion to Amend is kind of to me in my own mind is dead because it's too long.

So I can't fathom right now, unless you can explain in a local, no nonsense, non-legal why we should even bring this up any more.

MS. GARSON: I'm sorry, I actually can't think local when I'm -- I'm going back to the rule. That there isn't -- that you don't have a rule about when motions need to be finished, and so it's still there. And again, without blame, the motion is pending.

COMMISSIONER WONG: But there is no rule to

1 say either way, is that correct? 2 MS. GARSON: That it's denied or granted? COMMISSIONER WONG: Correct. 3 4 MS. GARSON: Correct, it's neither denied 5 or granted, which is why I'm saying it's a procedural 6 anomaly that it is here. 7 COMMISSIONER WONG: If you think about it, 8 when I get audited by the IRS, heaven forbid, now, after six, seven years, they're not even going to 9 10 look, so I burn all my stuff. To me, if IRS come, sorry, you know, I burned it. 11 12 So I can't figure it out. I'm sorry, it's just bothering the heck out of me, just no-nonsense 13 14 style thinking. 15 MS. GARSON: Thank you, Commissioners. 16 CHAIRPERSON SCHEUER: Commissioners, are 17 there other questions for the Petitioner? 18 Commissioner Aczon. 19 COMMISSIONER ACZON: Just a quick one. I'm 20 trying to recollect the last meeting, and I'm just 21 kind of wondering, you know that there was an 22 outstanding Motion to Amend, and why did you file a Motion to Revert? I know it was withdrawn, but I'm 23

just kind of wondering, you knew that there was a

pending amendment, but you filed a Motion to Revert

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the property. Just kind of wondering what is the source?

 $$\operatorname{MS}.$  GARSON: As I said, that was an error, which is why it was withdrawn.

CHAIRPERSON SCHEUER: Commissioner Chang, we're going to take a break in a few minutes. Hopefully you can squeeze in a question or two as well.

even though your Motion to Revert was withdrawn, would it have been a reasonable conclusion on the part of LUC that you had waived any concerns regarding the Motion to Amend, given the fact that you initiated the Motion to Amend, again, notwithstanding that it's been reverted, but procedurally wouldn't that have been a reasonable conclusion by any of the parties, including the LUC, that you yourself had determined that the Motion to Amend was no longer viable, therefore, you were looking at reverting the property?

Notwithstanding the fact that it has been withdrawn, wouldn't you agree that that would have been a reasonable conclusion by the parties that the Motion to Amend was no longer viable because the Petitioner themselves had determined that they were

going to do a different project, they could do the different project if the property was reverted to the original classification? Isn't that a reasonable conclusion?

MS. GARSON: Again, I am a little bit uncomfortable, and I'll object to speaking about a motion that was withdrawn, so it does not have any further effect.

With the motion, like I said, mistaken belief that they could do what they wanted similar to what was proposed in the 2006 amendment, so in my mind, knowing those facts, no, they aren't exclusive. They thought they could do the project in ag with a special permit, what they wanted, so it wasn't abandonment of that, they were still proceeding.

COMMISSIONER CHANG: But they made a conscious choice that what they were proposing to do under the original 2006 Motion to Amend, they could now do if they reverted the property. So the Petitioners themselves concluded that the Motion to Amend was no longer necessary because what they were proposing to do could have been done under a reversion to the ag property.

MS. GARSON: And the motion was withdrawn.

CHAIRPERSON SCHEUER: Commissioners? If I

may.

I have a few questions. They're not in as good an order as I would like, so bear with me.

Going to one of the most recent things that you said, you stated your clients were under the impression that they could do what they wanted with a reversion, and now they have decided that they cannot do what they wanted with the reversion.

Have I understood you correctly?

MS. GARSON: Correct, but that is probably not whatever they wanted.

CHAIRPERSON SCHEUER: But I believe part of the substantive issues we have on this record right now is that we're not entirely clear what they want to do. Is that correct?

MS. GARSON: So again, the Motion to Amend.

CHAIRPERSON SCHEUER: No, no, it's a simple question.

Does your client know what it wants to do with the property, and have they put that into the record?

MS. GARSON: No. At the last hearing, right? The new development plan, the new development plan is within the exhibits in response to the OSC.

CHAIRPERSON SCHEUER: Could you direct me

1 specifically to which exhibit? 2 MS. GARSON: It begins on Exhibit 29, 30, 3 31 of the exhibits that were provided in the OSC. CHAIRPERSON SCHEUER: So thank you for 5 directing me to that part of the record. 6 Can you point to me any part of your 7 written pleadings where you've raised this procedural 8 due process issue? 9 MS. GARSON: In our motion, page 2, 10 Commission's issuance of the OSC --11 COURT REPORTER: Sorry, can't hear you. 12 MS. GARSON: The Commission's issuance of 13 the OSC without first addressing the 2006 Motion to 14 Amend premature, inappropriate, without 15 justification. 16 CHAIRPERSON SCHEUER: Thank you. 17 You said there was another reference to it. 18 MS. GARSON: The remainder of the due 19 process argument is actually in the section regarding 20 a continuance. 21 CHAIRPERSON SCHEUER: Thank you. 22 Have you been procedurally to this point 23 been barred from filing a new motion to amend? Have 24 you filed any motion to amend? 25 MS. GARSON: No.

1 CHAIRPERSON SCHEUER: In the -- so we spent 2 a bunch of time discussing Motions to Revert and 3 withdraw of the Motion to Revert. 4 Did your client, in its withdrawal of its 5 Motion to Revert, two things, first of all. 6 That was presented to us in a letter as a 7 request to withdraw the motion. The title of the 8 document is Request to Withdraw Motion to Substitute Petitioner and Withdraw Land Use Commission Approval 9 10 and Revert Land Use District Boundary Classification to Agricultural, Docket AO2-737. 11 12 It was fashioned as a request to withdraw 13 the motion. Do you believe procedurally we have to 14 act on that request? 15 MS. GARSON: I did not think that you had 16 to. I know that your website under that motion is it 17 says "withdrawn". 18 CHAIRPERSON SCHEUER: That's not responsive 19 to my question. 20 MS. GARSON: I'm sorry. 21 CHAIRPERSON SCHEUER: It's styled as a request to a motion. Presumably if it is a request, 22

MS. GARSON: I think a motion can be withdrawn without Commission's approval.

you're asking for us to go act on it.

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1 CHAIRPERSON SCHEUER: So then why is it 2 phrased as a request? 3 MS. GARSON: To be polite. CHAIRPERSON SCHEUER: In that request for 4 the Motion to Withdraw, did you raise the procedural 5 6 due process issues? 7 MS. GARSON: No. CHAIRPERSON SCHEUER: Did you raise the 8 9 desire to file an amended motion -- a motion to 10 amend, rather? 11 MS. GARSON: They asked for an opportunity 12 to update the Commission on the project. 13 CHAIRPERSON SCHEUER: So they did not actually ask for a motion, state any intent to file a 14 15 motion to amend or address the pending motion at all? 16 MS. GARSON: Not in this letter. I believe that it was discussed during the status hearing that 17 18 you did allow them to have. 19 CHAIRPERSON SCHEUER: The last thing at the status hearing. That's it for now, and then we'll 20 21 take a break. 22 At the status hearing I believe one of the Petitioner's witnesses claimed that the reason why 23 the Commission did not act upon the -- said under 24

oath that they believe that the reason that the

1 Commission did not act on this was a loss of quorum. 2 Is that correct? 3 MS. GARSON: That he stated that? I read 4 that testimony, and that was a statement that was 5 made. 6 CHAIRPERSON SCHEUER: But is the statement 7 itself correct? 8 MS. GARSON: I personally do not know. 9 CHAIRPERSON SCHEUER: Have you reviewed the 10 transcript? 11 MS. GARSON: I reviewed the transcript of 12 what he said. What I haven't done is gone through 13 all the subsequent Commission meetings to see when 14 the next meeting was. 15 My educated guess is that perhaps there was 16 a loss of quorum for a period of time, but I'm sorry, 17 I really -- that's just a guess. 18 CHAIRPERSON SCHEUER: At the end of that 19 hearing, the transcript for that hearing, does it 20 indicate that there was somehow a loss of quorum? 21 MS. GARSON: 2007. 22 CHAIRPERSON SCHEUER: Correct, that your 23 witness referred to? 24 MS. GARSON: No, just said they would come 25 back.

1 CHAIRPERSON SCHEUER: Let's take a 2 ten-minute break and we will resume at exactly 11:38. 3 (Recess taken.) 4 CHAIRPERSON SCHEUER: We're back on the 5 record at 11:39, one minute late. 6 You may know that -- people may know that 7 professionally I work on water rights issues. When I 8 was young I was fond of saying that water was our 9 most important resource. Now that I'm old and 10 arrogant, I realize time is our most important resource, it's the only thing we will run out of. 11 12 I don't have anything further. We will proceed with argument by the County and the Office of 13 14 Planning. Commissioners? No, I'm going to move on 15 to the County. 16 MR. KIM: County doesn't have a position on 17 the motion. 18 CHAIRPERSON SCHEUER: To rescind? 19 MR. KIM: To rescind. 20 CHAIRPERSON SCHEUER: That was brief. 21 MS. APUNA: Thank you, Chair. I do have 22 some comments. 23 OP does not support Petitioner 's Motion to 24 Rescind the OSC, but would not object to the one-year 25 stay in the proceedings.

The arguments cited by the Petitioner for rescinding the OSC are not valid. First, the absence of the term "substantial commencement" in a condition of the D&O does not render the OSC ineffective. The Commission is empowered to issue an OSC at anytime whenever it shall have reason to believe that Petitioner has failed to perform according to conditions or representations made by Petitioner, pursuant to HRS 205-4(g) and HAR 15-15-93(b) without stating so in a D&O condition that includes the term "substantial commencement".

Secondly, Petitioner's project is subject to a definitive timeline for purposes of the OSC. Petitioner has represented in Finding of Fact No. 64 in plain and unambiguous language that the Hualalai Village residential development "will be completed" during the year 2007, while the development of the Cultural Center and Educational Facility should have commenced in 2007 and 2006, respectively. Consistent with this timeline, HAR 15-15-50(c)(20) and 15-15-78(a) establish a ten-year deadline for DBA projects, unless incremental districting is approved by the Commission. Therefore, deadlines do exist for Petitioner's project, both of which Petitioner has failed to meet.

1 And that's all the comments I have. 2 you. 3 CHAIRPERSON SCHEUER: Thank you, Ms. Apuna. Commissioners, are there questions for the 5 Office of Planning? Commissioner Okuda. 6 COMMISSIONER OKUDA: Thank you, Mr. Chair. 7 Ms. Apuna, I understand that there is a 8 stipulation, basically gives all parties one year. 9 Is the Office of Planning objecting if the 10 additional time was less than a year? 11 MS. APUNA: I don't think OP would object 12 to that. I think there's room for shortening that 13 time if needed. 14 COMMISSIONER OKUDA: If you can tell us --15 and if you can't, that is okay too -- but what would 16 be the shortest time of continuing the Order to Show Cause, which the Office of Planning would think is 17 18 more reasonable than unreasonable? 19 MS. APUNA: I think because there are two 20 different possibilities here, we're talking about the 21 additional time in order to prepare for the OSC; and 22 then there is also additional time in order to file 23 the Motion to Amend. 24 I think as far as proceeding with the OSC,

I can see that they could use more time to better