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Kamehameha Schools
567 S. King Street, Suite 200
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May 14, 2010

Mr. Dan Davidson
Executive Officer
Land Use Commission
235 South Beretania Street, Suite 406
Honolulu, Hawaii 96813

2010 MAY 17 A 10:38
LAND USE COMMISSION
STATE OF HAWAII

Subject: Docket No. A87-610

Dear Mr. Davidson:

Pursuant to the Land Use Commission's Order in Docket Number A87-610, transmitted herewith is an annual report, plus one copy on the status of the Waiawa development and our progress over the past year in complying with conditions imposed by the Commission.

Project Status

ENTITLEMENTS

The Land Use Commission approved reclassification of 1,395 acres to the Urban District for the Waiawa planned community on May 17, 1988. The community master plan is consistent with the vision and development priorities set forth in the City & County of Honolulu Sustainable Communities Plan (formerly known as the Development Plan) adopted by the City Council in December 2002 and the project is fully included within the designated Urban Community boundary for Central Oahu.

Within the Urban District, City & County of Honolulu zoning approval has been obtained for approximately 1,049 acres. Ordinance No. 98-01 rezoned 874 acres (Increment I) from the AG-1 Restricted Agricultural District to R-5 Residential, A-1 Low Density Apartment, B-2 Community Business, IMX-1 Industrial-Commercial Mixed Use, B-1 Neighborhood Business, and P-2 General Preservation uses on January 15, 1998. Ordinance 98-01 was amended on December 17, 1998 by Ordinance 98-69 to limit the maximum allowable density for the IMX-1 and B-2 zoned lands to 1.7 million square feet and 2.2 million square feet, respectively, and to eliminate the City's option to lease and develop one of two proposed golf courses. Ordinance 03-01 which took effect on February 12, 2003, rezoned an additional 175 acres (Increment II) from AG-1 to R-5, A-1, A-2 and P-2 uses. Copies of these zoning ordinances were previously transmitted for your files.

DEVELOPMENT ACTIVITIES AND CHANGES IN OWNER RESPONSIBILITIES

In 2006, then-Petitioner Gentry-Pacific, LTD., entered into an agreement with A&B Waiawa, LLC, a real estate development subsidiary of Alexander & Baldwin, Inc., to form Waiawa Ridge Development LLC (WRD), a joint venture that was formed to undertake development of the infrastructure, residential lands, and golf course areas in Increments I and II.

Due to the expiration of the Master Development Agreement for the project between Trustees of the Estate of Bernice Pauahi Bishop ("KS") and Gentry Investment Properties ("Gentry") and a prior transfer of portions of the project by Gentry to WRD, WRD owns a portion of the project and KS owns the remaining portions of the project. WRD and its predecessors-in-interest have taken such actions, submitted plans and reports, and entered into agreements with, and received approvals from government agencies with respect to the conditions set forth herein for over twenty (20) years as they applied to the development of the project. KS is currently reviewing the development activities taken to date by WRD to better understand the project.

Additionally, KS and WRD have met jointly with the City & County of Honolulu Department of Planning and Permitting regarding the changes in owner responsibilities with respect to the satisfaction of conditions of zoning in the above referenced Ordinances.

Land Use Conditions

Condition No. 1: A study funded by the U.S. Department of the Navy to review the potential for groundwater contamination resulting from the urbanization of the Property shall be completed prior to any site development and construction unless the Department of Health after consultation with the United States Navy and after review of the proposed study scope makes a determination that development and construction within a specified area will not cause groundwater contamination to wells in the area. Petitioner shall not proceed with the project until the study shows to the satisfaction of the Department of Health that groundwater contamination will not occur as a result of the proposed project, or until the Department of Health makes a determination that development or partial development may be allowed.

Status: Condition No. 1 has been met. A study to assess the potential for groundwater contamination due to proposed urban development in the vicinity of the Navy's Waiawa Shaft was completed in November 1989 by the University of Hawaii Water Resources Research Center. The final recommendations of this investigation indicate that the potential for groundwater contamination related to development of Waiawa can be greatly reduced with proper urban management practices.

Condition No. 2: Any urban development within the Property shall be subject to further review and subsequent approval by the Department of Health. The Department of Health may require appropriate mitigative measures and conditions relating to the proposed development's impact on the groundwater resources in the area.

Status: In order to comply with this condition, The University of Hawaii Water Resources Research Center conducted a study in November 1989 and then the Department of Health Safe Drinking Water Branch (DOH), in conjunction with the U.S. Geological Survey, University of Hawaii, Department of Land and Natural Resources and the Board of Water Supply, delineated a hydrologic zone of contribution (ZOC) for the Waiawa Shaft.

Based on these studies, Petitioner has confined urban development to lands situated outside the zone of contribution (ZOC) until additional studies can be

performed to demonstrate to the satisfaction of DOH that development can occur without significant adverse impact to the Navy water source or the source can be improved to reduce its vulnerability to contamination.

Condition No. 3: For the first 1,000 dwelling units which may be constructed on the Property, Petitioner shall provide housing opportunities for low, low-moderate, and moderate income Hawaii residents by offering for sale at least thirty percent (30%) of the units at prices which families with an income range of 80 to 120 percent of Oahu's median income can afford and thirty percent (30%) of the units which families with an income range of 120 to 140 percent of Oahu's median income can afford. This condition may be fulfilled through projects, under such terms as may be mutually agreeable, between Petitioner and the Housing Finance and Development Corporation of the State, or other appropriate governmental agency. This condition may also be fulfilled, with the approval of the Housing Finance and Development Corporation, through the construction of rental units to be made available at rents which families in the specified income ranges can afford.

Status: In 2008, Petitioner worked with the Department of Planning and Permitting (DPP), City & County of Honolulu, on an Affordable Housing Agreement for the entire Project. In 2009, WRD initiated discussions with DPP regarding the processing of an Affordable Housing Agreement for its lands only. In 2010, however, DPP notified WRD and KS of its preference (or preliminary determination) that the parties enter into one Agreement for the entire Waiawa project. WRD and KS will discuss satisfaction of this condition with HHFDC as the Agreement is developed.

Condition No. 4: For the balance of the Property, the affordable housing requirements shall be satisfied in a manner that meets with the approval of the City and County of Honolulu and the State Housing Finance and Development Corporation. Said requirements shall take into consideration affordable on-site or off-site housing units or cash payments that satisfy the then current housing needs, or other necessary or desirable community facilities as determined above.

Status: In 2008, Petitioner worked with the Department of Planning and Permitting (DPP), City & County of Honolulu, on an Affordable Housing Agreement for the entire Project. In 2009, WRD initiated discussions with DPP regarding the processing of an Affordable Housing Agreement for its lands only. In 2010, however, DPP notified WRD and KS of its preference (or preliminary determination) that the parties enter into one Agreement for the entire Waiawa project.

Condition No. 5: Petitioner shall fund and construct the necessary improvements as determined by the State Department of Transportation which would mitigate impacts from the subject project. These improvements shall be implemented on a schedule acceptable to and approved by the Department of Transportation.

Status: Petitioner has already dedicated lands valued in excess of \$637,000 for construction of the Waipio Interchange and paid \$1.4 million to the State of Hawaii for improvements to Ka Uka Boulevard and the construction of HOV lanes between the Waiawa and Waipio Interchanges of the H-2 Freeway. To

further comply with this condition and the Unilateral Agreements for Ordinance 98-01 and Ordinance 03-01, a plan for implementing transportation related improvements to mitigate the traffic impact at Ka Uka Boulevard and Waipio Interchange was submitted to DOT and DOT's written concurrence was received on September 8, 2005 (copy previously provided).

Condition No. 6: Petitioner shall appoint and fund a transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would maximize the use of existing and proposed transportation systems. This will include construction and operation of a park and ride facility or other activities to encourage transit use or ridesharing. These activities and facilities shall be implemented on a schedule acceptable to and approved by the State Department of Transportation.

In the alternative, Petitioner may participate in a regional program for the 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: Condition No. 6 is being met. Petitioner is an active participant in the Leeward Oahu Transportation Management Association (LOTMA), a regional program which seeks to promote alternative transportation opportunities and optimize the capacity and use of existing and proposed transportation systems.

Condition No. 7: Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

Status: Petitioner has initiated contact with the Department of Health to discuss satisfaction of this condition.

Condition No. 8: Petitioner shall immediately stop work and contact the State Historic Preservation Office should any archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, pavings or walls be encountered during the project's development.

Status: An Archaeological reconnaissance and inventory-level survey was completed by the Bishop Museum and was approved by the State Historic Preservation Division on July 7, 1992. Data recovery reports were approved by the State Historic Preservation Division in March 1995. A Cultural Resources Preservation Plan was approved by the State Historic Preservation Division on October 25, 2007 (a copy of the letter was provided with the 2008 annual report).

There are no known significant historic or cultural resources within the Urban District that would be affected by the project's implementation. Should any archaeological resources be encountered during construction, the Petitioner will comply with State laws.

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Condition No. 9: Petitioner shall provide public access to the Conservation District land mauka of the Property.

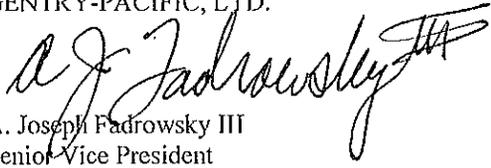
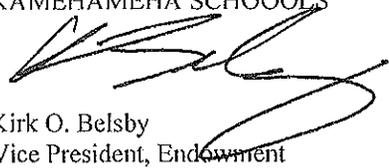
Status: Petitioner met in May 1999 with the Department of Land and Natural Resources (DLNR) Forestry and Wildlife Division to discuss public access to the Conservation District lands mauka of the property. At that time, DLNR personnel acknowledged that the Waiawa Correctional Facility Access Road is the only available means of accessing the site and confirmed that there are no public hiking trails or hunting areas that presently require Petitioner to provide public access across its lands. In the future, as the development of Waiawa proceeds mauka, access to the Conservation District lands may become feasible via public roadways to be constructed as part of the project. A letter from the DLNR Forestry and Wildlife Division was previously transmitted for your files.

Condition No. 10: Petitioner shall provide annual reports to the Land Use Commission, the Department of Business and Economic Development and the City and County of Honolulu Department of General Planning in connection with the status of the project and Petitioner's progress in complying with the conditions imposed.

Status: This annual report has been prepared to satisfy this condition. Copies of this report will also be transmitted to the Office of Planning, the Department of Business, Economic Development and Tourism, and the Department of Planning and Permitting, City & County of Honolulu.

Please feel free to contact either of us or Mike Dang (for K.S) at 534-8010 if you have any questions regarding this report.

Very truly yours,

<p>GENTRY-PACIFIC, LTD.</p>  <p>A. Joseph Fadrowsky III Senior Vice President</p>	<p>KAMEHAMEHA SCHOOLS</p>  <p>Kirk O. Belsby Vice President, Endowment</p>
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Enclosure(s)

cc: w/o enclosures
Ms. Laura Thielen
Mr. Theodore Liu
Mr. David Tanoue
Mr. Alan Arakawa
Mr. Mike Dang