

KAPOLEI

LAND USE COMMISSION
STATE OF HAWAII

2014 NOV 21 A 8:14

November 20, 2014

ORIGINAL

Mr. Daniel Orodener
Executive Officer
Land Use Commission
P. O. Box 2359
Honolulu, HI 96804-2359

Dear Mr. Orodener:

2014 Annual Report
Docket No. A06-763
Kapolei Harborside

Kapolei Properties LLC, an affiliate of the James Campbell Company LLC, submits this annual progress report to the Land Use Commission ("LUC"), the State of Hawaii Office of Planning, and the City and County of Honolulu Department of Planning and Permitting pursuant to Condition 20 of the November 20, 2007 LUC Decision and Order in Docket No. A06-763.

The subject of this annual report is the reclassification of approximately 344 acres of land located in Honouliuli, Ewa, Island of Oahu, State of Hawaii ("Property") from the Agricultural District to the Urban District.

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

- 1. Wastewater Facilities. Petitioner shall provide wastewater system improvements on the Petition Area as required by the DOH and appropriate City and County agencies.**

Petitioner will comply with this condition. A sewer master plan for the project has been approved.

- 2. Transportation. Petitioner shall reach an agreement with the DOT and the DPP for the construction of a four-lane divided highway meeting applicable state highway standards from the anticipated Palailai Interchange extension to Kalaeloa Harbor. This agreement shall be executed prior to the submittal of Petitioner's application for subdivision for development of the Petition Area.**

Based upon the change in anticipated roadway alignments to be defined by the aforementioned agreement, Petitioner shall prepare a revised TIAR subject to the approval and acceptance by the DOT and the DPP. The TIAR shall not include assumptions that the State will construct traffic improvements to serve the Petition Area other than improvements to the Palailai Interchange. Petitioner shall implement traffic improvements and mitigation measures consistent with the revised TIAR.

Petitioner shall set aside two acres for a DOT weigh station in the Petition Area. The precise location of the weigh station and the terms of any land purchase(s) or exchange(s) shall be determined by mutual agreement between Petitioner and the DOT.

Petitioner shall contribute its fair share for regional transportation improvements, as required by the City and County's Ewa Highway Master Plan Impact Fee ordinance (Chapter 33A, Revised Ordinances of Honolulu).

The Petitioner reached agreement with the Department of Transportation on the level of funding and participation in the construction of local and regional transportation improvements and the terms of this condition. A copy of the Master Kapolei Highway Agreement with the Department of Transportation dated June 1, 2010 is on file with the LUC.

- 3. Harbor Security. Petitioner shall enter into an agreement with the DOT, Harbors Division, under terms and conditions acceptable to the DOT, to provide an adequate security zone between the Petition Area and Kalaeloa Harbor. The agreement shall be entered into prior to the commencement of any construction of individual lot buildings or structures along the common boundary between the Petition Area and Kalaeloa Harbor.**

Petitioner will comply with this condition.

- 4. Previously Unidentified Burial/Archaeological/Historical Sites. Without any limitation to any other condition found herein, if any burials or archaeological or historic sites, such as artifacts, marine shell concentrations, charcoal deposits, stone platforms, pavings, and walls not previously identified in studies referred to herein, are discovered during the course of construction of the project, then all construction activity in the vicinity of the discover shall stop until the issuance of an archaeological clearance from the SHPD that mitigative measures have been implemented to its satisfaction.**

Petitioner will comply with this condition.

- 5. Solid Waste Management Plan.** Petitioner shall develop a Solid Waste Management Plan for the Petition Area in conformance with the Integrated Solid Waste Management Act, Chapter 342G, HRS. Petitioner's Solid Waste Management Plan shall be approved by the City and County Department of Environmental Services. The Plan shall address and encourage awareness of the need to divert the maximum amount of waste material caused by developments away from the City and County's landfills.

Petitioner will comply with this condition.

- 6. Air Quality Monitoring.** Petitioner shall implement soil erosion and dust control measures and participate in an air quality monitoring program for the Petition Area as specified by the DOH.

Petitioner will comply with this condition.

- 7. Notification of Potential Harbors Nuisances.** Petitioner shall notify and disclose to all prospective buyers and/or lessees of the Project, in the accordance with State law, of the potential adverse impacts of Kalaeloa Harbor operation, such as but not limited to noise, lights, truck and car traffic, dust fumes, odor, temporary construction activities, operations that occur 24 hours per day, seven days per week, and other incidences of harbor operations.

Petitioner will comply with this condition.

- 8. Notification of Potential Airports Nuisances.** Petitioner shall notify and disclose to all prospective buyers and/or lessees of the Project, in accordance with State law, of the potential adverse impacts of aircraft and airport activity from the adjacent airfields at Kalaeloa and Honolulu International Airport, such as but not limited to noise, right of light, emissions, vibrations and other incidences of aircraft operations.

Petitioner shall implement procedures and provide covenants in any grant or transfer of interest in the Petition Area, or portion thereof, to buyers and lessees and to other future owners, lessees or occupants, to release claims against the State of nuisance relating to aircraft and airport operations.

Petitioner will comply with this condition.

9. **Drainage Plan.** Petitioner shall prepare and submit a detailed Petition Area drainage plan to the DPP and the DOT for review and approval. In preparing its drainage plan, Petitioner shall consider and incorporate the drainage requirements for other regional developments within the same watershed.

Regional and project drainage master plans have been approved for the project.

10. **Drainage Improvements.** Petitioner shall construct drainage improvements, including interim detention basins as may be necessary, as a result of the development of the Petition Area, to the satisfaction of appropriate State and City and County agencies, including the DOT, Harbors Division.

Petitioner will comply with this condition.

11. **Water Conservation Measures.** Petitioner shall implement water conservation measures and BMPs, such as use of indigenous and drought tolerant plants and turf and the use of non-potable water alternatives, and incorporate such measures into the landscape planting.

Petitioner will comply with this condition.

12. **Best Management Practices.** Petitioner shall implement BMPs to protect surface and groundwater resources. The BMPs shall be designed to minimize infiltration and runoff from construction and vehicle operations, reduce or eliminate soil erosion and ground water pollution, and employ dust control measures during and after the development process in accordance with the DOH guidelines.

Petitioner will comply with this condition.

13. **Hazardous Materials.** Storage and/or disposal of hazardous materials/wastes on the Petition Area shall be in conformance with all applicable DOH and EPA requirements.

Petitioner will comply with this condition.

14. **Civil Defense.** Petitioner shall fund and construct its fair-share of adequate solar-powered civil defense measures serving the Petition Area as required by the State; U.S. Department of Defense, Office of Civil Defense; and the City and County Civil Defense Agency.

Petitioner will comply with this condition.

- 15. Energy Conservation Measures.** Petitioner shall, to the extent possible, incorporate energy conservation measures and sustainable design measures, such as the standards and guidelines promulgated by the Building Industry Association of Hawaii, the U.S. Green Building Council, the Hawaii Commercial Building Guidelines for Energy Efficiency, the Guidelines for Sustainable Building Design in Hawaii, and the applicable City and County building codes for Energy Efficiency, the Guidelines for Sustainable Building Design in Hawaii, and the applicable City and County building codes, as amended, into the design and construction of the Project and the structures within the Petition Area.

To the extent possible, Petitioner will incorporate energy conservation measures and sustainable design measures, as set forth in Condition 15, into the design of buildings within the Petition Area.

- 16. Sinkhole Preserve.** Petitioner shall implement measures to protect and preserve the coral sinkholes within the Petition Area.

In 2008, the Sinkhole Preserve area was rezoned to P-2 General Preservation City and County of Honolulu zoning. Petitioner has also installed a new chain-link fence to protect and preserve the sinkholes within the identified preservation area. Petitioner will continue to take steps, as necessary, to ensure the preservation of the identified sinkholes. Petitioner intends to transfer ownership of the sinkhole preserve at a future date to the State of Hawaii.

- 17. Completion of the Project.** Petitioner shall complete build out of the Project, including completion of the backbone infrastructure consisting of Hanua Street improvements, drainage improvements, and sewer improvements, by December 31, 2018.

While significant site improvements, including mass grading of portions of the Project and excavation of a major regional drainage channel are underway, build out of the Project is not expected by December 31, 2018. The Project, including backbone infrastructure, will be constructed in Phases as market demand allows.

- 18. Compliance with Representations to the Commission.** Petitioner shall develop the Petition Area in substantial compliance with the representations made to the Commission. Failure to so develop the Petition Area may result in reversion of the Petition Area to its former classification, or change to a more appropriate classification.

Petitioner will develop the Property in substantial compliance with the representations made to the Commission and acknowledges the Commission's authority to revert the Property to its former classification.

- 19. Notice of Change of Ownership. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or other wise voluntarily alter the ownership interest in the Petition Area, prior to development of the Petition Area.**

No changes in ownership interest occurred within the past year. Please note that the Petitioner's company name changed from Kapolei Property Development LLC to Kapolei Properties LLC effective June 1, 2013.

- 20. Annual Reports. Petitioner shall timely provide without any prior notice, annual reports to the Commission, OP, and DPP in connection with the status of the development of the Petition Area and Petitioner's progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.**

This annual report is being submitted in satisfaction of this condition.

- 21. Release of Conditions. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Petition Area upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.**

Petitioner acknowledges the Commission's authority to release any of the aforementioned conditions.

- 22. Notice of Imposition of Conditions. Within seven days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Petition Area is subject to conditions imposed herein by the Commission in the reclassification of the Petition Area; and (b) file a copy of such recorded statement with the Commission.**

Petitioner complied with this condition.

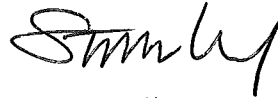
- 23. Recordation of Conditions. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, HAR.**

Petitioner complied with this condition.

Mr. Daniel Orodener
November 20, 2014
Page 7

If you have any questions, please call me at 674-3289.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Kelly". The signature is fluid and cursive, with the first name "Steve" being more prominent than the last name "Kelly".

Steve Kelly
Vice President, Development

ga:04001300\K10332

cc: Office of Planning
George Atta, Department of Planning & Permitting