

STAND. COM. REP. NO.

3622

Honolulu, Hawaii

APR 21 2008

RE: H.C.R. No. 346
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Water and Land, to which was referred
H.C.R. No. 346 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF
LAND AND NATURAL RESOURCES, DIVISION OF AQUATIC RESOURCES, TO
CONDUCT A STUDY ON PARTS I, II, IV, AND V OF TITLE 13,
SUBTITLE 4, OF THE HAWAII ADMINISTRATIVE RULES,"

begs leave to report as follows:

The purpose of this measure is to request the Department of
Land and Natural Resources, Division of Aquatic Resources, to
conduct a study on Parts I, II, IV, and V of Title 13, Subtitle 4
of the Hawaii Administrative Rules.

Prior to conducting a hearing on this matter, a proposed
Senate Draft of this measure was distributed which replaced its
title and substance with a new title and substance, the purposes
of which are to urge the Administration to complete the purchase
of Turtle Bay Resort and the surrounding undeveloped lands and to
urge the commitment of the Legislature to assist with the
purchase.

Testimony in support of the proposed amended version of this
measure was submitted by the Senior Policy Advisor to the
Governor, Keep the North Shore Country, The Trust for Public Land,
and four individuals. The Department of Business Economic
Development and Tourism, Office of Planning, submitted testimony
in support of the intent and purpose of this measure.



Your Committee finds that the Ko'olauloa-North Shore region known as Turtle Bay, located in the ahupua'a of Hana Kae in Kahuku on the island of Oahu, represents one of the last remaining partially developed shoreline areas on the most populated island within our State. The Turtle Bay area encompasses a total of 1,429 acres on the makai and mauka sides of Kamehameha Highway in Kahuku that includes unique and irreplaceable natural and cultural features, including Punahoolapa Marsh, Kawela Bay, and alluvial sand dunes. Your Committee further finds that since 1969, the majority of the property has been classified for urban land use and the Council of the City and County of Honolulu approved the Kuilima Expansion Project by issuing a special management area use permit to Kuilima Development Company in 1986. These actions may potentially allow for the construction of up to three thousand hotel rooms plus development of residential units and commercial structures on the Turtle Bay property. Your Committee recognizes that there have been significant changes in the surrounding communities along the North Shore, as well as the rest of Oahu over the past twenty years, such as increased traffic congestion and additional demands on remaining beaches, recreational areas, and undeveloped land, making it no longer practical or of community benefit to consider the type of development previously approved by the City and County of Honolulu.

Your Committee further finds that Oaktree Capital Management, LLC, the current owner of the Turtle Bay Hotel and Resort, has failed to make payment and, as a result, has been subject to a foreclosure action by the creditors for an estimated eight hundred eighty acres of the property on the makai side of Kamehameha Highway and Oaktree Capital Management, LLC has actively solicited bids for the sale of this property for resort development. Your Committee believes the makai and mauka portions of the Oaktree Capital Management, LLC holdings are interrelated and should be purchased as a unit to protect the long-term viability of the area, including the existing hotel and residential units. However, your Committee recognizes that the State does not intend to own and operate the Turtle Bay Resort. Your Committee further understands that it is important to the economic well-being of the community to ensure that the existing hotel and resort remain viable, that the jobs of the employees of this facility are protected, and that the proceeds from the sale of the developed parcels, to the extent possible, cover the State's costs to acquire and preserve a majority of the undeveloped area of the Turtle Bay property. Your Committee believes that the State currently has a unique and distinct opportunity to enter into the



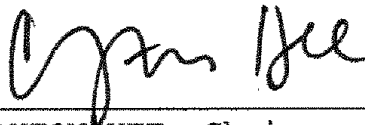
negotiations for the purchase of the Turtle Bay property with the intended result of having a net zero outlay of state monies.

Your Committee has amended this measure by replacing the title and substance of this measure in their entirety, with language that:

- (1) Reflects that the purpose of this measure is to urge the Administration to complete the purchase of Turtle Bay Resort and the surrounding undeveloped lands and to urge the commitment of the Legislature to assist with the purchase;
- (2) Provides a historical background and present status of the circumstances regarding the Turtle Bay property which have lead to the present situation of the State being interested in acquiring the Turtle Bay Resort and surrounding undeveloped land;
- (3) Urges the Administration to complete negotiations for the purchase of the Turtle Bay Resort and surrounding undeveloped lands; and
- (4) Expresses the Legislature's commitment to do a good faith review of the terms of the acquisition upon completion of negotiations by the Administration.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 346, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 346, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Water and Land,



CLAYTON HEE, Chair



