

HONUA'ULA PARTNERS, LLC
2035 MAIN STREET SUITE 1
WAILUKU HI 96793



October 6, 2022

VIA EMAIL
DANIEL.E.ORODENKER@HAWAII.GOV

Mr. Daniel Orodener
Executive Director
Land Use Commission
State of Hawai'i
P.O. Box 2359
Honolulu, HI 96804-2359

Subject: Annual Report of Honua'ula Partners, LLC, Docket No.: A93-689

Dear Mr. Orodener:

The following 2022 annual report is sent to the Commission in compliance with Condition #18 of the Decision and Order (the "D&O") entered in the above-referenced docket on September 20, 1994. This report is provided as an update from the last report provided to the Commission in 2021.

On September 27, 2022, the Maui Planning Commission voted to approve the application from Honua'ula Partners, LLC ("HP") for Project District Phase II approval. Upon issuance of the final Decision & Order and Findings of Fact & Conclusion of Law, HP will begin finalizing construction plans and initiate construction of the required Pi'ilani Highway improvements.

The following summarizes the current status of compliance with conditions of the subject D&O.

1. Condition #1 of the D&O states:

"1. Petitioner shall provide affordable housing opportunities for low-low/moderate and gap group residents of the State of Hawaii to the satisfaction of the State Housing Finance and Development Corporation in accordance with the Affordable Housing Guidelines, adopted by the Housing Finance Development Corporation, effective July 1, 1992, with an addendum dated January 1, 1994, and as periodically amended. The

location, distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between the petitioner and the State Housing Finance and Development Corporation and the County of Maui, pursuant to Section 19.45.050.A. of the Maui County Code.”

Response: The Maui County Council enacted in December 2006 the Residential Workforce Housing Ordinance, Chapter 2.96, Maui County Code, amended in 2014, establishing requirements for affordable housing in Maui County. Additionally, Condition #5 of Ordinance No. 3554 specifies the affordable housing requirements for the Project. HP will comply with Chapter 2.96 and Ordinance No. 3554 of the Maui County Code.

2. Condition #2 of the D&O states:

“2. Petitioner shall implement effective soil erosion and dust control measures during construction and compliance with the rules and regulations of the State Department of Health and the County of Maui.”

Response: HP will comply with this condition. In addition, the State of Hawaii Department of Health (the “DOH”) and various agencies of the County of Maui (including its Department of Public Works, formerly known as the Department of Public Works and Environmental Management) offered comments to the Owner’s applications, and HP agrees to comply with those comments related to Condition #2.

Also, HP shall comply with Condition #14 of Ordinance No. 3554 which requires non-potable water or effluent for dust control.

3. Condition #3 of the D&O states:

“3. Petitioner shall cooperate with the State Department of Health and the County Department of Public Works and Environmental Management to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawaii Revised Statutes.”

Response: HP will cooperate with the DOH and the Department of Environmental Management, Solid Waste Division during the Project District Phase III process to ensure that the project conforms to the program goals and objectives of the Solid Waste Management Act.

4. Condition #4 of the D&O states:

“4. Petitioner shall contribute its pro rata share to fund and construct adequate wastewater treatment, transmission and disposal facilities, as determined by the State Department of Health and the County of Maui Department of Public Works and Environmental Management. When feasible, Petitioner shall contribute its pro-rata share and be required to connect to the County wastewater system and the Petitioner's temporary Sewage Treatment Plant shall be abandoned and dismantled.”

Response: Condition #17 of Ordinance No. 3554 requires HP to provide a private wastewater treatment facility and system for the Project. HP will consult with the Department of Environmental Management and the DOH to review project compliance during Phase III. HP fully discussed with the Department of Environmental Management, Wastewater Division (the “DEM”) and the DOH its compliance with Conditions #4 and #17.

Additionally, Condition #16 of Ordinance No. 3554 requires a Sewer Disposal Study (the “Study”) to be prepared by the Owner. The Study was prepared and submitted to the DEM, the DOH, the Department of Water Supply (collectively, the “Government Agencies”) and the County Council for review and comment. The Government Agencies acknowledged that the Study satisfied their respective requirements. The County Council accepted the Study and filed it pursuant to its rules on November 29, 2010.

5. Condition #5 of the D&O states:

“5. Petitioner shall comply with the environmental health conditions from the State Department of Health, dated January 1992 (Version 4), and entitled “Twelve (12) Conditions Applicable to all New Golf Course Development.”

Response: Condition #18 of Ordinance No. 3554 also requires Owner to comply with the DOH's Twelve Conditions Applicable to all New Golf Course Development. HP has elected to not proceed with construction of a golf course. As such, Conditions #5 and #18 (specifically, a. – i.) are no longer applicable.

6. Condition #6 of the D&O states:

“6. Petitioner shall participate in an air quality monitoring program, under such terms as may be mutually agreeable between the Petitioner and the State Department of Health.”

Response: HP will comply with Condition #6.

7. Condition #7 of the D&O states:

“7. Petitioner shall fund and construct adequate civil defense measures, as determined by the State and County of Maui, Civil Defense Agencies.”

Response: Condition #23 of Ordinance No. 3554 incorporates this LUC Condition #7. HP will comply with Conditions #7 and #23 of Ordinance No. 3554.

8. Condition #8 of the D&O states:

“8. Pursuant to the agreement with the Department of Education (DOE), Petitioner shall contribute to the development, funding and/or construction of school facilities, by paying \$850.00 per unit (based on 2,000 proposed units) to the DOE as the developer's school facilities fair share contribution, with 20 percent paid at the time the building permit is obtained, and 80 percent paid, through escrow, at the time of closing on each unit. A quarterly report will be provided to the DOE by developers' escrow company listing the units sold and total amount of funds transferred to the DOE during that period. No monies paid to the DOE under this condition are to revert to the petitioner or developer.”

Response: HP will comply with Condition #8. HP proposed to the State Department of Education (DOE), and the DOE accepted, an offer to increase the project contribution from the previously approved \$850 per unit to \$3000 per unit based upon the same payment schedule as previously set forth by the LUC. A letter from DOE to the LUC confirms this offer, and the formal agreement setting forth this change in contribution has been accepted by the Owner. This contribution of \$3000 per unit has been incorporated in Condition #22 of Ordinance No. 3554.

9. Condition #9 of the D&O states:

“9. Petitioner shall fund, design and construct its pro rata share of the necessary local and regional roadway improvements necessitated by the proposed development in designs and schedules accepted by the State Department of Transportation and the County of Maui. Petitioner shall revise the traffic study to re-examine the required mitigation measures if the roadway improvements cited and predecessors were not assumed to be place. The revised report shall also specify the improvements the developer will be committed to provide. The petitioner shall contribute its pro-rata share to the traffic improvements, as determined by the State Department of Transportation and the County of Maui.”

Response: HP is complying with all requirements of SLUC Conditions #9 and #2 with Condition #3 of Ordinance No. 3554. HP prepared an Environmental Assessment (EA) for the widening of Pi'ilani Highway from Kilohana Drive south to Wailea Ike Drive and received a Finding of No Significant Impact (FONSI) from the State Department of Transportation.

A Supplemental Traffic Assessment was also prepared in October 2021 and the analysis was accepted by DOT and DPW.

Construction drawings for this project are currently 35% complete and it is anticipated the plans will take approximately 1 year to complete. Also, Condition #2 of Ordinance No. 3554 specifies additional traffic requirements for the Project and Condition #3 incorporates the voluntary traffic impact contribution of \$5,000.00 per unit.

10. Condition #10 of the D&O states:

"10. Petitioner shall make available adequate golf tee times at affordable rates for public play to State of Hawaii residents."

Response: HP has elected to not proceed with construction of a golf course. As such, Condition #10 is no longer applicable.

11. Condition #11 of the D&O states:

"11. Petitioner shall fund and construct its pro rata share for adequate water source, storage, and transmission facilities and improvements to accommodate the proposed project. Water transmission facilities and improvements shall be coordinated and approved by the appropriate State and County agencies."

Response: HP has been working diligently to address the current shortfall of domestic water supply in Maui County as it relates to the successful development of the subject project. As stated in the Planning Commission Conditions of approval dated November 30, 2001, the successor must develop a private water system to serve the subject project. In response to this condition, HP has accomplished both a private water source development agreement and water transmission easement agreements with adjacent private landowners. With these agreements in place, HP has drilled four (4) groundwater wells and will continue with development of the private water system.

12. Condition #12 of the D&O states:

“12. Petitioner shall fund the design and construction of its pro rata share of the drainage improvements required as a result of the development of the property in compliance with appropriate State and County agency requirements.”

Response: HP will comply with Condition #12.

13. Condition #13 of the D&O states:

“13. Petitioner shall contribute its pro rata share to a near shore water quality monitoring program as determined by the State Department of Health and the State Division of Aquatic Resources, Department of Land and Natural Resources.”

Response: HP will comply with Condition #13. Further, HP has completed, updated and provided to the State Department of Health baseline water quality reports in compliance with Condition #20 of Ordinance No. 3554.

14. Condition #14 of the D&O states:

“14. Prior to filing of an amendment to the Project District Zoning Ordinance for Project District 9, an archeological inventory survey of the southern portion of the Property which was covered with a‘a (labeled as very stony land in Figure 7 of the Petition) shall be conducted to identify significant historic sites. A final report shall be submitted to the Department of Land and Natural Resources, State Preservation Division, for review and comments. If significant historic sites are identified, an acceptable mitigation plan shall be submitted to the Historic Preservation Division for approval and shall be implemented prior to any construction activities.”

Response: HP commissioned an Archaeological Inventory Survey (AIS) by Scientific Consultant Services (SCS) in 2013. The updated AIS was accepted by the State Historic Preservation Division (SHPD) of DLNR in December of 2015.

In compliance with Condition #26 of Ordinance No. 3554, the ownership commissioned development of a Historic Resources Preservation Plan (HRPP) pursuant to the condition and HRS 6E. Volume 21 of the plan was accepted by SHPD and the Office of Hawaiian Affairs in October 2021, becoming the Final HRPP. In compliance with Condition #13 of Ordinance No. 3554, HP also commissioned a Cultural Resource Preservation Plan (CRPP), which was adopted by the Maui County Cultural Resource Commission in March of 2018.

15. Condition #15 of the D&O states:

“15. Petitioner shall provide at no cost to the County one (1) acre of land along Piilani Highway for a future fire station at a location satisfactory to the County.”

Response: HP will coordinate with the County to comply with Condition #15.

16. Condition #16 of the D&O states:

“16. Petitioner shall develop the property in substantial compliance with the representations made to the Commission. Failure to develop the property may result in reversion of the property to its formal classification, or change to a more appropriate classification.”

Response: HP will comply with Condition #16.

17. Condition #17 of the D&O states:

“17. Petitioner shall give notice to the Commission of any intent to sell, lease or assign, place in trust or otherwise voluntarily modify the ownership interest in the property prior to development of the Property.”

Response: HP will comply with Condition #17.

18. Condition #18 of the D&O states:

“18. Petitioner shall timely provide, without any prior notice, annual reports to the Commission, the Office of State Planning, and the County of Maui Planning Department in connection with the status of the subject project and petitioner's progress in complying with the conditions imposed therein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.”

Response: HP submits this Annual Report in compliance with Condition #18.

19. Condition #19 of the D&O states:

“19. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances, pursuant to Section 15-15-92, Hawaii Administrative Rules.”

Response: The Original Petitioner complied with Condition #19 by its recordation on January 20, 1995, of the document listing conditions to Reclassification of lands (the

Mr. Daniel Orodener
October 6, 2022
Page 8

“Recorded Conditions”) with the Bureau of Conveyances of the State of Hawaii as Document No. 95-009365.

20. Condition #20 of the D&O states:

“20. Within seven (7) days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Property is subject to conditions imposed herein by the Land Use Commission and the reclassification of the property; and (b) shall file a copy of such recorded statement with the Commission.”

Response: Recorded conditions and the recorded copy thereof were filed with the LUC by the Original Petitioner on February 13, 1995.

21. Condition #21 of the D&O states:

“21. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Property upon timely motion and upon a provision of adequate assurance and satisfaction of these conditions by the Petitioner.”

Response: Pursuant to the Successor Petitioner's motion and adequate assurance of the reason for deleting Conditions #10 and #15, the LUC deleted Conditions #10 and #15 at its meeting on January 21, 2003. A new Condition #10 was substituted as noted above, but no new provision was inserted for Condition #15. HP will continue complying with Condition #21.

On behalf of Honua'ula Partners, LLC, I respectfully request your acknowledgement that this annual report satisfies Condition No. 18 for this reporting period. Should you have any questions or require additional information, please feel free to contact me at 808-357-6240 or via email at dean@fwmaui.com.

Sincerely,

HONUUA'ULA PARTNERS, LLC



By DEAN K. FRAMPTON
Its Authorized Representative

Mr. Daniel Orodener
October 6, 2022
Page 9

cc: Ms. Mary Alice Evans, Administrator, State of Hawaii Office of Planning and Sustainable Development
Ms. Michele Chouteau McLean, Director, County of Maui Department of Planning