



COURT REPORTING

LEGAL VIDEOGRAPHY

VIDEOCONFERENCING

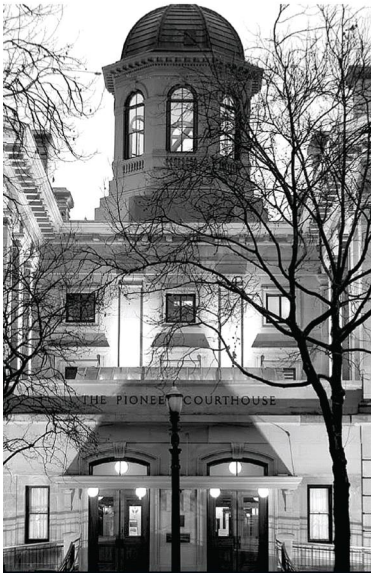
TRIAL PRESENTATION

MOCK JURY SERVICES

LEGAL TRANSCRIPTION

COPYING AND SCANNING

LANGUAGE INTERPRETERS



NAEGELI
DEPOSITION & TRIAL



(800) 528-3335

NAEGELIUSA.COM

STATE OF HAWAII

LAND USE COMMISSION

STATE OF HAWAII

LAND USE COMMISSION

Hearing held on November 10, 2021
Commencing at 9:01 a.m.

Held via Zoom by Interactive Conference Technology

I. CALL TO ORDER

II. ADOPTION OF MINUTES

October 27, 2021 Minutes

III. TENTATIVE MEETING SCHEDULE

IV. ACTION

A21-810 PULAMA LANAI-Hokuao 201H Project (Maui)

To Amend the Agriculture Land use District Boundaries into the Urban Land Use District for approximately 76 acres of land, consisting of a portion of Tax Map Key No. (2)4-9-002:061 (por.); (2)4-9-014:009(por.) at Lanai City, Island of Lanai, County of Maui, State of Hawaii

V. ADJOURNMENT

BEFORE :

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES BY VIDEOCONFERENCE :

COMMISSIONERS PRESENT :

- Jonathan Scheuer, Chair
- Daniel Giovanni, Vice Chair
- Dawn N.S. Chang
- Arnold Wong
- Gary Okuda
- Nancy Cabral
- Lee Ohigashi

COMMISSIONERS EXCUSED :

- Edmund Aczon

STAFF PRESENT BY VIDEOCONFERENCE :

- Linda Chow, Esquire
- Deputy Attorney General
- Daniel Orodener, Executive Officer
- Scott Derrickson, Chief Planner
- Riley Hakoda, Chief Clerk/Staff Planner
- Natasha Quinones, Program Specialist

1 Hearing held on November 10, 2021

2 Commencing at 9:01 a.m.

3 Held via Zoom by Interactive Conference Technology

4

5 **CHAIR SCHEUER:** -- technology -- thanks,
6 staff -- which is held using interactive conference
7 technology linking videoconference participants and
8 other interested individuals of the public via the
9 Zoom Internet conferencing platform. We're doing
10 this, of course, to comply with the ongoing state
11 and county operational directives during the COVID-
12 19 pandemic.

13 Members of the public are able to view the
14 meeting via the Zoom webinar platform.

15 It's especially important now that we are
16 using the Zoom recording to autogenerate transcripts
17 that all meeting participants speak slowly, clearly,
18 and directly into your microphone. Before speaking,
19 it is also very helpful if you state your name and
20 identify yourself for the record. Please be aware
21 that you're being recorded in the digital record of
22 this Zoom meeting. Your continued participation is
23 your implied consent to be part of the public record
24 of the event. If you do not wish to be part of the
25 public record, you should exit the meeting now.

1 As we hopefully all know this far into the
2 pandemic, this Zoom conferencing technology allows
3 the parties and each participating commissioner
4 individual remote access to the meeting via our own
5 personal digital devices. Please note that because
6 of that, sometimes due to matters entirely outside
7 of our own control, occasional disruptions to
8 connectivity may occur for one or more members of
9 the meeting at any given time. If this happens,
10 please let us know and please be patient as we try
11 to restore our audiovisual signals to continue our
12 business.

13 For any members of the public who are
14 attending this meeting today and wish to testify
15 during portions of the meeting open to public
16 testimony and you are dialing in by phone, you can
17 press --9 to virtually raise your hand. Otherwise,
18 if you are accessing this meeting via Zoom software,
19 you can use your raise hand function.

20 From time to time, approximately 10
21 minutes every hour, I will ask for a break.

22 My name is Jonathan Scheuer and I
23 currently have the honor and pleasure of serving as
24 the Land Use Commission Chair. We currently have
25 eight seated commissioners of a possible nine along

1 with me: Commissioner Ed Aczon, who is excused
2 today. Commissioner Dawn Chang, Commissioner Arnold
3 Wong, Commissioner Gary Okuda, and our LUC staff,
4 including our Executive Officer Dan Orodener, our
5 Chief Planner Scott Derrickson, our Staff Planner
6 Riley Hakoda, our Chief Clerk Natasha Quinones, and
7 our Deputy Attorney General for today, Linda Chow,
8 are on the island of Oahu. Commissioner Nancy
9 Cabral is holding it down on Hawai'i island.
10 Commissioner Lee Ohigashi is on Maui, and
11 Commissioner and Vice Chair Dan Giovanni is on
12 Kauai. Today, as I noted, Commissioner Aczon is
13 excused.

14 Our first order of business now is the
15 adoption of the October 27, 2021 minutes.

16 Ms. Quinones, has there been any written
17 testimony submitted on this matter?

18 **MS. QUINONES:** No, Chair. This is
19 Natasha. There has been no written testimony on the
20 minutes.

21 **CHAIR SCHEUER:** Okay. Is there anybody in
22 the audience who wishes to testify on the adoption
23 of the minutes? If so, raise your hand.

24 Seeing none, is there a motion to approve?

25 **COMMISSIONER CABRAL:** I have a question.

1 **CHAIR SCHEUER:** Commissioner

2 Cabral?

3 **COMMISSIONER CABRAL:** Yeah, I have a
4 question. And this is just I guess just for
5 informational purposes. The body of the minutes
6 were acceptable to me but they referred to our chair
7 for that meeting as Acting Chair Giovanni and I was
8 just wondering if that's actually the proper way to
9 call him because he's our co-chair also, so I wasn't
10 sure if that's the proper procedure or not. I just
11 noticed that.

12 **CHAIR SCHEUER:** Mr. Orodenker?

13 **MR. ORODENKER:** He could be referred to
14 either as Vice Chair or Acting Chair. For the
15 purposes of the minutes it's not --

16 **CHAIR SCHEUER:** I think he said for the
17 purposes of the minutes either Acting Chair or Vice
18 Chair is acceptable.

19 **COMMISSIONER CABRAL:** Okay. Well, they're
20 fine with me. I just had that question. So thank
21 you with that good information. I'll go ahead and
22 make a motion to approve the minutes.

23 **CHAIR SCHEUER:** Okay. Thank you,
24 Commissioner Cabral. Is there a second?

25 **COMMISSIONER OHIGASHI:** I'll second.

1 **CHAIR SCHEUER:** Seconded by Commissioner
2 Ohigashi.

3 Any further discussion on the minutes?
4 Seeing none, all in favor say aye and
5 raise your hand.

6 **COMMISSIONERS:** Aye.

7 **CHAIR SCHEUER:** Anyone opposed, raise your
8 hand and say nay.

9 The minutes are approved.

10 Our next agenda item is the tentative
11 meeting schedule. Mr. Orodenger?

12 **MR. ORODENKER:** Thank you, Mr. Chair.

13 On November 23rd, we will be once again
14 meeting on the Hokuao 201H matter. We're
15 anticipating that to be the date for the adoption of
16 the order. On that day, we will also be having a
17 presentation from OPSD with regard to the boundary
18 review.

19 December 8th, we'll be having the hearing
20 on the Winward Airport Hotel. The EIS acceptance,
21 that's also scheduled for December 9th.

22 On December 22nd, you will be hearing --
23 and December 23rd, you will be hearing the Honoipu
24 Hideaway matter.

25 On January 5th, we will be having a

1 presentation from the State Sustainability
2 Coordinator on the 2050 Plan. On January 19th, we
3 will be hearing the Kauai IAL matter which we don't
4 have on the docket yet. And we've also set aside
5 January 20th for the Oahu IAL matter. We
6 anticipate, depending on how things proceed, to have
7 additional hearings on both of those IAL matters in
8 February. And after that, the calendar is open,
9 although I would caution the commissioners that we
10 do have several matters percolating.

11 **CHAIR SCHEUER:** Thank you.

12 Commissioners, are there questions about
13 our tentative schedule?

14 If I may, Mr. Orodener, I notice that we
15 went from our normal second and fourth Wednesdays
16 and Thursdays to first and third in January and
17 February. Could you share a little more about why
18 we switched?

19 **MR. ORODENER:** That was done to
20 accommodate both attorneys' requests and staffing
21 concerns.

22 **CHAIR SCHEUER:** Any other questions,
23 Commissioners?

24 Okay. Seeing none, our next agenda item is an
25 action item regarding Docket No. A21-810 Pulama

1 Lanai, to consider the amendment to the Agricultural
2 Land Use District Boundaries into the Urban Land Use
3 District for approximately 76 acres of land
4 consisting of a portion of the following Tax Map
5 Keys: (2)4-9-002:061, (2)4-9-014:001, (2)4-9-
6 014:009. A portion of those three lots at Lanai
7 City, Island of Lanai, County of Maui, State of
8 Hawaii.

9 Will the parties please identify
10 yourselves for the record?

11 **MR. CHIPCHASE:** Good morning, Chair and
12 Commissioners. Cal Chipchase and Chris Gooden for
13 Pulama Lanai.

14 **CHAIR SCHEUER:** Good morning.

15 **MR. HOPPER:** Good morning, Chair and
16 members of the Commission. Michael Hopper, Deputy
17 Corporation Counsel representing Maui County
18 Department of Planning. With me are Deputy Planning
19 Director Jordan Hart; Planner, Kurt Wallenhop; and I
20 believe, Shayne Agawa and Buddy Almeda will be
21 joining from the Departments of Environmental
22 Management and Housing and Human Concerns,
23 respectively. Thank you.

24 **CHAIR SCHEUER:** Thank you very much.
25 Office of Planning and Sustainable

1 Development?

2 **MS. KATO:** Good morning, Chair and
3 Commissioners. Alison Kato, Deputy Attorney General
4 for the Office of Planning and Sustainable
5 Development and Sustainability. And also here,
6 Rodney Funakoshi and Aaron Setogawa from the Office
7 of Planning and Sustainability.

8 **CHAIR SCHEUER:** Has the name changed?

9 **MS. KATO:** Sorry; Office of Planning and
10 Sustainable Development.

11 **CHAIR SCHEUER:** Okay. We only just
12 changed it. I wouldn't think we would change it
13 again.

14 **MS. KATO:** It's a bit longer.

15 **CHAIR SCHEUER:** Before we continue, let me
16 update the record.

17 On August 19, 2021, the Commission
18 received a notice of an intent to file a district
19 boundary amendment and affidavit attesting to the
20 publication and an affidavit attesting to the
21 service of notice from the petitioner.

22 On August 31st, we mailed a prehearing
23 meeting notice to the parties.

24 On September 3rd, the State Department of
25 Hawaiian Homelands filed a petition to intervene on

1 this docket. Also on that date, the LUC mailed a
 2 prehearing meeting notice to the Department of
 3 Hawaiian Homelands.

4 On September 15th, the LUC mailed and
 5 emailed the parties and intervenor filing meeting
 6 dates agreed upon in the prehearing meeting.

7 On September 20th, the Commission received
 8 the intervenor, DHHL's withdrawal of its petition to
 9 intervene.

10 On September 30th, the LUC received the
 11 County of Maui's position statement and statement
 12 exhibits documents 1 through 5.

13 On October 7th, the petitioner filed the
 14 following documents: an affidavit of its
 15 publication of a notice of intent to file a LUC
 16 district boundary amendment petition, Exhibits 1
 17 and 2, and a certificate of service; an affidavit of
 18 Christopher Gooden attesting the publication of the
 19 notice of hearing and a certificate of service; a
 20 notice of hearing on a land use district boundary
 21 amendment petition and a certificate of service.

22 On October 11th, the Commission received
 23 the petitioner's supplemental certificate of
 24 service.

25 On October 18th, we received the

1 petitioner's presentation materials, including a
 2 proposed findings of fact, conclusions of law, and
 3 decision and order, an exhibit list, a witness list,
 4 and a certificate of service.

5 On October 20th, the intervenor, DHHL
 6 filed a letter of support sent to the Office of
 7 Planning and Sustainable Development.

8 On October 20th, also, OPSD filed its
 9 position statement, witness and exhibit lists, and a
 10 certificate of service.

11 Also on that date, the petitioner file its
 12 initial position statement, an affidavit of
 13 publication of notice of hearing, its Exhibits 1 and
 14 2, an amended exhibit list, and a petitioner's
 15 witness list.

16 On the 21st, the Commission received the
 17 County of Maui's position statement, documents 1
 18 through 5 and certificate of service.

19 On the 22nd, they filed its witness list
 20 and the certificate of service.

21 On the 27th, the Commission received
 22 OPSD's testimony and support, Exhibits 2B, 5
 23 through 12, a supplemental list of exhibits and a
 24 certificate of service.

25 On October 28th, the petitioner filed the

1 following documents: a response to the Department
 2 of Planning, County of Maui's position statement, an
 3 amended affidavit of Kurt Matsumoto attesting to the
 4 meeting with community groups, a petitioner's
 5 response to the OPSD position statement.

6 On November 2nd, the LUC mailed out the
 7 meeting agenda for a November 10, 2020 meetings to
 8 the parties and to our statewide and Maui County
 9 mailing lists.

10 And on November 8th, OPSD filed Exhibit
 11 7B, a second amended list, and a certificate of
 12 service.

13 With all of that said, I will now briefly
 14 go over our procedures today. I will first
 15 recognize any written testimony that's been filed.
 16 I will then call for any individuals who are
 17 attending this meeting who wish to provide public
 18 testimony on this matter. If there any individuals,
 19 they should use the raise their hand function to
 20 raise your hand. I will admit you one by one as
 21 panelists, swear you in, give you an opportunity to
 22 speak. After you've had an opportunity to provide
 23 testimony, you need to remain available for
 24 questioning by the parties and the commissioners.

25 Following any testimony, we will then

1 consider all of the exhibits the parties wish to
2 offer into evidence, starting with the petitioner,
3 followed by the county, and then OPSD. After
4 admitting all of those exhibits, we will then hear
5 the petitioner's presentation followed by any
6 questions and comments from the commissioners. Then
7 from the County of Maui and the same, and finally
8 OPSD and the same. The petitioner will be given an
9 opportunity at the end for any rebuttal that they
10 may have.

11 And as I stated before, we will try to
12 take a break approximately 10 minutes every hour.

13 Parties, are there any questions on our
14 procedures for today? And then I will recognize
15 Commissioner Okuda.

16 Parties, questions on our procedures?

17 Mr. Chipchase?

18 **MR. CHIPCHASE:** No, Chair.

19 **CHAIR SCHEUER:** Thank you.

20 Mr. Hopper?

21 **MR. HOPPER:** No questions, Chair.

22 **CHAIR SCHEUER:** Ms. Kato?

23 **MS. KATO:** No questions. Thank you.

24 **CHAIR SCHEUER:** Commissioner Okuda?

25 **COMMISSIONER OKUDA:** Thank you very much,

1 Mr. Chair.

2 I would like to make a disclosure. This
 3 disclosure will be more than just a couple sentences
 4 but I think it's necessary to get it on the record.
 5 Let me preface my disclosure by saying that if
 6 anyone, parties or commissioners believe that I
 7 should recuse myself in this case, I will recuse
 8 myself. And it really doesn't create a problem.

9 Let me preface what I'm saying first by on
 10 the matters that are taking place today in this
 11 docket and also the matters that I'm going to
 12 disclose on the record, I do not have any financial
 13 interest in any of the matters, and with respect to
 14 the matters that I am disclosing also and also this
 15 docket, I am not engaged as legal counsel, advisor,
 16 consultant, representative, or in any other agency
 17 capacity as all those terms are used in HRS 84-14
 18 dealing with conflicts of interest.

19 So let me make my disclosure. For about,
 20 and it might be over 10 years, I have worked with my
 21 childhood friend, Wilbert, W-I-L-B-E-R-T, Holck, H-
 22 O-L-C-K, Jr., who now is the executive director of
 23 the Hawaii State Teachers Association (HSTA), the
 24 teacher's union. During this time we have worked on
 25 attempts to promote teacher housing in various

1 forms. Frankly speaking, none of it has really come
2 to any type of fruition. During the pandemic, I
3 have hosted Zoom meetings which have included not
4 only Mr. Holck, but also several teachers and
5 educators from the County of Maui, and also,
6 specifically, from Lanai, where certain types of
7 educational initiatives and possibilities were
8 discussed. During one of these Zoom meetings,
9 someone made a mention of speaking with Kurt
10 Matsumoto, who is, my understanding, the head of
11 Pulama Lanai. I've never met Mr. Matsumoto. If I
12 saw him on the street I probably would not recognize
13 him because I really don't know what he looks like
14 and I'm pretty sure he has never met me, or if he
15 has, we haven't made any type of connection. And
16 during one of these Zoom meetings, one of the
17 educators made mention of the fact that recruitment
18 of teachers is made difficult because of a housing
19 issue and someone also made mention that they might
20 have spoken with Mr. Kurt Matsumoto about potential
21 housing matters.

22 Let me finally say, I was frankly
23 surprised to see one of the housing conditions
24 stated as a condition in this matter, but because of
25 my involvement with the HSDA, which I have never

1 received and my firm has never received any payment,
2 this is simply community service, I believe this
3 disclosure needs to be made. I promise you that
4 unless someone objects to my continued presence, if
5 I continue to be part of this docket, I will
6 strictly follow the evidence and the rule of law
7 here. Thank you, Mr. Chair.

8 **CHAIR SCHEUER:** Thank you for that
9 extensive disclosure, Commissioner Okuda.

10 I'm going to ask all the parties where or
11 not there's any objection to Commissioner Okuda's
12 continued participation in this matter starting with
13 the petitioner.

14 **MR. CHIPCHASE:** No objection, Chair.

15 **CHAIR SCHEUER:** Mr. Hopper?

16 **MR. HOPPER:** No objection.

17 **CHAIR SCHEUER:** OPSD?

18 **MS. KATO:** No objection. Thank you.

19 **CHAIR SCHEUER:** Okay. And Commissioner
20 Chang, I'm going to acknowledge you but I actually
21 have my own disclosure to make which I'd rather give
22 the parties the opportunity to reject me and have
23 somebody else handle the other objections in case
24 there is.

25 I just want to recognize for the record

1 that the Department of Hawaiian Homelands is a
2 client and a long-term client of mine. I had no
3 discussions with them regarding their proposed
4 intervention in this docket and read about it only -
5 - or learned about it essentially after the fact,
6 after they had apparently come to some agreement
7 with Pulama Lanai and withdrawn their petition to
8 intervene. So had they intervened, I would not be
9 able to continue on this docket. However, they're
10 not an intervenor. I do not have any conflict, I
11 believe, financial or otherwise, that arises.
12 Nonetheless, I want to disclose that matter for the
13 record and give the parties the opportunity to
14 object to my participation. And to be clearer, if
15 one of the parties, one or more of the parties
16 object to my participation then I would actually
17 hand over the deliberation over my objection to Vice
18 Chair Giovanni.

19 Commissioner -- not Commissioner
20 Chipchase, Mr. Chipchase.

21 **MR. CHIPCHASE:** I appreciate being
22 elevated, Chair. My vote is in favor of the
23 petition.

24 Given the withdrawal of the petition or
25 the petition intervene and DHHL support, I don't

1 believe it would appropriate for you to recuse
2 yourself and we have no objection to your continued
3 participation.

4 **CHAIR SCHEUER:** Thank you, Mr. Chipchase.

5 And I'll just note, not all people would
6 view being on the commission as elevation, but thank
7 you for giving us that.

8 Mr. Hopper?

9 **MR. HOPPER:** No objection, Chair.

10 **CHAIR SCHEUER:** Ms. Kato?

11 **MS. KATO:** No objection, Chair.

12 **CHAIR SCHEUER:** Okay. Thank you.

13 Commissioner Chang, you have a disclosure?

14 **COMMISSIONER CHANG:** Thank you, Mr. Chair.

15 Yes, I, too, would like to disclose that,
16 gee, I think at least 5 to 10 years ago I did have a
17 small contract with Pulama Lanai to assist them on
18 some burial issues related to Lanai cemetery. I no
19 longer have a contract with Pulama Lanai, and I do
20 not believe my previous work with Pulama Lanai will
21 affect my ability to be fair and objective in
22 deciding this matter. But I, too, leave that up to
23 -- if any of the parties have an objection, I will
24 leave it up to them to note that objection. Thank
25 you.

1 **CHAIR SCHEUER:** Thank you, Commissioner
2 Chang.

3 Once again, any objections to Commissioner
4 Chang's continued participation in this matter?

5 Mr. Chipchase?

6 **MR. CHIPCHASE:** No, Chair. No objection.

7 **CHAIR SCHEUER:** Mr. Hopper?

8 **MR. HOPPER:** No, Chair.

9 **CHAIR SCHEUER:** Ms. Kato?

10 **MS. KATO:** No objection.

11 **CHAIR SCHEUER:** Okay. Anyone else?

12 I'll note for the record -- and this is
13 just coincidence -- it is five years to the day that
14 I started work as a hearings office for the LUC on a
15 previous Lanai matter.

16 With all that said, Ms. Quinones, is there
17 any written testimony that's been received on this
18 matter?

19 **MS. QUINONES:** Hello, Chair. Yes, this is
20 Natasha. We have four written testimonies received.
21 One from Scott Ashforth, Director of Golf, Four
22 Seasons Resort Lanai. Alastair McAlpine, the
23 General Manager of the Four Seasons Resorts, Lanai.
24 A resident, Melenia Cavales (phonetic). And Alice
25 Bernito (phonetic). And that's it.

1 **CHAIR SCHEUER:** And those have all been
2 posted to the website?

3 **MS. QUINONES:** They all have been posted
4 to the website.

5 **CHAIR SCHEUER:** Great. Thank you.

6 Now, I'm going to ask if there's any
7 members of the public who wish to testify in this
8 matter. If so, please raise your hand using the
9 raise your hand function.

10 Great. I see a number of people. Keep
11 your hand raised. One by one I will let you in in
12 the order stated. I don't see anybody calling in by
13 phone so it's using the software for the raise your
14 hand function.

15 Okay. We now have one, two, three, four,
16 five, six, seven members of the public.

17 I'm going to admit Mr. Ben Sheets,
18 followed by Ms. Linda Okamoto.

19 Sorry. Mr. Sheets, okay. Please keep
20 your hands raised if you want to do it. And so the
21 way this works is that when you are admitted to be a
22 panelist, you will now have the ability to turn on
23 your camera and turn on your audio. So please do so
24 when you come into the meeting.

25 I can see you now. And can you say

1 something as a test?

2 **MR. SHEETS:** Yep. Hello, test.

3 **CHAIR SCHEUER:** Great. Okay. I'm now
4 going to swear you in. And after I swear you in, if
5 you would state your name and address for the record
6 and then proceed with your testimony.

7 Do you swear or affirm the testimony
8 you're about to give is the truth?

9 **MR. SHEETS:** I do.

10 **CHAIR SCHEUER:** Thank you.

11 So name and address for the record and
12 then proceed.

13 **MR. SHEETS:** My name is Ben Sheets. I
14 reside at 735 Fraser Avenue, Lanai City, Hawaii.

15 My name is Ben Sheets. I am the pastor at
16 Lanai Union Church and new resident to the island
17 and new resident to Hawaii.

18 As I come and speak on behalf of many in
19 our congregation as people of deep faith and
20 conviction, our roots are in hospitality, welcoming
21 the stranger, and providing shelter for the
22 vulnerable. We believe that shelter and affordable
23 housing are more than simple commodities. A secure
24 home is the foundation for people to build their
25 lives and thrive, and so we are in support, many of

1 us, of this project.

2 Here on Lanai, we have not seen new or
3 affordable housing for working families in some time
4 and this leaves many households doubling up with
5 extended family as they wait for rental units to
6 become available. It is especially noticeable for
7 workers who come to Lanai for employment, to
8 strengthen their family and become a part of our
9 community. And while these arrangements are
10 manageable for times of transition, they are not
11 sustainable for households who intend to stay and be
12 a part of creating community in this place. And so
13 we would welcome additional affordable housing here
14 on Lanai so that our community can continue to
15 invest in itself and to have space where we can
16 truly thrive. Thank you.

17 **CHAIR SCHEUER:** Thank you.

18 Now, Mr. Sheets, I'm asking, all witnesses
19 need to stay available for any questions from the
20 parties or the commissioners.

21 Mr. Chipchase?

22 **MR. CHIPCHASE:** I have no questions,
23 Pastor Sheets. Thank you for your testimony.

24 **CHAIR SCHEUER:** Mr. Hopper?

25 **MR. HOPPER:** No questions.

1 **CHAIR SCHEUER:** Ms. Kato?

2 **MS. KATO:** No questions. Thank you.

3 **CHAIR SCHEUER:** Commissioners?

4 Seeing none, thank you very much for your
5 testimony today. I will now move you back to being
6 an attendee. And I will admit Linda Okamoto
7 followed by Elton Kinoshita.

8 Ms. Okamoto, if you will enable your
9 camera and audio.

10 **MS. OKAMOTO:** Okay, I have my audio.

11 **CHAIR SCHEUER:** Yeah, we can hear you.

12 **MS. OKAMOTO:** But I don't seem to know how
13 to do the camera.

14 **CHAIR SCHEUER:** The camera should be --
15 the icon should be at the bottom of your screen. If
16 you move your mouse towards the bottom of your
17 screen.

18 **MS. OKAMOTO:** Okay, let's see. Camera.
19 Share screen? No.

20 **CHAIR SCHEUER:** No.

21 **MS. OKAMOTO:** Start video. Okay, got it,
22 I think.

23 **CHAIR SCHEUER:** There we go. Well done.

24 **MS. OKAMOTO:** Did that work?

25 **CHAIR SCHEUER:** Yes. And your reward will

1 be swearing in.

2 Do you swear or affirm that the testimony
3 you're about to give is the truth?

4 **MS. OKAMOTO:** I do.

5 **CHAIR SCHEUER:** Okay. Name and address
6 for the record and then please proceed.

7 **MS. OKAMOTO:** Linda K. Okamoto. My
8 address is 539 Kualua, Lanai City, Hawaii.

9 **CHAIR SCHEUER:** Okay. Please proceed with
10 your testimony.

11 **MS. OKAMOTO:** I have lived on Lanai for
12 over 50 years. I started as a schoolteacher here
13 and housing was really bad then as it is today. I
14 have no connection to Pulama in any way. I am a
15 realtor, have my own office. I do handle some
16 rentals and I know how frustrating it is for young
17 people especially to move out of their parents' home
18 and find a place. I, almost every day, have phone
19 calls wanting rentals and we have none. We just
20 can't handle the amount of people who are looking
21 for rental housing.

22 As I said, I've been here for 50 years.
23 Every time there's been a new subdivision, there's
24 always the question, well, do we really need it?
25 And it immediately fills up. We've had only two,

1 three subdivisions added in the times that I've
2 lived here on Lanai. I came and I lived in teacher
3 housing to start with. When I got married it was
4 very difficult because at that time only Dole
5 workers could get housing outside of teacher
6 housing, so we were lucky to be able to stay in
7 teacher housing for a while until we bought our own
8 home.

9 But I can see the frustration of people
10 who are moving here. Families that are living in
11 one bedroom apartments with maybe 10 people. That's
12 just not healthy. As a former schoolteacher, I know
13 how difficult it is for children who are having to
14 share their very small apartments, their very small
15 houses with a large family, or usually more than one
16 family. And so I really feel this is such an
17 important project. There may be small issues that
18 some people disagree with but the important thing is
19 we have to have additional housing.

20 Going from agricultural to urban, this
21 particular part of the land that they want to build
22 on is not really ag land. It's been zoned that way
23 but in all the years I've lived here I don't recall
24 it being used very much for agriculture. Our town
25 is so compact now, there's no other place to build

1 except to expand the city. So I urge you strongly
2 to please approve this petition. Thank you.

3 **CHAIR SCHEUER:** Thank you very much.

4 Are there questions for the witness?

5 Mr. Chipchase?

6 **MR. CHIPCHASE:** No questions. Ms.

7 Okamoto, thank you for your testimony.

8 **CHAIR SCHEUER:** Mr. Hopper?

9 **MR. HOPPER:** No questions, Chair.

10 **CHAIR SCHEUER:** Ms. Kato?

11 **MS. KATO:** No questions. Thank you.

12 **CHAIR SCHEUER:** Commissioners, any

13 questions?

14 I have a lot of questions about what you
15 might have seen over 50 years on Lanai but none of
16 them are relevant to what we're discussing today.

17 **MS. OKAMOTO:** Okay.

18 **CHAIR SCHEUER:** Thank you very, very much
19 for your testimony. We very much appreciate it.

20 **MS. OKAMOTO:** Thank you.

21 **CHAIR SCHEUER:** I'm going to move you back
22 to being an attendee.

23 **MS. OKAMOTO:** Okay. Thank you.

24 **CHAIR SCHEUER:** And I will admit Elton
25 Kinoshita followed by Roger Okinsaw (phonetic).

1 **MR. KINOSHITA:** Aloha. Good morning.

2 **CHAIR SCHEUER:** We can hear and see you.

3 **MR. KINOSHITA:** Okay, thank you very much,
4 Commissioners and Chair.

5 **CHAIR SCHEUER:** Do you swear or affirm the
6 testimony you're about to give is the truth?

7 **MR. KINOSHITA:** I do.

8 **CHAIR SCHEUER:** Okay. Thank you.

9 So name and address for the record, then
10 proceed.

11 **MR. KINOSHITA:** Okay. Elton Kinoshita.
12 My address is 3842 Claudine Street in Honolulu.

13 This June, I retired from the Hawaii
14 Department of Education. Prior to retiring, I
15 served for eight years as the principal of Lanai
16 High and Elementary School. I am speaking today in
17 support of the Hokuao project and the rezoning of
18 agricultural land for urban use. I have since moved
19 back to Oahu and do not have any affiliations with
20 Pulama Lanai.

21 As principal of Lanai High and Elementary
22 School, recruiting qualified teachers was always one
23 of the greatest challenges. Coupled with the
24 difficulty of convincing candidates to come to Lanai
25 to teach was the challenge of providing housing for

1 interested teachers. In the past two school years,
2 although we still had unfilled teaching positions, I
3 stopped my recruiting efforts because there were no
4 available rental units to offer any teacher that was
5 interested in moving to Lanai to teach. These open
6 teaching positions forced us to ask substitute
7 teachers to commit to teaching classes for the
8 entire school year and this in turn severely reduced
9 our substitute pool to cover day-to-day short-term
10 teacher absences.

11 Currently, about 20 percent of Lanai's
12 teachers are housed in DOE-owned teacher cottages.
13 I would surmise that another 20 percent of the
14 faculty own their own homes. The remaining 60
15 percent of the faculty reside in rental units. The
16 primary housing provider, Pulama Lanai, has
17 generously supported the school's efforts to provide
18 rental units. However, they have to balance the
19 housing needs of other entities as well.

20 Given the fact that the island of Lanai
21 comprises 140 square miles of land and the island
22 supports about 3,000 residents, I believe the
23 benefits of rezoning some of the unused ag land to
24 build this project far outweigh the loss of good
25 crop lands. Thank you very much.

1 **CHAIR SCHEUER:** Thank you very much. And
2 that was spot on, right on two minutes. I
3 appreciate it.

4 Questions for the witness, Mr. Chipchase?

5 **MR. CHIPCHASE:** No, Chair.

6 Mr. Kinoshita, thank you for your
7 testimony.

8 **CHAIR SCHEUER:** Mr. Hopper?

9 **MR. HOPPER:** No questions, Chair. Sorry.

10 **CHAIR SCHEUER:** Ms. Kato?

11 **MS. KATO:** No questions. Thank you.

12 **CHAIR SCHEUER:** Commissioners, beginning
13 with Commissioner Gary Okuda?

14 **COMMISSIONER OKUDA:** Thank you very much,
15 Mr. Chair.

16 Mr. Kinoshita, I just wanted to say that
17 you put a face on the name that I heard in my
18 various Zoom meetings. You probably already know
19 this, but if you don't, you're held in very high
20 esteem by your teachers at Lanai High and Elementary
21 School. And I dare say even the union people hold
22 you in high esteem which is a very interesting
23 combination of things. So thank you for your
24 service to the community.

25 **MR. KINOSHITA:** Thank you.

1 **CHAIR SCHEUER:** Thank you, Commissioner
2 Okuda.

3 Further questions for Mr. Kinoshita?

4 Seeing none, thank you very much for your
5 testimony and for taking the time today. We very
6 much appreciate it. I'm going to move you to being
7 an attendee.

8 I'm going to -- Roger Okinsaw (phonetic)
9 followed by Kathy Carroll (phonetic).

10 So, if you can -- oh, great. Awesome.
11 Good morning.

12 **MR. OKINSAW:** Okay, hi, good morning. I'm
13 Roger Okinsaw. Oh, sorry.

14 **CHAIR SCHEUER:** Yeah. Do you swear or
15 affirm the testimony you're about to give is the
16 truth?

17 **MR. OKINSAW:** Yes.

18 **CHAIR SCHEUER:** Okay. Please proceed.

19 **MR. OKINSAW:** Thank you. Good morning.
20 I'm Roger Okinsaw. I'm born and raised on Lanai. I
21 graduated back in 1990. Then born and raised here.
22 Moved to the Mainland and Outer Islands but I always
23 wanted to come back home and to help the community.
24 So while I was on the Mainland, I called back to see
25 if I could come back home because at that time I had

1 a one-year-old daughter and there's no place to
2 raise a daughter on the island of Lanai, especially
3 living on the Mainland. So I lived in Montana for a
4 while and the only way for me to get a job on Lanai
5 which I knew was the problem would be housing so
6 what I did was I had a great job in Montana. I just
7 quit my job, moved to Lanai. I have family with a
8 home on Lanai so I'm fortunate, so I had a place to
9 live. But I knew that if I send my resume,
10 application, it wouldn't really do anything because
11 everybody knows on Lanai there's no place to live.
12 So what I did was I quit my job. So I lived on
13 Lanai. Worked as a casual. Sometimes I did
14 substitute teaching. Casual security, casual what
15 have you, but I did have a lot of skills that I
16 could offer the community but that's the only thing
17 you have to do. And eventually, I got a job at Four
18 Seasons and now I work for Pulama Lanai and manage
19 the store here in Lanai and I'm giving my part back
20 to the community. I left a well-paying job in
21 Montana just to come back to serve the community. I
22 probably could live a better life on the Mainland
23 because prices cheaper, houses cheaper but I chose
24 to go back to Lanai. And I know there's a lot of
25 friends and colleagues of mine that want to move

1 back to Lanai just to raise their family and help
2 the community but, you know, unfortunately, they
3 don't have a place to stay. I do, so I was able to
4 do that but many of us, of my classmates, want to
5 move back and help and provide supporting community
6 service but they don't have a place. So I support
7 this project. I hope you can approve this so many
8 of my colleagues and friends can return back home
9 and help the community.

10 **CHAIR SCHEUER:** Thank you very much for
11 your testimony.

12 Questions for the witness, Mr. Chipchase?

13 **MR. CHIPCHASE:** No questions, Chair.
14 Thank you, Mr. Okinsaw, for your very personal
15 testimony.

16 **CHAIR SCHEUER:** Mr. Hopper?

17 **MR. HOPPER:** No, Chair. Thank you.

18 **CHAIR SCHEUER:** Ms. Kato?

19 **MS. KATO:** No questions. Thank you.

20 **CHAIR SCHEUER:** Commissioners?

21 Thank you very much for your testimony and
22 for sharing your personal journey and how this
23 project might impact it. We appreciate it. I'm
24 going to move you to being an attendee and then I'm
25 going to admit Kathy Carroll followed by Noami

1 Barbadillo (phonetic).

2 Kathy Carroll? Great. We can see you.

3 Do you swear or affirm the testimony

4 you're about to give is the truth?

5 **MS. CARROLL:** I do.

6 **CHAIR SCHEUER:** Okay. Okay.

7 **MS. CARROLL:** Thank you very much.

8 My name is Kathy Carroll. I reside at 758
9 Queen Street in Lanai City. My husband and I have
10 lived her almost 21 years and we've owned and
11 operated the Mike Carroll Gallery for almost 19
12 years.

13 I'm coming at this from the perspective as
14 a small business owner, and we urge the State Land
15 Use Commission to approve the petition for the
16 rezoning. The Hokuao project is so sorely needed
17 here and it really helps solve the most dire
18 situation in workforce housing that you've already
19 heard. In our own small business, we have an
20 employee at the moment who is desperately seeking a
21 rental. And as Ms. Okamoto said, there is nothing
22 available. Thank goodness his partner has a job
23 with Four Seasons and they're temporarily able to
24 live at the hotel. And even though it's a luxury
25 hotel, a hotel is not a home. They can't cook

1 there. There's, you know, you need decent housing.
2 There are so many more stories like this on Lanai
3 that you would hear over and over again but this
4 terrible situation can be helped. Pulama Lanai is
5 standing poised. They're ready, willing, and able
6 to create beautiful decent housing. So, and we also
7 understand that the affordable units within the
8 development will remain affordable in perpetuity and
9 I think that's a very rare and wonderful
10 opportunity.

11 So in our view, the time has come. This
12 has gone on long enough. Lanai has waited forever
13 for decent affordable housing, so we urge you to
14 approve the petition without delay.

15 **CHAIR SCHEUER:** Thank you very much, Ms.
16 Carroll.

17 Questions for the witness, Mr. Chipchase?

18 **MR. CHIPCHASE:** No questions, Chair. Ms.
19 Carroll, thank you for your support.

20 **CHAIR SCHEUER:** Mr. Hopper?

21 **MR. HOPPER:** No questions, Chair.

22 **CHAIR SCHEUER:** Ms. Kato?

23 **MS. KATO:** No questions. Thank you.

24 **CHAIR SCHEUER:** Commissioners?

25 It's valuable to have an additional

1 perspective of somebody trying to retain employees.
2 Thank you very much. And I will admit, I have been
3 in your gallery many times and never purchased
4 anything. It is very beautiful.

5 **MS. OKINSAW:** We have to fix that. Thank
6 you.

7 **CHAIR SCHEUER:** You'll need to raise your
8 LUC salaries from zero to something, so.

9 **MS. OKINSAW:** Thank you for visiting
10 anyway.

11 **CHAIR SCHEUER:** Thank you very much.

12 **MS. OKINSAW:** We do have --

13 **CHAIR SCHEUER:** Okay. I'm going to move
14 you to being an attendee.

15 I'm going to now admit Noami Barbadillo
16 and then followed by Ms. Barbadillo, we have Diane
17 Praza (phonetic) and Anella Sanchez (phonetic),
18 which is the conclusion of everybody who has their
19 hands raised. If anybody still wishes to testify,
20 you should raise your hand.

21 I've admitted Ms. Barbadillo.

22 Good morning. Aloha.

23 **MS. BARBADILLO:** Good morning.

24 **CHAIR SCHEUER:** I'm going to swear you in
25 and then ask you to say your name so that I can

1 pronounce it correctly the next time and give your
2 address.

3 So, do you swear or affirm the testimony
4 you're about to give is the truth?

5 **MS. BARBADILLO:** I do.

6 **CHAIR SCHEUER:** Okay.

7 **MS. BARBADILLO:** My name is Noami
8 Barbadillo. I reside at 522 Kualua Place, Lanai
9 City, Hawaii. Thank you for allowing us to give our
10 testimony.

11 I grew up on Lanai. I left Lanai for
12 about 12 years. I've been back now for about eight
13 years. Since I've returned, I've seen and
14 experienced the lack of housing, as well as the lack
15 of desired housing. Hokuao will not only increase
16 availability of housing, but it will also give
17 people a choice of the type of housing instead of
18 just being assigned or having to accept housing
19 because that's all there is. Like Ms. Okamoto, we
20 get numerous calls daily on availability for
21 housing. It's hard when, you know, it's a domestic
22 issue and we can't help the person because we have
23 no housing. So, you know, with Hokuao coming on
24 board, it will give us the increase in availability
25 of housing. It will also give people a choice of

1 the type of housing that they want to have, so
2 please allow the development of Hokuao by approving
3 our request to rezone part of the project area from
4 agricultural to urban. Thank you.

5 **CHAIR SCHEUER:** Thank you very much.

6 Questions for the witness?

7 Mr. Chipchase?

8 **MR. CHIPCHASE:** Thank you, Ms. Barbadillo.

9 I appreciate your testimony.

10 No questions, Chair.

11 **CHAIR SCHEUER:** Mr. Hopper?

12 **MR. HOPPER:** No questions, Chair.

13 **CHAIR SCHEUER:** Ms. Kato?

14 **MS. KATO:** No questions. Thank you.

15 **CHAIR SCHEUER:** Commissioners?

16 Ms. Barbadillo, for the record, you stated
17 your residency on the island and you being born and
18 raised there. Do you have an affiliation with
19 Pulama Lanai?

20 **MS. BARBADILLO:** Yes. I work for Pulama
21 Lanai as Director of Commercial and Residential
22 Properties.

23 **CHAIR SCHEUER:** Okay. Thank you very
24 much.

25 Any further questions for Ms. Barbadillo?

1 Seeing none, thank you very much for your
2 testimony today. We very much appreciate it.

3 Actually, you know what? I have another
4 question. Because some of the previous witnesses
5 have talked about the needs for priority groups such
6 as residents returning home or you've mentioned
7 references to people who are in what I gather to be
8 domestic violence situations and like you need to
9 get out of the house but if there's no place to go,
10 where do you go? Is there in the record of this
11 docket that you're aware of or in your procedures a
12 plan for making sure there's units available for
13 those groups or can you otherwise explain how
14 available units will be allocated?

15 **MS. BARBADILLO:** As far as I know, we're
16 going to follow our procedure now. For affordable,
17 I think it's whatever the affordable process will
18 be. But for Pulama, the market homes that we have
19 are going to be assigned the way we're assigning it
20 now. Workforce first and then everyone that, you
21 know, everyone else.

22 **CHAIR SCHEUER:** Okay. Thank you.

23 Anything further, Commissioners?

24 Thank you very much for your testimony.

25 We very much appreciate it.

1 I'm going to move you to being an
2 attendee.

3 Diane Praza followed by Anella Sanchez and
4 anybody else who wishes to testify should raise your
5 hand using the raise your hand function now.

6 Otherwise, I will close the witness list. We will
7 go to approximately 9:50 and then take a break and
8 then proceed with admission of exhibits.

9 So Diane Praza, I'm promoting you to be a
10 panelist.

11 **CHAIR SCHEUER:** Aloha and good morning.

12 **MS. PRAZA:** Hi. Aloha.

13 **CHAIR SCHEUER:** Do you swear or affirm the
14 testimony you're about to give is the truth?

15 **MS. PRAZA:** I do.

16 **CHAIR SCHEUER:** Okay. Please proceed.

17 **MS. PRAZA:** So thank you for the
18 opportunity to testify. I'm Diane Praza and I'm
19 testifying on behalf of myself. I was born and
20 raised on Lanai and I support the Hokuao housing
21 project and the rezoning of ag land to urban use.

22 I work for Pulama Lanai and was involved
23 in sharing facts about Hokuao with the community. I
24 interacted with many, many residents, mainly in
25 small groups. I met with folks at the model home

1 and in every instance they were amazed at the beauty
2 of the house and the yard. My job was to inform
3 residents about Hokuao, asking them to please share
4 what they learned with family and friends. They
5 could then make up their own mind as to what they
6 thought of the project. The majority of folks I
7 spoke with supported it as they recognized the need
8 for more housing on the island. Through the
9 process, I learned that residents want more housing
10 to alleviate crowded living situations. Lanai
11 residents living in multigenerational households do
12 not always do so by choice but out of necessity due
13 to the lack of housing, and residents want more
14 housing options.

15 It got me thinking about when my husband
16 and I first moved home in the '80s. We were
17 fortunate enough to get housing quite easily and
18 were able to raise our family here where we both
19 grew up. So I'm telling you this because I wish the
20 same experience for others on Lanai. I wish that
21 they can experience life independently in their own
22 home. I wish that their children can have a yard to
23 play in. I wish that they can relax in a
24 comfortable home after a long day of work.

25 So it's not so much that Hokuao has all

1 the fancy bells and whistles but that Hokuao will
2 offer the chance to relieve stress in people's
3 lives. In our tight knit community, we try to lift
4 each other up because we care about each other.
5 When one hurts, we all hurt and we also celebrate
6 the good things and we stick together. So for the
7 sake of our community, please support rezoning and
8 the Hokuao housing project. Mahalo for your time.

9 **CHAIR SCHEUER:** Thank you very much.

10 Questions for the witness?

11 Mr. Chipchase?

12 **MR. CHIPCHASE:** No questions, Chair. Ms.

13 Praza, thank you for your support.

14 **MS. PRAZA:** You're welcome.

15 **CHAIR SCHEUER:** Mr. Hopper?

16 **MR. HOPPER:** No questions, Chair.

17 **CHAIR SCHEUER:** Ms. Kato?

18 **MS. KATO:** No questions.

19 **CHAIR SCHEUER:** Commissioners?

20 Thank you very much for your testimony

21 today.

22 **MS. PRAZA:** You're welcome.

23 I will move you to being an attendee

24 again.

25 And I will admit Anella Sanchez. I note

1 there is now one call-in number. So if the call-in
2 person wishes to testify in this matter you should
3 press --9 on your keypad to raise your hand.
4 Anybody who is wishing to testify in this matter who
5 is accessing this via Zoom software, use the raise
6 your hand function.

7 If I do not see any more hands after this
8 witness, I will close testimony on this matter.

9 Ms. Sanchez? Aloha.

10 **MS. SANCHEZ:** Hello.

11 **CHAIR SCHEUER:** Do you swear or affirm the
12 testimony you're about to give is the truth?

13 **MS. SANCHEZ:** Yes.

14 **CHAIR SCHEUER:** Okay. So if you'd state
15 your name and address for the record and then
16 proceed.

17 **MS. SANCHEZ:** Anella Sanchez. 254 Kualua
18 Ula Place, Lanai City, Hawaii.

19 **CHAIR SCHEUER:** Please proceed.

20 **MS. SANCHEZ:** So aloha. My name is Anella
21 Sanchez and I want to thank you all for the
22 opportunity to testify and I would like to show
23 support for the Hokuao project and urge the approval
24 of rezoning of agricultural land.

25 I spent part of my childhood here and when

1 I graduated and left for college I knew I would come
2 back and give back to the Lanai community. Last
3 July, I was fortunate enough and received a job
4 where I could come home. My son, husband, and I
5 planned to move home but I never realized how scarce
6 the housing situation was here until we started
7 looking. There was little to nothing available and
8 what was available was way out of our price range.
9 We ended up moving in with my in-laws and currently
10 all live in a bedroom in their house. We're lucky
11 enough to have my in-laws to let us live with them
12 and I know many other families are living the same
13 way, many of whom have 8 to 10 people in one house
14 which also only has one bathroom. And when I did
15 live here before I was part of that 8 to 10 people
16 with only one bathroom and it is very difficult.

17 I also know many people I went to school
18 with who are just other past residents of the
19 younger generation wanting to move home like I did
20 but because of the housing shortage we have here,
21 they can't. So for me, I really hope this petition
22 gets passed because, one, this project is not only
23 offering affordable rentals in perpetuity, which is
24 huge, but the bigger reason is that this project is
25 offering more inventory for us which is exactly what

1 we need right now. So for this reason, I support
2 and urge the approval of this petition. And thank
3 you for your time.

4 **CHAIR SCHEUER:** Thank you very much, Ms.
5 Sanchez, for the clarity and brevity of your
6 testimony.

7 Questions for the witness?

8 Mr. Chipchase?

9 **MR. CHIPCHASE:** No questions, Chair. Ms.
10 Sanchez, thank you for your time and for your
11 testimony.

12 **CHAIR SCHEUER:** Mr. Hopper?

13 **MR. HOPPER:** No questions, Chair.

14 **CHAIR SCHEUER:** Ms. Kato?

15 **MS. KATO:** No questions. Thank you.

16 **CHAIR SCHEUER:** Commissioners?

17 Thank you very much for sharing the
18 personal level of impacts of housing.

19 I'm going to move you to being an
20 attendee.

21 No one else has raised their hand to
22 testify in this matter. I'm going to close public
23 testimony on this hearing. And it is currently 9:52
24 a.m. I'm going to call for a 10 minute recess till
25 10:02 a.m., at which time we will admit exhibits and

1 then hear from the petitioner. Ten minute recess.

2 **(Recess taken from 9:52 a.m. - 10:20 a.m.)**

3 **CHAIR SCHEUER:** We are back from a second
4 unintended and extended recess.

5 We're now going to move on to admission of
6 exhibits from the parties.

7 Mr. Chipchase, please describe the
8 exhibits you wish to have admitted into the record.

9 **MR. CHIPCHASE:** Yes, Chair.

10 We have 15 exhibits that have been
11 submitted both in the original and amended witness
12 list. They include:

13 Exhibit 1, map of petition area.

14 Exhibit 2, our final environmental
15 assessment and finding of no significant impact.

16 That has two parts. Or three parts, sorry, Chair.

17 The 201H housing project application.

18 The County Council resolution approving
19 the application is Exhibit 4.

20 Exhibit 5, our Tax Map showing the
21 petition area.

22 Exhibit 6 is the land ownership
23 documentation.

24 Exhibit 7 is the affidavit, amended
25 affidavit complying with the publication and service

1 rules.

2 Exhibit 8 are our proposed findings of
3 fact, conclusions of law, and decision and order.

4 Exhibit 9 is the affidavit of Pulama Lanai
5 complying with certain HAR provisions.

6 Exhibit 10 is the DHHC certification that
7 the project meets 201h requirements.

8 Exhibit 11 is a survey of the petition
9 area.

10 Exhibit 12 is the Lanai community plan.

11 Exhibit 13 is the letter from the State
12 Historic Preservation Division accepting our 6E
13 compliance documents.

14 Exhibit 14 is the countywide policy plan.

15 And Exhibit 15 is written testimony.

16 I would ask that the Commission receive
17 all 15 exhibits into evidence.

18 **CHAIR SCHEUER:** Thank you.

19 Are there any objections from the parties
20 starting with the county?

21 **MR. HOPPER:** No objections, Chair.

22 **CHAIR SCHEUER:** Office of Planning and
23 Sustainable Development?

24 **MS. KATO:** No objections.

25 **CHAIR SCHEUER:** Commissioners, any

1 questions or objections?

2 Seeing none, petitioner's Exhibits 1
3 through 15 are admitted into the record.

4 **CHAIR SCHEUER:** Mr. Hopper?

5 **MR. HOPPER:** Chair, we didn't have a
6 separate exhibit list. We did have several
7 documents attached to the county's position
8 statement for your information. I guess out of
9 caution I would ask that the five documents be
10 admitted into evidence along with the position
11 statement which was also filed. I can't identify
12 them by name but they were each attached to the
13 position statement in reference. I would just ask
14 that those are admitted along with the position
15 statement for the Commission's consideration.

16 **CHAIR SCHEUER:** Okay. So we'll number
17 them Exhibits 1 through 5 if they're admitted, the
18 five attachments along with the position statement.

19 Any objections to the admission of the
20 exhibits from the county, starting with the
21 petitioner?

22 **MR. CHIPCHASE:** Chair, all five were
23 received as part of the county's position statement
24 and we have no objection to them.

25 **CHAIR SCHEUER:** Okay. Ms. Kato?

1 **MS. KATO:** No objections.

2 **CHAIR SCHEUER:** Commissioners?

3 Seeing none, the County of Maui's position
4 statement and their five attachments are admitted
5 into the record.

6 **(WHEREUPON, the County of Maui's position**
7 **statement and their five attachments were admitted**
8 **into the record.)**

9 **CHAIR SCHEUER:** Ms. Kato?

10 **MS. KATO:** The Office of Planning and
11 Sustainable Development has 14 exhibits numbered
12 Exhibit 1 through 12 and there's a 2B and a 7B. I'm
13 not sure if you want me to read them but we'd like
14 all of these exhibits accepted into the record.

15 **CHAIR SCHEUER:** Do you think there's any
16 lack of clarity on what they are that you need to
17 read them?

18 **MS. KATO:** I do not.

19 **CHAIR SCHEUER:** Any objections to the
20 Office of Planning and Sustainable Development's
21 exhibit list? Mr. Chipchase?

22 **MR. CHIPCHASE:** Chair, we've had an
23 opportunity to review the amended exhibit list with
24 14 exhibits and we have no objection to them.

25 **CHAIR SCHEUER:** Okay.

1 Mr. Hopper?

2 **MR. HOPPER:** No objections, Chair.

3 **CHAIR SCHEUER:** Commissioners, questions
4 or objections?

5 Hearing none, the Office of Planning and
6 Sustainable Development's exhibits as referenced by
7 Ms. Kato are admitted into the record.

8 We will now move on to the petitioner's
9 presentation.

10 Mr. Chipchase, how many witnesses do you
11 intend to call today, and can you give us a general
12 outline of your presentation?

13 **MR. CHIPCHASE:** Of course, Chair.

14 I have two witnesses that I will call.
15 Dr. Dancil and Mr. Matsumoto. We have additional
16 witnesses, the substantive experts who prepared the
17 studies and reports that are included in the
18 exhibits that are now admitted to the Commission. I
19 don't anticipate calling them unless the Commission
20 has questions that are best addressed by them or has
21 specific questions regarding their reports. The
22 general outline of my presentation will be, first,
23 testimony by Dr. Dancil. Then testimony by Mr.
24 Matsumoto. And then if requested by the Commission
25 or a need based on the Commission's questions to

1 either witness, I'll call the appropriate
2 substantive expert.

3 **CHAIR SCHEUER:** Okay. And do you have a
4 sense of how long you intend to spend with each of
5 these witnesses?

6 **MR. CHIPCHASE:** Yes, Chair. Subject to
7 the Commission's questions, of course, I believe
8 that both Dr. Dancil and Mr. Matsumoto can wrap up
9 in collectively 40 to 45 minutes.

10 **CHAIR SCHEUER:** Okay. Sounds good. I'm
11 going to --

12 If Dr. Dancil, if you will raise your hand
13 in the --

14 **MR. CHIPCHASE:** Dr. Dancil will join me.
15 We're getting as close --

16 **CHAIR SCHEUER:** Okay.

17 **MR. CHIPCHASE:** -- to being back to in-
18 person testimony as we can, Chair.

19 **CHAIR SCHEUER:** Okay.

20 **MR. CHIPCHASE:** So she will take her seat
21 in a moment.

22 **CHAIR SCHEUER:** Okay. She is there with
23 you physically.

24 **MR. CHIPCHASE:** Yes, Chair.

25 **CHAIR SCHEUER:** What a concept.

1 Okay. Sorry, actually, if you would not
2 screenshare until after I've sworn her in, please.
3 It's easier for me.

4 Good morning. Do you swear or affirm the
5 testimony you're about to give is the truth?

6 **DR. DANCIL:** I do.

7 **CHAIR SCHEUER:** Great. Thank you.

8 Please proceed, Mr. Chipchase.

9 **MR. CHIPCHASE:** Thank you, Chair.

10 And I'll do so first by providing just a
11 little bit of context.

12 As the Commission knows --

13 **CHAIR SCHEUER:** Commissioner Giovanni?

14 **COMMISSIONER GIOVANNI:** Thanks, Chair.

15 I need to make a disclosure.

16 Ms. Dancil and I were former colleagues at
17 Hawaiian Electric, worked together for several
18 years. I see absolutely no conflict in my ability
19 to be fair in my judgment of this docket. Just
20 wanted to disclose that.

21 **CHAIR SCHEUER:** Okay. I will pause then
22 and just see if there is any objections to
23 Commissioner Giovanni's continued participation in
24 these proceedings.

25 Mr. Chipchase?

1 **MR. CHIPCHASE:** No objection, Chair.

2 **CHAIR SCHEUER:** Mr. Hopper?

3 **MR. HOPPER:** No objection, Chair.

4 **CHAIR SCHEUER:** Ms. Kato?

5 **MS. KATO:** No objection.

6 **CHAIR SCHEUER:** Okay. Thank you very
7 much. Thank you for the disclosure, Commissioner
8 Giovanni.

9 Mr. Chipchase, please continue.

10 **MR. CHIPCHASE:** Very good.

11 So Commissioners, as you know, we're here
12 for the consideration of the Hokuao affordable
13 housing project district boundary amendment petition
14 or DBA. Granting this DBA will allow the
15 construction for the first time in nearly 30 years
16 of affordable housing for the people who live and
17 work on Lanai. You heard from the public testimony
18 today how sorely needed that housing is. This
19 redesignation or this petition asks for the
20 redesignation of approximately 56.5 acres of land
21 from what is currently in the state agricultural
22 district to the state urban district.

23 And on that note, one small item of
24 housekeeping, the agenda that was circulated and
25 that the chair read today includes one error. It

1 references TMK ending in 009. It's actually not
2 part of the petition area. We brought that mistake
3 or that error to the attention of staff who just
4 asked me to make the correction on the record today,
5 and so I'm doing so. Otherwise, the agenda and the
6 materials that were circulated and that have been
7 read by the chair are correct.

8 As we proceed with our testimony and our
9 presentation today, we will discuss the details of
10 the project, including the designs and plans for the
11 affordable housing project. We'll talk about the
12 process that Pulama Lanai has gone through to get to
13 where we are today. As is our typical experience,
14 we're a little backwards. Normally, we come to the
15 Commission first for the redistricting and then turn
16 to the county for the rezoning. This time in a 201H
17 project, the counsel of Maui has already approved
18 the project and we come to the LUC last for
19 redistricting. And we'll talk about that.

20 As I mentioned to the chair earlier, we
21 have two witnesses from Pulama Lanai today. Dr.
22 Keiki-Pua Dancil, who is seated next to me, and the
23 president of the company, Mr. Kurt Matsumoto. As I
24 said, all reports and technical studies are now on
25 file with the Commission and received into evidence,

1 and in addition, many of the experts who assisted
 2 with this project and in the preparation of those
 3 studies and reports are available to answer the
 4 Commission's questions.

5 With that introduction, Chair, I'd like to
 6 ask Dr. Dancil, who is seated next to me, to
 7 introduce herself.

8 **DR. DANCIL:** Aloha, Chair Scheuer and Vice
 9 Chair Giovanni and members of the Commission. My
 10 name is Keiki-Pua Dancil. I'm the senior vice
 11 president of Pulama Lanai, serving as government
 12 affairs and strategic planning.

13 **MR. CHIPCHASE:** And Dr. Dancil, would you
 14 please briefly describe your responsibilities at
 15 Pulama Lanai?

16 **DR. DANCIL:** My responsibilities include
 17 the overall project management, strategic planning,
 18 and execution of permitting any entitlements. I
 19 also direct the efforts of the Community Development
 20 Team, which engages directly with the Lanai
 21 community. In addition, I work closely in
 22 collaboration with the senior vice president of
 23 development and construction. Together, we align
 24 our activities to achieve the strategic development
 25 goals for Pulama Lanai and showing a unified

1 process.

2 **MR. CHIPCHASE:** Thank you, Dr. Dancil.

3 And would you please briefly describe for us your
4 educational history and your work experience?

5 **DR. DANCIL:** I have a PhD in chemistry
6 from the University of California-San Diego and an
7 MBA from Harvard Business School. The research,
8 problem solving, and analytical nature of my
9 educational background provides me a foundation and
10 framework to strategically analyze a variety of
11 issues that may arise during the design, planning,
12 and development of any project. I have over a
13 decade of experience in business development and
14 strategy. As Vice Chair Giovanni mentioned, most
15 recently I served as Director of Strategic
16 Initiatives at Hawaiian Electric.

17 **MR. CHIPCHASE:** And would you describe for
18 us your work in connection with the Hokuao
19 affordable housing project?

20 **DR. DANCIL:** My work and my involvement
21 has been quite extensive since joining Pulama Lanai
22 two years ago. Overall, project management and the
23 entitlement and permitting process for the county
24 application and proceedings before the LUC today.
25 This involved strategic planning, coordinating, and

1 reviewing studies and iterations of the project with
 2 technical consultants, agencies, and design experts.

3 **MR. CHIPCHASE:** And would you help us
 4 orient ourselves to the project location near Lanai
 5 City?

6 **DR. DANCIL:** Sure. If you look first off
 7 onto the left, Hokuao is located in the middle of
 8 the island. A blow up of that section is depicted
 9 on the right. As you can see, it's 76 acres. It's
 10 very close to the proximity of Lanai City, the other
 11 residential areas. Dole Park is shown here in the
 12 green dash box. Lanai High and Elementary School is
 13 in the dash white circle. Fraser Avenue is the bold
 14 yellow line. This is the main road to access both
 15 9th and 12th Street in orange. This is the ingress
 16 and egress streets to Hokuao. Nearby undeveloped
 17 parcels include the yellow outline, the County of
 18 Maui's affordable housing parcel, which is
 19 approximately 115 acres. And to the north outlined
 20 in blue is 33 acres for DHHL future residential
 21 expansion. To the south circled in purple is the
 22 county's wastewater reclamation facility.

23 **MR. CHIPCHASE:** And Dr. Dancil, would it
 24 be correct that the project area is 76 acres, but
 25 the request for redistricting is 56.5?

1 DR. DANCIL: That is correct. Some of the
2 area is already designated as a district.

3 MR. CHIPCHASE: Thank you very much.

4 Let's build on some of the discussion that
5 the public testifiers had today and that is that the
6 need for housing on Lanai, beginning with affordable
7 housing. Dr. Dancil, does Lanai need affordable
8 housing right now?

9 DR. DANCIL: I think you heard from many
10 people today, it absolutely does. On Lanai, the
11 challenge is lack of inventory. That was said
12 repeatedly. There is a housing shortage. This has
13 led to families living in overcrowded situations.
14 The last affordable residential housing development
15 was nearly three decades ago. Currently, there are
16 no affordable housing options for those with an AMI
17 of 60 percent and above. The 39 units at Iwiolo
18 expired in June as depicted in this chart here on
19 the left.

20 As part of our application, we agreed to
21 make those 39 units affordable in perpetuity and
22 expand their availability to incomes up to 80
23 percent AMI. The 76 affordable units at Hokuao will
24 be available to AMI levels ranging from more than 80
25 percent up to 130 percent. And again, in

1 perpetuity. Hokuao will increase the number of
2 affordable rentals on island by 69 percent.
3 Collectively with Iwiolo and Hokuao, we will be able
4 to provide much needed affordable units spanning the
5 entire spectrum of AMI forever.

6 **MR. CHIPCHASE:** And Dr. Dancil, with that
7 description then would it be fair to say that
8 between Iwiolo and Hokuao, you are making 115
9 affordable units available for rentals in
10 perpetuity?

11 **DR. DANCIL:** Yes, that is correct.

12 **MR. CHIPCHASE:** Has there been interest in
13 this project from the people who live on Lanai?

14 **DR. DANCIL:** Yes. There has been a
15 tremendous amount of support and interest from the
16 community. As mentioned by some of the testifiers,
17 we have hosted multiple community meetings, small
18 group discussions. We conducted a survey and during
19 the county's approval process for our application,
20 many, many residents testified and supported the
21 project.

22 The survey we conducted was sent out to
23 all of our tenants who rent from us so they are in
24 the rental market. Sixty-nine percent of those that
25 responded expressed an interest in learning more

1 about Hokuao. Over the last month, we invited those
 2 that were interested to tour our model home and
 3 there's overwhelming interest. The first question
 4 they ask is when will it be available and when can
 5 they apply?

6 **MR. CHIPCHASE:** And let's talk a little
 7 bit about the remaining 74 units. What is the need
 8 for those units on Lanai?

9 **DR. DANCIL:** We're constantly looking for
 10 housing on Lanai. And as I mentioned, there are
 11 currently none available. That was mentioned
 12 earlier as well. We have employees living in hotel
 13 units because there's no long-term rentals. The
 14 survey that we conducted in March also inquired
 15 about income levels and asset levels. More than
 16 half of the respondents exceeded the household
 17 income and asset level for an affordable unit at
 18 Hokuao. That dataset, along with our current
 19 situation on island indicates an overwhelming need
 20 for market housing.

21 **MR. CHIPCHASE:** So based on the testimony
 22 today and your presentation, the studies you've
 23 conducted, I don't think there's any doubt that
 24 there's a need for both affordable and market rate
 25 housing on Lanai. I'd like you to talk a little bit

1 about the specific details of the Hokuao project.

2 Let's start with the name.

3 Dr. Dancil, why is the project named
4 Hokuao?

5 **DR. DANCIL:** That's a great question, one
6 that's rarely asked but I'd love to share the story.

7 Hokuao is the morning star of Venus when
8 observed in the morning. Back when this project was
9 contemplated in 2016, we asked our cultural expert,
10 Pipal Amali (phonetic) to name the project. He
11 thought Hokuao was fitting because, one, it's the
12 traditional place name of the area. And two, with
13 the new ownership, and this being the first
14 residential project by the ownership, the Kona or
15 layer meaning of Hokuao, the morning star, signals
16 the potential that exists each new day. The Hokuao
17 community symbolizes the chance for fresh
18 opportunity and conscious growth.

19 **MR. CHIPCHASE:** And would you please
20 describe this Hokuao project for us?

21 **DR. DANCIL:** The project consists of 152
22 two-bedroom, two bath single family homes for rent.
23 Seventy-six of the affordable homes in perpetuity as
24 mentioned and 74 homes will be added to our rental
25 inventory. The interior is approximately 11.50,

1 11.75 square feet. There's a lanai measuring 370-
 2 375 feet both in the front and in the back. It also
 3 includes a garage. Lot sizes start at 8,000 square
 4 feet which are quite large in my opinion.

5 **MR. CHIPCHASE:** And in connection with the
 6 project, what sort of amenities are being provided?

7 **DR. DANCIL:** Each home will come fully
 8 furnished with modern finishes and an onsite
 9 renewable energy generation unit fitted with Tesla
 10 tiles and a battery-energy storage unit.
 11 Landscaping will be provided by Pulama Lanai.
 12 Sidewalks are included on both sides of the internal
 13 streets for walkability. All utilities are included
 14 for the affordable units and their rents. These
 15 lots will be lower density than most in Lanai City,
 16 which are approximately 6,000 square feet. Onsite
 17 parking at the homes, as I mentioned, in the garage
 18 as well as on the street. There will be a community
 19 center park as well.

20 I want to point out that three pocket
 21 parts, along with our southern border, and just to
 22 be clear, a community center in Park will be open to
 23 all Lanai residents.

24 **MR. CHIPCHASE:** And would you please touch
 25 on the infrastructure for us?

1 **DR. DANCIL:** We are developing a pre-
2 existing Guang (phonetic) water well, Well 7, that
3 will connect to the Lanai City distribution center,
4 along with Wells 6, 8, and 3. The additional water
5 from Well 7 will provide additional capacity and
6 reliability to the distribution system.

7 **MR. CHIPCHASE:** And what is the projected
8 water demand for the 150 new homes?

9 **DR. DANCIL:** The estimated increase in
10 average daily demand is approximately 91,700 gallons
11 per day. Adding the project to the January 2020 12-
12 month moving average of 1.6 million gallons per day
13 for the entire island increases the total demand by
14 less than six percent. This is well below the 4.3
15 million gallons per day threshold set by the
16 Commission on Water Resource Management that would
17 authorize the chairperson as the one to reinstitute
18 water management area designation proceedings.

19 **MR. CHIPCHASE:** And so based on this
20 information, was it concluded that there's
21 sufficient water supply for the homes?

22 **DR. DANCIL:** Yes. The discussion and
23 conclusions can be found on pages 57 to 63 of the
24 final EA.

25 **MR. CHIPCHASE:** As part of the Hokuao

1 project, is Pulama Lanai instituting any water
 2 conservation measures?

3 **DR. DANCIL:** Absolutely. Pulama Lanai is
 4 passionate about water conservation. Over the last
 5 10 years, we have invested in the water system which
 6 included installing smart meters. One hundred
 7 percent of the island is serviced by a smart water
 8 meter. This enables us to identify leaks early and
 9 prevent unnecessary loss of water. All homes at
 10 Hokuao will have a smart meter and low flow
 11 fixtures. All wastewater will be treated by the
 12 county's facility and then process the needs for
 13 irrigation by Pulama Lanai as we do normally.

14 **MR. CHIPCHASE:** You had mentioned earlier
 15 that all of the homes will have solar roof tiles
 16 with battery storage. Will that power generation
 17 system be enough to cover the power needs of the
 18 homes such that the project is not anticipated to
 19 materially require the burning of fossil fuel for
 20 power?

21 **DR. DANCIL:** We reviewed the anticipated
 22 carbon impact for the project and determined that
 23 the homes themselves will not produce carbon
 24 emissions and that the energy provided by the onsite
 25 renewal energy generation and power -- and the

1 battery system to provide all the power consumed by
 2 the homes. We sized these systems. We got 50
 3 percent more than the average Lanai resident has
 4 historically used, so we believe that this will
 5 cover more than is sufficient. It should lead to a
 6 net zero impact, though the homes be connected to
 7 the grid in the event additional power is required.

8 **MR. CHIPCHASE:** Let's look at other
 9 infrastructure components. You mentioned
 10 wastewater. Is there sufficient capacity at the
 11 existing facility to service an additional 150
 12 homes?

13 **DR. DANCIL:** Capacity is currently
 14 available and that is on a first come, first serve
 15 basis. However, allocation is not served until
 16 building permits are issued. The Maui County
 17 Department of Environmental Management and State
 18 Department of Health Wastewater Branch support the
 19 project. DOH noted that Hokuao or any new home
 20 cannot connect to the county's water system until
 21 the county ensures that the facility is in
 22 compliance with DOH standards.

23 **MR. CHIPCHASE:** And how will all of this
 24 infrastructure be financed?

25 **DR. DANCIL:** Pulama Lanai will finance 100

1 percent of the project.

2 **MR. CHIPCHASE:** If we can turn from the
 3 infrastructure components to the conceptual site
 4 plans, I'd like you to walk us through Hokuao from a
 5 street level.

6 **DR. DANCIL:** Before I walk you through a
 7 typical street, let me take a moment to provide some
 8 context to the various sections in the following
 9 slides. Here you see an overall conceptual site
 10 plan. The ingress and egress as I mentioned earlier
 11 is on 9th and 12th Street. It will be lined with a
 12 small canopy of trees indicated in orange shading.
 13 There will be fruit bearing trees that will be
 14 planted at each of the homes. The idea is to create
 15 a variety of fruits so that the community can share
 16 amongst themselves.

17 I also want to point out the three pocket
 18 parks as I mentioned. They're a little bit more
 19 detailed in this rendering here. Up to the north,
 20 the community center parking lot.

21 The image on the top left is 9th Street,
 22 north of the community center indicated on orange on
 23 the site plan to the right. There will be large
 24 sidewalk with a large planter strip on each side of
 25 the road, which is 24 feet wide. The bottom image

1 on the left is 9th Street south of the community
 2 center indicated in blue on the site plan on the
 3 right. The trees switch from small canopy trees to
 4 pines.

5 **MR. CHIPCHASE:** And can you tell us how
 6 9th and 12th Streets differ from the typical
 7 residential street?

8 **DR. DANCIL:** There will be sidewalks on
 9 both sides of the streets within the development.
 10 On 9th and 12th there would just be one. The trees
 11 are going to be lined with native trees -- kukui,
 12 kamani, and Kou as requested by the county and
 13 agreed upon. And the street will provide wide
 14 enough to allow on-street parking and cars to
 15 traverse in both directions.

16 **MR. CHIPCHASE:** Did the county also
 17 request the sidewalks?

18 **DR. DANCIL:** The county did request the
 19 sidewalks, both sides. We had sidewalks not within
 20 the development but we did incorporate it on both
 21 sides. They only wanted one. We did two.

22 **MR. CHIPCHASE:** And Pulama Lanai agreed to
 23 that condition?

24 **DR. DANCIL:** Correct. We did.

25 **MR. CHIPCHASE:** And I think what we've put

1 up here is a conceptual rendering of the street
 2 view. Are we looking at the market or the
 3 affordable homes?

4 **DR. DANCIL:** Both. You won't be able to
 5 discern between the two. They are identical. Lot
 6 sizes will vary slightly due to the shape of the
 7 project. Some lots are larger than others. The
 8 smallest lot size being 8,000 square feet.
 9 Affordable and market rate homes will be built
 10 concurrently at a ratio of 51 percent affordable to
 11 49 percent market. The homes will be a modern
 12 plantation home with board and button siding and the
 13 front porch allows for a similar plantation look as
 14 the homes in Lanai City.

15 The home has a very spacious layout. The
 16 kitchen and living room are located in the central
 17 area or great room, which leads through the sliders
 18 out to the back lanai and yard. Off the main area
 19 are two identical size bedrooms, each with its own
 20 bathroom and an access through a slider door to the
 21 back lanai and yard as well.

22 **MR. CHIPCHASE:** And can you talk a little
 23 bit about the building materials for these homes?

24 **DR. DANCIL:** The primary structure will be
 25 cross-laminated timber (CLT). These are

1 premanufactured cross grain timbers that serve both
2 load bearing structure and provide a smart interior
3 finish. We are using hinoki cedar from Japan which
4 allows for a very unique and calming scent
5 throughout the home. We will be constructing a
6 manufacturing facility for the modular CLT sections
7 for the homes at Hokuao. Prebuild manufacturing
8 considers economies of materials and assembly during
9 the engineer phase before cutting and fabricating in
10 a controlled warehouse environment. With proper
11 planning, CLTs ultimately minimize transportation
12 waste, installation time, and onsite trade
13 coordination and conflicts.

14 **MR. CHIPCHASE:** And have the homes been
15 designed for airflow or for air conditioning?

16 **DR. DANCIL:** Both. It will be sliding
17 doors in the great room as I mentioned earlier, in
18 addition to the bedrooms, allowing for lots of light
19 and air. There will be central air conditioning
20 controlled by Nest control systems, ceiling fans,
21 and automatic shades on all windows and doors.

22 **MR. CHIPCHASE:** Let's talk a little bit
23 about what's included in the homes. What are you
24 providing?

25 **DR. DANCIL:** As mentioned earlier, all the

1 homes will be furnished, and landscape will be
2 provided by Pulama Lanai. Interior finishes will
3 include custom cabinetry, quartz countertops, full-
4 size stainless steel appliances, including
5 dishwasher and full-size washer and dryers.
6 Bathrooms will include porcelain tiled floors. The
7 lanais will be constructed with hardwood Ipe
8 decking. As you saw in the graphic on the previous
9 slide, large format LED TVs will be provided in both
10 bedrooms and the living room as well.

11 **MR. CHIPCHASE:** And can you tell us how
12 much it will cost to rent one of the affordable
13 homes?

14 **DR. DANCIL:** The rents are set by HUD and
15 then adjusted by the County of Maui's Department of
16 Housing and Human Concerns for Lanai. This is an
17 annual process and rates are posted every May. It
18 will depend on the renters' income and asset level.
19 The low moderate category starts at above 80 percent
20 AMI. These will be the lowest rents. They start at
21 \$998 per month and will go up to the above moderate
22 category which is up to 140 percent of AMI. Those
23 rents are \$1,747 a month. These also include
24 utilities.

25 **MR. CHIPCHASE:** I was hoping you'd talk a

1 little bit about the application process for the
 2 affordable units.

3 **DR. DANCIL:** Yes. So we asked for an
 4 exemption from the application process that is
 5 written in the Maui County code and that is provided
 6 in Petition Exhibit 4. We had received several
 7 accolades from the county in this application
 8 process because what we are trying to do is
 9 encourage Lanai residents or people that live and
 10 work on Lanai to apply. So you would come in and
 11 you would pick up an application. You would fill it
 12 out. You would first need to qualify for it. And
 13 then after you qualify, then you get put into a
 14 lottery and from that lottery you're chosen and then
 15 you would wait for an available unit. So we
 16 actually switched things around.

17 **MR. CHIPCHASE:** I appreciate that
 18 explanation.

19 I'd like you to talk about the data. We
 20 heard from the testifiers. We've heard from you
 21 about the need. But the data analyzed in the market
 22 and economic impact studies for this project.

23 **DR. DANCIL:** Overall, there will be 687
 24 person years of employment produced in the course of
 25 the project. It will produce an estimated \$52

1 million in construction wages; \$19.5 million in
2 state taxes; and nearly \$7 million in county taxes.
3 The project is expected to be fully absorbed by the
4 market once the units are built.

5 **MR. CHIPCHASE:** The one measure there that
6 sometimes raises questions is what a person year is.
7 Can you explain that to us?

8 **DR. DANCIL:** Sure. One person working for
9 one year is a person year. So this project will
10 employ a lot of people from start to finish.

11 **MR. CHIPCHASE:** And we heard from one of
12 the testifiers that no impact to the existing
13 agriculture is expected from this project. But I
14 know that was studied. I'd like you to talk about
15 the results of that study.

16 **DR. DANCIL:** Yeah. The conversion of ag
17 to urban will have a de minimis effect on
18 agriculture available land on Lanai.

19 **MR. CHIPCHASE:** Dr. Dancil, in terms of
20 the project timeline, when do you anticipate that
21 it'll be completed?

22 **DR. DANCIL:** We anticipate the first homes
23 will be available in 2023 and estimate that the
24 entire project be completed by 2025.

25 **MR. CHIPCHASE:** Let's look at the

1 approvals that were required to get to the point
 2 we're at today. Pulama Lanai engaged in extensive
 3 planning starting with the environmental assessment,
 4 which was conducted to evaluate the impact of the
 5 project, and for which many technical reports were
 6 prepared. Was that final environmental assessment
 7 accepted?

8 **DR. DANCIL:** Yes. The final EA was
 9 accepted and a FNSI was issued.

10 **MR. CHIPCHASE:** And in addition to the
 11 acceptance of the FEA and the FNSI, did the county
 12 council also approve this project?

13 **DR. DANCIL:** Yes. On September 3rd, they
 14 adopted Council Resolution 21-136, which was the
 15 application for the affordable housing project, and
 16 it was unanimous.

17 **MR. CHIPCHASE:** And so with those
 18 approvals in place, excluding building and grading
 19 permits, those ministerial permits and approvals
 20 you'll need, what is the final approval step in the
 21 process for Hokuao?

22 **DR. DANCIL:** The DBA petition before you
 23 is the final step in the entitlement process, Pulama
 24 Lanai, the DBA petition with the Commission, on
 25 October 18th, as stated earlier in the record. And

1 because we are operating on an accelerated schedule,
2 we're here before you today.

3 **MR. CHIPCHASE:** Dr. Dancil, we've put up
4 on the screen a list of the technical studies that
5 were completed, and some of those authors are
6 available today as experts for questions and
7 clarifications. As part of those studies and the
8 FEA, were any significant impacts reported or
9 anticipated?

10 **DR. DANCIL:** No. There are no significant
11 impacts, and the final EA/FNSI was accepted by our
12 approving agency, as mentioned earlier. It was
13 published in the environmental notice on May 23rd.
14 We had no challenges.

15 **MR. CHIPCHASE:** In terms of the historical
16 and cultural resources, specifically the SHPD
17 requirements under 6C, I notice that SHPD accepted
18 the AIS, the archaeological inventory survey, and
19 the archaeological monitoring plan. On that note,
20 has the project complied with Chapter 6C for
21 purposes of historic review?

22 **DR. DANCIL:** Yes. We've prepared an AIS
23 and an AMP. Both were accepted by SHPD as noted in
24 Exhibit 3, Appendix B1, and Exhibit 13,
25 respectively. The project complied with HRS Chapter

1 60.

2 **MR. CHIPCHASE:** After the FEA and the
3 FNSI, you mentioned that you then submitted the 201H
4 application to the County of Maui. Can you tell us
5 a little bit about the county 201H process?

6 **DR. DANCIL:** We submitted our draft
7 application earlier this year and our final
8 application on July 16th of this year. We attended
9 three Affordable Housing Committee meetings in
10 August and a General Council meeting in September.
11 The Council as I mentioned earlier unanimously
12 approved the resolution, approving the project with
13 14 modifications.

14 **MR. CHIPCHASE:** And I don't want to go
15 through all the modifications. I know you've
16 accepted them all. But there's one that I did want
17 to mention. There's a unique requirement for
18 teachers. Could you tell us a little bit more about
19 that?

20 **DR. DANCIL:** Yes, absolutely.

21 As mentioned earlier and there was a fair
22 amount of discussion about that, Pulama Lanai
23 already rents to teachers. We rent about 21 units
24 to teachers on island. And as part of our
25 commitment to education, we are going to be adding

1 10 more units for the Hokuao project. So all
2 together it will be about 31 units that we provide
3 to Pulama Lanai.

4 **MR. CHIPCHASE:** Thank you.

5 And Dr. Dancil, have the reviewing
6 agencies supported this project?

7 **DR. DANCIL:** We have received overwhelming
8 support. The County of Maui Office of Planning, the
9 County Department of Environmental Management, DOH,
10 and the Office of Planning and Sustainable
11 Development.

12 **MR. CHIPCHASE:** We put those letters up on
13 the screen for the Commission but they're also in
14 the record before you.

15 Thank you, Dr. Dancil. I don't have any
16 further questions and I invite the Commission to ask
17 questions if it has any.

18 **CHAIR SCHEUER:** You can stop
19 screensharing, Mr. Chipchase.

20 **MR. CHIPCHASE:** I will, Chair.

21 **CHAIR SCHEUER:** Questions for the witness?

22 **MR. HOPPER:** No questions, Chair.

23 **CHAIR SCHEUER:** Thank you, County.

24 OP, SD?

25 **MS. KATO:** I just have a few questions.

1 Sorry. Can you please confirm that you're
2 the authorized representative for petitioner Pulama
3 Lanai?

4 **MR. CHIPCHASE:** We have two
5 representatives, counsel. Dr. Dancil is one
6 representative and Mr. Matsumoto, who will speak
7 next, is the senior representative.

8 **MS. KATO:** Okay. In terms of the Office
9 of Planning's conditions, would Dr. Dancil be able
10 to agree to those?

11 **MR. CHIPCHASE:** Oh, counsel, we agree to
12 all of OP's conditions.

13 **MS. KATO:** Okay.

14 **MR. CHIPCHASE:** Nine conditions that were
15 listed. We've accepted those. I believe that was
16 confirmed outside of these proceedings but I'm happy
17 to confirm it in these proceedings.

18 **MS. KATO:** Okay. Petitioner is in
19 agreement with the form of the conditions including
20 the conditions 8 and 6?

21 **MR. CHIPCHASE:** Yes, counsel.

22 **MS. KATO:** Okay.

23 **MR. CHIPCHASE:** I believe one of those was
24 revised and we reached agreement on it. And one, we
25 weren't able to reach agreement on it but we accept

1 your form.

2 **MS. KATO:** Okay. I know there was some
3 back and forth and I wasn't sure if there was an
4 agreement, final agreement on the form of the
5 condition.

6 **MR. CHIPCHASE:** There is, counsel.

7 **CHAIR SCHEUER:** One moment.

8 Mr. Giovanni?

9 **COMMISSIONER GIOVANNI:** Chair, I think
10 there's a little bit of inside baseball going on in
11 this conversation. I would appreciate if Mr.
12 Chipchase and Ms. Kato could provide a reference
13 that I could understand when they're talking about a
14 specific condition.

15 **CHAIR SCHEUER:** You took the words out of
16 my mouth, Commissioner Giovanni.

17 Ms. Kato, if you wish this to influence
18 and enlighten the commissioners, it would help if
19 you specifically reference particular language that
20 you're asking whether or not the petitioner is
21 binding.

22 **MS. KATO:** Okay. Sorry, I apologize.

23 Before this, we communicate with
24 petitioner to work on revisions to the conditions
25 that OPSD proposed, which we proposed in our

1 testimony. We had conditions 1 through 8.

2 **CHAIR SCHEUER:** Wait, Ms. Kato.

3 **MS. KATO:** Mm-hmm.

4 **CHAIR SCHEUER:** You mentioned two
5 particular conditions. It seems like the question
6 is wanting to confirm what form of the conditions
7 they've agreed to. So perhaps you would read the
8 condition and confirm with them that that's what
9 they've agreed to.

10 **MS. KATO:** OP proposed an additional
11 condition number 9, which is related to the mature
12 Cook pines that are referenced in the CIA, and the
13 specific language is, "Petitioner shall preserve or
14 relocate the mature Cook pines from the row Mauka of
15 the community gardens as identified in the Cultural
16 Impact Assessment within the project area as
17 practicable."

18 **CHAIR SCHEUER:** And your question for the
19 petitioner is?

20 **MS. KATO:** Is this acceptable in that
21 form?

22 **MR. CHIPCHASE:** Yes, it is acceptable.

23 **MS. KATO:** And we also had, there was
24 another change to condition -- there were two
25 changes to condition 8 related to invasive species.

1 It's in the form that OP provided in our testimony
2 except that the word "avoid" be changed to
3 "minimize" in the last sentence. And --

4 **CHAIR SCHEUER:** If it's not exceedingly
5 long, you could read it.

6 **MS. KATO:** Sorry; I need to pull this out.
7 "Petitioner shall minimize the movement of plant or
8 soil material between worksites such as infill so as
9 to prevent the spread of invasive fungal pathogens
10 and avoid importing soil -- and minimize importing
11 soil or other plant materials from off island."
12 Plus an additional sentence to address quarantine in
13 this form: "Imported plants used in landscaping
14 shall first be quarantined in an enclosed location
15 away from the project site and all imported plants
16 shall be inspected to ensure that they are free from
17 invasive species that could arrive inadvertently."

18 Is this condition acceptable to
19 petitioner?

20 **MR. CHIPCHASE:** I think there might have
21 been, and maybe it's just my hearing and I missed
22 it, but I thought that you referenced a void and in
23 the beginning in the statement should be minimized.
24 Petitioner shall minimize. If I heard it wrong, I
25 apologize. But in that form, with that notation, it

1 is acceptable.

2 And Commissioner Giovanni's question, I'm
3 sorry for the inside baseball. The intent was
4 simply to resolve the conditions to the extent
5 possible before coming before the commission so that
6 we didn't have to argue over them before the
7 commission. And in Mr. Matsumoto's testimony I did
8 intend to confirm, and we still will confirm that
9 the nine conditions as revised between the parties
10 are acceptable.

11 **MS. KATO:** Okay. And so I assume then the
12 condition -- the petitioner is okay with also
13 condition 6 in the form that was proposed in OPSD's
14 written testimony?

15 **MR. CHIPCHASE:** Yes, counsel. And so for
16 the benefit of the commission, that condition deals
17 with the endangered Hawaiian hoary bat. There's no
18 evidence of the bat in the project area.
19 Nevertheless, OP has requested and we have agreed to
20 a condition that reads as follows: "Because of the
21 potential for the state-listed Hawaiian hoary bat to
22 occur in the vicinity of the project area, the
23 petitioner shall avoid removing any trees during the
24 bat birthing and pup rearing season (June 1-
25 September 15). If this cannot be avoided, woody

1 plants greater than 15 feet tall shall not be
2 disturbed, removed, or trimmed, without consulting a
3 state DLNR DOFAW." DLNR DOFAW.

4 And we do agree to that condition.

5 **MS. KATO:** Okay. Thank you.

6 I just have a couple of really quick
7 questions about density.

8 **CHAIR SCHEUER:** And to clarify, Ms. Kato,
9 are these questions for the witness or witness's
10 counsel?

11 **MS. KATO:** I guess either but --

12 **CHAIR SCHEUER:** So we have a witness in
13 front of us. The procedure is you would address
14 questions to the witness who is before us.

15 **MS. KATO:** Okay. The questions are for
16 the witness.

17 **CHAIR SCHEUER:** Please continue.

18 **MS. KATO:** Okay. Thank you, Chair.

19 So the lots are planned to be
20 approximately 8,000 to 12,00 square feet each; is
21 that correct?

22 **DR. DANCIL:** That is correct.

23 **MS. KATO:** You mentioned that these are
24 larger lots than most of the house lots in Lanai
25 City. Can you tell me the reason for the relatively

1 large lot size?

2 **DR. DANCIL:** Yes. So we wanted to design
3 something that was providing gracious space. During
4 the pandemic, as you know, and what you've heard
5 earlier, it's just Lanai City is very dense and
6 condensed. People living in crowded situations.
7 Not having a yard in which the children can play in.
8 And so part of the design was to have yard space so
9 that children within the home could have areas to
10 play in, to escape, and if they had to quarantine or
11 we were locked again, they could still quarantine
12 and lockdown and not drive everyone nuts in the
13 home.

14 **MS. KATO:** Okay. Is one dwelling unit per
15 lot intended to be the maximum density for the lots?

16 **DR. DANCIL:** That is correct.

17 **MS. KATO:** Okay. Can you confirm that
18 Pulama Lanai will not later increase the density on
19 the lots by developing EDUs?

20 **DR. DANCIL:** Yes.

21 **MS. KATO:** If those are available?

22 **DR. DANCIL:** Yes. And I believe that was
23 a modification that we agreed to in the 14
24 modifications from the county.

25 **MS. KATO:** Okay. Thank you. I have no

1 other questions.

2 **CHAIR SCHEUER:** Thank you.

3 Commissioners? I believe I saw a hand
4 from Commissioner Chang earlier.

5 **COMMISSIONER CHANG:** Yes, Mr. Chair. I
6 just have a few questions. Thank you.

7 **CHAIR SCHEUER:** Thank you.

8 **COMMISSIONER CHANG:** Good morning, Keiki-
9 Pua, nice to see you.

10 **DR. DANCIL:** Aloha.

11 **COMMISSIONER CHANG:** I just have a few
12 questions.

13 Well, first of all, I really greatly
14 appreciate the concise presentation. It was very
15 efficient and every effective.

16 One question. Are you providing electric
17 charging stations for vehicles as well?

18 **DR. DANCIL:** There will be electric
19 charging stations at the parking lot by the
20 community center. So yes, they will be provided.

21 **COMMISSIONER CHANG:** Yeah. The reason I
22 ask is there's an old timer on Lanai who has
23 complained about the charging stations. I can't
24 remember his name right now.

25 Another question is you indicated that 100

1 percent of the project is being funded by Pulama
2 Lanai. However, are there any federal triggers for
3 this project?

4 **DR. DANCIL:** Not that I am aware of.

5 **COMMISSIONER CHANG:** Okay. My last
6 question is, could you share with us, and I'm hoping
7 you may be the proper person, what is the total cost
8 of both construction of the houses as well as the
9 infrastructure?

10 **DR. DANCIL:** So we're not disclosing the
11 price as we're financing it privately ourselves.

12 **COMMISSIONER CHANG:** Okay.

13 **DR. DANCIL:** And if there's additional
14 questions, President Mr. Matsumoto can address them.

15 **DR. DANCIL:** Okay. And the only reason
16 I'm asking is we have had other housing projects
17 that have come up and they're not funded by the
18 developer. And so I like to know what is a
19 reasonable cost of a project because I'm having --
20 one of my issues is the infrastructure, the cost of
21 the infrastructure and what is a reasonable
22 performance bond to expect from a developer who is
23 getting financing.

24 But all right. I will honor the fact that
25 this is a confidential -- you're not disclosing

1 those costs but you are financing 100 percent of the
2 cost; is that correct?

3 **DR. DANCIL:** That is correct. And in our
4 application to the county, there is some letters
5 that provide those statements from our parent
6 company.

7 **MS. KATO:** Thank you very much. I have no
8 further questions. Again, I applaud you for your
9 great project. Thank you.

10 **DR. DANCIL:** Mahalo.

11 **CHAIR SCHEUER:** Thank you.

12 Commissioner Ohigashi followed by
13 Commissioner Giovanni.

14 **COMMISSIONER OHIGASHI:** I notice that in
15 your presentation there are phase one and phase two
16 when they come online. How much -- how many of the
17 housing units will be available in 2022 on
18 completion of phase one?

19 **DR. DANCIL:** I'm sorry, I don't have the
20 exact number in front of me. Phase one and phase
21 two is approximately 50 percent, so you know, 74,
22 76. I would have to get back to you on that but I
23 can go and look. I don't have that information
24 readily available.

25 **COMMISSIONER OHIGASHI:** And are there

1 going to be both market rate and affordable units
2 available?

3 **DR. DANCIL:** Yes.

4 **COMMISSIONER OHIGASHI:** In phase one and
5 phase two? Or is it all market rates in phase one
6 and affordable in phase two?

7 **DR. DANCIL:** Great question. We're
8 actually building them concurrently. However, we're
9 going to make them available, 51 percent affordable
10 and affordable will be first and then market. So
11 for every two affordable units, then we'll build one
12 market unit. So they will be both at the same ratio
13 of 51 percent to affordable to 49 percent market.

14 **COMMISSIONER OHIGASHI:** And that will be
15 available both phases? I just wanted to clear that
16 up.

17 **DR. DANCIL:** Throughout the entire
18 construction of the project. Correct. That is
19 correct.

20 **COMMISSIONER OHIGASHI:** And what are the
21 market rate rentals?

22 **DR. DANCIL:** We haven't decided on the
23 market rate rentals yet but just for context I want
24 to share with you some facts. So, we have single
25 family homes within Lanai City. These are older

1 plantation homes. They are two bedroom, one bath
 2 homes. The average rent is \$760. So we have about
 3 440 rentals and we understand, you know, who we're
 4 renting it to because the majority of the renters
 5 are part of our workforce. Either our workforce,
 6 Four Seasons, or Sensei. And so market rate isn't
 7 normally what most people think of market rate.
 8 It's market rate on Lanai. So, we haven't nailed
 9 down that but it will be within our other available
 10 inventory. Obviously, they will be slightly more
 11 because these are going to be brand new homes. Like
 12 I said, some of the older plantation homes from
 13 1930s, 1940s are much older. They don't have the
 14 air conditioning. They don't have the tiles, the
 15 battery. But they will be within the range that we
 16 charge for some of our other homes, just slightly
 17 more because of the more modern finishes and a brand
 18 new home.

19 **COMMISSIONER OHIGASHI:** And what would
 20 that range be? I didn't hear a number.

21 **DR. DANCIL:** We haven't opened up, sorry.
 22 Lots of information. We haven't agreed -- we
 23 haven't had approval of the number yet, so we don't
 24 know that.

25 **COMMISSIONER OHIGASHI:** No, I think your

1 response was that you have a range of what you are
2 charging now.

3 **DR. DANCIL:** Yes. What we're charging --

4 **COMMISSIONER OHIGASHI:** I'm just wondering
5 what that range is so we can reasonably assume that
6 they would be more than that range.

7 **DR. DANCIL:** Yes. So right now we -- so
8 it might shock you. So some of our rents are as low
9 as \$150, \$200 a month just because of how they were
10 honored from way back then, and they can go up to
11 about \$2,200.

12 **COMMISSIONER OHIGASHI:** So even though
13 it's -- even though the lowest \$150, you might
14 admit, the top range -- the top seems to be \$2,200.
15 Is that what you're looking to get out of the
16 market?

17 **DR. DANCIL:** It's within range.

18 **COMMISSIONER OHIGASHI:** Pardon me?

19 **DR. DANCIL:** It's within the range, but
20 like I said, again, we haven't come down to a
21 specific number.

22 **COMMISSIONER OHIGASHI:** Okay. I'm going
23 to assume that it's like \$2,200 and above I'm
24 guessing.

25 The second question that I have is that

1 sometimes in order to meet the requirements, I know
2 the developers hire or owners hire management
3 companies to manage the affordable rentals. Will
4 there be a management company hired outside of your
5 company to manage the affordable as well as, I
6 guess, the market rentals?

7 **DR. DANCIL:** No. We will be managing it
8 ourselves.

9 **COMMISSIONER OHIGASHI:** And is that
10 affordable -- so in other words, do you have a plan
11 for minimum leases for those affordable leases? I'm
12 just curious. Is it a yearly lease or will it be a
13 multi-year lease or will it be month-to-month lease?
14 Do you have an idea of that?

15 **DR. DANCIL:** These won't be month to
16 month. These are going to be rented to the workforce
17 on Lanai so they're long-term rentals.

18 **COMMISSIONER OHIGASHI:** When you say long-
19 term rentals, that would be generally defined as
20 over six months?

21 **DR. DANCIL:** Annual.

22 **COMMISSIONER OHIGASHI:** Pardon me?

23 **DR. DANCIL:** For one year. At least a
24 year, annual lease.

25 **COMMISSIONER OHIGASHI:** So that would be

1 part of the record that the affordable rentals will
2 be one year?

3 **DR. DANCIL:** Yes.

4 **COMMISSIONER OHIGASHI:** And you mentioned
5 that there is an affordable rental scale. Will your
6 leases be tied into that scale assuming that that
7 scale goes up or will it be a fixed number?

8 **DR. DANCIL:** Yes. So we will follow with
9 county guidelines. Those rents are set so they
10 adjust it every May.

11 **COMMISSIONER OHIGASHI:** So they would be
12 adjusted every year in accordance with the guidance?

13 **DR. DANCIL:** Correct.

14 **COMMISSIONER OHIGASHI:** Thank you.

15 **DR. DANCIL:** Thank you, Commissioner.

16 **CHAIR SCHEUER:** Thank you, Commissioner
17 Ohigashi.

18 Commissioner Giovanni, followed by
19 Commissioner Cabral.

20 **COMMISSIONER GIOVANNI:** Thank you, Chair.
21 Good morning, Mr. Chipchase. Good morning, Keiki-
22 Pua.

23 **DR. DANCIL:** Aloha.

24 **COMMISSIONER GIOVANNI:** So I have a few
25 questions, Mr. Chipchase. I'll leave it to you to

1 whether they should be directed to Ms. Dancil or to
2 Mr. Matsumoto.

3 **MR. CHIPCHASE:** Fair game.

4 **COMMISSIONER GIOVANNI:** The first has to
5 do with the strategy that's being implemented for
6 the decision that was made to offer long-term
7 rentals. I think the expression in the record is in
8 perpetuity as opposed to sale for ownership. And I
9 applaud that strategy by the way on a personal
10 basis. But can you explain the logic behind
11 offering rentals as opposed to for sale units to
12 meet the affordable housing demand?

13 **MR. CHIPCHASE:** I think it's a great
14 question, Commissioner, and there is a strategy
15 behind it. If you'd be patient, Mr. Matsumoto would
16 be happy to address that.

17 **COMMISSIONER GIOVANNI:** That would be
18 fine.

19 **MR. CHIPCHASE:** Thank you.

20 **COMMISSIONER GIOVANNI:** My second
21 question, and I'm going to follow up on Commissioner
22 Chang's inquiry about financing. I do appreciate
23 that you're doing the financing in-house. But the
24 underlying concern is if there's any federal or
25 third-party financing of any kind that would result

1 in opening the qualification for the affordable
 2 housing to others and those that were represented to
 3 date in terms of the workforce on Lanai, in
 4 particular to people who don't currently live on
 5 Lanai but would love to retire there and not become
 6 part of the workforce but somehow become qualified
 7 for this low income housing by virtue of the
 8 financing that's being done. Can you assure us that
 9 you've looked at that and that that will not occur?

10 **DR. DANCIL:** Yes, we have looked at that
 11 and that will not occur.

12 **COMMISSIONER GIOVANNI:** And thirdly --
 13 thank you for that very -- we really appreciate the
 14 brevity of these answers by the way. We often run
 15 into very long answers so I'll try and keep my
 16 questions brief as well.

17 The third area has to do with the hoary
 18 bat. There is a fair amount of conjecture currently
 19 within the state and I might call your attention to
 20 a recent civil edict, an article in which there's a
 21 possibility that the hoary bat may be delisted from
 22 the endangered species list. And my question is
 23 that in the event it's delisted, would you be
 24 amenable to modification of the condition or at
 25 least the condition that would say that if it is

1 delisted that the restrictions on construction would
2 be lifted and allow the construction to proceed on
3 an expedited basis so that the project could be
4 completed sooner?

5 **DR. DANCIL:** Yes. If the ope'ape'a is
6 delisted, or the Hawaiian hoary bat, we will
7 continue with the modification of our condition.

8 **MR. CHIPCHASE:** We would be amenable to
9 that modified condition, Commissioner.

10 **COMMISSIONER GIOVANNI:** And just FYI, I'll
11 put that same question to the county when they
12 present their position.

13 **MR. CHIPCHASE:** Very good.

14 **COMMISSIONER GIOVANNI:** Thank you. I have
15 no further questions.

16 **DR. DANCIL:** Thank you.

17 **CHAIR SCHEUER:** Thank you very much,
18 Commissioner Giovanni.

19 Commissioner Cabral?

20 **COMMISSIONER CABRAL:** Thank you, Chair.

21 I read a lot of this information
22 beforehand and then some of the information in the
23 presentation caused me to be confused. So I wanted
24 to clarify some things. So when you reference using
25 HUD guidelines, that does not in any way obligate

1 you to -- because you're not planning on using any
 2 of the HUD money; is that correct?

3 **DR. DANCIL:** That is correct. The HUD
 4 guidelines are for the income levels and that's a
 5 part of the Maui County process. So they actually
 6 take the HUD guidelines and then adjust them
 7 particularly for Lanai for the income levels.

8 **COMMISSIONER CABRAL:** Okay. So, okay, I
 9 do understand that. So you're able to -- and then
 10 in terms of restricting who is allowed to live
 11 there, one would be their potential guidelines for
 12 their income level of their household based on their
 13 household size and a whole lot of guidelines I
 14 understand.

15 Are you also going to be able to restrict
 16 who gets to rent from you? You just referenced not
 17 to let a lot of retirees like me swoop down there or
 18 something but you're going to be able to restrict it
 19 so that it's going to be only for your employees and
 20 are only for long-term or proven residents of Lanai.
 21 Is that what you're going to be able to do in order
 22 to not have it be a lot of outsiders coming in?

23 **DR. DANCIL:** So we have to file -- follow,
 24 I'm sorry, federal guidelines on equal housing
 25 opportunity. So according to Maui County code,

1 there is eligibility criteria. And so we're
 2 following those criteria. Those are set forth by
 3 the county and this is part of Chapter 296. And so
 4 I'll read to you the particular code. I believe
 5 some of it is in Exhibit 4 of our petition regarding
 6 the eligibility but it's for residents who meet the
 7 following criteria and the county code lists a whole
 8 bunch of criteria.

9 **COMMISSIONER CABRAL:** Okay. Thank you.
 10 Because my concern is that if you're not careful,
 11 especially if you're using any kind of federal money
 12 then anyone from anywhere is going to see what a
 13 beautiful place this is and sign up and you'll have
 14 everybody from transplants from the Mainland all
 15 living here with their public assistance.

16 Okay. Also, since you're going to be
 17 owning the roads and you're going to be owning all
 18 the infrastructure, you're going to be owning
 19 everything, are you going to be, since you are the
 20 only -- you're going to be managing itself, is there
 21 any type of plans to have some kind of like home
 22 resident association to help with the enforcement of
 23 house rules or guidelines with that type of
 24 proximity of living in your subdivision?

25 **DR. DANCIL:** We're not going to have an

1 HOA. However, in our rental agreement there will be
 2 house rules. And that's what we do with our other
 3 inventory on island. There's house rules.

4 **COMMISSIONER CABRAL:** Okay. And then I
 5 may have missed it. I know that you're going to be
 6 having solar for your electricity and then I think
 7 it was there but I didn't catch it. Are you also
 8 having electric as backup on electricity in addition
 9 to their solar?

10 **DR. DANCIL:** Yes. So there will be solar
 11 tiles and a battery energy storage system that will
 12 provide most, if not all. However, if someone uses
 13 more, we are still connected to the HECO grid.

14 **COMMISSIONER CABRAL:** Okay, good. And
 15 then is there any thought in terms of your financing
 16 since you're going to be self-financed, if the need
 17 grows, are you limiting yourself with what you're
 18 putting forward now because the thought would be
 19 that perhaps in the future you'd want to sell off
 20 some of these units and thereby provide money for
 21 future construction of additional rental units if
 22 that were to -- because in some ways, if you have a
 23 housing shortage, at some point in time if you just
 24 have more houses on the ground, you start to provide
 25 housing for everyone in the community. Has there

1 been any thought of how to be able to move forward
 2 in the distant future if that were to be needed,
 3 additional housing by selling off what you've
 4 created now?

5 **DR. DANCIL:** Yes. So currently -- Mr.
 6 Matsumoto can expand on this. However, right now we
 7 don't foresee selling any of the homes at this
 8 particular time. After our rental project is
 9 constructed, the county also has a parcel as I
 10 mentioned next door which is 115 acres. That's
 11 specifically for affordable housing. That's what it
 12 was deeded over specifically to develop affordable
 13 housing. So they could develop their project, so
 14 there's opportunity there. And as we committed to
 15 in our county application, after our project, the
 16 rental project, the county's project gets developed
 17 and if there still is a need on island, we'll be
 18 exploring more housing options ourselves. We're in
 19 collaboration with the county.

20 **COMMISSIONER CABRAL:** Okay. Another
 21 concern that I see in communities that if you have
 22 all affordable units in one area. So you did
 23 indicate that as you build them, not just -- you're
 24 going to build an equal number, or 76 and 74 market
 25 rental ones, but are they going to be integrated?

1 So, potentially you'll have one that's getting an
2 affordable rate next to somebody who is plain market
3 or are you sectionizing and having one section be
4 market and one geographic section be affordable?

5 **DR. DANCIL:** Great question. Because all
6 the units are identical, they could be right next
7 door to each other.

8 **COMMISSIONER CABRAL:** Okay. I appreciate
9 that very much. Thank you for the good information.
10 Thank you.

11 **DR. DANCIL:** Thank you, Commissioner.

12 **CHAIR SCHEUER:** Okay. Thank you,
13 Commissioner Cabral.

14 We've been going an hour.

15 Commissioner Okuda, about how long do you
16 have do you think?

17 **COMMISSIONER OKUDA:** Two minutes, Chair.

18 If I may, I just wanted to say I didn't
19 want my silence to be taken as somehow my disclosure
20 means I'm just going to rubberstamp this so I just
21 wanted to state that for the record. And along that
22 line, if everyone can recall, I was the only vote
23 which opposed Pulama Lanai taking water from the
24 high level aquifer. So I'm not an automatic friend
25 of Pulama Lanai. But since all my fellow

1 commissioners covered what questions I would have
2 asked, I thought it's better since it's being done
3 very efficiently today unlike certain recent dockets
4 we had, I would like to contribute to the
5 efficiency. So thank you very much, Mr. Chair. I
6 have no further questions.

7 **CHAIR SCHEUER:** Thank you, Commissioner
8 Okuda.

9 Commissioners, any further questions for
10 this witness?

11 If not, I have a couple.

12 Dr. Dancil, during the public testimony
13 that we received this morning, one of the comments
14 was that there is often a need for rental housing
15 available for people who are experiencing domestic
16 violence or other domestic disputes. Is there
17 anything in the proposed conditions from the county
18 or the LUC that would reserve any of these units to
19 actually address that need?

20 **DR. DANCIL:** Mahalo, Chair, Dr. Scheuer.
21 I appreciate the question. Right now in the current
22 modifications from the county and the conditions by
23 the LUC, we did not address that issue.

24 I would also, if you allow me to expand a
25 little, we have donated a home on Lanai for the

1 women's shelter. So we have provided a home for
 2 domestic abuse on island.

3 **CHAIR SCHEUER:** My next question also has
 4 to do with availability of housing. The word
 5 "residents" are given priority, how is residents
 6 defined? Is that a resident of the state or a
 7 resident of the island of Lanai?

8 **DR. DANCIL:** Chair Scheuer, that is an
 9 excellent question and I don't want to punt.
 10 However, resident is defined in Maui County code and
 11 maybe Mr. Hopper could expand on that but I do have
 12 the code in front of me. Maui County Code Chapter
 13 2.96.020, "Definitions. Resident means a person who
 14 meets one of the following criteria. (1) Current
 15 employed in the county; (2) Retired from employment
 16 in the county having worked in the county
 17 immediately prior to retirement; (3) Full-time
 18 student residing in the county; (4) A disabled
 19 person residing in the county who was employed in
 20 the county prior to becoming disabled; (5) The
 21 parent or guardian of a disabled person residing in
 22 the county; (6) A spouse or dependent of any such
 23 employee, retired person, student or disabled person
 24 residing in the county; or (7) In the event of the
 25 death of the employee, retired person, student or

1 disabled person, the spouse or dependent of any such
2 person residing in the county."

3 **CHAIR SCHEUER:** So the definition that
4 you're using is to follow the county's definition of
5 resident?

6 **DR. DANCIL:** We have to follow the Maui
7 County code according to Chapter 2.9 in our
8 application. That is correct.

9 **CHAIR SCHEUER:** So there's no provision
10 that we have currently in this to say give a
11 preference for -- well, there were multiple
12 witnesses who talked about the desire of people who
13 were born and raised on Lanai and who have gone away
14 to return. In fact, it would actually be
15 potentially disadvantaged under this definition
16 because there could be somebody who moved from
17 California last week but they're now technically a
18 resident and they would get priority over our keiki
19 who are trying to come home?

20 **DR. DANCIL:** Maybe I can jump in. That's
21 not what we're trying to do.

22 **CHAIR SCHEUER:** I'm not suggesting you're
23 trying to do it. I'm just asking whether or not by
24 having to adhere to that definition that is the
25 practical consequence.

1 **MR. CHIPCHASE:** If I may, Chair, of course
2 we have to adhere to the definition, but if I could
3 ask Dr. Dancil maybe to -- we're sensitive to that;
4 right? We have to adhere to the definition of
5 resident which is defined in accordance with the
6 county rules which means a resident of the county.
7 I don't think they're loose enough that the
8 situation you described could occur. They're all
9 tied to employment or other factors that Dr. Dancil
10 went through. But I would like Dr. Dancil maybe to
11 talk about what we did because we are sensitive to
12 that with respect to the application process.

13 **DR. DANCIL:** Yes. So if you look at the
14 application process, we put in barriers,
15 potentially. You have to come in person. We're not
16 putting the application online so you have to
17 physically come into our office and pick up an
18 application. Anyone who has traveled to Lanai or
19 attempted to travel to Lanai recently, it's not that
20 easy. Flights are limited and flights get canceled
21 often so that is a natural barrier already. And
22 that is a practice that we do not just with the
23 Hokuao affordable units. It's with our other units
24 and inventory. So you have to physically come into
25 the office and pick up an application. We also have

1 an interview process as well for the affordable
2 units as well as the market units.

3 So we're trying to, you know, make it as
4 easy as possible that it goes to Lanai people that
5 live and work there. We not only provide housing to
6 our employees, our affiliates, but to teachers, as I
7 mentioned earlier. To people that -- doctors,
8 nurses, the people that provide services on Lanai.
9 And that's, you know, without breaking any federal
10 laws or getting, you know, caught into a situation.
11 We just have to be --

12 **CHAIR SCHEUER:** Yeah, no.

13 **DR. DANCIL:** -- (inaudible) about how we
14 put the information out.

15 **CHAIR SCHEUER:** So, and to be clear, the
16 intention of my question is not to criticize Pulama
17 Lanai but to really mark that we have this really
18 gap in our -- after seven years I'm painfully aware
19 of this -- gap in our conversations about affordable
20 housing in Hawaii where we hear from the public and
21 they're like, yeah, I want my kids to be able to
22 move home. And then we approve things but we
23 actually don't have provisions to actually make that
24 occur. So it's good to hear about the steps that
25 you're taking to at least try and address some of

1 those concerns in the fairly great gulf between what
2 we actually approve versus what our desires are.

3 **MR. CHIPCHASE:** Just to touch on that,
4 Chair, I totally understand where you're coming from
5 and, you know, I think that what we've tried to do
6 is within those frameworks, within the legal
7 frameworks that we have, do what we can to address
8 that concern, that need on Lanai.

9 **CHAIR SCHEUER:** I'd be open to any
10 expanded language that would further, within the
11 constraints of Federal Fair Housing law, allow us to
12 address that real desire that our people have.

13 You know, I'll just briefly note, we were
14 not the accepting agency on this environmental
15 assessment so I disagree generally with the
16 assessment that just because pumping is below
17 sustainable yield that means a particular well
18 source is sustainable but I will leave that for now.

19 I want to ask about county's condition
20 two, which is an unusual condition. And if I can
21 read it correctly for the benefit of my fellow
22 commissioners that might not have it immediately in
23 front of them, proposed county condition two, which
24 is to be incorporated and hence become an LUC
25 condition is, "Petitioner must establish a policy to

1 affirmatively protect any Pulama Lanai employee
2 residing within the project to express themselves
3 freely even in opposition to Pulama Lanai or its
4 affiliates without fear of retaliation from the
5 company or loss of home or employment."

6 Dr. Dancil, could you expand upon the ways
7 in which Pulama Lanai intends to fulfill that
8 condition and address how the LUC might attempt to
9 or the county might attempt to enforce said
10 condition?

11 **MR. CHIPCHASE:** If you'll indulge me,
12 Chair, I think that question is a good one because
13 it is an unusual condition, maybe a unique
14 condition. But I think Mr. Matsumoto would be a
15 more appropriate witness.

16 **CHAIR SCHEUER:** I'm happy to direct it to
17 Mr. Matsumoto instead.

18 **MR. CHIPCHASE:** Thank you, Chair.

19 **CHAIR SCHEUER:** I have nothing and
20 appreciate the responses.

21 Is there anything further, commissioners?

22 If there is none, I'd like to be done with
23 this witness. Take -- and my desire is to take a
24 10-minute break and then see if in another hour we
25 can wrap up conversation, a witness from Mr.

1 Matsumoto prior to taking lunch.

2 Is that acceptable?

3 **MR. CHIPCHASE:** Yes, Chair.

4 **CHAIR SCHEUER:** Commissioners?

5 Okay. It is 10:31 -- 11:31. We will
6 reconvene at 11:41.

7 **(Recess was taken 11:31 a.m. - 11:41 a.m.)**

8 **CHAIR SCHEUER:** It's 11:41. We're back in
9 session.

10 Mr. Chipchase, I neglected to ask if you
11 had any redirect for your previous witness.

12 **MR. CHIPCHASE:** No harm, no foul, Chair.
13 I have none.

14 **CHAIR SCHEUER:** Okay. Thank you.
15 Shall I swear in your next witness?

16 **MR. CHIPCHASE:** Please, Chair. Mr.
17 Matsumoto has joined us.

18 **CHAIR SCHEUER:** Okay. It's nice to see
19 you.

20 Do you swear or affirm the testimony
21 you're about to give is the truth?

22 **MR. MATSUMOTO:** I do.

23 **CHAIR SCHEUER:** Okay. Please proceed.

24 **MR. CHIPCHASE:** Thank you, Chair.

25 Mr. Matsumoto, would you please introduce

1 yourself to the Commission?

2 **MR. MATSUMOTO:** Good morning, Chair, and
3 good morning, Commissioners. Thank you for your
4 service to the state.

5 My name is Kurt Matsumoto. I am the
6 president and chief operating officer of Pulama
7 Lanai.

8 **MR. CHIPCHASE:** And Mr. Matsumoto, before
9 we get into your professional background, I'd like
10 to just ask you where you're from.

11 **MR. MATSUMOTO:** Sure. Lanai is my home.
12 I was born and raised on Lanai and my family has
13 been on Lanai for three generations.

14 **MR. CHIPCHASE:** Would you describe for us
15 your job responsibilities for Pulama Lanai?

16 **MR. MATSUMOTO:** Yes, sure. I lead the
17 management team that works with the Lanai community
18 and we work to plan and implement a broad range of
19 activities. They include sustainable commerce,
20 energy, conservation, health care, housing,
21 education, and hospitality business initiatives.

22 **MR. CHIPCHASE:** How long have you been
23 with Pulama Lanai?

24 **MR. MATSUMOTO:** I've been with Pulama
25 Lanai since the beginning. I established the

1 company nine years ago.

2 **MR. CHIPCHASE:** What kind of work did you
3 do before joining Pulama Lanai?

4 **MR. MATSUMOTO:** I've been in resort and
5 private club management and development here in
6 Hawaii from 1990 until the present time. I've lived
7 and managed people and business operations on Lanai,
8 Hawaii island, and Kauai.

9 **MR. CHIPCHASE:** And if we focus now on the
10 engagement for the Hokuao project, how many meetings
11 were held for Hokuao?

12 **MR. MATSUMOTO:** We held four, but due to
13 COVID, two were in person and two were virtual.
14 We've been talking about this project with the
15 community for quite some time now.

16 **MR. CHIPCHASE:** And in those discussions,
17 what has been the reaction from the community about
18 this project?

19 **MR. MATSUMOTO:** We found community support
20 to be very strong for this project. As you heard in
21 the testimony earlier, we hosted four community
22 meetings starting back in 2016 and up until most
23 recently the last one was in July. We've had a
24 total of 277 participants, and this doesn't include
25 numerous small group meetings that we held in

1 previous years and this year. And public hearings
2 were also held in connection with the draft EA
3 process and counsel review of the 201H application.

4 During the affordable housing meetings, 21
5 individuals testified in support on e-comment and in
6 person, and there were 10 petitions totaling 367
7 residents' signatures in e-comment which
8 demonstrates a broad support across the community.

9 During the Maui County council meeting for Bill 10,
10 there was a petition signed by 175 residents
11 supporting Hokuao.

12 **MR. CHIPCHASE:** And we've talked some
13 today about the modifications that were required by
14 the county as part of that 201H process. I'll start
15 there.

16 Does Pulama Lanai agree to the 14
17 modifications that have been imposed by the county
18 as part of the 201H approval?

19 **MR. MATSUMOTO:** Yes. We agree with the
20 county. All 14 modifications adopted by Council
21 Resolution 21-136 and with Office of Planning and
22 Sustainable Development, all nine conditions are
23 stipulated between the parties.

24 **MR. CHIPCHASE:** Okay. So you anticipated
25 the second part of my question. We also have

1 reached agreement with the Office of Planning on the
 2 nine conditions and we accept those, including as
 3 read into the record today?

4 **MR. MATSUMOTO:** Right.

5 **MR. CHIPCHASE:** Okay. And I'd like to put
 6 this project in the context of Pulama Lanai's vision
 7 for Lanai. What is the vision of Pulama Lanai?

8 **MR. MATSUMOTO:** Yes. Thanks for that
 9 question. Our vision for Lanai is to have an island
 10 that is -- or has a vibrant economy, a healthy
 11 community that is resilient and optimistic about the
 12 future for generations yet to come.

13 **MR. CHIPCHASE:** And how does Hokuao fit
 14 within that vision?

15 **MR. MATSUMOTO:** Hokuao is an important
 16 part of our vision. In order to have a healthy and
 17 happy workforce, we need to have a variety of
 18 housing types. Hokuao will bring much needed
 19 inventory as we continue to grow the workforce size
 20 and add more dimension to our economy. This
 21 development has set the tone for future housing as
 22 the need arises.

23 **MR. CHIPCHASE:** Dr. Dancil has talked to
 24 us today about the affordable units and the
 25 application process. I'd like you to talk a little

1 bit, and partly it came up in questioning about how
2 Pulama Lanai allocates the priority for the
3 remaining housing, not only in Hokuao but on Lanai.

4 **MR. MATSUMOTO:** So I think it's helpful to
5 understand in practice what we have been doing. So,
6 for example, we currently own 459 rental units and
7 we assist in managing another 48. So well over 500
8 units are in our care. And of that number, there's
9 only 52 percent of that number that actually either
10 work directly for us or work for the Four Seasons
11 Resort. The rest come from various sectors of the
12 community. It could be government employees. It
13 can be private small businesses. We have doctors,
14 nurses. So it's a broad range of people, and
15 basically what we do is we try to fill our housing
16 and have workers, workforce on the island occupy
17 them.

18 **MR. CHIPCHASE:** And so coming back to
19 Hokuao specifically, you talked about setting the
20 tone. How does Hokuao fit in that system that
21 you've developed and your vision and help to set the
22 tone for your vision going forward?

23 **MR. MATSUMOTO:** So as I mentioned, we've
24 been working on Lanai now for nine years and we've
25 changed things in my mind in a positive way. Our

1 resorts are growing in popularity. Employment is
2 exceeding historic levels. We introduced hydroponic
3 farming and those products have been well received
4 throughout Hawaii. And as a result, we have been
5 able to add more capacity to that project.

6 At 150 units, Hokuao will absorb the
7 existing demand for housing and it also leaves some
8 room for growth.

9 **MR. CHIPCHASE:** And both you and Dr.
10 Dancil have mentioned sustainability and resiliency.
11 Can you touch on for us how does Hokuao incorporate
12 those goals?

13 **MR. MATSUMOTO:** Sure. Hokuao is really
14 forward looking in its sustainability design and
15 construction. The solar PV roof and battery storage
16 make these the greenest homes on the island. It
17 will serve as a model for future housing on the
18 island. In addition, we're building a community
19 center, so we'll add to the spaces that are
20 available for community to have social and other
21 types of activities or events that serve to build
22 connections within our community.

23 **MR. CHIPCHASE:** And are the sustainability
24 efforts at Hokuao consistent with Pulama Lanai's
25 other efforts to promote sustainability?

1 **MR. MATSUMOTO:** Yes. The Hokuao
2 affordable housing project is a piece of the puzzle.
3 There are other actions that we've already take on
4 the island. Over the past nine years, our employees
5 have been engaged in land stewardship, cultural
6 preservation and water conservation activities
7 throughout the island. We have a record of
8 protecting endangered species of plants and birds
9 and inspects and we've begun a 20,000 acre watershed
10 and shoreline preservation project that stretches
11 Makua to Makai on our windward side of the island.
12 Our cultural and heritage preservation team has
13 spent hundreds of manhours preserving cultural
14 sites, adding interpretive signage, and even
15 teaching youth on the island about the historic
16 places on Lanai. Our investments in water
17 infrastructure have resulted in reductions in our
18 water use and we're the first water system to be 100
19 percent smart metered.

20 Coming back to Hokuao specifically, we're
21 adding high quality, sustainable smart housing which
22 we believe will help us preserve the lifestyle in
23 Lanai City and other parts of the island.

24 **MR. CHIPCHASE:** Thank you, Mr. Matsumoto.
25 I appreciate your time today.

1 I don't have any further questions for Mr.
2 Matsumoto, Chair. Of course, he's available for
3 questions from the commission. I did want to maybe
4 ask two of those that the commission had asked
5 earlier just to make sure that we get them on the
6 record.

7 And the first was with respect to --

8 **CHAIR SCHEUER:** I'm going to stop screen
9 sharing, Mr. Chipchase.

10 **MR. CHIPCHASE:** Very good, Chair.

11 The first is with respect to the strategy
12 in making the affordable units in a rental pool for
13 perpetuity as opposed to for sale.

14 **MR. MATSUMOTO:** Sure. I appreciate the
15 question that was raised. I've been fortunate
16 because I've been part of Lanai's change from
17 plantation into hospitality and I've watched it
18 evolve over the last almost 30 years now. And in
19 being part of this, I recognize that there are some
20 conditions that were set up that are well meaning
21 but then now I'm here 30 years later and seeing,
22 wow, maybe there could be improvements made. So
23 affordable housing is one of them.

24 So there are rental units that we had from
25 the previous landowner that were designated

1 affordable but they were set to sunset in a short
2 period of time. And so in reviewing our plans for
3 Hokuao as affordable, for the affordable section I
4 felt that it was important to leave those units in
5 rentals in perpetuity, in affordable rentals in
6 perpetuity because the need for that I'm sure will
7 continue to be in existence in the future. And
8 rather than see the churn of housing that falls out
9 and goes into other categories or maybe even gets
10 sold, I wanted to make sure that we had them
11 preserved over time.

12 **MR. CHIPCHASE:** Thank you for that
13 explanation.

14 And the other question --

15 **CHAIR SCHEUER:** Sorry, Mr. Chipchase, I'm
16 going to definitely reserve the right when it comes
17 to LUC questioning the chance for our commissioners
18 to do follow ups.

19 **MR. CHIPCHASE:** Oh, absolutely, Chair.
20 And I didn't mean to preempt that. I just wanted to
21 make sure that these questions that had been asked
22 and I had asked for deferral to Mr. Matsumoto,
23 didn't get lost along the way.

24 **CHAIR SCHEUER:** I appreciate that very
25 much.

1 **MR. CHIPCHASE:** That's all, Chair.

2 The other question that did come up was
3 the chair's question with respect to modification
4 number two. And I was hoping that you could address
5 that, of course, subject to follow up questions or
6 any questions from the commission.

7 **MR. MATSUMOTO:** Sure. I can't speak to
8 the modification from counsel for inserting that
9 condition. We did have discussions at the time
10 directly with them. I did voice that I disagreed
11 with the premise, that there was this unspoken
12 threat for speaking out against the company. But
13 having grown up there on the island and worked
14 through two different landowners, I can understand
15 that there is this thought that there's just so much
16 control and that Big Brother is always watching what
17 you're doing and if you don't support Big Brother,
18 you're in trouble. But it's such a fallacy. During
19 the previous landowner and during this current
20 landowner, there is no evidence, there is nothing
21 that indicates that that is occurring. And
22 secondly, I've even gone to the apartments talking
23 about different initiatives that we've had over the
24 years. And I expressly mentioned the fact that they
25 don't have to support us. I know that in the past

1 people will come to them and just say that they want
2 you to support our position but I always say that
3 it's up to you. You can decide what you want. I
4 can just give you our perspective, give you facts,
5 and you have to make a choice.

6 So I think I understand maybe what the
7 intent was. But I have no idea how it can be
8 enforced or how it can be proved that there is any
9 kind of underlying threat or even an overt threat.

10 **MR. CHIPCHASE:** Thank you, Mr. Matsumoto.
11 I appreciate that.

12 And Chair, I offer Mr. Matsumoto for
13 questions.

14 **CHAIR SCHEUER:** Okay. Thank you.

15 Let's start with the county.

16 **MR. HOPPER:** Thank you, Chair. I don't
17 have questions.

18 **CHAIR SCHEUER:** Thank you.

19 Ms. Kato, questions for the witness?

20 **MS. KATO:** No questions. Thank you.

21 **CHAIR SCHEUER:** Okay. Commissioners?

22 Commissioner Giovanni?

23 **COMMISSIONER GIOVANNI:** Thank you, Chair.

24 And thank you, Mr. Matsumoto, for coming before us
25 today and making the time.

1 Yeah, I would like to follow up a little
2 bit on the question that Mr. Chipchase put to you
3 about the strategic direction to offer rentals in
4 perpetuity. Can you express from your perspective
5 the demand for the housing that would steer you to
6 offer rentals versus for sale?

7 **MR. MATSUMOTO:** So as I expressed earlier,
8 I've witnessed things like conditions for affordable
9 housing fall off over time. And once that happens
10 in a place like where we operate, there's no telling
11 when more will come up. So my thought about leaving
12 the affordable in perpetuity was to ensure that
13 whoever is going to be in my slot after I'm gone is
14 still going to have to maintain that affordable
15 rental availability. So that's the primary
16 motivation.

17 Also, I have friends, classmates that live
18 on the island that don't own their own homes. They
19 don't intend to. They're going to continue to rent.
20 So having this category available was I felt
21 important and that's to have continuity of families
22 on the island.

23 **COMMISSIONER GIOVANNI:** So when you use
24 the expression "fall off," are you talking about
25 affordable housing that sunsets and flips to market?

1 **MR. MATSUMOTO:** Correct. So like, you
2 know, a condition that says you must have X number
3 of affordable housing for a period of 30 years. At
4 the time, 30 years sounds like a long time. But
5 once it's gone, it's gone. You know, I think a lot
6 of these conditions are assuming that there's just
7 going to be this ongoing development. There's
8 always going to be a housing developer that's going
9 to come up and then I'm going to be able to ask that
10 developer to put up more affordable housing. But
11 that's not going to always be the case on Lanai.

12 **COMMISSIONER GIOVANNI:** So, excuse me, in
13 your testimony you reference the acquisition of
14 affordable housing from the prior owner that would
15 sunset. Could you explain what is going to happen
16 to those units that you now manage and own that will
17 be sunsetting? How many are there and when will
18 that happen?

19 **MR. MATSUMOTO:** So there are apartments
20 that we own and there's 39 units that would have
21 sunsetted, I believe, in June of next year. Oh,
22 sorry, they have already expired but we chose to
23 extend them.

24 **COMMISSIONER GIOVANNI:** Could you explain
25 what you mean by extend?

1 **MR. MATSUMOTO:** We're going to maintain
2 them in perpetuity as affordable.

3 **COMMISSIONER GIOVANNI:** So you have
4 adopted a policy. It's a public policy that they
5 will remain in rental in perpetuity?

6 **MR. MATSUMOTO:** It's part of -- it is
7 public and it's going to be part of our commitment
8 to the Hokuao project.

9 **COMMISSIONER GIOVANNI:** The last line of
10 questioning I have has to do with supply and demand.
11 It appears that from the public testimony we've
12 received today, as well as the on record testimony,
13 as well as your own testimony and that of Ms.
14 Dancil, that the demand for affordable housing far
15 exceeds the current supply. It's also on record
16 that this project started in 2016 and it will not be
17 completed until 2023 which is seven years. And
18 you've also not only today in general but in your
19 company's public filings shown that there's going to
20 be growth in enterprise on the island of Lanai both
21 in the various projects of diversified projects from
22 Pulama Lanai. I'm very concerned that this demand
23 will always exceed supply. So can you give us any
24 insight into your vision of how you're going to
25 balance or how the role that Pulama Lanai as the

1 overwhelming landowner on Lanai will address this
 2 ongoing supply/demand issue for housing?

3 **MR. MATSUMOTO:** Sure. Thank you,
 4 Commissioner.

5 So I would answer if you would mind
 6 indulging me, when I first started, we inherited
 7 from the previous landowner a lot of housing
 8 inventory that was not being used and the condition
 9 of the housing wasn't usable. So part of that
 10 happened because this was a few years after 2008. I
 11 think we all remember there was a serious recession
 12 and the island actually lost almost 10 percent of
 13 its population. So resiliency, having gone through
 14 that and seen what effect it has on the island,
 15 thinking about resiliency, thinking about
 16 diversifying what types of business that we have,
 17 but also making the business that exists as
 18 resilient and durable as possible.

19 So number one, we have been focusing our
 20 hospitality efforts on low density and extreme high-
 21 end of the market because we've seen over time
 22 historically in Hawaii that is the most resilient
 23 part of the hospitality businesses.

24 The second is the diversification. And I
 25 mentioned earlier about us starting a hydroponic

1 farming operation. It is going to be -- it is
2 already I think the largest hydroponic farming
3 operation in the state and we intend to add to that.
4 So as an example of the types of things that we have
5 already been doing, so I think in hearing your
6 question, you're worried about one landowner and
7 whether or not it's capable of maintaining
8 employment and whether it's capable of keeping up
9 with the housing demand. And I believe that we are.
10 I think we're demonstrating it with this
11 application. And as I said, the good news would be
12 if we had to build more. If the demand is strong
13 enough and the employment needs continue to grow and
14 we'd have to look to you again for yet another DBA.
15 And that actually would be good news to us. But
16 we're letting it happen organically. So we're not
17 trying to push it to a certain level. We want it to
18 happen as naturally as possibly.

19 **COMMISSIONER GIOVANNI:** So I commend you
20 for having that insight. I just, I hope, it's a
21 personal hope, that you can incorporate into your
22 planning process the need and the timing for such
23 housing so that we don't end up in this chronic
24 cycle of what we heard this morning where we've got
25 three families living in one bedroom apartments, you

1 know, in dire need of housing even though they have
 2 employment on the island. And you play the critical
 3 role in making that, despite the fact it would be
 4 organic growth, but looking ahead and anticipating
 5 the need and starting the process for this
 6 additional housing as soon as possible. So I just
 7 hope you can do that. Thank you very much.

8 **MR. MATSUMOTO:** Thank you, Commissioner.

9 **CHAIR SCHEUER:** Thank you very much,
 10 Commissioner Giovanni.

11 Commissioner Ohigashi?

12 **COMMISSIONER OHIGASHI:** I notice in your
 13 presentation that there's an 115-unit County of Maui
 14 area being planned, as well as a Department of
 15 Hawaiian Homelands plan. Are you aware of any of
 16 the status of those plans and for expansion of
 17 additional housing on Lanai?

18 **MR. MATSUMOTO:** Yes. Commissioner, I
 19 believe that the county's intention is to move
 20 forward. And our development would actually help to
 21 enable that to occur by us -- the location that we
 22 are building allows us to help them by stubbing out
 23 some infrastructure. And in the county's original
 24 plan, that was a big impediment was getting the
 25 infrastructure established. And can I put up the

1 map again? I believe it's going to be important to
2 the county. I know that our counsel representative
3 is pushing very hard for it to happen and move
4 forward. I know it's a priority for him. And I
5 believe the mayor will be supportive of it.

6 So here is the image I think that you're
7 referring to. And you'll notice the location of our
8 acreage is adjacent to what the county owns. Now,
9 some of that land has been designated to be an
10 expansion of the school. So you notice where the
11 circle, the white circle is located? That's where
12 the school is located. In the blue is Department of
13 Hawaiian Homes. So if you see the end or the corner
14 of where the Hawaiian Homes land is is the end of
15 what is known as 5th Street on Lanai. That's the
16 end of the infrastructure. So for the county to
17 start and not actually build on the site that has
18 been reserved for a school expansion, they would
19 actually have to extend 5th Street several hundred
20 yards. And that cross was inhibiting the movement
21 forward. Now, with our project, there is no long
22 run of infrastructure that has to occur. They can
23 stub out from our project and much more easily
24 establish their project. Thank you.

25 **CHAIR SCHEUER:** Could we, just for the

1 transcript, Mr. Chipchase, would you specify what
2 slide number this is of what exhibit?

3 **MR. CHIPCHASE:** Yes, Chair. It's slide
4 four from the presentation that Dr. Dancil provided.
5 And at the close of my presentation, I will offer
6 the full set of slides into the record.

7 **CHAIR SCHEUER:** Okay.

8 **COMMISSIONER OHIGASHI:** Thank you. I was
9 curious about that since I noticed it was so close
10 to the county and if there is any kind of sharing of
11 potential infrastructure development for those
12 future developments, I think in a way you've
13 answered that but I'm not sure if there are any
14 specific off-site improvements that were required of
15 you that would benefit those sections. So I'll
16 leave that question to the county if they have
17 anything.

18 My next question, area of questions goes
19 back to what concerns me is that the market rate
20 rentals, I don't know if they concern me but I'm
21 trying to put into my mind, are there going to be
22 any type of residential restrictions on the market
23 rate homes?

24 **MR. MATSUMOTO:** Commissioner, are you --
25 when you say residential restrictions, are you

1 concerned about whether the rentals will become like
2 a vacation rental or someone not intending to live
3 full-time on Lanai? Is that what your concern is?

4 **COMMISSIONER OHIGASHI:** That's part of my
5 concern. You know, it is --

6 **MR. MATSUMOTO:** Sure. And that --

7 **COMMISSIONER OHIGASHI:** Of course, people,
8 for example, there are what they call vestals or
9 little houses in Japan that you can go rent for
10 about two months' time at a price. And that's what
11 I'm concerned about. So I'm just concerned about
12 whether or not market rate would consist in adding
13 to the housing inventory, limiting it or bargaining
14 it for residential purposes for residents.

15 **MR. MATSUMOTO:** I understand now,
16 Commissioner. Thank you for clarifying.

17 Yes. So, we will not rent as vocational
18 rentals. That is not the purpose of building these
19 homes. This is for the development of our workforce
20 and the growth of our workforce. Our needs in order
21 to be resilient as an island is to continue to be
22 successful in growing our business. In order to do
23 that, we need workers. We need people. And as was
24 mentioned earlier, we are trying to do that. We're
25 behind the curve. We have people living in hotels

1 and we need to get them out. And so our intention
2 is not to create more vacation rentals. We don't
3 need them.

4 **COMMISSIONER OHIGASHI:** Another question -
5 -

6 **CHAIR SCHEUER:** Sorry. One moment.

7 Mr. Chipchase, I'm afraid your paper
8 turning is kind of getting picked up a lot on the
9 mic which might interfere with the recording.

10 **MR. CHIPCHASE:** I appreciate the notice,
11 Chair. I'll move the mic a little farther away from
12 the papers.

13 **CHAIR SCHEUER:** Without a live court
14 reporter and instead relying on the recording it
15 becomes particularly important.

16 **MR. CHIPCHASE:** I understand.

17 **CHAIR SCHEUER:** Sorry to interrupt,
18 Commissioner Ohigashi.

19 **COMMISSIONER OHIGASHI:** And the last area
20 of questions is really about the affordable rentals
21 will be held in perpetuity for affordable renting.
22 The market rentals, will those be held in perpetuity
23 for rental purposes or will they be eventually
24 offered for sale?

25 **MR. MATSUMOTO:** So our plan is to have

1 them be rentals. I'm not sure if they will be in
2 perpetuity. What we know of is we know that there's
3 been residents wanting to own their own homes and
4 one of the thoughts that we have is once we finish
5 building out this project and if this is allowing us
6 to stabilize the rental market on the island, then
7 we could possibly look at selling some of the older
8 homes that we own in town. And hopefully that's
9 something that we can do in the future. We would
10 not want to sell homes if we continue to have a
11 strong demand for rentals. And as I mentioned
12 earlier, success to us would be we finish this
13 project and we project out that there's going to be
14 need for more housing in the future and we are
15 actually looking at that already.

16 **COMMISSIONER OHIGASHI:** So would the
17 answer be yes, that in the future these homes, the
18 market rental rate homes will be offered for
19 purchase?

20 **MR. MATSUMOTO:** They could be offered for
21 purchase. Yes, they could. But, you know, I look
22 at history as an example and we've had the previous
23 landowner, from the previous landowner we inherited
24 over 400 units. And those rentals had been in
25 existence for over 30 years. So is there ever going

1 to be a time where we could foresee us not needing
2 rentals? I'm not sure.

3 **COMMISSIONER OHIGASHI:** And just following
4 on the same, when you develop the affordable rentals
5 and market rentals, and from what I understand, Ms.
6 Dancil's testimony was that you intend to intermix
7 these together. Would that plan, if you're going to
8 sell, if you may be offering it for sale eventually,
9 would that plan be sort of like counterproductive?
10 Wouldn't the plan be to set the area where the
11 affordable rentals are? They look like the same
12 kind of homes.

13 **MR. MATSUMOTO:** They are, in fact,
14 identical. They would be the same. And the
15 neighborhoods will look the same. Our vision of
16 Hokuao is you could drive down the street and you
17 would not be able to tell whether it's an affordable
18 tenant or a market rate tenant. That would be our
19 vision of success with this project.

20 **COMMISSIONER OHIGASHI:** Is there anything
21 -- I'm sorry, but going back to my previous point,
22 is there anything in the record or any of the
23 conditions that would make sure that none of these
24 homes are used for vacation type of rentals or for
25 non-resident rentals? Is there anything in that

1 that would -- any of the conditions that would limit
2 that from happening?

3 **MR. MATSUMOTO:** Yes, Commissioner. In the
4 counsel's conditions there is condition 11 which
5 says, "Short-term rental homes and other transient
6 accommodations are prohibited within this project.

7 **COMMISSIONER OHIGASHI:** And Ms. Dancil
8 said that your plans are, whether it's market or
9 affordable would be for one-year leases?

10 **MR. MATSUMOTO:** That's correct.

11 **COMMISSIONER OHIGASHI:** I don't have any
12 further questions.

13 **CHAIR SCHEUER:** Thank you, Commissioner
14 Ohigashi.

15 Commissioners, further questions for the
16 witness?

17 Commissioner Cabral?

18 **COMMISSIONER CABRAL:** Thank you for all
19 your information, and more so, I, like my fellow
20 Commissioner Okuda, won't even ask a question. I'm
21 going to praise you in your concept. I've been
22 working on the Big Island in housing for about 40
23 years in residential rentals and condominium
24 homeowners associations. And so I'd recommend you
25 write this all out and send it to the federal

1 government, the state government, and the county
2 government as a model of what housing should be
3 taking care of as opposed to what they might be
4 doing now. So my praise to the concept and I hope
5 you got -- other people had questions, I guess, on
6 your financing, so that would be my only concern is
7 I think the whole concept is great but you've got
8 the funds. You've got the money. What can you tell
9 us about the absolute availability of making sure
10 this great idea is going to make it?

11 **MR. MATSUMOTO:** Yes, Commissioner. Thank
12 you for that comment. And your question is well
13 received.

14 So the financing is 100 percent self-
15 financed. We don't have any loan. There is no
16 debt. There is no federal, state, county funding
17 that is being used for this development at all.

18 **COMMISSIONER CABRAL:** Yeah. So, but so
19 you already have yourself -- because you have enough
20 money in your own backing, your own company has
21 enough funds to be able to do all of this? Because
22 the infrastructure has got to be massive.

23 **MR. MATSUMOTO:** It is.

24 **COMMISSIONER CABRAL:** Okay. So, but
25 that's what makes it -- you don't have any strings

1 attached because when you borrow government money
 2 then you have to have all of those other projects
 3 attached to it. So, okay. Well, God bless. Thank
 4 you.

5 **MR. MATSUMOTO:** Thank you.

6 **CHAIR SCHEUER:** Commissioner Okuda?

7 **COMMISSIONER OKUDA:** Thank you, Mr. Chair.

8 I'll break my rule and ask a question.

9 You know, Mr. Matsumoto, even though I've
 10 never met you until seeing you on the video today, I
 11 believe a lot of the success of your company and the
 12 fact that Mr. Ellison has not faced a lot of things
 13 is basically because of you. And you seem to have
 14 rightly so carried on your family legacy just like
 15 your brother had. And by the way, I don't socialize
 16 with your brother, the attorney, at all. But maybe
 17 I can ask you this. You know, we've got to weigh
 18 credibility of witnesses, and I personally find you
 19 very credible. We can put our faith in you. But
 20 one day Kurt Matsumoto may not be around. I mean,
 21 what kind of assurance would we have, or what can
 22 you tell us about how even if you're not going to be
 23 around, the same spirit that you bring as a local
 24 boy from Lanai will continue forward?

25 **MR. MATSUMOTO:** Sure. Thank you for the

1 question, commissioner.

2 So I can answer it in several layers.

3 First, I think it starts with Mr. Ellison himself
4 and his commitment to the island. I'm sure you've
5 seen that he is now a full-time resident of Lanai,
6 so he's not an absentee owner. In conversations
7 with him over the years, I can tell you honestly
8 that he does appreciate a lot of the character of
9 the island. You know, for example, there are
10 fishing shacks that are on our property. They've
11 been there for generations. And he stumbled upon
12 them and he told me no one will touch those units.
13 Those are not to be removed. Those are not to be
14 touched. He definitely has an appreciation for
15 Lanai's history and he is aware that there's a huge
16 responsibility that comes with owning an island.

17 At the level that we're at on the ground
18 operationally, I've made efforts to look for people
19 who understand the mission and the responsibility of
20 managing an island and being responsible for the
21 outcome for not just the workers but the residents
22 in general. And I have also looked very hard for
23 ways to attract people who have grown up on the
24 island. We do look at that on an annual basis and
25 try to measure out how successful have we been in

1 filling positions with people who graduated from
2 high school on the island as an example. We just
3 recently were able to fill a management position in
4 our facilities maintenance department with someone
5 who didn't graduate from high school on Lanai but
6 his roots are from Lanai. He grew up as a youth
7 there and left for a time and now has returned. So
8 we're actually very proud of the fact that we're
9 able to do that and hopefully that will continue
10 well into the future.

11 And then there's the workforce in general.
12 As I mentioned earlier, I make it a point to express
13 to people that they can say whatever they want.
14 It's okay for them to express their opinions. We
15 just did a survey, for example, about the market
16 that we own.

17 Just to step back for a second, everything
18 we do has a huge impact on Lanai. That's pretty
19 obvious. So we don't want to take things for
20 granted. During the pandemic, Richard's Market,
21 Isle Market was a huge lifeline for the island.

22 Now, you know, we hope to be stepping a
23 little bit, a few degrees outside of where we were a
24 year ago but we did a survey and a lot of it was
25 really good. There were a lot of things that I

1 didn't like hearing, but they're our customers and
2 we have to respond to that, and we have to
3 understand that people are going to have opinions
4 that are not going to be so kind. And we have to
5 accept that.

6 That only means that we just have to do a
7 better job. When it comes to things like politics,
8 we have to do a better job communicating. If we get
9 a lot of pushback, it's our own fault because we
10 haven't done enough.

11 And so I think that there is building up a
12 legacy. So rather than walking into something that
13 has no culture established, I think that there is
14 developing a stronger workplace culture on the
15 island and a commitment that residents have some
16 tangible krufa (phonetic).

17 I mentioned earlier the conservation work
18 on the island. The cultural preservation work
19 that's being done on the island. So I think there's
20 enough of a legacy that even after I'm gone these
21 will be durable activities that will continue well
22 after I'm not associated anymore.

23 **COMMISSIONER OKUDA:** And you don't have
24 any plans to leave like next year or anything like
25 that; is that correct?

1 **MR. MATSUMOTO:** No, I don't.

2 **COMMISSIONER OKUDA:** Okay. I have a
3 question/comment to your counsel, Mr. Chipchase.
4 You know, we're not the accepting agency for the
5 environmental assessment and, you know, to try to
6 avoid using legal turns but I think that's almost
7 like law of the case at this point in time. But,
8 you know, based on the testimony that at least I've
9 heard, you know, it seems like these projects are
10 pieces of a bigger vision for Lanai. And at some
11 point in time, if everything is like pieces to a
12 bigger puzzle, doesn't the Superferry case that's
13 Sierra Club v. Department of Transportation, 115
14 Hawaii 399 which is the 2007 Hawaii Supreme Court
15 Case, doesn't that say that at some point in time
16 Pulama Lanai has to come up with a full-on
17 environmental impact statement so at least the
18 community as a whole, and maybe it's not even just
19 the Lanai community but it's the statewide community
20 can weigh in and give their input on what might be
21 the plan going forward. that at some point in time,
22 we cannot go forward with just isolated, you know,
23 isolated FNSIs or EAs, that we can't parcel this
24 thing out that way. Do you have any comment on
25 that?

1 **MR. MATSUMOTO:** My opening comment would
2 be that I would have been disappointed if I made it
3 all the way through this hearing without discussing
4 some obscure legal principle with you, commissioner.
5 It has become one of my favorite parts of our
6 engagements.

7 I totally understand where you're coming
8 from and have, you know, respect for not only that
9 decision but the non-segmentation principle in
10 general. I would say that with respect to the
11 projects that Pulama Lanai has proposed and that are
12 in the works, they are standalone projects. And so
13 doing separate environmental assessments for them is
14 appropriate, even though they are guided by a larger
15 overall vision. And so I think that we've remained
16 faithful in everything we've done to the principles
17 of the Superferry case and the other guidance, both
18 in statute and in case law.

19 The opportunity to comment on a statewide
20 basis, of course, those environmental assessments,
21 regardless of the accepting authority, whether it's
22 the LUC as it may be if we come before you for an
23 initial boundary amendment, or the county, as we do
24 in this case when we come before you at the end of
25 the process, all of those are published and they're

1 all open for public comment. And we do, as in any
2 EA, take those comments and address them in the
3 final when we go back to any agency and request the
4 FNSI. So I absolutely understand where you're
5 coming from. I think that engagement is critical
6 and I think that we have remained faithful to the
7 engagement and to the guiding principles.

8 **COMMISSIONER OKUDA:** Okay. Thank you very
9 much. Thank you, Mr. Matsumoto for your testimony
10 also.

11 Thank you, Mr. Chair. I have no further
12 questions.

13 **CHAIR SCHEUER:** Thank you, Commissioner
14 Okuda.

15 Commissioners, anything further for Mr.
16 Matsumoto?

17 If not, I will try and be brief.

18 Well, first, just a response to Mr.
19 Chipchase that I don't think the Superferry and the
20 idea of segmentation is necessarily an obscure legal
21 principle.

22 **MR. CHIPCHASE:** Not obscure to you, Chair.
23 In a general societal matter, it's probably not as
24 well-known as you might think.

25 **CHAIR SCHEUER:** I will concede that point.

1 You know, I took in all the statements,
2 Mr. Matsumoto, that you shared about your
3 perceptions of the ability to speak freely on the
4 island whether you are an employee of Pulama Lanai
5 or not. I don't think we're actually even set up to
6 sort of investigate that. I think we're more
7 narrowly focused on the county has put in this
8 provision. They've asked it to be a condition.
9 It's going to be incorporated as a condition on our
10 decision and order. And so regardless of the
11 existence or nonexistence of fear of speaking out
12 against the company there is this proposed
13 condition, too. And I'm curious as to how we might
14 envision it being implemented since it calls for the
15 implementation of a policy and how it might be
16 enforced as a condition. Because just as a
17 commissioner, I have a hard time putting in
18 conditions that make you feel good but don't
19 necessarily have any sort of value and ability to be
20 implemented.

21 **MR. CHIPCHASE:** Would you like me to
22 answer? Maybe county might want to answer.

23 **MR. MATSUMOTO:** Well, I think you see us
24 struggling because we're not sure, Chair. You know

25 --

1 **CHAIR SCHEUER:** You've agreed to the
2 condition; correct?

3 **MR. MATSUMOTO:** We have agreed to the
4 condition. We accept it. It is what the counsel
5 wanted regardless of what we perceived to be the
6 actual situation on the ground or the ability to
7 police that condition shall we say. And so we have
8 accepted it and we don't oppose it and we recognize
9 that it will be incorporated into any order that
10 issues from this body.

11 **CHAIR SCHEUER:** So even if -- even, if I
12 may, even if the thoughts are preliminary,
13 presumably you've given some thought to how will we
14 abide by this condition. If you could share to the
15 degree that you've given thought to how you will
16 abide by that condition what those thoughts are.

17 **MR. MATSUMOTO:** Certainly, Chair.

18 So, you know, at the time when this was
19 brought up, I have to say I felt like if we didn't
20 agree to the condition, we wouldn't have had the
21 project passed. I didn't understand the reason or
22 rationale behind this other than just someone's
23 feeling or intuition. So as far as how we would
24 have to enforce it or administer it, I think I've
25 expressed in terms of how we would do it both in

1 spirit and practicality, which is to overtly say to
2 people who are employed by us directly that we don't
3 have a problem with them not agreeing with us or
4 even testifying in public against us. It's not
5 going to cause them to lose their job.

6 **MR. CHIPCHASE:** And Chair, then if I may
7 take Mr. Matsumoto's statement and put it in the
8 technical terms of the condition, I believe what
9 you're hearing from him is that we have that policy
10 called for by this condition in place. That is the
11 policy of the company and that, to me, is what the
12 condition requires, is to establish such a policy.

13 **CHAIR SCHEUER:** Would it be incorporated
14 into the rental agreements as it pertains to the
15 loss, the portion of the proposed condition that
16 says you shall not lose your housing as a result of?

17 **MR. MATSUMOTO:** You know, I don't know how
18 you could -- isn't there like a theory about whether
19 you can prove a negative with a negative? I mean, I
20 don't see how you could put a condition in that you
21 cannot actually say was the reason for somebody not
22 having housing. I mean, anybody could say that,
23 well, I no longer have housing because I said
24 something wrong, but that's why I was not really
25 clear about why this condition had to be inserted

1 into the record by the county. But having this kind
2 of a condition in a lease is not something that I
3 would be concerned with because I know that that is
4 not something that we would practice. It's the same
5 as we would not terminate someone just for
6 disagreeing with us.

7 **CHAIR SCHEUER:** Commissioner Okuda?

8 **COMMISSIONER OKUDA:** Yeah. As a follow
9 up, Chair, if I can raise an obscure esoteric issue
10 with Mr. Chipchase and see whether he agrees with
11 this. And by the way, I'm just trying to be a
12 little bit efficient here.

13 Mr. Chipchase, you do agree that there
14 already is a Hawaii Supreme Court case called
15 Windward Partners v. Delos Santos. That's 59 Haw.
16 104, better known as the Waiahole Valley Eviction
17 cases. And that's the case where tenant farmers
18 went to the Land Use Commission to testify against
19 Joe Pao's proposed reboundary designation from ag to
20 urban of Waiahole-Waikane Valley. And after they
21 testified, they all got eviction notices. And in
22 the end, I think one of -- in fact, maybe it's your
23 former partner or current partner, Michael Hare
24 (phonetic), who resigned his partnership temporarily
25 from your law firm so he could represent the

1 Waiahole-Waikane community association and litigated
 2 that case where the Supreme Court said that, hey, if
 3 the facts show that there's this type of retaliatory
 4 eviction going on, for example testifying at the
 5 Land Use Commission, then the eviction is going to
 6 be held invalid.

7 Is that a fair statement of the law?

8 **MR. CHIPCHASE:** Commissioner, it is. Your
 9 recollection of the history and your recollection of
 10 the case law with respect to retaliatory eviction is
 11 accurate and I share it. And perhaps the scariest
 12 thing for one of us is that that's exactly where my
 13 mind went, too, is that this is already a legal
 14 principle. And so the condition in my mind and so
 15 far as housing is concerned, simply duplicates what
 16 the law would already require.

17 **COMMISSIONER OKUDA:** Okay. I just wanted
 18 to just raise that as commentary and just to see
 19 whether you and I actually could agree on something
 20 even though most of the time -- well, at least we
 21 agree on this. Okay. Thank you very much, Mr.
 22 Chair.

23 **CHAIR SCHEUER:** Thank you, Commissioner
 24 Okuda.

25 Commissioner Cabral?

1 **COMMISSIONER CABRAL:** I work in the
 2 industry. Let me assure you, there are massive
 3 federal laws under Federal Fair Housing that would
 4 protect those tenants and one would not want to
 5 cross that because there's an agency, Federal Fair
 6 Housing Agency in Honolulu with I'm assuming very
 7 highly paid people just looking to justify those
 8 paychecks. So I, of course, avoid that completely
 9 all the time as I'm sure they will on Lanai and
 10 spirit and in practice. Thank you.

11 **CHAIR SCHEUER:** So if I may to continue,
 12 what I'm gathering from the various exchanges is
 13 that the response of the company say in an annual
 14 report as to how they are complying with these
 15 conditions might be to restate and reference both
 16 internal policies sand clarify what those policies
 17 are, as well as an ongoing commitment to comply with
 18 various court rulings and federal Fair Housing Laws.
 19 Into an order to comply with this condition two.

20 **MR. CHIPCHASE:** I think that's a fair
 21 statement, Chair.

22 **CHAIR SCHEUER:** Okay. You know, I think
 23 it's important given the unusual nature of this
 24 condition. I think it's important given the unusual
 25 nature of this condition that we have something gin

1 the record of these proceedings as to what we think
2 the intent is and how it's intended to be complied
3 with so that the future COO of Pulama and the future
4 land use commissioners are not fully scratching our
5 heads as to what we were talking about.

6 I have nothing further.

7 Commissioners, is there anything further?

8 Do you have any redirect, Mr. Chipchase,
9 for the witness?

10 **MR. CHIPCHASE:** Okay. It is 12:38. We've
11 been going another hour.

12 **CHAIR SCHEUER:** It is 12:38. We've been
13 going another hour. What further do you have in
14 your presentation, Mr. Chipchase.

15 **MR. CHIPCHASE:** Chair, I will again make
16 the offer when we resume. I know it's time for a
17 break. When we resume I'll again make the offer to
18 bring on any technical expert that maybe need to
19 address a question that the commission has. I
20 didn't hear any myself today.

21 **CHAIR SCHEUER:** Yeah. Can I just quickly
22 poll commissioners, any desire for any of the other
23 individuals on the witness list? I can see Arnold
24 shaking his head no.

25 **MR. CHIPCHASE:** As long as Mr. Long says

1 no, that's good enough for me.

2 So then, Chair, we will release those
3 witnesses. And then I have about 10 minutes for my
4 closing presentation.

5 **CHAIR SCHEUER:** Okay. So I'd prefer to
6 get done earlier rather than later. I'd refer to
7 take a shorter lunch rather than a longer one. It's
8 12:40. I would love to reconvene in 35 minutes at
9 1:15 to proceed with the closing comments from Mr.
10 Chipchase, proceed to the county of Maui, who I
11 understand has a short, very brief presentation Mr.
12 Giovanni?

13 **COMMISSIONER GIOVANNI:** I just want to
14 comment for the record that I'm quite confident that
15 Mr. Wong's absence of questions is due to his
16 hunger.

17 **COMMISSIONER WONG:** That is very correct.

18 **CHAIR SCHEUER:** The chair is momentarily
19 speechless.

20 So reconvene at 1:15 and we'll proceed.
21 And hopefully, that might be just a further hour to
22 go through the ending of presentations, any final
23 questions, and move on to deliberation.

24 We will recess for 35 minutes and
25 reconvene.

1 (Recess taken from 12:40 p.m. - 1:15 p.m.)

2 CHAIR SCHEUER: We are on back on the
3 record. We concluded the direct testimony from Mr.
4 Matsumoto.

5 Mr. Chipchase?

6 MR. CHIPCHASE: Thank you, Chair.

7 CHAIR SCHEUER: You had some remarks to
8 make.

9 MR. CHIPCHASE: Indeed I do.

10 Mr. Matsumoto is still with me, and my
11 remarks are really just to take the commission
12 through my closing presentation which focuses on the
13 standards for approval. And so if I may share my
14 screen, I'll move through this as quickly as
15 possible.

16 CHAIR SCHEUER: Yes, you may.

17 MR. CHIPCHASE: Thank you, Chair.

18 And so what we've put on for the slides is
19 the standards and we'll walk through them. And I'll
20 begin with the standard for approval, and that's a
21 clear preponderance of the evidence. This is a more
22 likely than not standard. The considerations for
23 approval under that standard are whether the
24 proposed project or Hokuao project is reasonable,
25 not violative of HRS 205-2, and consistent with the

1 policies and criteria established pursuant to three
2 statutes. The first is HRS 205-16, which requires
3 conformance with the Hawaii State Plan. The next is
4 HRS 205-17. The commission's decision-making
5 criteria. And the third is HRS 205-A-2, which is
6 the coastal zone management or CZMA program.

7 I'll discuss each in term.

8 The first requirement is that the boundary
9 amendment is reasonable, and I believe through the
10 evidence that has been accepted in the record, the
11 testimony you've heard today, and the support shown
12 by the public and by the agency, that the boundary
13 amendment is reasonable and that there is a need for
14 both affordable and market rate housing on Lanai and
15 that the petition area will continue the adjacent
16 city like concentrations of people, structures, and
17 streets with urban levels of service. And based on
18 that evidence that the boundary amendment is
19 reasonable.

20 Turning to the second requirement, section
21 205-2 provides in part that urban districts shall
22 include activities or uses as provided by ordinances
23 or regulations of the county within which the urban
24 district is situated. And here, as I opened with,
25 we come to the commission in a little bit of the

1 opposite posture than I'm used to being in. This
2 project has already been approved by the county
3 counsel and the petition addresses therefore the
4 project's conformance with county ordinances and
5 regulations including the modifications and the
6 exemptions as noted throughout the petition and
7 particularly on page 50.

8 The third requirement has subparts, the
9 first of which is that the petition is consistent
10 with the policies and criteria established under
11 205-16. That section requires conformity with the
12 Hawaii State Plan and the petition details how the
13 project conforms with the plan specifically on pages
14 36 through 46.

15 The second subpart requires consistency
16 with the policies and criteria under the CZMA. And
17 as the project is located more than three miles from
18 the coast, the main concern there would be
19 stormwater runoff. That's addressed on pages 20 and
20 34 of the petition. The project was designed to
21 contain all runoff onsite to allow for aquifer
22 recharge.

23 The third subpart is a little bit of a
24 deeper dive. Under that the commission considered
25 six factors. The first is to the extent to which

1 the reclassification conforms to the applicable
2 goals, objectives, and policies of the Hawaii State
3 Plan and relates to the applicable priority
4 guidelines of the Hawaii State Plan and the adopted
5 functional plans. Again, those are detailed on
6 pages 36 through 46. The project as explained in
7 those pages conforms to those goals, policies, and
8 objectives.

9 The second factor is the extent to which
10 the proposed reclassification conforms to applicable
11 district standards. Here, the petition area
12 conforms to standards for determining urban
13 districts and we discuss that on pages 51 through 54
14 of the petition.

15 The third factor looks at the impact of
16 the reclassification in areas of state concern which
17 are labeled A through F. Area A is the preservation
18 of maintenance. Preservation of maintenance of
19 important natural systems or habitats. And here,
20 Hokuao will not impact natural habitats as the site
21 was a former pineapple field and will preserve, as I
22 said, the runoff on site.

23 Area B is the maintenance of valued
24 cultural, historical, or natural resources, and here
25 those were all assessed, and we worked in particular

1 with SHPD to ensure compliance with all state
2 requirements. The project also intends to protect
3 migrating seabirds. The protective measures as you
4 saw in some of the colloquy with the Office of
5 Planning will be implemented to prevent invasive
6 species, and finally, as you saw in the colloquy
7 with the Office of Planning and as I also discussed
8 with Commissioner Giovanni, there's the condition
9 with respect to hoary bats. And again, we are
10 entirely receptive to the commissioners' proposed
11 adjustment of that condition.

12 Area C is the maintenance of other natural
13 resources relevant to Hawaii's economy, including
14 agricultural resources. And here I think as you can
15 see in the record and you've heard from both our
16 testimony and the public testimony, there will be a
17 benefit to Hawaii's economy through the Hokuao
18 project and that there remain ample agricultural
19 lands for cultivation on Lanai and I think you
20 further heard Mr. Matsumoto explain Pulama Lanai's
21 commitment to agriculture on Lanai.

22 Area D is the commitment of state funds
23 and resources. A lot of questions directed to that
24 appropriately so but it was confirmed, and I'll
25 confirm again that the project will be completely

1 funded by Pulama Lanai. And we will, as part of
2 that, develop the currently unused well to provide
3 additional capacity for the Lanai City distribution
4 system.

5 Area E is the provision for employment
6 opportunities and economic development. As you see
7 in the record before you and you've heard Dr. Dancil
8 describe, we anticipate that the project will
9 generate more than \$52 million in construction wages
10 and an estimated \$19.5 million in state taxes, and
11 \$7 million in county taxes.

12 Area F is the provision for housing
13 opportunities for all income groups, particularly
14 the low, low moderate, and gap groups. And you
15 heard both Dr. Dancil and Mr. Matsumoto explain that
16 through Hokuao and Iwirole, the additional 39 units
17 that Pulama Lanai has retained in the affordable
18 pool. This project will provide housing for all
19 income levels.

20 The fourth factor in the commission's
21 review doesn't apply because the petition area has
22 not been designated IAL, important agricultural
23 lands.

24 In compliance with the fifth factor, we
25 detailed on pages 47 through 51 our conformity to

1 the county general plan.

2 Sixth, the representations and commitments
3 made by Pulama Lanai were discussed. Those are the
4 county modifications, and we had extensive
5 discussion on at least a couple of them and can
6 confirm again that we accept all of them and accept
7 as well the OP conditions as described in the
8 discussion today and as well as the balance of the
9 conditions that were not discussed.

10 The remaining decision-making criteria are
11 incremental redistricting and performance time.
12 They're not applicable. That is because the entire
13 project is anticipated to be completed by 2025. And
14 in addition to that representation which is in the
15 record and was made again today, the county counsel
16 in its modifications imposed a requirement to
17 complete construction of all workforce using units
18 within 10 years of receiving the first building
19 permit.

20 And so based on the record that is before
21 you, both the written record and the testimonial
22 record, we believe that we've met that more likely
23 than not standard and demonstrated that this project
24 satisfies the decision-making criteria for a
25 boundary amendment. That the community is behind it

1 as you've heard unanimously and that it is a good
2 project and we ask for your approval.

3 I thank you for your time and the
4 opportunity to close.

5 **CHAIR SCHEUER:** Thank you very much, Mr.
6 Chipchase.

7 **MR. CHIPCHASE:** You're welcome.

8 **CHAIR SCHEUER:** Let's move on. There will
9 be an additional chance to ask any questions of the
10 petitioner later in our proceeding.

11 Did the commissioners or any of the
12 parties have anything to ask now? I don't -- I
13 think we can move on to the county's proceedings,
14 presentation.

15 **MR. HOPPER:** Thank you, Chair.

16 The county only intends to call Deputy
17 Planning Director Jordan Hart as its witness.

18 **CHAIR SCHEUER:** Okay. And you're doing
19 that right now?

20 **MR. HOPPER:** Yes. He's on Lanai.

21 **CHAIR SCHEUER:** He's on here?

22 **MR. HOPPER:** He's on here as a --

23 **CHAIR SCHEUER:** Mr. Hart, if you would
24 unmute.

25 Do you swear or affirm the testimony

1 you're about to give is the truth?

2 **MR. HART:** I do.

3 **MR. HOPPER:** Thank you, Chair.

4 Deputy Director Hart, could you please
5 summarize the Planning Department's position in this
6 docket?

7 **MR. HART:** Thank you.

8 The Department and the Lanai Planning
9 Commission provided comment on the petitioner's
10 draft EA before the project, resulting in a final
11 EA, resulting in a finding of no significant impact
12 for the final environmental assessment that was
13 issued by the County of Maui Department of Housing
14 and Human Concerns.

15 The department also provided comment to
16 the Maui County project which resulted in the
17 approval of the 201H application by resolution 21-
18 136. Pursuant to the department's position
19 statement filed on October 21, 2021, based on our
20 review of the information provided by the
21 petitioner, the department finds the proposed
22 reclassification to State Land Use urban district is
23 consistent with the standards for determining urban
24 district boundaries as set forth in HRS and the
25 LUC's rules.

1 The reclassification is anticipated to
 2 result in the development of critically needed
 3 affordable housing for Lanai residents. The
 4 planning department supports Pulama Lanai's petition
 5 for a district boundary amendment.

6 **CHAIR SCHEUER:** You were muted, Mr.
 7 Hopper.

8 **MR. HOPPER:** Thank you, Chair.

9 If Director Hart can be made available for
 10 questions, I think that's all we have.

11 **CHAIR SCHEUER:** Okay. Beating Mr.
 12 Chipchase to efficiency levels, we'll start with Mr.
 13 Chipchase. Any questions for the county?

14 **MR. CHIPCHASE:** No, Chair.

15 **CHAIR SCHEUER:** Ms. Kato?

16 **MS. KATO:** No questions. Thank you.

17 **CHAIR SCHEUER:** Commissioners?

18 Mr. Hart, some of the correspondence
 19 included in the petitioner's exhibits included a
 20 letter from Ms. McClain to I believe it was Winekio
 21 (phonetic) but it could have been to another party.
 22 And one of the particular questions regarded how
 23 units would be allotted and prioritized in
 24 relationship to people who are already known to
 25 desire housing on the island. Can you just clarify

1 for the record that the county was satisfied with
2 the petitioner's response to those questions?

3 **MR. HART:** Chair, we understand that the
4 petitioner would be required to comply with the
5 provisions of Maui County Code Chapter 2.96, which
6 outline the process for selecting and confirming
7 candidates for housing.

8 **CHAIR SCHEUER:** Well, they have requested
9 slight modifications to those procedures if I recall
10 correctly. I would allow Mr. Chipchase to confirm
11 that.

12 You're muted.

13 **MR. CHIPCHASE:** I blame Mr. Gooden but the
14 last time I did you made an order that I had to be
15 nice to him so that stands --

16 **CHAIR SCHEUER:** And it still stands.

17 **MR. CHIPCHASE:** And I will not blame him.

18 That is true, Chair. We did request and
19 receive modifications through the county counsel
20 approval process. But subject to those, Mr. Hart is
21 correct. We will follow Chapter 296.

22 **CHAIR SCHEUER:** Thank you. Any further
23 response, Mr. Hart?

24 **MR. HART:** No further response.

25 **CHAIR SCHEUER:** Okay.

1 Commissioner Ohigashi followed by
2 Commissioner Giovanni.

3 **COMMISSIONER OHIGASHI:** Mr. Hart, I'm
4 going to ask you to confirm what Mr. Matsumoto says
5 that this development, the infrastructure that is
6 required -- that is being required of them to put in
7 will assist the county in determining or moving on
8 on their 115 acre proposed project.

9 **MR. HART:** That's correct. It will.

10 **COMMISSIONER OHIGASHI:** Could you
11 elaborate a little, how will that --

12 **MR. HART:** Sure. So the current location
13 of infrastructure is significantly further away from
14 the access that the county would require for
15 development and it will be brought closer to the
16 required location by the development of this
17 project.

18 **CHAIR SCHEUER:** Thank you, Commissioner
19 Ohigashi.

20 Commissioner Giovanni?

21 **COMMISSIONER GIOVANNI:** Thank you, Chair.

22 My question to Mr. Hopper regards a hoary
23 bat condition. Would the county be amenable to
24 modification of that condition that is in the record
25 in the event that the hoary bat is delisted from the

1 endangered species act, that the restrictions on
2 construction between September and I believe it's
3 December of each year would be removed

4 **MR. HART:** I can check with Deputy
5 Director Hart. The county generally, at these
6 proceedings, the first to the state on endangered
7 species matters because they're the proper experts.
8 I would suspect and Director Hart, or Deputy
9 Director Hart could confirm that if the state and
10 the developer are in agreement with that, that I
11 think it would be acceptable but normally we would
12 rely on state to enforce those laws because that's
13 their area of expertise.

14 **COMMISSIONER GIOVANNI:** Mr. Hart?

15 **MR. HART:** Yeah, we would concur if it was
16 no longer endangered. It would seem that the
17 condition was not relevant.

18 **COMMISSIONER GIOVANNI:** Thank you. That's
19 all I'm looking for is your concurrence.

20 That's it.

21 **CHAIR SCHEUER:** Thank you, Commissioner
22 Giovanni.

23 Commissioners, anything further for the
24 county.

25 I don't assume you have any redirect, Mr.

1 Hopper?

2 **MR. HOPPER:** No. Thank you, Chair.

3 **CHAIR SCHEUER:** Okay. Ms. Kato, Office of
4 Planning and Sustainable Development?

5 **MS. KATO:** We have Rodney Funakoshi, Land
6 Use Division Administrator here to present the
7 position of OPSD.

8 **CHAIR SCHEUER:** Okay. Mr. Funakoshi, do
9 you swear or affirm the testimony you're about to
10 give is the truth?

11 **MR. FUNAKOSHI:** Yes.

12 **CHAIR SCHEUER:** Please proceed.

13 **MS. KATO:** Okay. Please summarize the
14 position and testimony of the Office of Planning and
15 Sustainable Development in this docket.

16 **MR. FUNAKOSHI:** Okay. Thank you, and good
17 afternoon, commissioners.

18 The Office of Planning and Sustainable
19 Development supports and recommends approval of the
20 reclassification subject to some additional
21 conditions. I would first like to express our
22 commendation to Pulama Lanai for proceeding with
23 this very much needed affordable housing project on
24 Lanai. We are especially pleased to see that it
25 will provide for affordable housing in perpetuity

1 for 76 units, as well as an additional 39 units for
2 rent to low income households. So this has been a
3 very elusive goal in projects and so we're very
4 pleased and would like to express our appreciation
5 to Pulama Lanai for taking this route.

6 The other area that I would like to
7 highlight is relative to sustainability. So in
8 both, they have provided for very good
9 sustainability principle measures. First, I would
10 like to note the reduction of greenhouse gas
11 emissions. They are basically providing a net zero
12 energy development which promotes energy efficiency
13 and clean and renewable energy production that
14 includes the storage of energy along with efficient
15 water fixtures, low impact development measures, and
16 then they are also committing to basically try to
17 achieve a carbon neutral status. And I think this
18 is basically unprecedented as far as any large
19 development that I'm aware of. So a strong
20 sustainability practices and sustainability
21 principles are very much lauded and commendable.

22 The counsel for petitioner has gone
23 through the reasons for how it meets the Land Use
24 Commission's decision-making criteria so I won't go
25 over there. But we have assessed the project and

1 consulted with various state agencies on it. And we
 2 concur that it does not conflict with HRS Chapter
 3 205 and generally meets the Commission's decision-
 4 making criteria. And so we recommend approval of
 5 the petition subject to the petitioner's commitment
 6 to avoid, minimize, or mitigate project impacts as
 7 represented herein and in this proceeding. And any
 8 imposition of additional conditions which we have
 9 outlined in our OPSD testimony -- so we had one to
 10 eight conditions and we've also supplemented that,
 11 as well as added a ninth relative to preservation of
 12 the mature and historic Cook pine trees Makua of the
 13 community gardens as recommended by the Cultural
 14 Impact Assessment.

15 So on that basis, OPSD again supports and
 16 recommends approval of the petition. Thank you.

17 **CHAIR SCHEUER:** Thank you, Mr. Funakoshi.
 18 Anything further, Ms. Kato?

19 **MS. KATO:** Nothing further.

20 **CHAIR SCHEUER:** Okay. Questions for Mr.
 21 Funakoshi from the petitioner?

22 **MR. CHIPCHASE:** One more time. No
 23 questions, Chair. Thank you.

24 **CHAIR SCHEUER:** Okay. County?

25 **MR. HOPPER:** No questions, Chair.

1 **CHAIR SCHEUER:** Commissioners, starting
2 with Commissioner Okuda?

3 **COMMISSIONER OKUDA:** Thank you, Mr. Chair.

4 Mr. Funakoshi, my questions are really
5 just related to item four, which was Exhibit B, the
6 modifications and specifically the section that
7 says, and I quote, "Developer must reserve 10
8 residential workforce housing units for teachers in
9 grades pre-K through 12 residing on Lanai."

10 I'm just going to ask you some questions
11 just to fill out the record here. You know, at the
12 Office of Planning, is your overall goal in looking
13 at planning issues to see about how we can move our
14 state to make it a better place for its residents?
15 Is that a fair statement?

16 **MR. FUNAKOSHI:** Yes, absolutely.

17 **COMMISSIONER OKUDA:** You folks are the
18 holistic people who are supposed to look at
19 everything; correct?

20 **MR. FUNAKOSHI:** We have limitations but we
21 try to do our best.

22 **COMMISSIONER OKUDA:** Yeah, okay.

23 You know, and I guess those of us who are
24 sent away to Mainland seminars, we're always looking
25 at building concrete infrastructures. But let me

1 ask you this question related to Exhibit 4. You
 2 know, one of the great historians of Hawaiian
 3 history, Lawrence Fuchs, F-U-C-H-S, and his landmark
 4 book Hawaii Pono had this chapter called Seeds of
 5 Democracy where his whole point of that chapter was
 6 that the classroom teachers are the ones who move
 7 Hawaii from the twenties and thirties of an
 8 oligarchical type of society into a place where
 9 democracy can flourish.

10 So would you agree that one of the things,
 11 the goals a state needs to have and promote is
 12 basically support of the classroom teachers?

13 **MR. FUNAKOSHI:** Yes. Clearly, education
 14 is a means to, yeah, a lot of things. And so
 15 definitely that needs to be promoted.

16 **COMMISSIONER OKUDA:** Yeah. We might have
 17 some real serious questions about what people at a
 18 district or superintendent's office might be doing
 19 in the Department of Education but there is pretty
 20 good consensus, and you heard the testimony of the
 21 former principal of Lanai High and Elementary,
 22 there's a pretty good consensus that classroom
 23 teaching is really important; correct?

24 **MR. FUNAKOSHI:** Yes.

25 **COMMISSIONER OKUDA:** And in fact, if we

1 have to prioritize infrastructure or where we're
2 going to put our money, classroom teaching is a good
3 place or the classroom, the schools where I guess
4 the Department of Education's customer service
5 people, the teachers, the principals, the
6 custodians, where they meet the customer, the
7 students and their families, that's where we should
8 really try to put our efforts, whatever resources we
9 can muster. Do you agree that's a good planning
10 objective?

11 **MR. FUNAKOSHI:** Yes, absolutely.

12 **COMMISSIONER OKUDA:** Okay. And this
13 reservation of workforce housing units for teachers
14 given the former principal's testimony about the
15 difficulty of recruiting teachers, do you think that
16 this provision implements an important state goal?

17 **MR. FUNAKOSHI:** I would say that it's not
18 only teachers but certainly teachers are very
19 important.

20 **COMMISSIONER OKUDA:** Okay. Because maybe
21 in the end in these fast-changing economies and
22 societies and industries, maybe the best we can do
23 for the next generation and the coming generations
24 is try to give them a good education and good
25 teachers to provide that education. Fair statement?

1 **MR. FUNAKOSHI:** Yes.

2 **COMMISSIONER OKUDA:** Okay. Thank you, Mr.
3 Chair. I have no further questions.

4 **CHAIR SCHEUER:** Thank you very much,
5 Commissioner Okuda.

6 Commissioner Giovanni?

7 **COMMISSIONER GIOVANNI:** Thank you, Chair.
8 So I'm back on my hoary bat horse.

9 Can I ask the county, either Mr. Hopper or
10 your representative, would you be amenable to a
11 modification of the condition regarding the hoary
12 bat?

13 **CHAIR SCHEUER:** Do you mean the Office of
14 Planning and Sustainable Development rather than the
15 county?

16 **COMMISSIONER GIOVANNI:** I do mean the
17 Office of Planning and Sustainable Development.
18 Thank you for that correction, Chair. My apologies.

19 So Ms. Kato and Mr. Funakoshi, would you
20 be agreeable to amend the condition regarding the
21 hoary bat that in such case that it becomes delisted
22 from the endangered species list that you would
23 relax or remove the restrictions for construction
24 during the September through December period? My
25 intent is to get this project built as fast as

1 possible.

2 **MR. FUNAKOSHI:** Yeah, we, of course, did
3 not have a chance to check with our, you know,
4 agency that probably would have the expertise in
5 that area but it sounds completely logical. The
6 only thing I would say though is that there's both
7 federal and state endangered species so that would
8 need to be kind of qualified that it would need to
9 be delisted from both. So that would be my only
10 qualification to that.

11 **COMMISSIONER GIOVANNI:** I think we could
12 accommodate that.

13 I also want to comment on the -- it's more
14 a comment, but since you brought it up I will expand
15 upon it, having to do with the design of these units
16 in terms of net zero or energy efficiency. It's
17 really gratifying to see a developer take the
18 initiative to incorporate the latest technology for
19 energy efficiency and use of renewable energy to
20 achieve that energy efficiency in the design of a
21 complex that is to be occupied by renters. This is
22 a challenge that has been not met in many cases. We
23 have the first example on the island of Kauai where
24 affordable housing rental units where the developer
25 has installed solar and storage. And this is

1 another great example. So I feel that this is again
2 a continuation of an appropriate model for
3 developments of this type in recognition of what we
4 need to do in the context of climate change control.
5 So thank you for recognizing that, Mr. Funakoshi.
6 That's very important. I appreciate it.

7 **MR. FUNAKOSHI:** Yes. That's very gracious
8 and highly commendable of Pulama Lanai.

9 **COMMISSIONER GIOVANNI:** No further
10 comments or questions, Chair.

11 **CHAIR SCHEUER:** Thank you very much,
12 Commissioner Giovanni.

13 Commissioners?

14 I just want to briefly then follow up on
15 the ope'ape'a or hoary bat concerns with Mr.
16 Funakoshi. If I understand correctly, Mr.
17 Funakoshi, a couple things. First of all, I'm not
18 sure that what is being proposed is delisting so
19 much as down listing for the bat. Are you aware of
20 that? So going from endangered to threatened rather
21 than being removed from protection?

22 **MR. FUNAKOSHI:** Yeah, I'm not aware of the
23 technical term for that.

24 **CHAIR SCHEUER:** Okay. One removes
25 protection under the act. One lowers the level.

1 The second is just because have a state
2 endangered species act in addition to the federal
3 one which you referenced, delisting at the federal
4 level does not automatically result in delisting at
5 the state level; correct?

6 **MR. FUNAKOSHI:** Yes.

7 **CHAIR SCHEUER:** Okay. So, you know, while
8 hearing Commissioner Giovanni's concerns, would the
9 normal, at least likely procedure for removal of
10 this condition be a motion to amend?

11 **MR. FUNAKOSHI:** That would be a typical
12 course of how conditions are modified. So this is
13 kind of a condition to a condition. So that's
14 unusual but I don't see it as particularly
15 objectionable.

16 **CHAIR SCHEUER:** Would it provide you the
17 opportunity to consult with the Division of Forestry
18 and Wildlife?

19 **MR. FUNAKOSHI:** We would probably want to
20 do that in the interim between say presumed approval
21 here and preparation of the decision and order.

22 **CHAIR SCHEUER:** Okay. I have nothing
23 further.

24 Commissioners, anything further?

25 Commissioner Giovanni, since I was

1 following up on your point, did you have anything
2 further that you wanted to say?

3 **COMMISSIONER GIOVANNI:** Thank you, Chair.
4 I think you know my intent. My intent is not to
5 unnecessarily delay the construction of this project
6 presuming it's approved. And you're correct that
7 there's a difference between delisting and down
8 listing or whatever that appropriate term might be.
9 And I'm comfortable that if the state, OPSD can
10 agree to language and the petitioner could agree to
11 language to relax that requirement based on the
12 science and whatever happens by the regulators at
13 state and federal level then I am happy with that.

14 **CHAIR SCHEUER:** Okay. Thank you.

15 Okay. Petitioner, Mr. Chipchase, do you
16 have any rebuttal or final comments that you wish to
17 make at this time?

18 **MR. CHIPCHASE:** My only final comment
19 would be on that same line and certainly work with
20 the Office of Planning and Sustainable Development
21 to see if we can agree on a condition that
22 incorporates Commissioner Giovanni's concerns which
23 we share. We want this built as soon as possible
24 while still respecting the regulations and the
25 protection of the hoary bat.

1 With that, commissioners, I have nothing
 2 further. I very much appreciate your time and look
 3 forward to the discussion.

4 **CHAIR SCHEUER:** Okay. Commissioners, any
 5 last questions before we move into close of the
 6 evidentiary portion and move on to deliberation?

7 Seeing none, given that the parties and I
 8 really appreciate have efficiently presented their
 9 cases on the matter, given that those are completed,
 10 I declare the evidentiary portion of this proceeding
 11 now completed.

12 Pursuant to HAR 15-50-97(K) (2), the
 13 petitioner has provided a proposed findings of fact,
 14 conclusions of law, and decision and order for this
 15 docket and served it upon the parties and the
 16 commission. The commission's standard conditions
 17 were included in the proposed order, and if the
 18 parties desire to stipulate to any portion or all of
 19 the findings of fact, conclusions of law, and
 20 decision and order they were encouraged to do so.
 21 OP and intervenor provided -- the OP provided their
 22 own proposed conditions and those have been in our
 23 record today agreed to.

24 I now want to move on directly to formal
 25 deliberation. So I will note for the parties and

1 the public that during the commission's
2 deliberations I will not entertain any additional
3 input from the parties unless those individuals or
4 entities are specifically called to do so by me as
5 the chair. If called upon, any comments need to be
6 restricted to responding solely to the question at
7 hand.

8 The commission heard the merits of this
9 petition and the conclusion of the parties' closing
10 arguments today.

11 Commissioners, let me confirm with each of
12 you that you have reviewed the record and read
13 transcripts. There's been no other meetings but
14 read any transcripts for any meeting you've missed
15 and are prepared to deliberate on the subject
16 docket. After I call your name, please signify with
17 either and aye or a nay that you're prepared to
18 deliberate on this matter.

19 Commissioner Cabral?

20 **COMMISSIONER CABRAL:** Aye.

21 **CHAIR SCHEUER:** Commissioner Chang?

22 **COMMISSIONER CHANG:** Aye.

23 **CHAIR SCHEUER:** Commissioner Giovanni?

24 **COMMISSIONER GIOVANNI:** Aye.

25 **CHAIR SCHEUER:** Commissioner Ohigashi?

1 COMMISSIONER OHIGASHI: Aye.

2 CHAIR SCHEUER: Commissioner Okuda?

3 COMMISSIONER OKUDA: Aye.

4 CHAIR SCHEUER: Commissioner Wong?

5 COMMISSIONER WONG: Aye.

6 CHAIR SCHEUER: The chair is also prepared
7 to deliberate on this matter.

8 Commissioners, I will entertain a motion
9 that the LUC accepts or does not accept Pulama
10 Lanai's petition for district boundary amendment.
11 The motion should state the reasons for acceptance
12 or nonacceptance of the petition and any additional
13 conditions that will apply -- any conditions and any
14 additional conditions that will apply.

15 What is your pleasure, commissioners?

16 I recognize Commissioner from Maui, Lee
17 Ohigashi.

18 COMMISSIONER OHIGASHI: Yes. Because of
19 the fact that we have a transcript being created as
20 we watch, I ask -- I decided to have it written out.
21 That means it's clear. I move that the commission
22 approve the petition subject to the original 23
23 conditions identified in petitioner's proposed
24 findings of fact, conclusions of law, decision and
25 order, and also to include the eight conditions

1 proposed by the Office of Planning and Sustainable
 2 Development. I believe it was referred to as a
 3 ninth condition so I'm not sure if there is eight or
 4 nine. But those conditions that have been proposed
 5 by Office of Planning and Sustainable Development.
 6 Also, I'd like the staff to be authorized to make
 7 minor, nonsubstantive editorial changes and for the
 8 chair to be able to sign the order on behalf of the
 9 commission.

10 **CHAIR SCHEUER:** There is a motion.
 11 Commissioner Cabral?

12 **COMMISSIONER CABRAL:** I would be very
 13 honored to second that motion and support my fellow
 14 Commissioner Ohigashi and County of Maui and the
 15 island of Lanai and the good, wonderful thoughts
 16 about housing for our citizens. Thank you.

17 **CHAIR SCHEUER:** Commissioner Ohigashi, do
 18 you wish to speak to your motion?

19 **COMMISSIONER OHIGASHI:** Yes. I made this
 20 motion because I believe what is obvious is that the
 21 project addresses a critical need on the island of
 22 Lanai. The critical need in the County of Maui.
 23 The critical need in the State of Hawaii.

24 I also want to comment that the witnesses,
 25 Ms. Dancil and Mr. Matsumoto were incredibly

1 credible. Your answers assured me that the project
2 is intended for the residents of Lanai, as well as
3 the workers of Lanai. The affordable and the market
4 rentals will increase inventory on the island.

5 The secondary effect is that they appear
6 to have been able to assist the County of Maui's
7 further development of housing future by bringing
8 the necessary infrastructure closer to that area.
9 On that basis, I think that this project will have a
10 definite effect, increasing the availability of
11 housing, and I am happy to make this motion today.
12 Thank you.

13 **CHAIR SCHEUER:** Thank you.

14 Does Commissioner Cabral have further
15 comments in support of her second?

16 **COMMISSIONER CABRAL:** Thank you, Chair.

17 Yeah. I'm really thrilled to see that
18 private citizens and private business and common
19 sense can once in a while have something to say
20 about it and I certainly am appreciative that
21 government is not doing too much to get in the way
22 of success for our community. Thank you.

23 **CHAIR SCHEUER:** Commissioners, we are in
24 deliberation. We have a motion for approval before
25 us.

1 Commissioner Okuda? Followed by
 2 Commissioner Chang.

3 **COMMISSIONER OKUDA:** Thank you, Mr. Chair.

4 I will also support Maui Commissioner
 5 Ohigashi's motion. I believe that the petitioner
 6 with a very, very competent presentation, has met
 7 the burden of proof with witnesses, Dr. Dancil, Mr.
 8 Matsumoto, who are extremely credible and you can
 9 tell that from listening and observing their
 10 demeanor.

11 Let me just say the thing that really
 12 hooked me in on this, and I assure you I've kept an
 13 open mind until the evidence has come in. As I
 14 disclosed at the beginning, I've been involved with
 15 HSDA Executive Director Wilbert Hauck regarding
 16 teacher housing and classroom teacher initiatives.
 17 I do this more than community service because
 18 Wilbert and I go back to third grade at Kainalu
 19 Elementary School. And true story, he kept people
 20 from taking my lunch money. So it's neat to try to
 21 do something going forward. But frankly speaking,
 22 until I saw the petitioner's, I really thought these
 23 efforts are just, you know, chasing windmills. It's
 24 never going to happen. I do it because Wilbert's my
 25 friend and sometimes, you know, you've just got to

1 do crazy stuff with your friends. So this is more
2 than being pleasantly surprised by what Pulama Lanai
3 is proposing here. I believe it sends a very strong
4 statement to classroom teachers that they are
5 important and that education and public education is
6 important.

7 So maybe we shouldn't be surprised because
8 Kurt Matsumoto is a Lanai boy but whether we're
9 surprised or not, I think they should all be
10 complimented for this petition and good work they've
11 done in presenting it, so I will be voting in favor
12 of the motion. Thank you.

13 **CHAIR SCHEUER:** Thank you, Commissioner
14 Okuda.

15 Commissioner Chang?

16 **COMMISSIONER CHANG:** Thank you, Mr. Chair.

17 I, too, am going to be voting in favor of
18 this motion. You know, I recognize that this is a
19 very unique circumstance, situation. You have a
20 single private landowner who owns 90 percent of the
21 island. You've got -- so they're in a very good
22 position. And I hope this is not an aberration. I
23 really do hope that this becomes, as many of the
24 other commissioners have recognized, a model. But
25 what I do acknowledge here is that this project in

1 my mind demonstrates when you have a receptive
2 landowner, because I suspect that Mr. Ellison is not
3 that easy. That it did take some coaching. But it
4 demonstrates when you have a receptive landowner and
5 you have a CEO. I'm going to get a little emotional
6 because we don't always have this. But you have a
7 CEO who has a connection to this place, who brings
8 sensitivity with vision and policies, that honors
9 and respects the community and the place. And it is
10 that kind of synergy that I think this community has
11 desired for a very long time. But it's not just
12 Lanai. It is our state as a whole, looking for that
13 kind of vision. That kind of willingness to take
14 some risk. So I greatly appreciate all of the
15 efforts that have been put into this project.
16 You've put together a good team. I will remember
17 three or five years ago, sitting on Lanai, where we
18 did not have this kind of reception.

19 And so it is with great pleasure to be
20 here today and to see a project come forward like
21 this and to be able to support it. So thank you
22 very much. All of you, thank you.

23 **CHAIR SCHEUER:** Thank you, Commissioner
24 Chang.

25 Commissioner Giovanni?

1 **COMMISSIONER GIOVANNI:** Thank you, Chair.

2 I, with pleasure, will support this motion
3 by Commissioner Ohigashi. You know, there's a
4 continuous parade of "affordable housing projects"
5 that come before this commission and we seem to be
6 in search for those that are of the right type, the
7 right design, the right size and really meet the
8 community demand and the community need. And rarely
9 do they measure up. But this one does. It's the
10 right project at the right time. It may be a little
11 bit late even, but it's going forward. And I tip my
12 hat to Mr. Ellison, to Mr. Matsumoto, to my friend
13 Dr. Dancil. Thank you for bringing it forward and
14 please bring it to completion as soon as possible.
15 I support the motion.

16 **CHAIR SCHEUER:** Thank you very much,
17 Commissioner Giovanni.

18 Commissioners -- Commissioner Wong?

19 **COMMISSIONER WONG:** Thank you, Chair.

20 I concur with all the other commissioners
21 but one of the issues that comes to mind is that the
22 median income that they're looking at will help
23 people who cannot pay for regular housing and that's
24 what's needed, especially for people who live on
25 Lanai. We've all been there and the cost of living

1 is crazy. So I just wanted to say thank you to all
2 of them that's involved. Thank you, Chairman.

3 **CHAIR SCHEUER:** Thank you.

4 Any further deliberation, commissioners?

5 I'm going to also vote in favor of the
6 motion. And I actually join in the sort of like
7 overall this is the right project at the right time.
8 I will just share a couple of small misgivings I
9 have even though I am fully voting yes.

10 One misgiving is, and this is not Pulama
11 Lanai's fault, but we have this disconnect between
12 what our communities want which is homes for our
13 kids and what we're actually allowed to do. It's
14 highly problematic to me. And I think it's one of
15 the things that can lead to a loss of faith in
16 government when people say, hey, I'm going to
17 support this project. I want to see this come out
18 of it and that's not actually what can be delivered.
19 I don't know the solutions to it.

20 One of the solutions, and this is just
21 speaking on my personal life, part of what allowed
22 me to come, to remain in Hawaii was my parents were
23 homeowners. And so when their home was sold, that
24 gave me a chance to, you know, and the proceeds
25 shared with my siblings, I'm able to own a home

1 here. A rental project doesn't provide that kind of
2 equity building within families, though I realize
3 the many merits of having a rental project as part
4 of the overall housing mix.

5 The second thing I'll share, and I'll just
6 -- I did not want to share this during deliberation
7 because I did not want to give the impression that
8 it was affecting my deliberations. But a number of
9 years ago when I was working with the Department of
10 Hawaiian Homelands and we were starting our water
11 policy plan development efforts, we held community
12 meetings on every island, including on Lanai. And I
13 simply gave a presentation, the same presentation I
14 gave to every other Hawaiian community at 10 other
15 meetings and one of the things was on the role of
16 designation of a water management area and how the
17 Water Commission protects Hawaiian rights. And
18 later that evening I was pulled aside by a former
19 employee of the company, hit on the side of the
20 shoulder and said, hey, hey, what are you doing?
21 Are you some kind of troublemaker? We don't have
22 those issues on that island. Why are you causing us
23 trouble?

24 And so I don't have as easy a time
25 accepting that after that experience that things

1 might be tough for some people on the island despite
2 the incredible culture that I don't question that
3 Mr. Matsumoto and Mr. Ellison have tried to build on
4 the island. There's at least historically perhaps
5 before the involvement a pattern of people not
6 feeling fully free. So, but I'm very satisfied by
7 the commitments made and the stated commitments to
8 respect the law around fair housing that exists.
9 And of course, those will be applied on this island
10 as they are everywhere else.

11 Thanks for letting me share those
12 thoughts. It is still a very enthusiastic yes.

13 With that, if there's nothing further, Mr.
14 Orodanker, would you please poll the commission?

15 **MR. ORODENKER:** Thank you, Mr. Chair.

16 The motion is to grant the petition
17 subject to the original 23 conditions in the
18 petitioner's proposed findings of fact and
19 conclusions of law and the conditions proposed by
20 OPSD and to allow minor substantive changes to be
21 made by staff and the chair be authorized to sign
22 the decision and order.

23 Commissioner Ohigashi?

24 **COMMISSIONER OHIGASHI:** Aye.

25 **MR. ORODENKER:** Commissioner Cabral?

1 **COMMISSIONER CABRAL:** Aye.

2 **MR. ORODENKER:** Mr. Aczon is absent.
3 Commissioner Chang?

4 **COMMISSIONER CHANG:** Aye.

5 **MR. ORODENKER:** Commissioner Giovanni?

6 **COMMISSIONER GIOVANNI:** Aye.

7 **MR. ORODENKER:** Commissioner Okuda?

8 **COMMISSIONER OKUDA:** Yes.

9 **MR. ORODENKER:** Commissioner Wong?

10 **COMMISSIONER WONG:** Aye.

11 **MR. ORODENKER:** Chair Scheuer?

12 **CHAIR SCHEUER:** Aye.

13 **MR. ORODENKER:** Thank you, Mr. Chair. The
14 motion passes with seven affirmative votes.

15 **CHAIR SCHEUER:** Thanks, and
16 congratulations, Mr. Chipchase, and to the county
17 and to the parties for efficiently presenting your
18 case. We very much appreciate it.

19 And checking one last time, is there any
20 further business, Mr. Orodenker?

21 **MR. ORODENKER:** Not that I'm aware of,
22 Chair.

23 **CHAIR SCHEUER:** Okay. There being no
24 further business, I adjourn this hearing.

25 **MR. CHIPCHASE:** Thank you, everyone.

1 Really appreciate your time today. Thank you. Bye-
2 bye.

3 **CHAIR SCHEUER:** Thank you very much, Mr.
4 Chipchase and Mr. Matsumoto.

5 **(WHEREUPON, the meeting was adjourned at**
6 **2:03 p.m.)**

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 CERTIFICATE

2
3 I, Valerie J. Morrison, do hereby certify
4 that the proceeding named herein was professionally
5 transcribed on the date set forth in the certificate
6 herein; that I transcribed all testimony adduced and other
7 oral proceedings had in the foregoing matter; and that the
8 foregoing transcript pages constitute a full, true, and
9 correct record of such testimony adduced and oral
10 proceeding had and of the whole thereof.

11
12 IN WITNESS HEREOF, I have hereunto set my
13 hand this 15th day of December, 2021.

14
15
16 

17
18
19 _____
20 Valerie J. Morrison
21
22
23
24
25