

LAND USE COMMISSION
STATE OF HAWAII

2010 FEB 18 10:18 AM 2010

Mr. Orlando "Dan" Davidson
Executive Director
Land Use Commission
P. O. Box 2359
Honolulu, HI 96804-2359

Dear Mr. Davidson:

2010 Annual Report
Docket No. A90-655
Kapolei West

Aina Nui Corporation ("Owner"), an affiliate of the James Campbell Company LLC submits this annual progress report to the Land Use Commission ("LUC"), the state Office of Planning, and the city Department of Planning and Permitting pursuant to Condition 21 of the February 14, 1991 LUC order in Docket No. A90-655.

The subject of this annual report is the petition area currently identified as the "Kapolei West" project. The petition area is comprised of 372.6 acres located at Honouliuli, Ewa, Oahu, Tax Map Key Nos. 9-1-15:18 and portion of 4, 9-1-56: portion of 11 and 9-1-56: portion of 12 (the "Property").

General Progress

The land identified in the petition area is owned by Aina Nui Corporation (Aina), an affiliate of the James Campbell Company LLC, effective July, 2003. Since the transfer of ownership in 2003, Aina began the land planning process for the Property in preparation of filing a rezoning application with the City and County of Honolulu. In 2006, the LUC reclassified an adjoining 174-acre parcel in Docket A04-753 from the Agricultural to the Urban District. As a result of the reclassification of the additional 174-acre parcel, the entire 546-acre "Kapolei West" property will be planned as one project. On September 29, 2008, Mayor Mufi Hannemann signed Bill 48, which rezoned the Property to various City and County of Honolulu zoning categories, including A-1, A-2, BMX-3, P-2, B-2 and AMX-2.

LUC Reclassification (Docket No. A90-655)

Pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated February 14, 1991, the Property was reclassified by the LUC from the Agricultural District into the Urban District for development.

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LUC Amendment (Docket No. A90-655)

By Order Granting Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order dated March 6, 1997, the LUC amended its condition relating to affordable housing requirements. Condition 1 was revised to dispense with state affordable housing requirements, and to require compliance with the applicable city affordable housing requirements.

Development Plan Amendment

On February 27, 1991, the City Council of the City and County of Honolulu approved Bill No. 132 (1990), CD-1. The proposed amendment was to reconfigure existing land uses on the Ewa Development Plan Use Map including the reconfiguration of Low Density Apartment and Medium Density Apartment (total maximum 3,500 residential units), Park, Park/Golf Course, Commercial and Public Facility. Other amendments which were approved include the Potable Water Main, Non-Potable Water Main (12-inch), Non-Potable Water Main (8-inch), Non-Potable Water Well, and Main Collector Road.

Development of Infrastructure

Sewer Line. The City and County has approved the sewer master plan for a sewer line from the project site to the Honouliuli Wastewater Treatment Plant. Construction has been completed on a segment of the sewer line from the project site to the Barbers Point Naval Access Road. The remaining portion of the line from Barbers Point Naval Access Road was completed in late 2005.

Status of Compliance with Conditions

The conditions to reclassification are reproduced boldface followed by a description of the progress being made to comply with them.

- 1. Petitioner shall provide affordable housing opportunities for low to moderate income residents of the State of Hawaii to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing shall be under such terms as are mutually agreeable between the Petitioner and the City and County of Honolulu.**

Note: This Condition 1 was amended by Order Granting Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order dated March 6, 1997.

Petitioner/Owner (hereinafter "P/O") intends to provide affordable housing opportunities for low to moderate income residents of the State of Hawaii to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing shall be under such terms as are mutually agreeable between the P/O and the City and County of Honolulu.

2. **Petitioner shall participate in the implementation of the Ewa Transportation Master Plan (ETMP). In the alternative, should the ETMP not be completed on a schedule compatible with Petitioner's development schedule, Petitioner shall undertake the following on a fair proportionate share basis as determined by the State Department of Transportation ("DOT"):**
 - a. **Petitioner shall participate in the funding and construction of transportation improvements at project access points as identified and deemed necessary by DOT.**
 - b. **Petitioner shall also participate in the funding and construction of other on-site and off-site transportation improvements necessitated by the proposed development of the Property and in designs and schedules accepted by and coordinated with DOT.**
 - c. **With respect to the foregoing requirements, the extent of the Petitioner's participation shall not exceed its fair proportionate share of the increased community impacts in the region.**
 - d. **In the event that the City and County of Honolulu ("C&C") adopts an impact fee for transportation improvements, the foregoing requirements shall be satisfied to the extent that the cost of any specific traffic improvement is also included in the C&C's impact fee computation.**
 - e. **Petitioner shall appoint a transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. 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. Participation in the Leeward Oahu Transportation Management Association would satisfy this condition.**

- a. P/O participated in the implementation of the Ewa Transportation Master Plan which determines the funding and construction of regional transportation improvements in the Ewa area and the impacts generated by the project.
 - b. P/O will also participate in the funding and construction of other on-site and off-site transportation improvements necessitated by the proposed development of the Property and in designs and schedules accepted by and coordinated with DOT.
 - c. The extent of P/O's participation, with respect to the foregoing requirements, shall not exceed its fair proportionate share of the increased community impacts in the region.
 - d. The City and County of Honolulu has adopted an impact fee for transportation improvements; and so, P/O intends to comply with the conditions listed under 2d.
 - e. P/O is no longer a member of the Leeward Oahu Transportation Management Association ("LOTMA"). Instead, P/O has chosen to internally direct the formulation, use, and continuation of alternative transportation opportunities. P/O will continue to provide information on transportation alternatives in a similar fashion to LOTMA.
- 3. Petitioner will provide other community benefits to mitigate impacts, which may include adequate golf tee times at affordable rates for public play by Hawaii residents based on prevailing rates for public play at privately owned daily fee golf courses to the satisfaction of the Office of State Planning and the City and County of Honolulu.**

P/O will provide other community benefits to the satisfaction of the state Office of Planning and the City and County of Honolulu.

- 4. Petitioner shall provide drainage improvements for the Property and shall, to the extent necessary as determined by the City and County of Honolulu, coordinate off-site improvements with the Estate of James Campbell, the Barbers Point Naval Air Station, adjoining landowners and developers, and/or other Federal, State or City and County of Honolulu agencies.**

P/O will provide drainage improvements for the Property. A drainage master plan will be prepared and submitted for city review at the appropriate stage of the development process. P/O will provide drainage improvements for the Property to the extent necessary, as determined by the City and County of Honolulu, and coordinate off-site improvements with adjoining landowners and developers, and/or federal, state or City and County of Honolulu agencies. In addition, P/O is currently in the design and permitting stages for a regional drainage outfall that will serve the Property. The drainage outfall will be located

near the existing James Campbell Industrial Park between the Chevron Refinery and the Kenai Industrial Park.

5. **Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.**

P/O will comply with the State of Hawaii Air Pollution Control Regulations and will participate in an air quality monitoring program as specified by the state Department of Health.

6. **The Petitioner shall connect the wastewater system for the proposed development in the Property to the Honouliuli Wastewater Treatment Plant (HWTP). Construction of any structure(s) within the Property shall not commence until Petitioner has obtained assurances from the City and County of Honolulu that the capacity at HWTP has been reserved for such structure(s); provided that if the capacity at the HWTP is not sufficient for the proposed structure(s) within the Property, the Petitioner may utilize other alternatives acceptable to the State Department of Health.**

P/O will seek approval from the City and County of Honolulu to connect to the Honouliuli Wastewater Treatment Plant. Should the capacity at the plant be insufficient for the proposed development, P/O may utilize other alternatives acceptable to the state Department of Health.

7. **Petitioner shall implement soil erosion and dust control measures during all phases of the development in compliance with the applicable rules and regulations of the City and County of Honolulu and the State Department of Health.**

P/O will implement soil erosion and dust control measures during all phases of the development in compliance with the applicable rules and regulations of the City and County of Honolulu and the state Department of Health.

8. **Petitioner, by itself or together with other members of the Ewa Plain Water Development Corporation, shall develop the necessary water source, storage, and transmission facilities to provide an adequate supply of potable and non-potable water to the Property in conjunction with the development of the property. Non-potable water shall be used for irrigation.**

Potable water source improvements proposed in the Ewa Water Master Plan have been jointly implemented by the Ewa Plains Water Development Corporation (EPWDC) of which P/O is a member. The proposed development will be serviced by a dual-water

system supplying potable water for human consumptive uses and non-potable water for irrigation.

9. **Petitioner shall be responsible for implementing sound attenuation measures to bring noise levels from vehicular traffic in the Property down to levels in compliance with the applicable State Department of Health standards and in cooperation with the State Department of Transportation.**

P/O intends to implement sound attenuation measures to bring down noise levels from vehicular traffic in compliance with the applicable state Department of Health standards and in cooperation with the state Department of Transportation.

10. **Petitioner shall disclose in its deeds to all initial purchasers of residential units in the Property: (a) the possible odor, air, noise, and dust pollution resulting from Farrington Highway, Barbers Point Naval Air Station, Honolulu International Airport, neighboring developers, and any adjacent agricultural operations, and (b) the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, which limits the circumstances under which pre-existing farm activities may be deemed a nuisance.**

P/O will include the disclosures required by Condition 10 in all deeds to all initial purchasers of residential units in the Property.

11. **Petitioner will provide covenants in the deed to initial purchases releasing the State of Hawaii and the United States Government or any subdivision thereof from all liability, and provide that such initial purchasers will not file suit against the State of Hawaii and the United States Government or any subdivision thereof on account of, or resulting from, any inconvenience, disturbance and/or injury due to noise under 65 Ldn in the area affecting such occupants or their property. Such covenants shall run with the land.**

The deed to initial purchases will provide the covenants required by Condition 11.

12. **Petitioner shall immediately stop work on the impacted area and contact the Historic Preservation Division, State Department of Land and Natural Resources should any significant archaeological resources such as artifacts, shell, bones or charcoal deposits, human burial, or rock or coral alignments, paying or walls of historic or prehistoric significance be encountered during the development of the Property.**

If any significant archaeological resources are encountered during the development of the Property, work will cease immediately, and the Historic Preservation Division and state Department of Land and Natural Resources will be contacted.

- 13. Petitioner shall comply with "The Eight (8) Conditions Applicable to This Golf Course Development", prepared by the State Department of Health dated April, 1990 (Version 3), introduced as the Office of State Planning's Exhibit Number 2.**

P/O will comply with "The Eight (8) Conditions Applicable to This Golf Course Development," prepared by the state Department of Health dated April, 1990 (Version 3).

- 14. Petitioner shall engage the services of a qualified golf course manager to oversee the irrigation of the golf course and application of fertilizers and pesticides to the golf course within the Property and who shall be qualified in the application of fertilizers and pesticides on those areas.**

P/O will engage the services of a qualified golf course manager to oversee the irrigation of the golf course and application of fertilizers and pesticides to the golf course within the Property. Said manager shall be qualified in the application of fertilizers and pesticides on the golf course.

- 15. Petitioner shall provide its fair proportionate share for school facilities as may be required by and to the satisfaction of the State Department of Education and the Office of State Planning.**

P/O has reached agreement on its fair proportionate share for school facilities with the state Department of Education ("DOE"). As part of the agreement, P/O has set aside land for an elementary school within the Property. A copy of the executed fair share agreement was provided in last year's annual report.

- 16. Petitioner shall provide its fair proportionate share for police, fire, park and solid waste disposal as may be required by and to the satisfaction of the City and County of Honolulu.**

P/O intends to fulfill this condition of providing its fair proportionate share for police, fire, park and solid waste disposal.

- 17. Petitioner shall participate with City and State civil defense agencies, with U. S. Department of the Navy, and with adjoining landowners and developers in formulating and implementing an emergency preparedness and evacuation plan for the Property. Petitioner shall fund and install the necessary number of emergency**

siren units (including infrastructure) within the development area to the specifications and satisfaction of the State Office of Civil Defense.

P/O will participate with city and state civil defense agencies, with U.S. Department of the Navy, and with adjoining landowners and developers in formulating and implementing an emergency preparedness and evacuation plan for the Property. Petitioner will fund and install the necessary number of emergency siren units (including infrastructure) within the development area to the specifications and satisfaction of the state Civil Defense Division.

- 18. Petitioner shall complete the development on the Property in substantial compliance with the representations made before the Land Use Commission. Failure to so develop may result in the Land Use Commission taking any action authorized under, and pursuant to Act 261.**

P/O intends to complete development on the Property in substantial compliance with the representations made before the LUC.

- 19. Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property covered by the approved Petition prior to visible commencement of construction on the Property; provided, however, that Petitioner may transfer ownership in the Property to an affiliate or joint venture of which Petitioner is a member or in a manner consistent with prior representations to the Land Use Commission, and may mortgage the Property at any time without notice to the Land Use Commission. A mortgagee under such mortgage may foreclose the mortgage, by judicial foreclosure or under a power of sale contained in such mortgage (provided notice of the date of such foreclosure sale is given to the Land Use Commission), or may, with notice to the Land Use Commission, acquire title to such Property in lieu of foreclosure and the mortgagee or the person acquiring title at such foreclosure or in lieu of foreclosure may also transfer title to the Property with notice to the Land Use Commission.**

P/O has not made any land transfers since the 2009 annual report. Any future land transfers will be reported to the Land Use Commission in compliance with this condition.

- 20. The Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner. Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of State Planning will certify for itself and all state departments and agencies. Petitioner will obtain any applicable certifications from the appropriate**

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county departments and agencies. Any other party to the boundary amendment proceeding may be asked to indicate whether they concur in the certification of satisfaction.

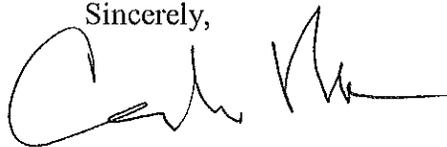
P/O intends to apply for full or partial release of the above conditions, as appropriate, in the future.

21. **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 the Petitioner's progress in complying with the conditions imposed.**

P/O is herewith submitting the Annual Report to the Land Use Commission and the state Office of Planning to show the current status of the project and the progress in compliance with the imposed conditions.

If you have any questions, please call me at 674-3201.

Sincerely,



Cameron W. Nekota
Development Project Manager

ga:04001300K10109

cc: Abbey Seth Mayer, Office of Planning
David Tanoue, Planning & Permitting Department