

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of The Petition Of

DOCKET NO. A04-751

MAUI LAND & PINEAPPLE COMPANY,)
INC., a Hawaii corporation)

To Amend The Agricultural Land Use District)
Boundary Into The Urban Land Use District for)
Approximately 310.440 Acres of Land at)Mahinahina
and Kahana, Lahaina, Maui, Hawaii,)Tax Map Key: 4-
3-01: Por. 31 And 79.

DECLARATION OF PAUL CHENG

1, PAUL CHENG, declare under penalty of perjury,

1. I am the President of Maui Oceanview GP, the general partner of Maui Oceanview LP, and the head of U.S.A. Infrastructure LP, a family owned development business based in Dallas, Texas.

2. Petitioner Maui Oceanview LP is a partnership between ANICO-EAGLE and USA Infrastructure Investments, LP of Texas.

3. USA Infrastructure Investments, LP is a Paul Cheng family owned development company based in Texas. USA Infrastructure Investments, LP and/or its affiliates have other real estate investments on Maui and have extensive expertise in multi-family, retail and also affordable multi-family housing. USA Infrastructure Investments, LP has ongoing consolidated real estate assets of over \$100 million and active development of over \$50 million.

4. We have won awards in several master-planned community developments in Texas as well an award for affordable senior multi-family housing in Forney, Texas in which we won \$500,000 from the Federal Home Loan Bank for being one of the two best affordable national senior multi-family developments in the nation for 2013.

5. ANICO-EAGLE is a subsidiary of the American National Insurance Company, based in Galveston, Texas and is a publicly held NASDAQ listed insurance company with over \$26 Billion in assets. Petitioner Maui Oceanview LP intends to finance the project's funding needs from internal or appropriate external resources as it arises. ANICO-EAGLE typically finances such construction needs with either construction financing or equity financing.

6. A separate audited statement is not prepared for ANICO-EAGLE but the most recent annual and quarterly statements were submitted for American National Insurance Company as EXHIBITS L-1 and L-2, attached to the SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION TO AMEND ("SUPP. MEMO. SUPP.").

ANICO Eagle LLC

has been the financial partner of USA Infrastructure Investments LP in previous and ongoing development ventures and has ongoing real estate ventures with ANICO Eagle LLC of over \$100million.

7. I initially estimated construction costs of approximately \$300 million. Based on design adjustments, I estimate that construction costs will be approximately \$250 million.

8. Maui Oceanview LP has negotiated access to water from Maui Land and Pineapple Company, Ltd. ("MLP") through the its ditch system and plans to develop a private water treatment facility for Pulelehua. Copies of the Agreement for Water Delivery and First Amendment to Water Delivery Agreement were attached to the SUPP. MEMO. SUPP. as

EXHIBITs N-1 and N-2 respectively.

9. Petitioner Maui Oceanview LP has also discussed connecting to the existing Hawaii Water Service Company, Inc. ("HW SC") system, provided the Hawaii Public Utilities Commission approves the expansion of HW SC's service territory to include Pulelehua. Attached as EXHIBIT N-3 is a true and correct copy of a letter dated October 14, 2019 from HW SC to Maui Oceanview LP regarding possible service. Attached as EXHIBIT N-4 and N-5 are true and correct copies of correspondence between Maui Oceanview LP to Maui County Mayor Victorino and the Maui Department of Water Supply to Maui Oceanview LP regarding water service.

10. Maui Oceanview LP also is exploring the option of developing a water well from groundwater sources and is discussing a general use and access agreement with Original Petitioner MLP to drill a well on MLP land mauka of Pulelehua.

11. The County of Maui has indicated Petitioner Maui Oceanview LP can connect to the County wastewater system. In that event, R- 1 treated water will be returned to Pulelehua for non-potable landscape irrigation and fire flow purposes.

12. In the event, the County cannot service Pulelehua, Maui Oceanview LP has alternate plans to develop its own private wastewater treatment facility to serve the needs of Pulelehua, with no connection to the LWWRF. Further, unlike the LWWRF, Petitioner Maui Oceanview LP will develop a private wastewater treatment system that does not

employ injection wells to dispose of treated water. Instead, R-1 treated water will be used for Pulelehua's irrigation needs (with excess, if any, taken by Original Petitioner MLP for its needs). Petitioner Maui Oceanview LP will use a system similar to what has been proposed by Waikapu Country Town, or better, using organic membrane technology and operated by a qualified operator.

13. Following the deferral of the Commission consideration of the Motion to Amend, Maui Oceanview LP entered into discussions and meetings with various members of the West Maui and Maui community, including holding two public meetings at Princess Nāhi'ena'ena Elementary School in Lahaina, Maui, Hawaii, on Wednesday, November 6, 2019 and Saturday, November 9, 2019. At the meetings, Maui Oceanview LP had an opportunity to share its proposed vision for Pulelehua and community members raised various concerns and comments regarding the proposed development. Attached as EXHIBIT A-3 is the current conceptual plan for Pulelehua and attached as EXHIBIT A-4 is a true and correct copy of the presentation made at the two public meetings.

14. Maui Oceanview LP, as part of community engagement discussions, will make the following adjustments to its proposals for Pulelehua: Maui Oceanview LP is limited to a density of 900 units at Pulelehua. Maui Oceanview LP is proposing 800 Multi-Family units, 99 single family lots and one large estate lot. Included within the total 900 unit density, Maui Oceanview LP will build the 125 workforce housing units required in connection with the Land Use Commission approval of Maui Land and Pineapple Company's Kapalua Mauka project. For the remaining 775 units of density, Maui Oceanview LP will do the following:

a. Under the County of Maui Workforce Housing ordinance, Maui Oceanview LP is required to provide 155 units of workforce units, or 25% of the 620 market units that it will develop. In addition to the 155 required units, Maui Oceanview LP will offer 100 units of the 800 Multi-Family Units for sale to qualified Maui residents as Workforce Housing Units distributed as follows:

INCOME CATEGORY	UNITS
(Low) 60% or less	20
(Below Moderate) 60% to	20
(Moderate) 80% to 100%	40
(Above Moderate) 100% to 120%	20
TOTAL	100

The 100 workforce housing units offered for sale will include a deed restriction in accordance with the County of Maui Workforce Housing ordinance and the Housing Agreement between Maui Oceanview LP and the County of Maui. Petitioner Maui Oceanview LP will propose the use of an advisory committee that includes community members to assist it in reviewing and evaluating the eligibility of buyers of such units.

b. 300 units of the 800 Multi-Family Units will be offered to qualified Maui residents as Workforce Housing Rentals distributed as follows:

INCOME CATEGORY	UNITS
(Low) 80% or less	100
(Below Moderate) 80% to 100%	100
(Moderate) 100% to 120%	<u>100</u>
TOTAL	300

The 300 workforce rental units include the 125 Kapalua Mauka units, the 155 units required for Pulelehua under the County of Maui's workforce housing ordinance and an additional 20 workforce units. The 300 workforce rental units will remain workforce units for no less than 30 years with the County of Maui having a right of first refusal to purchase the units after that

time, or to subsidize the rents to maintain them as workforce units. The eligibility and process for selecting renters of the 300 workforce housing units will be in accordance with the County of Workforce Housing ordinance and the Housing Agreement between Petitioner Maui Oceanview LP and the County of Maui Department of Housing and Human Concerns.

c. Covenants and deed restrictions for Pulelehua will ban short-term rentals and/or bed and breakfast operations;

d. Workforce housing renters within Pulelehua will be exempt from paying Homeowner Association fees.

e. 3 of the 99 single family residential lots will be offered for sale at the cost of developing the lots to a non-profit organization involved in constructing and maintaining affordable housing.

f. The 99 single family lots and the large estate lot offered for sale will all have the right to build an accessory dwelling unit/Ohana at the discretion of the homeowner. The use of the 100 accessory/Ohana units for rental to third-party, non-relatives of the homeowner will be deed restricted in perpetuity to workforce rental rents at or below 100% AMI levels, adding 100 potential additional units to the West Maui workforce housing inventory.

g. With regard to development of the 13-acre school site, Petitioner Maui Oceanview LP will meet with local private developers who have built schools for the State of Hawaii on Maui to explore the feasibility of financing and constructing the school in similar fashion.

h. At least one of the pocket parks will include pet friendly features and
Petitioner

Maui Oceanview LP will establish a fenced dog park by the time 400 multi-family units are built and occupied at Pulelehua.

i. The community development will follow Smart Growth principles, including construction of single story buildings (except for the two-story Live/Work units), incorporation of solar panels, provision of hike-able and bike friendly walkways and bus transportation stops, preservation of gulches and maintaining open space in addition to the Community and pocket parks, and adopting Hawaiian themed residential building designs.

j. The source of water may be groundwater or surface water, as available and approved by relevant regulatory agencies.

k. Maui Oceanview LP will contribute \$1.6 Million in cash to create a community trust loan source to help affordable homebuyers fund down payments to buy workforce housing units in West Maui.

15. Maui Land and Pineapple Company had originally proposed to develop 88 units for income levels between 50% to 80%, of the average median income (AMI), 185 units for income levels 81% to 100% of AMI and 177 units for income levels 101 % to 140% of AMI. Maui Oceanview LP targets more of its proposed workforce units towards the lower income categories (140 units for 50% to 80%of AMI, 140 for 81% to 100% of AMI, and 120 for 100% to 120% of AMI and no units above 120% of AMI).

16. Pulelehua's density will be limited to 1000 total units and will provide up to 400 workforce housing units (300 multi-family rental housing units or 30% of the total possible unit density, 100 multi-family for sale units or 10% of the possible unit density, up to 100 accessory dwelling/Ohana units or another 10% of the possible total unit density). The other half will be 500

market housing units (400 multi-family rental housing units, 99 single family lots, and 1 large estate lot).

17. I understand that the Department of Education has accepted the 13-acre site within Pulelehua proposed for a future public elementary school. Maui Oceanview LP will reserve portions of its property along Honoapi'ilani Highway for future dedication to the State for storage and turning lanes that may be required when the elementary school is constructed and operating.

18. Maui Oceanview LP is not aware of any plans by the Hawaii Health Systems Corporation to develop a medical facility at Pulelehua or elsewhere in West Maui.

19. Maui Oceanview LP anticipates, provided all necessary approvals are received from government agencies, that a portion of Pulelehua's electrical needs will be supplied by onsite renewable energy generating facilities. Maui Oceanview LP envisions solar panels on commercial buildings for some energy needs and multi-family buildings for water heating and other energy needs as may be allowed by the County, federal aviation administration and the Department of Transportation Airports Division.

20. Attached as EXHIBIT M-3 is a true and correct copy of a letter dated October 11, 2019 from Tyler K. Fujiwara of Austin Tsutsumi & Associates.

21. Attached as EXHIBIT X is a true and correct copy of a letter dated October 19, 2019, from Paulus Subrata of Maui Land & Pineapple Company, Inc. I understand that an additional concern expressed by Kamaaina related to maintaining access to areas mauka of Pulelehua and the Kapalua Airport. To the extent Maui Oceanview LP has control of existing mauka access from our property, we will not impede continued mauka access.

22. Attached as EXHIBIT Y is a true and correct copy of a letter from Tom Coppin dated October 30, 2019 of Kimley-Horn.

23. Attached as EXHIBIT Z is a true and correct copy of a letter dated October 28, 2019 from Ray Montoya of Kimley-Horn.

I make this statement under penalty of perjury.



PAUL CHENG 11/12/19