



December 17, 2015

LAND USE COMMISSION
STATE OF HAWAII
2015 DEC 21 A 9:00

PRINCIPALS

Francis S. Oda, Arch.D.,
FAIA, AICP, LEED AP

Norman G.Y. Hong
AIA

Sheryl B. Seaman
AIA, ASID, LEED AP

Hitoshi Hida
AIA

Roy H. Nihei
AIA, CSI, LEED AP

James I. Nishimoto
AIA

Stephen Yuen
AIA

Linda C. Miki
AIA

Charles Y. Kaneshiro
AIA, LEED AP

Jeffrey H. Overton
AICP, LEED AP

Christine Mendes Ruotola
AICP, LEED AP

James L. Stone, Arch.D.,
AIA, LEED AP

Katherine M. MacNeil
AIA, LEED AP

Tom Young, MBA
AIA

Paul T. Matsuda
PE, LEED AP

OF COUNSEL

Ralph E. Portmore
FAICP

Mr. Daniel E. Orodener, Executive Officer
State of Hawai'i Land Use Commission
Department of Business, Economic Development & Tourism
P.O. Box 2359
Honolulu, Hawai'i 96804-2359

**SUBJECT: Royal Kunia Phase II
Compliance with Conditions of Amended Decision and Order
(Docket No. A92-683, October 1, 1996)
Status Reports through December 2015**

Dear Mr. Orodener:

On behalf of Halekua-Kunia, LLC, we hereby submit this Status Report on the Applicant's Compliance with Conditions of Amended Decision and Order (Docket No. A92-683, October 1, 1996).

We are continuing to work on making progress on the conditions since the previous status submittal on December 18, 2014. Halekua-Kunia, LLC, reaffirms its commitment and obligation to comply with and satisfy each of the outstanding conditions set forth in the Amended Decision and Order (Docket No. A92-683, October 1, 1996).

Thank you for reviewing the enclosed report. If you have questions or require further information, please contact me at 351-4200.

Sincerely,

GROUP 70 INTERNATIONAL, INC.

Jeffrey H. Overton, AICP, LEED AP
Principal

Attachments:

December 2015 Status Report - State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)

cc: Canpartners IV Royal Kunia Property LLC

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
1. Affordable Housing	Halekua Development Corporation (HDC) shall provide affordable housing opportunities for low to moderate income residents of the State of Hawai'i to the satisfaction of the City and County of Honolulu (City). Details as to the location, distribution and other provisions for affordable housing shall be as mutually agreed between HDC and City. [The basic affordable housing program requirement is to provide: (a) 10% of the project housing units affordable to households with incomes not exceeding 80% of the City's median income, and (b) an additional 20% of the project's housing units affordable to families with incomes between 81% and 120% of the City's median income.]	Future compliance. Discussions were initiated, but further action was deferred while the property was in bankruptcy.	HK met with DPP representatives in 2009 prior to submittal to DPP of a PD-H application for the project, to initiate the process of establishing a binding agreement for the provision of the required affordable housing. The framework for this agreement is reflected in the PD-H application which was approved in July 2009 (2009/PDH-1), and the full agreement will be executed prior to applying for any building permits. It will comply with the provisions stipulated in both this UA and the UA attached to Ordinance No. 97-12. The DPP Draft Affordable Housing Agreement was provided as Attachment 1 in the May 2009 UA Project Status submittal. Comments were received from DPP in June 2009 and an updated version of the Agreement was included as Attachment 1 in the June 2010 UA Project Status submittal.
2. Transportation Improvements	HDC shall fund, design, and construct local and regional transportation improvements necessitated by the proposed development on a pro rata basis and as determined and approved by the State Department of Transportation (DOT) and the City and County of Honolulu Department of Transportation Services (DTS), including without limitation the dedication of any rights-of-way to the State or County. HDC shall also be required to provide the following: A. All of the other improvements needed (which will not be provided by the Village Park and Royal Kunia, Phase I projects) to make Kunia Road a 4-lane highway with auxiliary lanes for both left and right turning movements (between Kunia Interchange and the northernmost boundary of Royal Kunia Phase II) and a third northbound lane between Kunia Interchange and the north Kupuna Loop intersection. B. A report that analyzes the impact of the proposed Phase II project's traffic on the Kunia Interchange and evaluate alternatives that will mitigate the impacts. C. Plans for construction work within the State highway	Partial completion and future compliance. Construction of a third northbound lane on Kunia Road between Kunia Interchange and the south Kupuna Loop intersection has been completed. Steps toward meeting other portions of this requirement were deferred while the property was in bankruptcy.	HK has held initial meetings with DOT, DTS and DPP TRB representatives and will follow up as needed to mutually determine and reach agreement on: a. Right-of-way acquisition, funding and construction of various roadway and traffic improvements to be provided by HK at project access points and at other on-site and off-site locations. b. Preparation of periodic traffic monitoring reports assessing project-generated impacts on Kunia Interchange. c. HK's participation with other Ewa area developments landowners and developers in fair-share funding of regional transportation improvements. Such an agreement will be executed prior to the submittal to DPP of any applications for the

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
	right-of-way must be submitted to the DOT Highways Division for review and approval.		<p>subdivision of building lots. It will comply with the provisions stipulated in both this UA and the UA attached to Ordinance No. 95-08.</p> <p>Ongoing participation in regional highway and transportation planning, including LOTMA and Ewa Region Highway Transportation Master Plan Working Group.</p> <p>An updated traffic study was completed in May 2008 and submitted in the PD-H Application. The Traffic Impact Assessment Report (TIAR) (WOA, May 2013) was updated and provided to DPP-TRB and DOT. There have not been any comments received from the City on the TIAR. DOT requested that two separate studies be completed (1) Kunia Road (2) Kunia Interchange. HK retained Wilson Okamoto and Associates to update the TIAR. In May 2015 WOA took updated traffic counts which showed conditions have remained consistent with the original analysis. HK will continue to coordinate with WOA until the TIAR is updated.</p> <p>HK has the financial capability and fully intends to fulfill its responsibilities in accordance with the terms of the executed agreement. Meetings continue to be held with DOT-Highways for further coordination on outstanding regional traffic issues for the project. Due to the magnitude of the requested improvement plans, HK is working with the DOT to discuss the timing and approach to cost sharing these improvements. A regional analysis has also been prepared to assist with the analysis of cost sharing responsibilities for the required improvements. Meetings with DOT were held in 2015 to discuss the project. RMTC prepared concept roadway plans based on queuing</p>

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
			<p>analysis, and submitted to DOT for review in 2014. Comments were addressed and plans/responses submitted, with a follow-up meeting with DOT held in mid-2015.</p> <p>At the appropriate time, plans for construction work within the State highway right-of-way will be submitted to the DOT Highways Division for review and approval.</p>
3. Regional Transportation Management Program	HDC shall appoint a permanent 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, HDC may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the transportation opportunities that would optimize the use of existing and proposed transportation systems. The program for either option shall be reviewed and approved by DOT prior to implementation, and will continue to be in effect unless otherwise directed by DOT. HDC shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to DOT for program review and modification, if necessary.	<p>Prior & future compliance.</p> <p>HDC was an active participant in Ewa Region Highway Transportation Master Plan Working Group and an active member of Leeward Oahu Transportation Management Association. (LOTMA), but this activity was suspended while the property was in bankruptcy.</p>	<p>Participation in both programs will be re-established by HK in the near future. Yearly program evaluation reports will be prepared and filed concurrently with this annual Compliance Status Report.</p> <p>Ongoing participation in regional highway and transportation planning, including LOTMA and Ewa Region Highway Transportation Master Plan Working Group.</p>
4. Traffic Monitoring	HDC shall monitor the traffic attributable to the proposed project at on-site and off-site locations and shall undertake subsequent mitigative measures that may required. The mitigative measures shall be coordinated with and approved by DOT and DTS.	Future compliance.	A monitoring program will be drafted and submitted to DOT & DTS for review and approval no later than when home construction is initiated. Approval will be obtained prior to occupancy of any homes in this Project.
5. Integrated Solid Waste Management Act	HDC shall cooperate with the State Department of Health (DOH) and the City and County of Honolulu Department of Public Works [now Department of Environmental Services (DES)] to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawai'i Revised Statutes, in accordance with a schedule satisfactory to the DOH and DES.	Future compliance.	<p>HK will draft and submit a proposed solid waste management program and schedule to DOH and DES for their review and approval at least 90 days prior to the initiation of any residential construction, and will facilitate the review process as required to obtain approval prior to the start of construction.</p> <p>DES Recycling Branch was consulted on May</p>

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
			<p>12, 2009 regarding solid waste management and recycling. The discussion served as guidance for the development of a recycling program for the project. A recycling program will be established prior to the completion of construction. HK will continue to coordinate with DES and OSWM as the project moves forward.</p> <p>The May 2009 Memorandum was provided as Attachment 3 in the May 2009 UA Project Status submittal.</p>
6. School Facilities	<p>HDC shall contribute to the development, funding, and/or construction of school facilities on a pro rata basis as a result of the development on the Property, as determined by and to the satisfaction of the Department of Education (DOE). Agreement by DOE on the level of funding and participation shall be obtained prior to HDC applying for county zoning.</p> <p>HDC and DOE entered into a letter agreement dated September 26, 1996 that outlined the terms of HDC's contribution to the development of school facilities in satisfaction of this condition. This has been replaced with an updated "School Site Agreement" that was executed by HDC and DOE on March 6, 2007.</p> <p>The terms of the March 6, 2007 School Site Agreement provides for the (a) transfer of all of HDC's interest in the 12-acre elementary school site to RKES in satisfaction of the dedication component of DOE's fair share requirement, and (b) the payment to DOE of a total of \$500,000 in five installments that are due upon the closing of: (1) the 1,000th unit, (2) the 1,250th unit, (3) the 1,500th unit, (4) the 1,750th unit, and (5) the last unit. The amounts due will be escalated over time based on the Consumer Price Index.</p>	<p>Partial completion and future compliance.</p> <p>Per the March 6, 2007 School Site Agreement, the 12-acre school site has been conveyed to RKES.</p>	<p>HK will file a copy of the March 6, 2007 School Site Agreement with DPP concurrently with the submittal of initial subdivision plans.</p> <p>HK will make the required cash contributions in accordance with the schedule of installments outlined in the March 6, 2007 School Site Agreement.</p> <p>HK met with the DOE on January 7, 2015 and will continue to coordinate with them to meet the terms of this condition.</p>
7. Water Requirements	HDC shall coordinate with the Honolulu Board of Water Supply (BWS) and the State Department of Land and Natural Resources (DLNR) to obtain water required for the project. If	Prior and future compliance.	HK will maintain ongoing coordination as necessary to obtain the required project water from the existing BWS system and develop

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
	water is not available from existing sources due to insufficient supply, HDC shall fund and develop the necessary water source, storage, and transmission systems and facilities.		additional water resources and/or supply system improvements for dedication to BWS. The initial water master plans are being updated to reflect the new master plan for the community.
8. Civil Defense Measures	HDC shall participate, on a pro rata basis, in the funding for construction and installation of appropriate civil defense measures as determined by State and City civil defense agencies.	Partial completion and future compliance. An agreement was reached between HDC and the State and City civil defense agencies prior to the property being placed in bankruptcy on what civil defense measures are needed.	HK will fully fund and install the necessary facilities and equipment in connection with the construction of this project.
9. Chain Link Fence	HDC shall erect a chain link fence along the eastern boundary of the Property that is common with the Waikele Branch of Naval Magazine, Lualualei.	Future compliance by others.	HDC never acquired the land on which this fence and cleared area would be located, and HK does not plan to add it to this Project. Title is still held by the Robinson Estate, and it is still zoned for agricultural use. Future erection of a fence and maintenance of clear area along this boundary, if still required (it is noted that the high-security Naval Magazine in Waikele Gulch is no longer in operation and ownership is being transferred to a private developer), will be the responsibility of any future developer of these Robinson lands.
10. Clearance and Maintenance of Land	HDC shall clear and maintain the land situated within 20 feet of the eastern boundary of the Property, free of trees and vegetation taller than eight inches high.		
11. Pollutants	HDC shall coordinate with the DOT and DES to establish appropriate systems to contain spills and prevent materials, such as petroleum products, chemicals, solvents or other pollutants from leaching into the storm drainage system and adversely affecting the groundwater and coastal waters.	Future compliance.	HK will meet with DOH and DES prior to initiating project construction to agree upon a plan and program for compliance with this requirement, and will establish pollution control systems and implement such other actions as are called for in the approved plan and program.
12. Wastewater Treatment	HDC shall participate on a pro rata basis in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, as determined by the DOH and DES.	Future compliance	HK will meet with DOH and DES prior to initiating project construction to establish an approved program for compliance with this requirement, and will implement this program. The initial wastewater master plans are being

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
			updated to reflect the new master plan for the community.
13. Soil Erosion and Dust Control	HDC shall implement effective soil erosion and dust control measures both during and after construction to the satisfaction of the DOH.	Future compliance.	HK will meet with DOH prior to initiating project construction to establish an approved soil erosion and dust control program, and will implement this program.
14. Air Quality Monitoring	HDC shall participate in an air quality monitoring program as specified by the DOH.	Future compliance.	HK will meet with DOH prior to initiating project construction to establish an agreement defining HK's participation in a DOH-specified air quality monitoring program for the area where the project site is located.
15. Agricultural District Pollution	HDC shall provide notification to all owners and occupants of the Property of the potential odor, noise, and dust pollution resulting from surrounding Agricultural District lands, and that the Hawai'i Right-to-Farm Act, Chapter 165 HRS, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.	Future compliance.	HK will provide such notification along with any sales or leases of residential lots or other portions of the property to other parties. It will be the responsibility of these other parties to notify any new occupants of their properties that result from their resale, sub-lease and/or rental.
16. Drainage Improvements	HDC shall provide drainage improvements for the subject project and shall coordinate off-site improvements with adjoining landowners and developers, and/or other Federal, State, and City agencies.	Partial completion and future compliance.	HDC completed the majority of required off-site drainage improvements for the Royal Kunia Phase II property in connection with the infrastructure construction for Village Park and Royal Kunia Phase I. Prior to the initiation of construction at Royal Kunia Phase II, HK will work with adjoining landowners and developers, and with appropriate Federal, State and City agencies, to coordinate and agree on the type and completion schedule for any future required off-site drainage improvements. The initial drainage master plans are being updated to reflect the new master plan for the community.
17. Archaeological Resources	Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property, HDC shall immediately stop work on the impacted area and contact the DLNR Historic Preservation Division.	Partial completion and future compliance.	Archaeological surveys of the Royal Kunia Phase II property indicate the absence of any above-ground archaeological features and no evidence of past use that would have generated potentially significant archaeological or historic sites. HK will work closely with the Historic

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
			Preservation Division and comply with all established procedures to protect any archaeological resources that might be encountered during future development and construction on this property.
18. Development Plan Approvals	HDC shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.	Fully met.	<p>All required Development Plan approvals have been obtained, and the Royal Kunia Phase II project is in full compliance with the current Central Oahu Sustainable Communities Plan. No further action is required.</p> <p>In 2009, HK obtained Planned Development-Housing (PD-H) approval from DPP. In April 2014, DPP approved a request for three-year time extension for the project. The letter was provided as Attachment 1 in the 2014 submittal. HK will obtain building permits by July 23, 2017.</p>
19. Agricultural Park	<p>HDC shall convey the agricultural park to the State of Hawai'i and provide off-site infrastructure to the agricultural park, pursuant to the terms of the Memorandum of Understanding (MOU) dated March 30, 1993 entered into by HDC and the Department of Agriculture (DOA).</p> <p>This MOU was replaced on March 2, 2007 with an "Amendment and Restatement of Memorandum of Understanding" (Amended MOU), which includes the following requirements for the provision of off-site infrastructure to the agricultural park:</p> <p>A. HDC shall prepare and reach agreement with DOA no later than December 31, 2007 on a preliminary site plan for the agricultural park that identifies the locations of the roadway and infrastructure connections to be provided to the agricultural park's boundary.</p> <p>B. Following approval of the preliminary site plan, HDC shall design the off-site infrastructure improvements for the agricultural park, including roadway, potable and irrigation water lines, sewer lines, and other utility connections up to the park's boundary at no cost to DOA. These improvements</p>	<p>Partial completion and future compliance.</p> <p>Title to the 150 acre agricultural park was transferred to the State of Hawai'i in 2004.</p>	<p>HK met with DOA on May 9, 2007 to begin the process of establishing an agreed-upon plan and program to implement the provisions of the Amended MOU. HK intends to plan, design and construct such infrastructure improvements in full compliance with these provisions.</p> <p>HK and DOA have coordinated on the compliance with MOU conditions, issuing deadline date schedule changes for satisfaction of Condition A, as listed below:</p> <ul style="list-style-type: none"> - 1st Amendment to Amended MOA 2009 - 2nd Amendment to Amended MOU 2011 <p>The 3rd Amendment and restatement of MOU has been completed and is provided as Attachment 1.</p> <p>Compliance with Conditions 19. B-D regarding will follow in sequence, at the time that project</p>

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
	<p>shall be sufficient to service the agricultural uses contemplated by DOA and up to 50 farm employee housing units, if DOA determines that they should be a part of the agricultural park. The design plans shall be submitted to DOA for approval no later than December 31, 2008.</p> <p>C. Following DOA approval of the design plans, HDC shall at its sole cost and expense (1) obtain all necessary government permits and approvals for the off-site infrastructure construction, and (2) substantially complete the construction and installation of this infrastructure no later than January 1, 2011.</p> <p>D. HDC and DOA may mutually agree to extend to a later date any of the above-stated completion dates.</p>		<p>development commences.</p> <p>DOA has initiated master planning of the agricultural park site and has prepared a draft EIS for the project.</p>
20. Compliance With Representations	HDC shall develop the property in substantial compliance with the representations made to the Land Use Commission (LUC). Petitioner's or its successor's failure to so develop the Property may result in reversion of the property to its former classification, or change to a more appropriate classification.	Partial completion and future compliance.	<p>As described in the above Action Plan statements for Conditions 1 through 19, HK will continue to fulfill the requirement to develop the HDC-owned portion of Royal Kunia Phase II in substantial compliance with its representations to the LUC. HK understands that failure on its part (or on the part of the other owners of property within the reclassification area) to develop the reclassified lands in substantial compliance with such representations could result in a reversion of part or all of the subject land to its former land use classification, or in a change to different land classification.</p> <p>Pursuant to its discussions with the Office of Planning of the State of Hawaii (OSP), HK reported that the project has been delayed due to the bankruptcy of the original ownership group and the assumption of ownership by the principal lender Canyon Capital.</p>
21. Transfer of HDC's Interest in the Property	In reliance upon HDC's representation that it will develop the project on his own and in its entirety, HDC shall obtain prior approval from the LUC before it can sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the property or project covered by the approved Petition.	Partial completion and future compliance.	HK has obtained the LUC's approval of recent changes in the ownership interest of the HDC-owned portion of Royal Kunia Phase II, and will continue to comply with all requirements of this condition.

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
22. Annual Reports	HDC shall promptly provide without any prior notice, annual reports to the LUC, OSP and DPP in connection with the status of the project and HDC's progress in complying with the conditions imposed. The annual reports shall summarize: (1) HDC's progress in complying with the conditions imposed; and (2) changes to the project as represented to the LUC. They shall also include a written statement from each State and City and County agency affected by these conditions that HDC's representations in the annual report related to the respective state or county agency being affected are true and accurate.	Partial completion and future compliance.	Provision of the annual reports was suspended while the property was in bankruptcy. A "2007 Status Report" was prepared and submitted to the LUC on April 27, 2007, in compliance with this condition. This "Compliance Status Report" enumerates the requirements of the LUC conditions, the current compliance status, and the action plan for achieving full compliance. Since 2008, HK has submitted annual "Status Reports" to DPP in the form of the April 27, 2007 report, as updated "Compliance Status Report" in the form of this report. Annual Status Reports will be prepared and submitted to LUC and State Office of Planning (OP). HK will prepare and submit the next update of this report no later than December 2016.
23. Release of Conditions	The LUC may fully or partially release these conditions as to all or any portions of the property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by HDC. 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. OSP will certify for itself and all state departments and agencies, and DPP will certify for itself and all 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.	Future compliance. No motions for a full or partial release of conditions have been filed to date.	HK intends to apply to the LUC for such releases in the future, as appropriate.
24. Recording of Statement Re Property Subject to Conditions	Within 7 days of the issuance of the LUC's Decision and Order for the subject reclassification, HDC shall (1) record with the Bureau of Conveyances a statement to the effect that the property is subject to conditions imposed by the LUC in the reclassification of the property; and (2) shall file a copy of such recorded statement with the LUC.	Fully met.	No further action is required.

Status Report on Royal Kunia Phase II Development Compliance with Conditions
State of Hawaii Land Use Commission Amended Decision and Order (Docket No. A92-683, October 1, 1996)
Submitted by Halekua-Kunia LLC (HK), December 2015

Type of Condition	Description of Requirements	Compliance Status as of December 2015	Action Plan for Achieving Full Compliance
25. Recording of Conditions	HDC shall record the conditions imposed by the LUC with the Bureau of Conveyances pursuant to Section 15-15-92, Hawai'i Administrative Rules.	Fully met.	No further action is required.
LIST OF ACRONYMS			
BWS	City and County of Honolulu Board of Water Supply	DPP	City and County of Honolulu Department of Planning and Permitting
DES	City and County of Honolulu Department of Environmental Services	DTS	City and County of Honolulu Department of Transportation Services
DLNR	State of Hawaii Department of Land and Natural Resources	HDC	Halekua Development Corporation
DOA	State of Hawaii Department of Agriculture	HK	Halekua-Kunia LLC
DOE	State of Hawaii Department of Education	LOTMA	Leeward Oahu Transportation Management Association
DOH	State of Hawaii Department of Health	LUC	State of Hawaii Land Use Commission
DOT	State of Hawaii Department of Transportation	MOU	Memorandum of Understanding
		OSP	State of Hawaii Office of Planning

**THIRD AMENDMENT
TO
AMENDMENT AND RESTATEMENT
OF
MEMORANDUM OF UNDERSTANDING**

THIS THIRD AMENDMENT TO AMENDMENT AND RESTATEMENT OF MEMORANDUM OF UNDERSTANDING ("2015 MOU") is made this 28th day of July, 2015, by and between CANPARTNERS IV ROYAL KUNIA PROPERTY LLC ("Canpartners"), a Delaware limited liability company, successor in interest to HALEKUA DEVELOPMENT CORPORATION ("Halekua"), and the DEPARTMENT OF AGRICULTURE, STATE OF HAWAII ("DOA");

RECITALS:

1. Halekua and DOA entered into that certain *Memorandum of Understanding* ("Original MOU") dated March 30, 1993, for the purpose of setting forth the agreements and understanding by and between Halekua and DOA with respect to establishment and integration into the master plan for the Royal Kunia Phase II development by Halekua of a state agricultural park.
2. Halekua and DOA subsequently amended that Original MOU in writing and entered into that certain *Amendment and Restatement of Memorandum of Understanding* dated March 2, 2007 ("2007 MOU"), for the purpose of restating the agreements and understanding by and between Halekua and DOA with respect to establishment and integration into the master plan for the Royal Kunia Phase II development by Halekua of a state agricultural park.
3. Halekua and DOA further amended that 2007 MOU in writing and entered into that certain *First Amendment to Amendment and Restatement of Memorandum of Understanding* ("2009 MOU") dated February 19, 2009, for the purpose of amending Paragraph E.a. of the 2007 MOU to extend the deadline for completion and submittal of the preliminary site plan to the DOA from December 31, 2008 to December 31, 2009.
4. Canpartners, as successor in interest to Halekua, and DOA subsequently amended that 2009 MOU in writing and entered into that certain *Second Amendment to Amendment and Restatement of Memorandum of Understanding* ("2012 MOU") dated September 20, 2012, for the purpose of amending Paragraph E.a. of the 2009 MOU to extend the deadline for completion and submittal of the preliminary site plan to the DOA from December 31, 2009 to December 31, 2013.
5. Canpartners and DOA now desire to further amend and restate the Original MOU, 2007 MOU, 2009 MOU and 2012 MOU to (a) acknowledge Canpartners as successor in interest to Halekua, (b) acknowledge the conveyance of the 150 acre agricultural park site to the DOA and the acceptance thereof by the DOA in partial satisfaction of the agreements in the MOU, (c) to restate and modify the agreements between Canpartners and the DOA with respect to the timing for design and construction of the off-site infrastructure to the state agricultural park and submittal of a revised master plan pursuant to Paragraph IV(A)(1) and (2) of that certain Order

Granting Successor Petitioner (To Parcel 52), Ho'ohana Solar1, LLC's Motion for Order Amending the Amended Findings of Fact, Conclusions of Law, and Decision and Order Filed on October 1, 1996 filed on January 28, 2015 ("Amended Order").

NOW, THEREFORE, in consideration of the Recitals set forth above and other consideration, the receipt and sufficiency of which is hereby acknowledged, Canpartners and DOA do hereby amend and restate Paragraphs A through N of the MOU in their entirety as follows:

A. Confirmation of Conveyance of 150-Acre Parcel. DOA does hereby acknowledge and confirm that by Warranty Deed with Reversion dated February 23, 2004, recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2004-040601 (the "State Ag Park Deed"), the agreed upon 150 acres of land within the Royal Kunia Phase II development was conveyed by Halekua to the State of Hawai'i, by and through its Board of Land and Natural Resources, for the DOA's use as and to establish a state agriculture park thereon (herein the "State Agricultural Park"). The DOA further confirms that it has accepted the conveyance of the lands comprising the State Agricultural Park by the State Ag Park Deed as being in full and complete satisfaction of the land conveyance component of its agreements with Canpartners notwithstanding the fact that the actual conveyance occurred beyond the original December 31, 1997 deadline date.

B. Use of State Agricultural Park. The State Agricultural Park is intended to benefit the small diversified farmer and use of the State Agricultural Park shall be intended for diversified agricultural production, including, without limitation, floriculture, foliage and orchard production. In addition, the DOA shall have the right and option (but is not required) to develop and construct up to a maximum of fifty (50) related agricultural farm dwellings or farm employee housing units within the State Agricultural Park. If any of these agricultural farm dwellings or farm employee housing units are developed by the DOA on the State Agricultural Park the same shall not at any time be offered for sale by the DOA.

C. Certain Use Prohibitions within State Agricultural Park. Since the State Agricultural Park will be located adjacent to an urban residential community, commercial livestock or other activities associated with or related thereto shall be prohibited within the State Agricultural Park^[A1].

D. Canpartners to Include State Agricultural Park in Land Plan. Canpartners has incorporated the State Agricultural Park into its land plan for the Royal Kunia Phase II subdivision and jointly with the DOA has prepared a preliminary site plan for the State Agricultural Park reflecting the locations of the roadway and infrastructure connections to be provided to the boundary of the State Agricultural Park parcel. The DOA has accepted and approved Canpartner's preliminary site plan by letter dated March 31, 2015.

E. Canpartners to Design and Construct Certain Off-Site Infrastructure to the State Agricultural Park. Canpartners shall design and construct off-site infrastructure improvements for the State Agricultural Park including roadway, potable and irrigation water lines (exclusive of water commitment), and sewer lines and utility connections, up to the property boundary of the State Agricultural Park at no cost to the DOA. These off-site infrastructure improvements shall

be sufficient to service the agricultural uses contemplated by the DOA for State Agricultural Park and shall be sufficient to service the maximum of fifty (50) agricultural farm dwellings or farm employee housing units (if the DOA determines that the same shall be a part of the State Agricultural Park). In connection therewith Canpartners and the DOA agree as follows:

a. Following approval of the preliminary site as outlined in Paragraph D above, Canpartners shall arrange for and cause the preparation of design plans for the off-site infrastructure necessary to provide the agreed upon roadway access, water, sewer, and other appropriate utility connections to the boundary of the State Agricultural Park to service the contemplated improvements on the State Agricultural Park in accord with the preliminary site plan and submit the same to the DOA for approval no later than December 31, 2015, or such later date to which Canpartners and the DOA shall mutually agree, which approval by the DOA shall not be unreasonably withheld or delayed. It is understood and accepted that Canpartners shall be entitled to make such changes and modifications to the approved design plans as may be required to address and satisfy any comments made or issues raised by appropriate governmental agencies of the State of Hawai'i and/or City and County of Honolulu, with the further consent or approval of the DOA, which consent or approval shall not be unreasonably withheld or delayed.

b. After the DOA approves the offsite infrastructure plans, Canpartners shall, at its sole cost and expense, (i) obtain all necessary governmental permits and approvals for construction of such off-site infrastructure, and (ii) arrange for and substantially complete the construction and installation of the off-site infrastructure to service the State Agricultural Park no later than December 31, 2016, or such later date to which Canpartners and the DOA shall mutually agree, subject to extension in such substantial completion date for construction industry recognized force majeure events.

F. DOA Responsible for All Other Costs of State Agricultural Park. The DOA shall assume responsibility for the development and payment of all costs (other than those set forth in this Agreement as being assumed by Canpartners) associated with the State Agricultural Park and the agricultural farm dwellings and/or farm employee housing units to be developed thereon.

G. Coordinate Developments. Canpartners and the DOA shall use their best efforts to work jointly to coordinate the development of their respective portions of the Royal Kunia Phase II project.

H. Hawaii Farm Bureau Federation. The DOA, to the extent permitted by law or regulation, shall involve the Hawaii Farm Bureau Federation in the utilization, operation and management of the State Agricultural Park with the intent of maximizing the efficiency and success of the diversified farming efforts at the State Agricultural Park.

I. DOA Support of Land Use Approvals. The DOA shall assist and support Canpartners in its efforts to obtain and maintain the necessary land use approvals for the Royal Kunia Phase II project, as well as in Canpartners' efforts to obtain the necessary off-site infrastructure permit approvals. Any assistance and support by the DOA shall be limited to the extent permitted by the applicable statutes and rules.

J. Restrictive Use Covenant on State Agricultural Park. The time periods for initiation of the development of on-site improvements for the State Agricultural Park and for the DOA to achieve active utilization of the State Agricultural Park set forth in Paragraph K of the Original MOU are hereby deleted in their entirety. Instead the State Agricultural Park shall be subject to a restrictive use covenant providing that the State Agricultural Park shall only be used as an agricultural park or for the current or similar agricultural purposes, including diversified agriculture. If at any time in the future the DOA ceases to use or abandons the use of the State Agricultural Park as an agriculture park or for the current or similar agricultural purposes, including diversified agricultural, then, and in such event, the 150 acre parcel comprising the State Agricultural Park shall be subject to a reversion in favor of certain "Robinson Owners" as more particularly defined in the State Ag Park Deed. It is understood that the fact that any portion of the State Agricultural Park may lie vacant or fallow shall not constitute the cessation or abandonment of the agricultural use.

K. No Adverse Impact on Lands Adjoining State Agricultural Park. The DOA agrees to use its best efforts to minimize the impact of the State Agricultural Park on the adjacent lands being developed for residential, industrial and other urban uses.

L. Assistance with Non-Potable Water System. The DOA shall assist Canpartners, to the extent allowable by law and subject to the availability of funds, in obtaining and developing a non-potable water system to service irrigation and other non-potable water needs of the Royal Kunia Phase I and Phase II projects, including the State Agricultural Park.

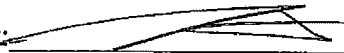
M. Purpose of Amended and Restated MOU. The parties hereto agree that this Amended and Restated MOU is being executed to evidence their mutual understandings and agreements regarding the conveyance of the 150-acre parcel comprising the State Agricultural Park to the DOA, the design and development by Canpartners of certain off-site infrastructure to service the State Agricultural Park, and certain use restrictions and limitations applicable to the DOA's use of the State Agricultural Park. This 2015 MOU replaces the Original MOU, 2007 MOU, 2009 MOU, and 2012 MOU in their entirety.

N. Amendment. This 2015 MOU may be amended from time to time by instrument in writing signed by both Canpartners and the DOA.


[The remainder of this page is intentionally left blank.]

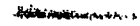
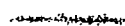
IN WITNESS WHEREOF, this Third Amendment to Amendment and Restatement of Memorandum of Understanding is made and executed by Canpartners and the DOA as of the day and year first above written.

**CANPARTNERS IV ROYAL KUNIA
PROPERTY LLC**, a Delaware limited
liability company

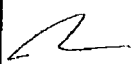
By: 
Name: Jonathan P. Roth
Title: President

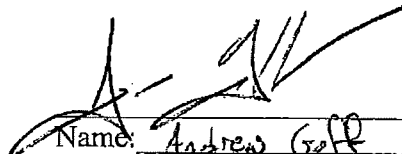
**DEPARTMENT OF AGRICULTURE,
STATE OF HAWAII**

By: 
Name: Scott E. Enright
Title: Chairperson

APPROVED AS TO FORM:

Legal	Acq/AM
	<u>WRB</u>


Name: Andrew Goff
Deputy Attorney General