

Castle & Cooke
Homes Hawaii, Inc.

LAND USE COMMISSION
STATE OF HAWAII

2012 DEC 17 A 9:04

December 13, 2012

Land Use Commission
State of Hawaii
State Office Tower
Leiopapa A Kamehameha, 4th Floor
235 So. Beretania Street
Honolulu, Hawaii 96813

Re: Status Report of Phase II of LUC Docket No. A87-609
Castle & Cooke Homes Hawaii, Inc.

Honorable Chairman and Members:

Pursuant to Condition No. 17 of the Decision and Order dated April 21, 1992 in the above-named docket, Castle & Cooke Homes Hawaii, Inc. ("Petitioner", formerly known as Castle & Cooke Residential, Inc. and Mililani Town, Inc.) hereby submits its annual report on the project on the Phase II property which is the subject of the docket and on the progress in complying with the conditions imposed.

I. General Progress Of The Project.

Phase II of the Mililani Mauka project consists of approximately 473.747 acres ("Property"). The Property has been divided into two increments: Increment A and Increment B. Increment A covers approximately 198 acres the land uses for which include 946 residential units, a commercial site, neighborhood park, and an intermediate school. The City Council of the City and County of Honolulu approved the development plan amendment on January 16, 1992 and the rezoning on March 31, 1993 to allow and accommodate the land uses intended for Increment A. Petitioner has executed a Unilateral Agreement And Declaration For Conditional Zoning dated March 25, 1993 ("Unilateral Agreement") which is made a part of the zoning ordinance covering Increment A. The Unilateral Agreement has been recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-048714.

Increment A has built and delivered all 946 residential units.

Increment B covers approximately 279 acres the land uses for which include 1,206 residential units, a neighborhood park, elementary school, and a recreation center. To accommodate the proposed land uses, a development plan amendment application was submitted to the City and County of Honolulu Planning Department in January 1993 for the 1993 annual review.

II. Progress In Complying With Conditions Imposed.

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As indicated above, Increment A and B has built and delivered all 2,152 residential units.

According to the Land Use Commission's Decision and Order, Petitioner must comply with twenty (20) conditions. These conditions are each numbered as identified in the Decision and Order and set forth below and followed by a brief status summary.

Condition No. 1:

"1. Petitioner shall contribute to affordable housing opportunities for low, low-moderate, and moderate income residents in the State of Hawaii to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between Petitioner and the City and County of Honolulu."

Status:

Petitioner has completed development of Increment A and B pursuant to the affordable housing requirements of the City and County of Honolulu as contained in the Unilateral Agreement covering Increment A and B.

The following table is a summary of completed and currently in progress affordable housing projects:

[The remainder of this page is blank. The next page begins with a table summarizing completed and in progress housing projects.]



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**AFFORDABLE HOUSING PROJECTS RECAP
as of December 31, 2011**

	Total	LOW <80%	MID 80%-120%	HIGH 120%-140%	Notes
MF108	70	0	57	13	Completed
MF109	113	0	113	0	Completed
MF110	84	0	2	82	Completed
MF111/112	158	0	156	2	Completed
MF-113/114	120	1	117	2	Completed
MF115	102	0	95	0	Completed
MF 116	27	0	0	27	Completed
Unit 118	24	0	18	6	Completed
Unit 119	66	0	50	16	Completed
Unit 122A	86	0	40	46	Completed
Unit 122B	56	0	55	1	Completed
Unit 124	36	0	13	23	Completed
Unit 125	65	0	40	25	Completed
Unit 128A	36	0	27	9	Completed
Unit 128B	49	0	46	3	Completed
Unit 129	6	0	0	6	Completed
Sub-Total Completed	1091	1	829	261	
Total Phase II	1091	1	829	261	
Years given are for the end of sales.					

NOTES:

- Unit counts may differ from previous reports due to changes in categories for Affordable Housing as defined in City and County of Honolulu Ordinance 99-51.

Condition No. 2:

"2. Petitioner shall coordinate with the Honolulu Board of Water Supply and the Department of Land and Natural Resources to obtain the required water for the project. In the event that water is not available from existing sources due to insufficient supply and/or the source is not contaminant free, the Petitioner shall fund and develop the necessary water source, storage, transmission facilities and filtration system."

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Status: From 1997 Annual Report

Construction of the water source and system was completed in September 1995. The water source and system were put into service by the Board of Water Supply (BWS) in 1996. A copy of letter dated January 13, 1994 from the BWS and a copy of letter dated April 15, 1996 from the BWS, evidencing the development of the water source for the project were marked as Exhibit "B-1" and Exhibit "B-2", respectively, and attached to the 1996 Annual Report.

Expenditures to date for the water source and system total approximately \$21,000,000.00.

Condition No. 3:

"3. Should any archaeological resources such as artifacts, shell, bone, or coral alignments, pavings or walls be encountered during the project's development, Petitioner shall immediately stop work and contact the State Historic Preservation Office."

Status: From 1997 Annual Report

Other than such archaeological resources which may have been identified in surveys made part of the record, no archaeological resources have been found to date. Petitioner have adhered to this condition throughout the construction of the project.

Condition No. 4:

"4. Petitioner shall provide public access over the Property to public trail rights-of-way for Waikakalaua and Kipapa Valleys and the ridge mauka of the Property."

Status: From 1997 Annual Report

With the view to comply with this condition, Petitioner requested information from the Department of Land and Natural Resources (DLNR) regarding any public trails in and about the project area by letter dated June 2, 1994, attached to the 1995 Annual Report as Exhibit "B". As indicated by DLNR's response letter dated June 13, 1994, attached to the 1995 Annual Report as Exhibit "C", there are no known trails within the project area. Petitioner is, however, complying with DLNR's recommendation of "hose drag" easement to perimeter areas.

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Condition No. 5:

"5. Petitioner shall fund and construct the necessary improvements to the Mililani Interchange, including the transitions to H-2, to accommodate traffic generated by the proposed project on a schedule acceptable and in coordination with the State Department of Transportation."

Status: From 2000 Annual Report

As reported in the 1994 Annual Report, the northbound on-ramps project was accepted by the State Department of Transportation on July 21, 1993. In addition since then, temporary southbound signals were put into service by the Petitioner on February 14, 1995. The final phase of the interchange improvements consisted of the relocation of the existing southbound off-ramp and construction of a new on-ramp. Financing for the construction of these improvements was made part of the State's Innovative Financing Program for which federal funds were encumbered on September 29, 1995. Under this program, federal funds are used to finance the construction, and Petitioner is obligated to reimburse the State Department of Transportation for the construction cost. Petitioner has coordinated with the State Department of Transportation (DOT) in finalizing and reformatting the project for these improvements as federal job project. Petitioner and the DOT entered into a Transportation Development Agreement dated December 12, 1996 covering the development of the improvements, a copy of which Agreement was marked Exhibit "A" and attached to the 1997 Annual Report.

Bid opening of contract for the improvements occurred on January 15, 1998. On February 20, 1998, Petitioner approved the award of the contract for the improvements. Construction commenced in October 1998 with a projected completion by December 1999. By its letter dated December 26, 1996, a copy of which was marked Exhibit "B" and attached to the 1997 Annual Report, the DOT granted Petitioner a two-year extension to construct and have the southbound on and off ramps in operation by the end of the year 1998. With the further delay in the issuance and award of the bid for the improvement contract, a further extension was requested of DOT by Petitioner by its letter of February 3, 1998, a copy of which was marked Exhibit "A" and attached to the 1998 Annual Report. DOT granted the extension by its letter of April 13, 1998, a copy of which was marked Exhibit "B" and attached to the 1998 Annual Report.

By instrument dated July 7, 1998, DOT and Petitioner entered into the First Amendment To Transportation Development Agreement (of December 12, 1996) to amend, among other things, the contract bid amounts and a revised cost for construction management.

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A copy of the First Amendment To Transportation Development Agreement together with a copy of the performance bond for the completion of the improvements were attached as enclosures to letter dated July 14, 1998 from DOT to Petitioner which letter, together with the said enclosures, was attached to the 1999 Annual Report as Exhibit "B".

By "Memorandum for the Record" dated August 23, 1999, a copy of which is attached this Annual Report as Exhibit "B", DOT confirmed that on August 13, 1999, the permanent traffic signals were activated at the new ramp for mauka bound traffic.

By "Memorandum for the Record" dated November 5, 1999, a copy of which is attached to this Annual Report as Exhibit "B-1," DOT confirmed that on November 1, 1999, the loop on-ramp for Honolulu bound traffic was opened.

Accordingly, Petitioner has satisfied Condition No. 5.

Condition No. 6:

"6. Petitioner shall appoint and fund a transportation manager whose function is the formation, use and continuation of alternative transportation opportunities that would maximize the use of existing and proposed transportation systems. Petitioner shall construct and provide the operation of a park and ride facility or other activities to encourage transit use or ridesharing.

"In the alternative, Petitioner may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the formulation, use and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems."

Status:

Castle & Cooke Homes Hawaii, Inc. is a charter member of the Leeward Oahu Transportation Management Association (LOTMA) which is an association of developers and/or landowners working toward a program for transportation for the leeward region. Laura Kodama, Director of Planning and Development, is currently serving as a Director of LOTMA.

Aside from its continuing participation in LOTMA, Petitioner has satisfied Condition No. 6. Reference is made to previously filed annual reports.

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Condition No. 7:

"7. Petitioner shall inform prospective occupants of possible noise impacts from Wheeler Air Force Base and other military activities in the area, and will provide covenants in the deeds to prospective occupants to indemnify and defend the State of Hawaii and City and County of Honolulu in the event any suit is brought arising out of and resulting from inconvenience, disturbance and/or injury due to noise and/or other military activities in the area."

Status: From 1997 Annual Report

Petitioner is providing purchases with a notice of potential noise impacts at the time of sale. The notice of potential noise impacts and the covenant of homeowners to indemnify and defend the State and County in the event suit is brought for damages arising out of noise and military activities in the area are contained in the deed covering the conveyance of lot or dwelling unit. A copy of the form of the subject notice and covenant as contained in the deeds issued was attached as Exhibit "C" to the 1993 Annual Report.

Condition No. 8:

"8. Petitioner shall participate in an air quality monitoring program with the State Department of Health."

Status: From 2000 Annual Report

As reported in the 1993 Annual Report, Petitioner had developed an air quality monitoring plan (attached as Exhibit "E" to the 1993 Annual Report) which was submitted to the State Department of Health (DOH) for its approval. Since the 1993 Annual Report, Petitioner recommended to DOH that comprehensive regional monitoring programs may be more meaningful as set forth in Petitioner's letter dated November 23, 1993 to DOH which was attached as Exhibit "E" to the 1994 Annual Report. By its letter dated May 16, 1994, DOH stated that it does not routinely require air quality monitoring for land reclassification and suggested as a minimum that an air quality analysis should be performed. A copy of the DOH letter was attached to the 1995 Annual Report as Exhibit "D-1". Pursuant to the suggestion by DOH, Petitioner has met with DOH on a proposed plan for an air quality analysis which was approved by DOH by its letter of

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March 30, 1998, a copy of which is marked Exhibit "C" and attached to the 1998 Annual Report.

A study entitled "Air Quality Analysis – Mililani Mauka, Mililani, Hawaii 96789" prepared by Brewer Environmental Services for Castle & Cooke Homes Hawaii, Inc. dated September 1, 1998, was transmitted by Castle & Cooke Homes Hawaii, Inc. to DOH by letter dated September 4, 1998. Copies of the study and transmittal letter were transmitted by Castle & Cooke Homes Hawaii, Inc. to the Land Use Commission by letter dated September 16, 1998. DOH acknowledged its receipt of the Air Quality Analysis from Castle & Cooke Homes Hawaii, Inc. as meeting the requirement of the land Use Commission by DOH letter dated September 30, 1998, a copy of which letter is marked Exhibit "C" attached to the 1999 Annual Report.

Accordingly, Condition No. 8 has been satisfied.

Condition No. 9:

"9. Petitioner shall ensure that Waialua Sugar Company's capability to carry out its existing sugar production programs will not be adversely affected as a result of this development."

Status: From 1997 Annual Report

The development of the Property did not adversely affect Waialua Sugar Company's capability to carry out its existing sugar production programs. For other economic reasons, Waialua Sugar Company has phased out its sugar operation and Condition No. 9 is no longer relevant.

Condition No. 10:

"10. Areas designated by Petitioner for the university shall not be used for other purposes without prior Land Use Commission review and approval of the proposed alternative use or uses, unless the University of Hawaii notifies Petitioner not to locate at Mililani at the designated site."

Status: From 1997 Annual Report

The area designated and set aside within Phase I of the Mililani Mauka project for use by the University of Hawaii has been determined by the University of Hawaii to be insufficient to meet the projected University needs. The University had notified Petitioner

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by letter dated July 31, 1992 that it is unable to utilize the subject area. A copy of said letter dated July 31, 1992 was attached to the 1993 Annual Report as Exhibit "C". Any use which may be proposed for the area will be first submitted to the Commission for its review.

Condition No. 11:

"11. Petitioner shall mitigate the visual impacts of existing and proposed facilities, including water wells, reservoirs, and electrical substations."

Status: From 1998 Annual Report

Petitioner has assisted in the landscaping of existing facilities in the Mililani Mauka project. Irrigation and plant materials were provided in August 1992 for use by the Board of Water Supply. This work was coordinated with Glenn Fujiwara of the Board of Water Supply. In addition, Petitioner has also provided plant material which has been used in the landscaping of the existing Hawaiian Electric Company, Inc. (HECO) substation within the Mililani Mauka project. A copy of the existing substation landscaping plan was enclosed as Exhibit "G" to the 1994 Annual Report.

Petitioner has also installed the landscaping for HECO for its new Nakuiki substation at Mililani Mauka as a part of the agreement covering the conveyance of the substation parcel from Petitioner to HECO. A copy of the landscape plan for the substation is marked Exhibit "D" and submitted with this Annual Report.

Condition No. 12:

"12. Petitioner shall fund and install the necessary number of emergency siren units (including infrastructure) within the development area to the satisfaction of the State Office of Civil Defense."

Status: From 1998 Annual Report

Petitioner has coordinated with the State Office of Civil Defense for the installation of the necessary number of emergency siren units. Petitioner has installed the emergency siren units as required by the State Civil Defense which had tested and accepted the siren units as evidence by its letter to Petitioner dated April 29, 1997 marked Exhibit "E" and attached to this Annual Report.

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Condition No. 13:

"13. Petitioner shall participate in the funding and construction of regional traffic improvements, on a pro rata basis, as determined by the State Department of Transportation."

Status: From 1997 Annual Report

In addition to improvements to the Mililani Interchange being made by the Petitioner as described under status of Condition No. 5 above, the Petitioner had contributed the sum of \$1,315,927.50 to the State Department of Transportation (DOT) toward construction cost for the Interstate Route H-2, HOV Lanes, Phase II. Attached to the 1993 Annual Report were (i) copy of letter dated February 12, 1993 from Petitioner to DOT transmitting the sum marked Exhibit "G-1", and (ii) copy of Petitioner's internal memorandum summarizing the costs associated with transportation improvements and the contributions made or to be made by Petitioner on behalf of the Mililani Mauka project marked Exhibit "G-2".

Condition No. 14:

"14. Petitioner shall coordinate with the State Department of Health and the City and County of Honolulu, Department of Public Works to provide areas for waste diversion facilities for the development within the development as provided for by Act 324, Session Laws of Hawaii 1991 or on lands controlled or owned by Petitioner or its affiliated companies."

Status: From 2002 Annual Report

In previous annual reports, Petitioner had reported initiating communication since 1992 with the State Department of Health (DOH) when standards for solid waste diversion program had not yet been developed by the State and County agencies. There was a delay in implementation until the standards were established for the program. The solid waste diversion program had since been developed by the City and County of Honolulu (City) and the Petitioner is working with the City to implement the program within the Mililani Mauka project. Copies of letter dated February 10, 1998 from Petitioner to the City marked Exhibit "D", letter dated March 23, 1998 from the Petitioner to the State Department of Accounting and General Services marked Exhibit "E", letter dated September 25, 1998 from the Department of Education to the Petitioner marked Exhibit "F", letter dated October 7, 1998 from the Petitioner to the City Department of Parks and

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Recreation marked Exhibit "G", and letter dated November 12, 1998 from the City Department of Parks and Recreation to the Petitioner marked Exhibit "H" attached to the 1999 Annual Report and Letter dated April 25, 2000 from the Petitioner to the State Department of Accounting and General Services marked Exhibit "I" attached to the 2001 Annual Report evidence Petitioner's efforts to date toward locating appropriate sites for waste diversion facilities. The State's letter to Pacific Architects dated January 22, 001, marked Exhibit "J" is attached to the 2001 Annual Report, directs its consultant to include a recycling area if space is available at the Mililani Mauka II Elementary School. The school layout showing the recycling bin location marked Exhibit "K" is attached to the 2001 Annual Report. The State's memorandum to Department of Education of February 6, 2002, establishes the cost of the recycling area and is attached as Exhibit "L" to this Annual Report. Petitioner's letter of March 8, 2002, forwards payment for the recycling area to the State Department of Education and is attached as Exhibit "M" to this Annual Report. Based on the foregoing, this condition has been satisfied.

Condition No. 15:

"15. 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 former classification, or change to a more appropriate classification."

Status: From 1997 Annual Report

The Property is being developed in substantial compliance with the representations made to the Commission.

Condition No. 16:

"16. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property."

Status: From 1997 Annual Report

To date, there has been no material change nor intent of change in the ownership interests of the Property.

Condition No. 17:

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"17. Petitioner shall provide annual reports to the Land Use Commission, the Office of State Planning, and the City and County of Honolulu, Department of General Planning, in connection with the status of the subject project and Petitioner's progress in complying with the conditions imposed."

Status:

This letter constitutes the 2011 Annual Report submitted to the Land Use Commission with copies to the State Office of Planning and the City and County of Honolulu, Department of Planning and Permitting in compliance with this condition.

Condition No. 18:

"18. These conditions may be fully or partially released by the Land Use Commission as to all or any portion of Phase II upon timely motion and provision of adequate assurance of satisfaction of these conditions by Petitioner."

Status: From 1997 Annual Report

To date, Petitioner has not had the occasion to file any motion affecting the Property pursuant to this condition except for amendments to certain conditions as recorded in this docket.

Condition No. 19:

"19. Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Title 15, Chapter 15, Section 92, Hawaii Administrative Rules."

Status: From 1997 Annual Report

Petitioner recorded the declaration of conditions in the Land Court of the State of Hawaii as Document No. 1940080, a certified copy of which recorded document was filed with the Commission by Petitioner's attorney on August 10, 1992.

Condition No. 20:

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"20. Within 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 to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Commission."

Status: From 1997 Annual Report

Petitioner recorded the Statement in the Bureau of Conveyances of the State of Hawaii as Document No. 92-070350, a certified copy of which recorded document was filed with the Commission by Petitioner's attorney on May 7, 1992.

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The foregoing constitutes Petitioner's status report. Should you have any questions or desire any additional information with respect to the matters discussed above, please contact me at 626-3625.

Yours very truly,

CASTLE & COOKE HOMES HAWAII, INC.

By:



Garret J. Matsunami

Its: Director of Engineering

cc: Mr. Jesse K. Souki (Office of State Planning)
Mr. Jiro Sumada (Department of Planning and Permitting)

Encls: Exhibit 1 - Mililani Mauka By Zoning Phases - Closings As Of December 31, 2011

MILILANI MAUKA CLOSINGS FOR CCHHI
As of December 31. 2011

Phase 1	
PROJECT	# OF UNITS
100	93
101	171
102	83
103	100
104	135
105	109
106a	40
106b	15
107	110
109	176
U111	215
112	164
113	62
114	93
115	108
116A	74
116B	65
134	154
135	73
136	58
MF100	160
MF101	152
MF102	212
MF 103	360
MF104	164
MF105	280
MF106	80
MF107a	88
MF107b	120
MF107c	72
MF117	73
MF118	84
MF119	120
MF 120	132
MF 121 Rental	48
MF 121 For Sale	80
TOTALS	4,323

Phase 2A	
PROJECT	# OF UNITS
117A	55
117B	95
118	78
119	86
120	80
121a	58
121b	76
122a	94
122b	56
MF108	70
MF-109	114
MF110	84
TOTALS	946

Phase 2B	
PROJECT	# OF UNITS
123	45
124	75
125	94
126	74
127/133	136
128a	48
128b	51
129	82
130a	44
130b	34
131	22
132	14
MF111/112	160
MF113/114	120
MF115	131
MF116	76
TOTALS	1,206

GRAND TOTALS

6,475