

THE GENTRY COMPANIES



May 14, 2014

Mr. Daniel E. Orodener, Executive Officer
State Land Use Commission
State Office Tower
235 South Beretania, 4th Floor
Honolulu, HI 96813

Re: ***2012 and 2013 Annual Report for LUC Docket
No. A88-627/Gentry Development Company***

Dear Mr. Orodener:

Enclosed are an original and two copies of Ewa By Gentry 's Annual Report for 2012 and 2013 for the area reclassified under Docket No. A88-627.

If you have any questions or need any further information, please call me at 599-8370.

Sincerely,

GENTRY HOMES, LTD.

Debra M. A. Luning
Director of Governmental Affairs
& Community Relations

ng:PL K00021

c: State Office of Planning
Department of Planning and Permitting, City and County of Honolulu (8 copies)

LAND USE COMMISSION
STATE OF HAWAII
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BACKGROUND/PROJECT STATUS

Ewa by Gentry is a 1,283-acre master planned residential community that will consist of approximately 8,700 homes at build-out. It consists of lands that were reclassified by the State Land Use Commission from the Agricultural District to the Urban District under three separate dockets: Docket No. 074-22 (“Hirano Brothers”); Docket No. A88-627 (“Ewa by Gentry”); and Docket No. A03-738 (“Ewa Makai”). Although the lands were reclassified under three separate dockets, the project areas are being master planned and developed as one community called “Ewa by Gentry.” While this report focuses on the status of conditions set forth in Docket No. A88-627, the term “Ewa by Gentry” as used in this report generally refers to the entire master planned community of Ewa by Gentry (including the Hirano Brothers and Ewa Makai project areas).

As of December 31, 2013, 7,363 homes and finished houselots in Ewa by Gentry had been completed and recorded. Ewa by Gentry, which was initially planned to accommodate primarily "entry level" homebuyers, now offers a full range of housing types, including spacious luxury homes geared toward the move-up buyer.

During the years 2012 and 2013, no homes were sold and closed in the area reclassified under the subject docket (Docket No. A88-627). We have, however, continued to build and sell homes in the Ewa Makai portion of Ewa by Gentry (which will be covered under a separate annual report).

The projected build-out under the Ewa by Gentry Preliminary Land Use Plan (Appendix 1) extends through the year 2020, with the schedule being dependent upon market conditions. Ultimately, Ewa by Gentry will include a broad range of housing types, including homes for sale and for rent. It will also include a championship daily fee golf course that is available for community and public play, five parks (public and private), an expanded Ewa Mahiko District Park in the neighboring Ewa Villages, private recreation centers, Holomua Elementary School (which opened in August 1996), the 18-acre Ewa Makai Middle School (which opened in January 2011), a seven-acre neighborhood commercial center (which opened in the summer of 1999); 44 acres of light industrial and commercial uses, and an abundance of open space.

LAND USE CONDITIONS COMPLIANCE

The following summarizes the Petitioner's progress in complying with conditions imposed by the Land Use Commission under the subject docket (conditions are italicized, with descriptions immediately following):

Condition 1: *Petitioner shall implement sound attenuation measures on all residential units on the Property that are subject to noise levels from 60 Ldn to 65 Ldn as determined by the State of Hawaii, Department of Transportation, Honolulu International Airport Draft 1987 Noise Contour Map introduced as OSP's Exhibit Number 2, herein referenced the HIA 1987 Ldn Map.*

Petitioner shall not construct residential units on any portion of the Property subject to noise levels 65 Ldn or greater as indicated on the HIA 1987 Ldn Map.

Progress Report: Petitioner has not yet begun construction of residential units on the portion of the Property that is subject to noise levels of 60 Ldn as defined by the HIA 1987 Ldn Map. (A copy of the HIA 1987 Ldn Map was included as Appendix 2 in the 1996 Annual Report.)

Moreover, based on a more recent 2003 noise contour map published by the State of Hawaii Department of Transportation Airports Division (and approved by the U.S. Department of Transportation), there are no longer any areas in Ewa by Gentry that are subject to noise levels of 60 Ldn or 65 Ldn. (See Appendix 2 of the 2006, 2007 Annual Report.)

Condition 2: *Petitioner shall grant to the State of Hawaii an avigation easement in the form prescribed by the State Department of Transportation on any portion of the Property subject to noise levels 60 Ldn or greater as determined by the HIA 1987 Ldn Map.*

Progress Report: On April 3, 1996, a Grant of Avigation and Noise Easements instrument dated February 23, 1996, was recorded as Land Court Document No. 2299688. (A copy of the grant was included as part of the 1996 Annual Report as Appendix 3.)

Condition 3: *Petitioner shall be responsible for implementing sound attenuation measures to reduce noise levels from vehicular traffic in the Property and along Ft. Weaver Road to acceptable levels. Petitioner shall coordinate its actions with the State Department of Health, DOT, and agencies of the City.*

Progress Report: Petitioner has implemented appropriate sound attenuation measures to reduce noise levels from vehicular traffic affecting property along Ft. Weaver Road within the area reclassified by the Commission under the subject docket, more specifically in the Sun Terra, SummerHill, Lofts, Alii Cove, Carriages, WoodBridge, Sonoma, and Prescott communities along Ft. Weaver Road. These measures include setback of residences from the road travel lanes, wall insulation, substantial landscaping, and in more recent years, air conditioning. Similar sound attenuation measures will also be incorporated for homes built in the remainder of Gentry's projects along Ft. Weaver Road as those projects are constructed.

Condition 4: *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. (Note: On July 13, 1998, the State Land Use Commission approved the deletion of the former Condition No. 4 and the replacement with this new Condition No. 4.)*

Progress Report: In 1992, the Petitioner began developing lands within the area reclassified under the subject docket, following acquisition of the area from the Estate of James Campbell.

As of December 31, 2013, the following projects have been built on the reclassified area:

Area	Type	Project or Increment	Status	Total Units
12	SF	Sun Terra	Completed	451
13	SF Condo	Hu'elani	Completed	101
18	SF	Summer Hill/ Trovare (Carr Dev.)	Completed	305
24	MF	Suncrest	Completed	64
19A	SF	Sonoma	Completed	130
19B	SF	Prescott I	Completed	153
20 (por)	SF	Prescott II/WoodBridge II	Completed	203
21 (por)	SF Condo	CorteBella	Completed	130
21 (por)	SF Condo	Terrazza	Completed	167
21 (por)	SF Condo	Las Brisas	Completed	181
21 (por)	SF Condo	Tiburón	Completed	134
23/24 (por)	SF Condo	Lombard Way	Completed	143
23/24 (por)	SF Condo	Avalon	Completed	46
24 (por)	MF	The Shores at Suncrest	Completed	36
26 (por)	SF Condo	The Lofts	Completed	45
26 (por)	SF Condo	Alii Cove	Completed	157
26 (por)	SF Condo	Alii Court	Completed	114
27A	SF	Fiesta Seabreeze	Completed	86
27A & B	SF	Meridian	Completed	57
27B	SF	The Breakers	Completed	79
28A&D	SF	The Carriages	Completed	70
28B&C	SF	WoodBridge I	Completed	89
			Total	2941

The affordable units within the project area were developed and sold in compliance with the terms and conditions of a comprehensive Affordable Housing Agreement executed between the Petitioner and the City and County of Honolulu. The current Agreement, dated June 18, 1997, sets forth terms and conditions for carrying out the Petitioner's affordable housing program in the Ewa by Gentry project and supersedes a previous agreement dated January 31, 1994. A copy of the Affordable Housing Agreement dated June 18, 1997, was sent as a supplement to the 1997 Annual Report.

During the time period of August 5, 1999, to August 5, 2005, the Petitioner developed and sold homes in compliance with City Ordinances 99-51 and 01-33,

which temporarily amended certain affordable housing conditions in existing unilateral agreements. These Ordinances were included as Appendix 2 to the 2001 Annual Report and Appendix 2 to the 2002 Annual Report, respectively. As shown in Appendix 2 to the 2008 and 2009 Annual Report, Gentry has already exceeded its affordable housing requirements for Ewa by Gentry.

Condition 5: *Petitioner shall coordinate, with the Board of Water Supply, the Department of Land and Natural Resources, the Ewa Plain Water Development Corporation, adjoining landowners and developers, and/or other federal, state or county agencies, measures designed to develop water for the Property. Petitioner through its affiliates and together with the other members of the Ewa Plain Water Development Corporation shall develop, at the expense of the Ewa Plain Water Development Corporation, the necessary water source, storage and transmission facilities to provide an adequate supply of potable water to the Property prior to the development of the Property.*

Progress Report: Necessary on-site water facilities have been provided in consultation with the Board of Water Supply (BWS) and are being built in accordance with an approved Water Master Plan. Gentry was a member of the Ewa Plain Water Development Corporation (EPWDC) until it was dissolved. EPWDC was a non-profit corporation responsible for planning, financing, and implementing the construction of regional source development, storage reservoirs, and distribution systems. Major portions of EPWDC's water program (including dedicated source and well facilities, storage and transmission for a water system of 6.72 million gallons per day) have been implemented and were dedicated to BWS in 1991.

Condition 6: *Petitioner shall participate in the funding and construction of transportation improvements at access points to the Property as identified by the State Department of Transportation.*

Petitioner shall also participate with all adjoining landowners and developers on a fair share basis in the funding and construction of other on-site and off-site transportation improvements necessitated by development of the Property and in designs and schedules accepted by and coordinated with the State Department of Transportation, provided that the extent of Petitioner's participation shall not exceed Petitioner's share of the increased community traffic impacts in the Ewa and Central Oahu region, and provided further that, in the event that the City adopts an impact fee for transportation improvements, the foregoing requirements shall not include or double-count the cost of any specific traffic improvements which may also be included in the City's impact fee computation.

Such improvements may include, but not be limited to, Geiger Road, Iroquois Point Road and Ft. Weaver Road, improvements to the Kunia Interchange, construction of the proposed north-south road and its accesses to the H-1 freeway and Farrington Highway, and construction of the proposed east-west road to Kapolei Town Center.

Condition 7: *Petitioner shall monitor the traffic attributable to the development proposed on the Property at on-site and off-site locations and shall undertake subsequent mitigative measures that may be reasonably required. These activities shall be coordinated with and approved by DOT.*

Condition 8: *Petitioner shall coordinate its transportation improvements with other landowners and developers in the Ewa region to ensure that all reasonably necessary improvements are operational in consonance with urban development.*

Progress Report (Conditions 6, 7 and 8): Petitioner has participated in the funding and construction of transportation improvements at access points to the Ewa by Gentry community. Construction of Kapolei Parkway through the Ewa by Gentry community was completed in October 2006, and serves as a link between the communities of Ocean Pointe to the south and Ewa Villages to the north. Keaunui Drive, a collector road through Ewa by Gentry, has likewise been completed, with the area adjacent to Area 40 (Latitudes) being opened to traffic in mid-2007. Petitioner is currently seeking approvals for improvements to Geiger Road from Kapolei Parkway to Kalaeloa.

The Petitioner has constructed and will continue to construct other off-site and on-site transportation improvements necessitated by the phased development of the project, subject to acceptance by and coordination with the State Department of Transportation and City Department of Transportation Services. Petitioner is currently making improvements to the balance of Iroquois Point Road in coordination with the U.S. Navy, State, and City.

The Petitioner has also participated with all regional developers and major landowners in the Ewa Highway Master Plan Group (EHMPG) in studying transportation requirements, cost estimates, and timing for transportation improvements throughout the Ewa region. The Ewa Highway Master Plan, jointly commissioned by the State Department of Transportation and the EHMPG and prepared by Kaku & Associates, was the result of this process. The Plan identifies six major highway projects that should be undertaken in the Ewa Region.

In order to address the developers' fair share contribution toward the cost of the transportation improvements listed in the Plan, DOT and the development community worked together to prepare the Ewa Highway Impact Fee Bill and submitted it to the Honolulu City Council in early 2002. The proposal, introduced as Bill 52 (2002) was passed by the City Council and enacted as Ordinance 02-52. It provides that all developments seeking a building permit for residential or non-residential construction will pay a set fee based on a schedule of fees contained in the ordinance. These impact fees will help to pay an estimated twenty percent of the total cost for the needed highway improvements identified in the Ewa Highway Master Plan and could be used as the local match for federal dollars. A copy of Ordinance 02-52 was included with the 2002 Annual Report as Appendix 3.

Since October 30, 2002, when Ordinance 02-52 went into effect, through December 31, 2011, Gentry had paid a total of \$1,972,015.98 in impact fees to help pay

for Ewa highway improvements. In addition, Gentry has received credits in the amount of \$1,641,384.00 (894 units) for the development of Kapolei Parkway. Gentry is currently participating with the City, State, and other regional developers and major landowners in updating the Ewa Highway Master Plan.

Condition 9: *Petitioner shall appoint a transportation manager whose function is the formation, use and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. This transportation manager may provide similar services for Petitioner's other projects in Ewa and Central Oahu.*

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 alternate transportation opportunities that would optimize the use of existing and proposed transportation systems.

Progress Report: Through 2011, Petitioner was a charter member of the Leeward Oahu Transportation Management Association ("LOTMA"), a regional program for transportation management. The Petitioner has since appointed a transportation manager to comply with the terms of this condition.

Condition 10: *Petitioner shall provide drainage improvements in the Property and shall coordinate off-site improvements with Campbell Estate, Intervenor, adjoining landowners and developers and/or other federal, state or city agencies.*

Progress Report: Petitioner has continued to provide drainage improvements within the Property and has worked to coordinate off-site improvements with Campbell Estate, adjoining landowners and developers, and the United States Navy, in accordance with applicable federal, state, and city and county requirements. A drainage master plan for Ewa by Gentry-West was approved in October 1991. Portions of this Master Plan were updated in a drainage master plan for Ewa Makai, which was approved by the City on October 26, 2006. A Drainage Master Plan for Ewa by Gentry-East, Phase II and Ewa Makai-East was updated and approved by the City on September 23, 2004.

Petitioner has also participated with area developers in the development of the Kaloι Drainage Corridor and has constructed drainage detention improvements within the project area.

Condition 11: *Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.*

Progress Report: The Petitioner will continue to work with the Department of Health to ensure that fugitive construction dust is controlled and that air quality standards are in compliance with Department of Health regulations.

Condition 12: *Petitioner shall participate in a study in coordination with the City and the State Department of Health to assess the odors emanating from the Honouliuli Wastewater Treatment Plant (HWWTP) on the Property. Petitioner shall make the results of such a study available to the State and the City upon its completion.*

Progress Report: The City and County of Honolulu initiated an Odor and Noise Master Plan effort, also known as the Reduction of Odor and Sound Emission (ROSE) program. The effort, through a professional services contract (the consultants were Brown & Caldwell, Kennedy Jenks, and Engineering Solutions), was organized in three phases. Phase I was a brainstorming/scope definition phase. This phase was completed in 2001. Phase II was a training/problem determination/prioritization phase. In this phase, the consultant team conducted a series of workshops to train the City staff in the determination and abatement of odors and noise. A primary effort of this phase was to initiate a monitoring program to determine and evaluate odorous source in the City's wastewater system. This phase was near completion at the end of 2002; however, it was anticipated that the City would expend more time to continue its monitoring efforts. Phase III of the ROSE project, which consisted of planning and design of new odor control facilities, was started in June 2003, but was indefinitely suspended.

In the meanwhile, separate actions were taken to eliminate the odors at Honouliuli WWTP that were unrelated to the ROSE project. The odorous sludge heat-treatment system was replaced by sludge anaerobic digesters. Along with the new anaerobic digesters, additional odor control systems were built. Because the City took the lead in this effort, Petitioner did not conduct another separate study addressing the subject of odors emanating from the HWWTP.

Condition 13: *Petitioner shall connect the wastewater system for the development proposed on the Property to HWWTP. Construction of residential and industrial uses within the Property shall not commence until Petitioner has obtained assurances from the City that the capacity at the HWWTP has been reserved for the development on the Property. Petitioner shall coordinate with the City Department of Public Works and the State Department of Health for the provision of adequate buffer measures, including appropriate land uses, between the development on the Property and the existing HWWTP and any proposed expansion of the HWWTP to minimize noise, odor and other impacts associated with HWWTP.*

Progress Report: Capacity at HWWTP has been reserved for developments proposed in Ewa by Gentry. Petitioner has provided adequate buffer measures, including appropriate land uses. Of note is that the properties adjacent or in proximity to the HWWTP are either in golf course, roadway, or industrial-commercial use, thereby minimizing the impact on residential communities.

Condition 14: *Petitioner shall immediately stop work on the impacted area and contact the State Historic Preservation Office should any archaeological resources such as artifacts, shell, bones, or charcoal deposits, human burial, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development on the Property.*

Progress Report: Petitioner has not encountered and is not likely to encounter any archaeological resources in the project area since it was under sugar cane cultivation prior to development. However, should any significant archaeological resource be encountered, the State Historic Preservation Office will be immediately contacted.

Condition 15: *Petitioner shall provide, at no cost to the State, a public school site encompassing six (6) acres, if adjacent to a public park, or eight (8) acres if not adjacent to a public park, as the Department of Education (DOE) may determine to be reasonably necessary to serve the needs of residents of the Property. The school site shall be provided, if there is a need for such site, in a location as may be mutually agreeable to Petitioner and the DOE. As an alternative, Petitioner may provide a share of the cost of classrooms or other educational facilities with the approval of DOE.*

Progress Report: Petitioner has dedicated an eight-acre public school site adjacent to a future public park. Holomua Elementary School has been operational since August 2, 1996.

Condition 16: *Petitioner shall disclose to all initial purchasers (a) possible aircraft noise and vibration and possible odor, air, noise and dust pollution resulting from the Ft. Weaver Road, Barbers Point Naval Air Station, Honolulu International Airport, Honouliuli Wastewater Treatment Plant, and adjoining agricultural operations, (b) the Hawaii Right-To-Farm Act, HRS Chapter 165, which limits the circumstances under which preexisting farm activities on adjacent lands may be deemed a nuisance, and (c) existence of the Explosives Safety Zone at West Loch Branch, Naval Magazine, Lualualei, (d) the transport of explosives and munitions on roadways through and in the vicinity of the Property.*

Progress Report: Petitioner has disclosed to all initial purchasers those potentially hazardous conditions described in Condition 16. Included as appendices to previous annual reports were representative sample disclosures provided to initial purchasers of projects which have commenced during the reporting time period.

Condition 17: *Petitioner shall maintain the alignment of existing cane haul roads or provide alternate cane haul roads pursuant to Petitioner's agreements with Campbell Estate and OSCO to assure uninterrupted agricultural operation of sugarcane cultivation areas.*

Progress Report: OSCO has ceased sugar cultivation operations and is no longer using the cane haul roads that formerly crossed Ewa by Gentry's development area.

Condition 18: *Petitioner shall participate with City and State civil defense agencies, Intervenor, and adjoining landowners and developers in the formulation of an emergency preparedness and evacuation plan for residents of the Property due to the Property's proximity to the Explosive Safety Hazard Zone at the West Loch Branch, Navy Magazine, Lualualei.*

Progress Report: Based on recommendations of the State Civil Defense Agency and Oahu Civil Defense Agency, a siren was installed in Ewa by Gentry near the Coral Creek Golf Course, and has been operational since March 2003. The installed siren is a solar powered Federal Signal MC6024 with 3 each 121 DBc directional speaker arrays. In addition, a second civil defense warning siren was installed in Ewa Makai-East and has been operational since August 2005. The siren was constructed to the satisfaction of the State and City civil defense agencies.

Condition 19: *Petitioner shall establish a forty-(40) foot setback along the existing railroad right-of-way in a manner compatible with City Ordinance No. 84-94.*

Progress Report: Petitioner has established a 40-foot setback along the existing railroad right-of-way compatible with City Ordinance No. 84-94 for all affected portions of the Property.

Condition 20: *Petitioner shall not place along Geiger or Iroquois Point Roads or at the intersection of any road with these two roadways any obstruction which would hinder aircraft towing along these two roadways in order to maintain an obstruction-free corridor 80 feet in width and 25 feet in height along these roadways.*

Progress Report: Petitioner is complying with the Navy's requirements for an obstruction-free corridor in its plans for improvement of Geiger Road and Iroquois Point Road.

Because of the Barbers Point Naval Air Station's closure, aircrafts that were formerly towed along Geiger Road have been decommissioned at the Air Station and, as a result, the wide right-of-way will no longer be used by the Navy for the intended purposes. Regardless, improvements have been planned to accommodate the right-of-way.

Condition 21: *Petitioner shall coordinate with the Department of the Navy to assure that any work in the vicinity will not damage or in any way limit access to utility, communication or fuel lines.*

Progress Report: Petitioner is coordinating with the Navy on all proposed work in the vicinity of Navy utility, communication or fuel lines.

Condition 22: *Petitioner shall construct no road which enters from the Property onto Geiger or Iroquois Point Roads within 200 feet of any Navy installation's boundary.*

Condition 23: *Petitioner shall install a fence or other structure along the eastern boundary of the Property to minimize residents' inadvertent entrance into the Explosives Safety Zone, which commences at the Property's eastern boundary, with the western boundary of Naval Magazine Lualualei West Loch Branch.*

Progress Report (Conditions 22 and 23): The Petitioner has installed 6' high fencing along the eastern boundary of Areas 21, 24, 27A, 27C and will install additional fencing as development occurs further along the eastern boundary of the Ewa by Gentry property. Petitioner will also comply with Navy requirements as to the construction of roads entering Geiger or Iroquois Point Roads within 200 feet of any Navy installations boundary.

Condition 24: *Petitioner shall complete the development on the Property in substantial compliance with the representations made before the Commission.*

Progress Report: Petitioner reaffirms the obligations of Condition 24.

Condition 25: *Petitioner shall notify the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property prior to visible commencement of construction on the Property; provided, however, that Petitioner may transfer ownership in the Property to an affiliate or in a manner consistent with prior representations to the Commission, and may mortgage the Property at any time without notice to the Commission.*

Progress Report: The Petitioner has complied with this condition by notifying the Commission of the sale of lands in the Property to Stanford Carr Development Corporation and to Coral Creek Golf, Inc.

Condition 26: *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 Petitioners' progress in complying with the conditions imposed.*

Progress Report: Petitioner's annual report has been prepared to satisfy this condition.

Condition 27: *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.*

Progress Report: A report is not required for this condition at this time.