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STATE OF HAWAII
LAND USE COMMISSION

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BEFORE THE LAND USE COMMISSION

STATE OF HAWAII

In the Matter of the Petition)	DOCKET NO. A92-683
)	
of)	2007 STATUS REPORT OF HALEKUA-
)	KUNIA, LLC ON CONDITIONS TO
HALEKUA DEVELOPMENT)	DECISION AND ORDER OF LAND USE
CORPORATION, a Hawaii corporation)	COMMISSION; ATTACHMENTS 1-5
)	
To Amend the Agricultural Land Use District)	
Boundary into the Urban Land Use District)	
for Approximately 503.886 Acres of Land)	
Situated at Waikele and Hoaeae, Ewa, Island)	
of Oahu, City and County of Honolulu, State)	
of Hawaii, TMK: 9-4-02:1, Portion of 52, 70)	
and 71)	

2007 STATUS REPORT OF
HALEKUA-KUNIA, LLC
ON CONDITIONS TO DECISION AND ORDER OF LAND USE COMMISSION

Please consider the following as the 2007 status report of HALEKUA-KUNIA, LLC, a Delaware limited liability company, ("HK") with respect to HK's compliance with the conditions imposed the Land Use Commission of the State of Hawaii (the "*Commission*") pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated December 9, 1993, TMK 9-4-002: por of 1 and 52, Docket No. A92-683 of the Land Use Commission of the State of Hawaii (the "*Original Decision and Order*"), as amended and restated by Amended Findings of Fact, Conclusions of Law and Decision and Order dated October 1, 1996, Docket No. A92-683 of the Land Use Commission of the State of Hawaii (the Original Decision and Order as amended by this document is herein called the "*Amended Decision and Order*"), in connection with the reclassification from Agricultural to Urban of approximately 503.886 acres located at Waikele and Hoaeae, Ewa, Island of Oahu, City and County of Honolulu, State of Hawaii (the "*Royal Kunia Phase 2 Property*").

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EXHIBIT "1"

I. GENERAL PROGRESS OF THE PROJECT

On October 15, 2002, the Office of Planning, State of Hawaii, filed a Motion for an Order to Show Cause to Rescind the Decision and Order dated October 1, 1996, and on February 26, 2003 the Commission entered an Order Granting the Office of Planning's Motion for an Order to Show Cause to Rescind the Decision and Order on October 1, 1996 (the "*Order to Show Cause*"). The hearing before the Commission on the Order to Show Cause was scheduled for April 25, 2003, but just prior to the commencement of the hearing Halekua Development Corporation ("HDC") filed a bankruptcy petition with U.S. Bankruptcy Court of the District of Hawaii and pursuant to the automatic stay under federal bankruptcy laws the hearing on the Order to Show Cause was suspended indefinitely.

The subject reclassification from Agricultural to Urban applies to a 503.886 acre area. At the time of the reclassification all of the Royal Kunia Phase 2 Property was to be developed by HDC. However, HDC only retained title and the accompanying property rights to approximately 161 acres encompassed by Parcels 2, 3 and 4 (the "*HDC Property*"). Part of the remaining Royal Kunia Phase 2 Property has been acquired by HRT Realty, LLC, formerly HRT, Ltd. ("*HRT*"). By Order Granting the Office of Planning's Amended Motion to Exempt HRT, Ltd's Property from the Order to Show Cause Granted on February 26, 2003, Pursuant to the Stipulation Filed on December 30, 2003, the HRT lands within the Petition Area were excluded from the Order to Show Cause.

The HDC Property has remained within the jurisdiction of the federal bankruptcy court since that time. However, pursuant to the Bankruptcy Court Order re Sale of Real Property Free and Clear of Liens filed in the Bankruptcy Case (as hereinafter defined) on October 2, 2006 and the Purchase and Sale Agreement entered into pursuant thereto, HDC will be redeeming (reacquiring) the HDC Property from the Chapter 7 trustee appointed in the bankruptcy case ("*Trustee*") pending in the United States Bankruptcy Court for the District of Hawaii entitled In re HDC Development Corporation, Case No. 03-01279 (the "*Bankruptcy Case*"). In connection with the redemption of the HDC Property, HDC, on February 20, 2007, filed its Motion Requesting Land Use Commission Approval Of Transfer Of Ownership Of Property ("*Transfer Motion*") from HDC to HK. On March 16, 2007, the Commission entered an order granting the Transfer Motion ("*Transfer Order*"), as well as an order granting HDC's Oral Motion to Dismiss the Order to Show Cause.

The reacquisition of the HDC Property closed on March 12, 2007, and the HDC Property was transferred to HDC by Limited Warranty Deed filed in the Bureau of Conveyances of the State of Hawaii on March 12, 2007 as Document No. 2007-045261. A copy of the Limited Warranty Deed by which the HDC Property was redeemed is attached hereto as **Attachment 1**. In accordance with the Transfer Order, HDC then transferred the HDC Property to HK, pursuant to Limited Warranty Deed filed in the Bureau of Conveyances of the State of Hawaii on March 12, 2007 as Document No. 2007-045275, a copy of which is attached hereto as **Attachment 2**.

The redemption of the HDC Property was financed by Canpartners Realty Holding Company IV LLC and CMR Mortgage Fund LLC (the "*Lending Group*"), under that certain Credit Agreement dated March 12, 2007 ("*Credit Agreement*"). Pursuant to the Credit Agreement, the Lending Group has made a loan in the principal amount of \$97,900,000.00 ("*Loan*") to HDC to fund the payment of all amounts to be paid pursuant to the terms of the Purchase and Sale Agreement approved in the Bankruptcy Case which payments, among others, enabled HDC to complete the transfer of the School Site as contemplated in the Amended Decision and Order, to proceed with the planning and design of the off-site infrastructure for the state agricultural park, and to move forward with planning and design work for the Royal Kunia Phase

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II residential subdivision which will lead to the future satisfaction of other outstanding conditions as set forth in the Amended Decision and Order. In this regard, please be advised that the Lending Group has established a predevelopment reserve in the amount of \$4,230,961.30 under the Loan for the purpose of funding certain planning, design and associated work intended to address and move forward the satisfaction of the conditions under the Amended Decision and Order and the Rezoning Ordinances with the City and County of Honolulu to the point of being able to apply for initial building permits. HK reasonably believes that this predevelopment reserve within the loan account is sufficient for these purposes.

II. STATUS OF COMPLIANCE WITH CONDITIONS

HK hereby reaffirms its commitment and obligation to comply with and satisfy each of the outstanding conditions set forth in the Amended Decision and Order and has recommenced the necessary steps and actions to do the same. The current status of the twenty-five (25) conditions set forth in the Amended Decision and Order and HK's intentions with respect to satisfaction of the same are set forth below.

(1) **Affordable Housing**

Petitioner 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. The location and distribution of the affordable housing and other provisions for affordable housing shall be under such terms as are mutually agreeable to the Petitioner and the City and County of Honolulu.

Current Status: Future Compliance

HK is required by the Amended Decision and Order to comply with requirements established by the City and County of Honolulu (the "City") for the provision of affordable housing opportunities for low to moderate income residents. The City has required HK to enter into a binding agreement to participate in an affordable housing program whereby (a) 10% of the overall Project unit count will be 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 will be affordable to families with incomes between 81% and 120% of the City's median income.

Steps toward meeting this requirement were in progress but were discontinued when HDC went into bankruptcy. HK is proceeding to renew this process with the City as to the HDC Property. Agreement on the number, location, and cost, etc. of the affordable housing units to be provided is required prior to the submittal of any applications to the City for building permits for the HDC Property.

(2) **Transportation Improvements**

Petitioner shall fund, design, and construct the 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 and the City and County of Honolulu, Department of Transportation Services, including without limitation the dedication of any rights-of-way to the State or County. Petitioner 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*

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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 right-of-way must be submitted to DOT, Highways Division for review and approval.*

Agreement by the State Department of Transportation on the level of funding and participation shall be obtained prior to the Petitioner applying for county zoning.

Current Status: Partial Completion and Future Compliance

HK will comply with Commission requirements to contribute its pro-rata share of local and regional transportation and roadway improvements that are required by remaining undeveloped portions of the Royal Kunia Phase 2 Property, as determined and approved by the State Department of Transportation ("DOT") and City Department of Transportation Services ("DTS").

Some of these requirements - notably, the construction of a third northbound lane on Kunia Road between Kunia Interchange and the north Kupuna Loop intersection - have already been met.

Steps toward meeting other portions of this requirement were in progress but were discontinued when HDC went into bankruptcy. HK, together with the other Royal Kunia Phase 2 Property owners, will re-initiate this process with DOT and DTS and will mutually determine and agree on the remaining improvements that need to be completed and the schedule for their construction prior to the submittal of any applications to the City for subdivision of building lots.

(3) Participation in a Regional Program for Transportation Management

Petitioner, at no cost to the State, 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, Petitioner 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. Either option will continue to be in effect unless otherwise directed by the State Department of Transportation. The program for either option shall be reviewed and approved by the State Department of Transportation prior to implementation. The transportation manager or Petitioner shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to the State Department of Transportation for program review and modification, if necessary.

Current Status: Prior and Ongoing Compliance.

HDC was an active participant in the Ewa Region Highway Transportation Master Plan Working Group and an active member of the Leeward Oahu Transportation Management Association ("LOTMA") prior

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to its filing in bankruptcy. Participation in both programs will be re-established by HK.

(4) Traffic Monitoring

Petitioner shall monitor the traffic attributable to the proposed Project at on-site and off-site locations and shall undertake subsequent mitigative measures that may be deemed to be required by Petitioner, the State Department of Transportation, or the City and County of Honolulu. The mitigative measures shall be coordinated with and approved by the State Department of Transportation and the City and County of Honolulu.

Current Status: Future Compliance.

During and upon completion of construction on the HDC Property, HK will monitor the traffic that is attributable to the dwellings constructed on the HDC Property at designated on-site and off-site locations, and will undertake any subsequent mitigative measures that may be deemed to be required by DOT, DTS and/or HK.

(5) Integrated Solid Waste Management Act (Chapter 342G, HRS)

Petitioner shall cooperate with the State Department of Health and the City and County of Honolulu Department of Public Works 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 Department of Health and the City and County of Honolulu.

Current Status: Ongoing Compliance.

HK will work with the State Department of Health ("**DOH**") and City Department of Environmental Services ("**DES**") to ensure compliance with the program goals and objectives of this Act and will continue to work with DOH and DES to comply with the Act.

(6) School Facilities

Petitioner 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 Petitioner applying for county zoning.

Current Status: Partial Completion and Future Compliance

HDC and the State Department of Education ("**DOE**") previously 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. These terms provided for the dedication of 12 acres of land to DOE for a school site (the "**land component**") to DOE, and a schedule of incremental contributions to DOE totaling \$500,000 (the "**monetary component**"). HDC obtained final subdivision approval for the subject 12 acre school site (TMK 1-9-4-002: Parcel 79) but was unable at the time to transfer the school site to DOE because DOE would not accept title to the school site due to it being the subject of several liens and encumbrances. Per its letters dated June 21, 2002 and December 19, 2002, DOE advised HDC that as an alternative, the school site could be conveyed to RKES, LLC, a Hawaii limited liability company, and that

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upon the conveyance of the school site to RKES, the land component of the DOE's requirements would be deemed satisfied. On January 7, 2003, an undivided 75.721% interest in the school site was conveyed to RKES by HDC in partial satisfaction of the land component. The remaining undivided 24.279% interest in the school site was held by HRT Realty, LLC, formerly HRT, Ltd. ("**HRT**"). RKES and DOE intend to enter into a separate design build agreement under the terms of which RKES will construct an elementary school on the subject property and upon completion of construction convey the same free and clear to DOE.

Pursuant to the Bankruptcy Court Order re Sale of Real Property Free and Clear of Liens filed in the Bankruptcy Case, and the Purchase and Sale Agreement dated October 2, 2006, HRT transferred its 24.279% interest in the school site to RKES in satisfaction of the land component. Concurrently with the redemption of the HDC Property from the Trustee, the remaining 24.279% undivided interest in the school site was conveyed to RKES in satisfaction of the land component condition of HDC's agreements with DOE. A copy of the Quitclaim Deed filed March 12, 2007 in the Bureau of Conveyances as Document No. 2007-045263 is attached hereto as **Attachment 3**.

HDC, RKES and DOE have executed the School Site Agreement (the "**School Site Agreement**"), a true and correct copy of which is attached hereto as **Attachment 4**, in order to reaffirm HDC's obligations and to reconfirm the agreements contained in the various letter agreements between HDC and DOE.

(7) Water Requirements

Petitioner shall coordinate with the Honolulu Board of Water Supply and the Department of Land and Natural Resources to obtain the required water for the project. In the event that water is not available from existing sources due to insufficient supply, Petitioner shall fund and develop the necessary water source, storage, and transmission systems and facilities.

Current Status: Partial Completion and Future Compliance.

HK will continue to coordinate with and meet all requirements of the Honolulu Board of Water Supply ("**BWS**") and the State Department of Land and Natural Resources ("**DLNR**") related to obtaining the required water for the Project. If water is not available from existing sources because of insufficient supply, HK will fund and develop the necessary water source, storage and transmission systems and facilities.

(8) Civil Defense Measures

Petitioner 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.

Current Status: Partial Compliance and Future Compliance.

HDC and the State and City civil defense agencies have agreed on what civil defense measures are needed for the subject HDC Property. HK will fully fund and install the necessary facilities and equipment in connection with the construction of its project on the HDC Property.

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(9) Chain Link Fence

Petitioner shall erect a chain link fence along the eastern boundary of the Property that is common with the Waikele Branch of Naval Magazine, Lualualei.

Current Status: Future Compliance by Others.

The Amended Decision and Order requires the construction of a chain link fence on the eastern boundary of the Royal Kunia Phase 2 Property. Title to the land on which this fence would be located is still held by the Robinson Owners, and it is still zoned for agricultural use. While HK will monitor compliance with this condition, actual construction will be the responsibility of the future developer of this portion of the Royal Kunia Phase 2 Property.

(10) Clearance and Maintenance of Land

Petitioner 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.

Current Status: Future Compliance by Others.

The Amended Decision and Order requires the clearance and maintenance of a 20-foot wide land area along the eastern boundary of the Royal Kunia Phase 2 Property. As noted in Condition #9 above, title to this land area is still held by the Robinson Owners, and it is still zoned for agricultural use. While HK will monitor compliance with this condition, actual clearance and maintenance will be the responsibility of the future developer of this portion of the Royal Kunia Phase 2 Property.

(11) Pollutants

Petitioner shall coordinate with the State Department of Health and the City and County of Honolulu 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.

Current Status: Future Compliance.

HK will work closely and coordinate with the DOH and DES on the establishment of appropriate systems to contain spills and prevent certain materials and pollutants from leaching in the storm drainage system and adversely affecting the groundwater and coastal waters.

(12) Wastewater Treatment

Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, on a pro rata basis, as determined by the State Department of Health and the City and County Department of Public Works.

Current Status: Future Compliance.

HK will participate on a pro rata basis in the funding and construction of adequate wastewater treatment,

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transmission and disposal facilities, as determined by the DOT and DES.

(13) Soil Erosion and Dust Control

Petitioner shall implement effective soil erosion and dust control measures both during and after construction to the satisfaction of the State Department of Health.

Current Status: Future Compliance.

HK will closely coordinate with the DOH and implement effective soil erosion and dust control measures both during and after construction.

(14) Air Quality Monitoring

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

Current Status: Future Compliance.

HK will participate in an appropriate DOH-specified air quality monitoring program for the area where the HDC Property is located.

(15) Agricultural District Pollution

Petitioner 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, Hawai'i Revised Statutes, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

Status: Future Compliance.

HK will notify all future owners of the HDC Property of the potential odor, noise and dust pollution resulting from use of the surrounding Agricultural District lands, and that the Hawaii Right-to-Farm Act (HRS Chapter 165) limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

(16) Drainage Improvements

Petitioner 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.

Current Status: Partial Completion and Future Compliance.

HDC completed the majority of required off-site drainage improvements for the Royal Kunia Phase 2 Property in connection with the infrastructure construction for Village Park and Royal Kunia Phase 1. HK will work with adjoining landowners and developers, and with the appropriate Federal, State and City agencies, to coordinate and agree on the type and completion schedule for any future required off-site

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drainage improvements.

(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, Petitioner shall immediately stop work on the impacted area and contact the Historic Preservation Division of the State of Hawai'i Department of Land and Natural Resources.

Current Status: Partial Completion and Future Compliance.

Archaeological research and reconnaissance surveys of the Royal Kunia Phase 2 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 DLNR Historic Preservation Division and comply with all established procedures to protect any archaeological resources that might be encountered during future development and construction on the HDC Property.

(18) Development Plan Approvals

Petitioner shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.

Current Status: Fully Met.

All required Development Plan approvals have been obtained, and the Royal Kunia Phase 2 Project is in full compliance with the current Central Oahu Sustainable Communities Plan ("COSCP").

(19) Agricultural Park

Petitioner 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 dated March 30, 1993 entered into by Petitioner and the Department of Agriculture.

Current Status: Partial Completion and Future Compliance.

Title to the 150 acre Agricultural Park site was transferred by HDC to the State of Hawaii, by and through its Board of Land and Natural Resources for the use of the State Department of Agriculture ("DOA") by Warranty Deed with Reservations dated February 23, 2004, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-040601. HDC has entered into an Amended and Restated Memorandum of Understanding with DOA, a copy of which is attached hereto as **Attachment 5**, which amends and restates the original Memorandum of Understanding dated March 3, 1993 (the "**Original MOU**"), with updated and modified obligations and agreements to (1) 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 Original MOU notwithstanding the delay in actual conveyance of the subject land, (2) modify the agreements between Halekua and the DOA with respect to the timing for design and construction of the off-site infrastructure to the state agricultural park, (3) delete the provisions within the

Original MOU providing for the DOA to initiate and complete its development and commence active use of the state agricultural park within a period of time measured from the date of initial conveyance of the 150 acre parcel comprising the state agricultural park to the DOA, and (4) delete the right of reverter if the state agricultural park was not developed and utilized for those agricultural purposes within 10-years from the date of the initial conveyance of the 150 acre parcel to the DOA, and replacing it with a restrictive use covenant and reversion if the use covenant is breached.

(20) Compliance with Representations

Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. 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.

Current Status: Partial Completion and Future Compliance.

HK will continue to fulfill the requirement to develop the HDC Property in substantial compliance with its representations to the Commission. 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 the subject land to its former land use classification, or in a change to a more appropriate land classification.

Pursuant to its discussions with the Office of Planning of the State of Hawaii, HK has further agreed that if HK fails to achieve substantial completion of construction of not less than five hundred (500) single-family residential home sites and/or multi-family residential units on the HDC Property by June 30, 2013 as evidenced by the filing of the appropriate Affidavits of Publication of the Notice of Completion for such residential home sites or units in accordance with Section 507-43 of the Hawaii Revised Statutes, that HK shall be required to report back to the Commission as to the reasons for such failure and to provide justification as to why the Commission should not consider modifications to the conditions imposed under the Amended Decision and Order to adjust and account for any substantial change in the potential community impacts resulting from the delay in achieving substantial progress towards completion of the Project as represented to the Commission.

(21) Transfer of HDC's Interest in the Project

In reliance upon Petitioner's representation that it will develop the Project on his own and in its entirety, the Petitioner shall obtain the prior approval from the Land Use Commission 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.

Petitioner shall request the prior approval from the Land Use Commission to alter the ownership interest in the Property or Project by filing a motion to request approval to alter ownership interest and supporting affidavits that will provide relevant information, including without limitation (1) the name(s) and address(es) of the prospective owner(s) or real party(ies) in interest; (2) the reason for the alteration of ownership interest; (3) any information related to any proposed change in the representations made by Petitioner to the Commission and in its Petition filed pursuant to section 15-15-50, Hawai'i Administrative Rules, including without limitation any information pertaining to the financial capabilities of the prospective owner(s) to proceed

with the Project as set forth in section 15-15-50(8); and, (4) a written acknowledgement and affirmation of the prospective owner(s) that the prospective owner(s) shall comply with all of the conditions in this Order.

Current Status: Partial Completion and Future Compliance.

HK has and will continue to comply with all requirements established in this condition with respect to obtaining prior Commission approval of any subsequent sale, lease, assignment, placement in trust, or other voluntary alteration of its ownership interest in the HDC Property.

(22) Annual Reports

Petitioner shall promptly provide without any prior notice, annual reports to the Land Use Commission, the Office of Planning, and the City and County of Honolulu Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed. The annual reports shall summarize: (1) Petitioner's progress in complying with the conditions imposed; and (2) changes to the Project as represented to the Land Use Commission. The annual report shall also include a written statement from each state and county agency affected by these conditions that Petitioner's representations in the annual report related to the respective state or county agency being affected is true and accurate.

Current Status: Partial Completion and Future Compliance.

This condition requires HK to prepare and submit annual reports to the Commission, State Office of Planning ("OSP"), and City Department of Planning and Permitting ("DPP") on the Project's status and HK's progress in complying with the conditions of the Amended Decision and Order. Such reports were submitted annually up through June 25, 2001. At the request of the Commission at the hearing on February 23, 2007, HK is submitting this report to update the Commission as to what has occurred between February 20, 2007, the date on which HDC filed its 2007 Interim Status Report with the Commission, and the date of this report and to further update the Commission on the status of matters following actual closing of the redemption of the HDC Property from the Trustee. HDC will further resume its submittal of the required annual reports as of June 30, 2008, with the initial report as of June 30, 2008, and will continue on an annual basis thereafter with the assistance and cooperation of the owners of the other lands within the Royal Kunia Phase 2 Property.

(23) Release of Conditions

The Land Commission 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 Petitioner.

Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of Planning will certify for itself and all state departments and agencies, and the City and County of Honolulu Planning Department 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.

Current Status: Future Compliance.

As development of the HDC Property progresses, HK intends to apply for a full or partial release of conditions imposed upon the HDC Property by submitting a motion together with appropriate supporting evidence of satisfaction of the condition or conditions for which release or confirmation of satisfaction is being sought. No such motions have been filed to date. Other parties to the Amended Decision and Order may as part of this release of condition process be requested to comment and/or indicate whether they concur in the certification of satisfaction.

(24) Recording of Statement Re Property Subject to Conditions

Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (1) record with the Bureau of Conveyances a statement to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property; and (2) shall file a copy of such recorded statement with the Commission.

Current Status: Fully Met.

HDC recorded a statement with the Bureau of Conveyances of the State of Hawaii indicating that the reclassified lands are subject to the conditions imposed by the Commission in the reclassification of the Royal Kunia Phase 2 Property, and has previously filed a copy of this recorded statement with the Commission.

(25) Recording of Conditions

Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, Hawai'i Administrative Rules.


Current Status: Fully Met.

HDC recorded the conditions contained in both the Original and Amended Decision and Order in the Bureau of Conveyances of the State of Hawaii, as evidenced by Declaration of Conditions and Consent recorded on April 14, 1994, in the Bureau of Conveyances of the State of Hawaii as Document No. 94-065022.

Dated: April 27, 2007.

Respectfully submitted,

HALEKUA-KUNIA, LLC, a Delaware limited liability
company

By 
Name: Alan J. Ma
Title: Its Attorney

cc: Department of Planning & Permitting
of the City and County of Honolulu
Office of Planning
Department of Agriculture
Department of Education

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ATTACHMENT 1

[Copy of Limited Warranty Deed from Ch. 7 Trustee to HDC]

RECEIVED
APR 27 2007
STATE OF HAWAII
LAND USE COMMISSION



R-968 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
MAR 12, 2007 11:00 AM
Doc No(s) 2007-045261



1st CARL T. WATANABE
REGISTRAR OF CONVEYANCES

CONVEYANCE TAX: \$0.00

20 10/26 29

10

LAND COURT SYSTEM

REGULAR SYSTEM



Return by Mail (X) Pickup () To:
Jonathan S. Durrett, Esq
Stubenberg & Durrett LLP
841 Bishop Street, Suite 702
Honolulu, HI 96813

TMK: (1) 9-4-002: 071

Total Pages: 18

LIMITED WARRANTY DEED

1. DEFINITION OF WORDS FREQUENTLY USED IN THIS DOCUMENT

A. "Limited Warranty Deed". This document is entitled "Limited Warranty Deed". This Limited Warranty Deed is being used to transfer legal ownership of the Property from the Grantor to the Grantee.

B. "Grantor". The word "Grantor" in this Limited Warranty Deed means the party who is transferring the Property to Grantee. The Grantor in this Limited Warranty Deed is James B. Nicholson, as Trustee of the Chapter 7 Estate of Halekua Development Company, a Hawaii corporation, in the Bankruptcy Case.

C. "Grantee". The word "Grantee" in this Limited Warranty Deed means the party to whom the Property is being transferred. The Grantee in this Limited Warranty

1182738

Deed is HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation, as an out-of-possession debtor in the Bankruptcy Case, and whose business and post office address is 2024 North King Street, Honolulu, Hawaii 96819.

D. "Property". The word "Property" in this Limited Warranty Deed means the real property described in Exhibit "A" that is attached to and made a part of this Limited Warranty Deed. The word "Property" also includes the rights and interests that result from the ownership of the Property or are a part of ownership of the real property being conveyed to the Grantee. Certain things affect the Property being transferred. Those things are described in Exhibit "A" attached to this Limited Warranty Deed.

E. "Bankruptcy Code". The words "Bankruptcy Code" in this Limited Warranty Deed mean Title 11 of the United States Code.

F. "Bankruptcy Court". The words "Bankruptcy Case" in this Limited Warranty Deed mean United States Bankruptcy Court for the District of Hawaii.

G. "Bankruptcy Case". The words Bankruptcy Case in this Limited Warranty Deed mean that certain case now pending under Chapter 7 of the Bankruptcy Code in the Bankruptcy Court styled *In re Halekua Development Corporation*, bearing Case No. 03-01279, originally commenced (as a case under Chapter 11 of the Bankruptcy Code) on April 25, 2003 (the "Petition Date").

G. "Sale Order". The words "Sale Order" in this Limited Warranty Deed mean that certain Order Re: Sale of Real Property Free and Clear of Liens respecting the Property entered by the Bankruptcy Court in the Bankruptcy Case on September 25, 2006.

2. CERTAIN PREDICATE AND RELATED MATTERS

A. The transfer by the Grantor to the Grantee effected by this Limited Warranty Deed is made pursuant to the Sale Order.

B. Other property, tangible and intangible, is being transferred by the Grantor to the Grantee by a Bill of Sale concurrently herewith.

C. The transfer of the Property to the Grantee effected by this Limited Warranty Deed is a redemption of the Property by the Grantee from the Estate in the Bankruptcy Case.

3. PURPOSE OF THIS LIMITED WARRANTY DEED.

The Grantor has received money and other valuable consideration from the Grantee and because of this the Grantor now "grants, bargains, sells, and conveys" to the Grantee, in fee simple forever, all of the Grantor's right, title, and interest in the Property. The right, title, and interest referred to in this Limited Warranty Deed are affected by those certain things mentioned in this Limited Warranty Deed and described in Exhibit "A" attached to this Limited Warranty Deed.

By accepting this Limited Warranty Deed, the Grantee agrees to accept the Property as is affected by the following:

A. All real property taxes due and owing through June 30, 2007, and the Grantee shall pay all City and County of Honolulu real property taxes, in addition to the consideration as set forth in the Sale Order.

B. All of the things described in Exhibit "A" attached to this Limited Warranty Deed; and

C. All of the things contained in the sections of this Limited Warranty Deed below entitled "Grantor Makes No Other Promises to Grantee" and entitled "Grantor Makes No Promises Related to Hazardous Waste or Environmental Matters".

4. TENANCY

The Grantee accepts the Property that is being transferred to it "as is", and as a tenant in severalty.

5. GRANTOR'S RIGHT TO SELL THE PROPERTY TO GRANTEE.

The Grantor promises that it is the lawful owner of the Property and that it has the right to sell and transfer its rights in the Property to the Grantee. This transfer has been approved by the Sale Order. The Sale Order is non-appealable and final.

6. WHAT IS BEING GRANTED TO GRANTEE.

A. The Grantor is granting to the Grantee all of the Grantor's legal and equitable estate in the Property under the Bankruptcy Code and as defined the Sale Order. This means that the Grantor is granting to the Grantee all of the Grantor's right, title, and interest in and to the Property.

B. All of the improvements, if any, made to the Property.

C. All of the reversions in the Property, if any. There are no claims of reversionary rights with respect to the Property and to the extent there were revisionary rights on the Petition Date, those rights have been transferred to proceeds of the sale of the Property.

D. All of the remainders, if any. The interest in the Property that is left after all other interests in the Property have been determined is called a "remainder".

E. All of the rents from the Property, if any. This means that the Grantor is granting to the Grantee the right to receive payments made by persons in connection with the use or possession of the Property.

F. All of the profits, if any. The right to take such things as topsoil, fruit, plants, and trees from the Property is called a "profit". However, this does not mean that upon taking title to the Property, the Grantor will have the right to use the topsoil of, or that the Grantor may grow fruits or plant trees or plants on, the Property. The Grantor must, at all times, comply with all applicable laws affecting the Property. These laws will govern what profits, if any, the Grantor may take from the Property.

G. All of the appurtenances, if any. "Appurtenances" are interests such as water rights, easements, and rights-of-way which the Grantor has as the owner of the Property. Appurtenances are automatically transferred with the transfer of legal ownership of property. This means that the appurtenances to the Property will be automatically transferred to the Grantee when title to the Property is transferred to the Grantee's name by this Limited Warranty Deed.

H. All of the easements, if any. This refers to any interest that the Grantor has, as owner of the Property, in other property owned by someone else which benefits the Property. An example of an easement (however, this does not necessarily apply to the Property being conveyed to the Grantee — it is only being used as an example) would be the right of a land owner to use a driveway located on someone else's land.

7. GRANTOR'S PROMISE TO GRANTEE.

The Grantor promises to the Grantee, for itself and for those who may follow the Grantor, to protect (or defend) the Grantee against all lawful claims or demands made by parties who claim an interest in the Property because of things that the Grantor may have done, except that the Grantor's promise does not apply to any claims about real property taxes, any of the encumbrances to which the Property remains subject as set out in this Limited Warranty Deed, or any of the matters set out in this Limited Warranty Deed.

In other words, the Grantor is giving to the Grantee a guaranty (sometimes called a "warranty") of title to the Property only for the promises that the Grantor has just made in this Limited Warranty Deed and transferred by the Sale Order. This is a "limited warranty of title". The Grantor also gives this guaranty (or warranty) to those persons who may take over the rights and responsibilities transferred to the Grantee by this Limited Warranty Deed.

8. GRANTOR MAKES NO OTHER PROMISES TO GRANTEE.

The Grantor does not promise or make any statements about anything that has to do with the condition of the Property, or of any improvements on or under the Property. By acceptance of this Limited Warranty Deed, the Grantee agrees to accept the Property and improvements "as is". This means, for example, that the Grantor is making no promises, representations or warranties about:

- A. The construction, structural soundness, condition, or state of repair, operating order, safety, or livability of any improvements;
- B. The suitability of any improvements for any particular use;

C. Whether or not the Property or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback, or other law, ordinance, rule, or regulation that has applied in the past, may now apply, or may hereafter apply to the Property. However, by the Bill of Sale given concurrently herewith and the Sale Order, the Grantor is transferring to the Grantee all rights, permits, and governmental approvals and entitlements relating to the Property, including those issued by the City and County of Honolulu and the State of Hawaii Land Use Commission;

D. Whether or not any easement, right-of-way, or driveway meets the requirements of any building, health, zoning, land use, subdivision, setback, or other law, ordinance, rule, or regulation that has applied in the past, may now apply, or may hereafter apply to the Property;

E. The density, stability, structure, erosion, or other condition of the soil for building or for any other use;

F. Whether any improvements on or under the Property go over the boundary lines of any land which shares a boundary with the Property;

G. Whether any improvements on or under land which shares a boundary with the Property go over the boundary lines of the Property;

H. Any matter concerning the electrical, water, gas, plumbing, or sewer systems (if any);

I. Any staking or survey done by any person for any reason; or

J. The location of the seaward boundary or the area of the Property if the Property borders the ocean.

9. GRANTEE AGREEMENT AND PROMISES TO THE GRANTOR.

The Grantee agrees that the Grantor has not made any promises or statements outside of this Limited Warranty Deed about anything that is mentioned in this Limited Warranty Deed. The Grantee agrees and promises that the Grantee accepts the Property "as is".

The Grantee agrees not to file any lawsuit for damages against the Grantor for any matters concerning the Property, including any problems relating to the matters described in this Limited Warranty Deed, except to as to those matters expressly warranted or promised by the Grantor set forth in this Limited Warranty Deed, and any action or claim under this Limited Warranty Deed shall be filed and adjudicated in the Bankruptcy Case. The Grantee agrees to indemnify (pay) the Grantor for all costs and expenses, including reasonable attorneys' fees, that the Grantor may have to pay if (a) the Grantee break the promises the Grantee is making to the Grantor under this Limited Warranty Deed, and the Grantee makes a claim on matters related to the Property prohibited by this Limited Warranty Deed, or (b) if the Grantee violates any provisions of any agreements concerning the Property and someone brings a claim against the Grantor.

10. GRANTOR MAKES NO PROMISES RELATED TO HAZARDOUS WASTE OR ENVIRONMENTAL MATTERS.

The Grantor is not aware of any hazardous materials which may exist on the Property or any improvements thereon nor is it aware of any violation of any environmental law, ordinance, rule, or regulation with respect to the Property. The Grantor makes no representations or promises regarding whether the Property or any improvements thereon

meet the requirements of hazardous materials or environmental laws, ordinances, rules, or regulations. By acceptance of this Limited Warranty Deed, the Grantee agrees to accept the Property and the improvements "as is" as it pertains to any violation of hazardous materials or environmental laws, ordinances, rules, or regulations. The Grantee agrees not to file any lawsuit for damages against the Grantor if the Property or any improvements thereon fail to meet the requirements of any hazardous materials or environmental laws, ordinances, rules, or regulations. The Grantor has made a Phase I environmental survey of the Property prepared by EnviroServices available to the Grantee.

11. PARTIES COVERED BY THE TERMS "GRANTOR" AND "GRANTEE".

The term "Grantor" as used in this Limited Warranty Deed, or any pronoun used in its place, means and includes the Grantor as Chapter 7 Trustee of the Estate in the Bankruptcy Case and its successors in trust and assigns. In this section, with respect to the Grantor, "successors in trust" means the persons who may in the future take the place of the Grantor.

The term "Grantee" as used in this Limited Warranty Deed, or any pronoun used in its place, means and includes the masculine or feminine; one or more than one; individuals; firms or corporations; and their and each of their respective heirs, personal representatives, successors, successors in trust, and assigns. If two or more parties are the Grantees, all promises and agreements of those parties shall be joint and several.

In this section, with respect to the Grantee, the term "heirs, personal representatives, successors, successors in trust, and assigns" means the party or parties to

whom the Property and/or the rights and obligations under this Limited Warranty Deed are transferred by the Grantee or by operation of law.

All agreements and promises that the Grantee makes to the Grantor in this Limited Warranty Deed are binding on the Grantee and its heirs, personal representatives, successors, successors in trust, and assigns, and run with the land; that is, they apply to all owners and future owners of the Property, and are made in favor of the Grantor and its successors in trust and assigns.

The term "joint and several" means that each party is responsible for full performance of all of the promises and agreements, and not for just a part or share of those promises and agreements.

12. LIMITATION OF LIABILITY.

The Grantor, James B. Nicholson, as Trustee of the Chapter 7 Estate in the Bankruptcy Case, is named above as the "Grantor" and is signing or approving this Limited Warranty Deed in his capacity as such Trustee of the Chapter 7 Estate in the Bankruptcy Case and not in an individual (or personal) capacity. Any liability of the Grantor that may arise as a result of such Trustee signing or approving this Limited Warranty Deed is a liability of the Chapter 7 Estate in the Bankruptcy Case. In other words, the Trustee is not personally liable under this Limited Warranty Deed.

13. PLAIN LANGUAGE; CAPTIONS AND TITLES.

An attempt was made to draft this Limited Warranty Deed in language that would be easy to read and understand. This Limited Warranty Deed uses words that are less

accurate than the words which most courts are used to seeing. This Limited Warranty Deed also does not include additional sentences sometimes used to prevent courts from reading words too narrowly. If any court is ever asked to interpret this Limited Warranty Deed, the Grantor and the Grantee ask that the court keep these facts in mind when interpreting this Limited Warranty Deed. The captions and titles of this Limited Warranty Deed are for convenience only. They may not be used to interpret or to define the terms and provisions of this Limited Warranty Deed.

14. EXECUTION IN COUNTERPARTS.

The parties hereto agree that this Limited Warranty Deed may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing, and delivery of this instrument, duplicate, unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

[Continued on Following Page]

15. ACCEPTANCE AND AGREEMENT.

By signing and accepting this Limited Warranty Deed, the Grantor and the Grantee agree that effective on the date of recording of this Limited Warranty Deed, both have received something of value and both the Grantor and the Grantee agree to everything that has been stated in this Limited Warranty Deed.

THE GRANTOR:

HALEKUA DEVELOPMENT
CORPORATION

By: 

JAMES B. NICHOLSON, as Trustee of
the Chapter 7 Estate of Halekua
Development Corporation, a Hawaii
corporation, debtor in Chapter 7 Case
No. 03-01279, *In re Halekua
Development Corporation*, United States
Bankruptcy Court for the District of
Hawaii

THE GRANTEE:

HALEKUA DEVELOPMENT
CORPORATION, a Hawaii corporation

By: _____

HERBERT K. HORITA
President

15. ACCEPTANCE AND AGREEMENT.

By signing and accepting this Limited Warranty Deed, the Grantor and the Grantee agree that effective on the date of recording of this Limited Warranty Deed, both have received something of value and both the Grantor and the Grantee agree to everything that has been stated in this Limited Warranty Deed.

THE GRANTOR:

HALEKUA DEVELOPMENT
CORPORATION

By: 

JAMES B. NICHOLSON, as Trustee of
the Chapter 7 Estate of Halekua
Development Corporation, a Hawaii
corporation, debtor in Chapter 7 Case
No. 03-01279, *In re Halekua
Development Corporation*, United States
Bankruptcy Court for the District of
Hawaii

THE GRANTEE:

HALEKUA DEVELOPMENT
CORPORATION, a Hawaii corporation

By: 

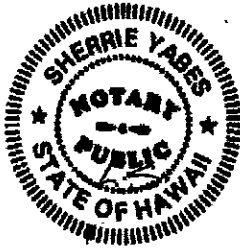
HERBERT K. MORITA
President

)

SS.

CITY AND COUNTY OF HONOLULU)

On this 2nd day of March, 2007, before me personally appeared JAMES B. NICHOLSON, to me personally known, who being by me duly sworn, did say that he is the duly appointed and acting Bankruptcy Trustee of the Chapter 7 Estate of Halekua Development Corporation, a Hawaii corporation, debtor in Chapter 7 Case No. 03-01279, *In re Halekua Development Corporation*, United States Bankruptcy Court for the District of Hawaii, that the foregoing instrument was signed in behalf of the debtor corporation by his authority as such trustee, and JAMES B. NICHOLSON acknowledged the instrument to be the free act and deed of the corporation.



Sherrie Yates
Sherrie Yates
Notary Public, State of Hawaii
My Commission Expires: April 7, 2010

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 7th day of March, 2007, before me personally appeared HERBERT K. HORITA, to me personally known, who being by me duly sworn, did say that he is the President of Halekua Development Corporation, a Hawaii corporation, that the foregoing instrument was signed in behalf of the corporation by authority of its board of directors, and HERBERT K. HORITA acknowledged the instrument to be the free act and deed of the corporation.

4.5.

Betty T. Kernaaina
BETTY T. KERNAAINA
Notary Public, State of Hawaii
My Commission Expires: 6-17-2009

Exhibit "A"

ALL OF THAT CERTAIN PARCEL OF LAND SITUATE AT HOAEAE AND WAIKELE, DISTRICT OF EWA, CITY AND COUNTY OF HONOLULU, STATE OF HAWAII, BEING LOT 3, AREA 210.020 ACRES, MORE OR LESS, OF THE "ROYAL KUNIA PHASE II, INCREMENT 1 SUBDIVISION", AS SHOWN ON THE MAP THEREOF FILED IN THE OFFICIAL RECORDS AS FILE PLAN NO. 2171.

SAVING AND EXCEPTING THEREFROM LOT 1, CONTAINING AN AREA OF 36.660 ACRES, MORE OR LESS, CONVEYED TO HRT, LTD., FORMERLY A HAWAII CORPORATION, NOW A MARYLAND CORPORATION, AS MORE FULLY DESCRIBED WARRANTY DEED RECORDED OCTOBER 25, 2001 AS REGULAR SYSTEM DOCUMENT NO. 2001-168369 OF OFFICIAL RECORDS.

SAVING AND EXCEPTING THEREFROM LOT 3, CONTAINING AN AREA OF 12.000 ACRES, MORE OR LESS, CONVEYED TO RKES, LLC, A HAWAII LIMITED LIABILITY COMPANY, AS MORE FULLY DESCRIBED IN WARRANTY DEED RECORDED JANUARY 3, 2003 AS REGULAR SYSTEM DOCUMENT NO. 2003-002585 OF OFFICIAL RECORDS.

BEING ALL OF THE INTEREST ACQUIRED BY THE FOLLOWING:

AS TO THE INTEREST OF HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION:

(1) LIMITED WARRANTY DEED RECORDED SEPTEMBER 12, 1995 AS REGULAR SYSTEM DOCUMENT NO. 95-117006 OF OFFICIAL RECORDS, FROM CAROLINE J. ROBINSON LIMITED PARTNERSHIP, A HAWAII LIMITED PARTNERSHIP, J. L. P. ROBINSON LIMITED PARTNERSHIP, A HAWAII LIMITED PARTNERSHIP, AND HAWAIIAN TRUST COMPANY, LTD., A HAWAII CORPORATION, AS TRUSTEE UNDER THE WILL AND OF THE ESTATE OF FRANCES MCWAYNE, DECEASED, AS TRUSTEE UNDER THE WILL AND OF THE ESTATE OF IVALANI AMELIA ROBINSON, DECEASED, AND AS TRUSTEE UNDER THAT CERTAIN TRUST AGREEMENT NO. 90-01892

(2) LIMITED WARRANTY DEED RECORDED SEPTEMBER 12, 1995 AS REGULAR SYSTEM DOCUMENT NO. 95-117007 OF OFFICIAL RECORDS, FROM HERMAN G. P. LEMKE, WILLIAM RHETT TABER AND WILLIAM W. PATY, AS TRUSTEES UNDER THE WILL AND OF THE ESTATE OF MARK ALEXANDER ROBINSON, DECEASED, AND AS TRUSTEES UNDER THAT CERTAIN DEED OF TRUST EXECUTED BY MARK ALEXANDER ROBINSON AND MARY KAPUAHAULANI HART ROBINSON, HUSBAND AND WIFE, AS SETTLORS, DATED JULY 30, 1953, RECORDED AS BOOK 2720 PAGE 352 OF OFFICIAL RECORDS

(3) LIMITED WARRANTY DEED RECORDED SEPTEMBER 12, 1995 AS REGULAR SYSTEM DOCUMENT NO. 95-117009 OF OFFICIAL RECORDS, FROM VICTORIA WARD, LIMITED, A HAWAII CORPORATION

(4) LIMITED WARRANTY DEED RECORDED APRIL 16, 1996 AS REGULAR SYSTEM DOCUMENT NO. 96-051980 OF OFFICIAL RECORDS, FROM HRT, LTD., A HAWAII CORPORATION.

AS TO THE INTEREST OF HRT, LTD., FORMERLY A HAWAII CORPORATION, NOW A MARYLAND CORPORATION:

(1) WARRANTY DEED RECORDED JANUARY 21, 2000 AS REGULAR SYSTEM DOCUMENT NO. 2000-009215 OF OFFICIAL RECORDS, FROM HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION. CONVEYS ALL OF THE GRANTOR'S RIGHT, TITLE AND INTEREST, IN AN UNDIVIDED 11.9% INTEREST IN SAID PREMISES

(2) WARRANTY DEED RECORDED JANUARY 21, 2000 AS REGULAR SYSTEM DOCUMENT NO. 2000-009216 OF OFFICIAL RECORDS, FROM HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION. CONVEYS ALL OF THE GRANTOR'S RIGHT, TITLE AND INTEREST, IN AN UNDIVIDED 2.380% INTEREST IN SAID PREMISES

(3) WARRANTY DEED RECORDED APRIL 17, 2001 AS REGULAR SYSTEM DOCUMENT NO. 2001-054452 OF OFFICIAL RECORDS, FROM HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION. CONVEYS ALL OF THE GRANTOR'S RIGHT, TITLE AND INTEREST, IN AN UNDIVIDED 3.33% INTEREST IN SAID PREMISES

(4) WARRANTY DEED RECORDED JULY 30, 2001 AS REGULAR SYSTEM DOCUMENT NO. 2001-117790 OF OFFICIAL RECORDS, FROM HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION. CONVEYS ALL OF THE GRANTOR'S RIGHT, TITLE AND INTEREST, IN AN UNDIVIDED 2.86% INTEREST IN SAID PREMISES

(5) WARRANTY DEED RECORDED SEPTEMBER 11, 2001 AS REGULAR SYSTEM DOCUMENT NO. 2001-142649 OF OFFICIAL RECORDS, FROM HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION. CONVEYS ALL OF THE GRANTOR'S RIGHT, TITLE AND INTEREST, IN AN UNDIVIDED 3.809% INTEREST IN SAID PREMISES

Subject to the following:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. A 22 foot (22') roadway setback line along Kunia Road, as shown on or disclosed by the survey dated May 22, 1995, prepared by Roy T. Yama, Registered Professional Land Surveyor, Certificate No. 3847, as set forth or disclosed by the Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
3. Easement 10 (60 feet wide) for road and utility purposes and Easement 14 (60 feet wide) for road and utility purposes in favor of Oahu Sugar Company, Limited under Unrecorded Lease dated January 1, 1956, as amended by unrecorded Amendments dated May 15, 1967, December 31, 1973 and November 30, 1984, as disclosed in Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
4. Existing Easement 11 (60' wide) for road purposes, as shown on File Plan No. 2171.
5. Existing Easement 13 (10' wide) for powerline purposes, as shown on File Plan No. 2171.
6. A Grant of Easement for powerline and incidental purposes, in favor of Hawaiian Electric Company, Inc., recorded as Book 3381 Page 336 of Official Records.
7. Easement 1 for flowage purposes as shown on File Plan 2154.
8. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Conditions and Consent recorded April 14, 1994 as Regular System Document No. 94-065022 of Official Records.

The foregoing Declaration was amended by instrument recorded as Regular System Document No. 99-056493 of Official Records.

9. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded March 6, 1995 as Regular System Document No. 95-030454 of Official Records.

10. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded April 14, 1997 as Regular System Document No. 97-047601 of Official Records.

ATTACHMENT 2

[Limited Warranty Deed from HDC to HK]

RECEIVED
APR 27 2007

STATE OF HAWAII
LAND USE COMMISSION



R-982

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

MAR 12, 2007 11:00 AM

Doc No(s) 2007-045275

/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES

CTax (30): \$150800.00

20 24/25 29

24 LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (X) Pickup () To:
Jonathan S. Durrett, Esq.
Stubenberg & Durrett LLP
841 Bishop Street, Suite 702
Honolulu, HI 96813

TMK: (1) 9-4-002: 071

Total Pages: 16

LIMITED WARRANTY DEED**1. DEFINITION OF WORDS FREQUENTLY USED IN THIS DOCUMENT.**

A. "Limited Warranty Deed". This document is entitled "Limited Warranty Deed". This Limited Warranty Deed is being used to transfer legal ownership of the Property from the Grantor to the Grantee.

B. "Grantor". The word "Grantor" in this Limited Warranty Deed means the party who is transferring the Property to Grantee. The Grantor in this Limited Warranty Deed is HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation.

C. "Grantee". The word "Grantee" in this Limited Warranty Deed means the party to whom the Property is being transferred. The Grantee in this Limited Warranty

1182738

Deed is HALEKUA-KUNIA, LLC, a Delaware limited liability company, whose business and post office address is 2024 North King Street, Honolulu, Hawaii 96819.

D. "Property". The word "Property" in this Limited Warranty Deed means the real property described in Exhibit "A" that is attached to and made a part of this Limited Warranty Deed. The word "Property" also includes the rights and interests that result from the ownership of the Property or are a part of ownership of the real property being conveyed to the Grantee. Certain things affect the Property being transferred. Those things are described in Exhibit "A" attached to this Limited Warranty Deed.

2. PURPOSE OF THIS LIMITED WARRANTY DEED.

The Grantor has received money and other valuable consideration from the Grantee and because of this the Grantor now "grants, bargains, sells, and conveys" to the Grantee, in fee simple forever, all of the Grantor's right, title, and interest in the Property. The right, title, and interest referred to in this Limited Warranty Deed are affected by those certain things mentioned in this Limited Warranty Deed and described in Exhibit "A" attached to this Limited Warranty Deed.

By accepting this Limited Warranty Deed, the Grantee agrees to accept the Property as is affected by the following:

- A. All real property taxes due and owing through June 30, 2007;
- B. All of the things described in Exhibit "A" attached to this Limited Warranty Deed; and

C. All of the things contained in the sections of this Limited Warranty Deed below entitled "Grantor Makes No Other Promises to Grantee" and entitled "Grantor Makes No Promises Related to Hazardous Waste or Environmental Matters".

3. TENANCY.

The Grantee accepts the Property that is being transferred to it "as is", and as a tenant in severalty.

4. GRANTOR'S RIGHT TO SELL THE PROPERTY TO GRANTEE.

The Grantor promises that it is the lawful owner of the Property and that it has the right to sell and transfer its rights in the Property to the Grantee.

5. WHAT IS BEING GRANTED TO GRANTEE.

A. The Grantor is granting to the Grantee all of the Grantor's legal and equitable estate in the Property. This means that the Grantor is granting to the Grantee all of the Grantor's right, title, and interest in and to the Property.

B. All of the improvements, if any, made to the Property.

C. All of the reversions in the Property, if any.

D. All of the remainders, if any. The interest in the Property that is left after all other interests in the Property have been determined is called a "remainder".

E. All of the rents from the Property, if any. This means that the Grantor is granting to the Grantee the right to receive payments made by persons in connection with the use or possession of the Property.

F. All of the profits, if any. The right to take such things as topsoil, fruit, plants, and trees from the Property is called a "profit". However, this does not mean that upon taking title to the Property, the Grantor will have the right to use the topsoil of, or that the Grantor may grow fruits or plant trees or plants on, the Property. The Grantor must, at all times, comply with all applicable laws affecting the Property. These laws will govern what profits, if any, the Grantor may take from the Property.

G. All of the appurtenances, if any. "Appurtenances" are interests such as water rights, easements, and rights-of-way which the Grantor has as the owner of the Property. Appurtenances are automatically transferred with the transfer of legal ownership of property. This means that the appurtenances to the Property will be automatically transferred to the Grantee when title to the Property is transferred to the Grantee's name by this Limited Warranty Deed.

H. All of the easements, if any. This refers to any interest that the Grantor has, as owner of the Property, in other property owned by someone else which benefits the Property. An example of an easement (however, this does not necessarily apply to the Property being conveyed to the Grantee -- it is only being used as an example) would be the right of a land owner to use a driveway located on someone else's land.

6. GRANTOR'S PROMISE TO GRANTEE.

The Grantor promises to the Grantee, for itself and for those who may follow the Grantor, to protect (or defend) the Grantee against all lawful claims or demands made by parties who claim an interest in the Property because of things that the Grantor may have

done, except that the Grantor's promise does not apply to any claims about real property taxes, any of the encumbrances to which the Property remains subject as set out in this Limited Warranty Deed, or any of the matters set out in this Limited Warranty Deed.

In other words, the Grantor is giving to the Grantee a guaranty (sometimes called a "warranty") of title to the Property only for the promises that the Grantor has just made in this Limited Warranty Deed. This is a "limited warranty of title". The Grantor also gives this guaranty (or warranty) to those persons who may take over the rights and responsibilities transferred to the Grantee by this Limited Warranty Deed.

7. GRANTOR MAKES NO OTHER PROMISES TO GRANTEE.

The Grantor does not promise or make any statements about anything that has to do with the condition of the Property, or of any improvements on or under the Property. By acceptance of this Limited Warranty Deed, the Grantee agrees to accept the Property and improvements "as is". This means, for example, that the Grantor is making no promises, representations or warranties about:

- A. The construction, structural soundness, condition, or state of repair, operating order, safety, or livability of any improvements;
- B. The suitability of any improvements for any particular use;
- C. Whether or not the Property or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback, or other law, ordinance, rule, or regulation that has applied in the past, may now apply, or may hereafter apply to the Property. However, by the Bill of Sale given concurrently herewith the Grantor

is transferring to the Grantee all rights, permits, and governmental approvals and entitlements relating to the Property, including those issued by the City and County of Honolulu and the State of Hawaii Land Use Commission;

D. Whether or not any easement, right-of-way, or driveway meets the requirements of any building, health, zoning, land use, subdivision, setback, or other law, ordinance, rule, or regulation that has applied in the past, may now apply, or may hereafter apply to the Property;

E. The density, stability, structure, erosion, or other condition of the soil for building or for any other use;

F. Whether any improvements on or under the Property go over the boundary lines of any land which shares a boundary with the Property;

G. Whether any improvements on or under land which shares a boundary with the Property go over the boundary lines of the Property;

H. Any matter concerning the electrical, water, gas, plumbing, or sewer systems (if any);

I. Any staking or survey done by any person for any reason; or

J. The location of the seaward boundary or the area of the Property if the Property borders the ocean.

8. GRANTEE AGREEMENT AND PROMISES TO THE GRANTOR.

The Grantee agrees that the Grantor has not made any promises or statements outside of this Limited Warranty Deed about anything that is mentioned in this Limited

Warranty Deed. The Grantee agrees and promises that the Grantee accepts the Property "as is".

The Grantee agrees not to file any lawsuit for damages against the Grantor for any matters concerning the Property, including any problems relating to the matters described in this Limited Warranty Deed, except to as to those matters expressly warranted or promised by the Grantor set forth in this Limited Warranty Deed. The Grantee agrees to indemnify (pay) the Grantor for all costs and expenses, including reasonable attorneys' fees, that the Grantor may have to pay if (a) the Grantee break the promises the Grantee is making to the Grantor under this Limited Warranty Deed, and the Grantee makes a claim on matters related to the Property prohibited by this Limited Warranty Deed, or (b) if the Grantee violates any provisions of any agreements concerning the Property and someone brings a claim against the Grantor.

9. GRANTOR MAKES NO PROMISES RELATED TO HAZARDOUS WASTE OR ENVIRONMENTAL MATTERS.

The Grantor is not aware of any hazardous materials which may exist on the Property or any improvements thereon nor is it aware of any violation of any environmental law, ordinance, rule, or regulation with respect to the Property. The Grantor makes no representations or promises regarding whether the Property or any improvements thereon meet the requirements of hazardous materials or environmental laws, ordinances, rules, or regulations. By acceptance of this Limited Warranty Deed, the Grantee agrees to accept the Property and the improvements "as is" as it pertains to any violation of hazardous materials or environmental laws, ordinances, rules, or regulations. The Grantee agrees not to file any

lawsuit for damages against the Grantor if the Property or any improvements thereon fail to meet the requirements of any hazardous materials or environmental laws, ordinances, rules, or regulations. The Grantor has made a Phase I environmental survey of the Property prepared by EnviroServices available to the Grantee.

10. PARTIES COVERED BY THE TERMS "GRANTOR" AND "GRANTEE".

The term "Grantor" as used in this Limited Warranty Deed, or any pronoun used in its place, means and includes the Grantor as its successors and assigns. In this section, with respect to the Grantor, "successors and assigns" means the persons who may in the future take the place of the Grantor.

The term "Grantee" as used in this Limited Warranty Deed, or any pronoun used in its place, means and includes the masculine or feminine; one or more than one; individuals; firms or corporations; and their and each of their respective heirs, personal representatives, successors, successors in trust, and assigns. If two or more parties are the Grantees, all promises and agreements of those parties shall be joint and several.

In this section, with respect to the Grantee, the term "heirs, personal representatives, successors, successors in trust, and assigns" means the party or parties to whom the Property and/or the rights and obligations under this Limited Warranty Deed are transferred by the Grantee or by operation of law.

All agreements and promises that the Grantee makes to the Grantor in this Limited Warranty Deed are binding on the Grantee and its heirs, personal representatives, successors, successors in trust, and assigns, and run with the land; that is, they apply to all

owners and future owners of the Property, and are made in favor of the Grantor and its successors in trust and assigns.

The term "joint and several" means that each party is responsible for full performance of all of the promises and agreements, and not for just a part or share of those promises and agreements.

11. PLAIN LANGUAGE; CAPTIONS AND TITLES.

An attempt was made to draft this Limited Warranty Deed in language that would be easy to read and understand. This Limited Warranty Deed uses words that are less accurate than the words which most courts are used to seeing. This Limited Warranty Deed also does not include additional sentences sometimes used to prevent courts from reading words too narrowly. If any court is ever asked to interpret this Limited Warranty Deed, the Grantor and the Grantee ask that the court keep these facts in mind when interpreting this Limited Warranty Deed. The captions and titles of this Limited Warranty Deed are for convenience only. They may not be used to interpret or to define the terms and provisions of this Limited Warranty Deed.

12. EXECUTION IN COUNTERPARTS.

The parties hereto agree that this Limited Warranty Deed may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing, and delivery of this instrument, duplicate,

unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

13. ACCEPTANCE AND AGREEMENT.

By signing and accepting this Limited Warranty Deed, the Grantor and the Grantee agree that effective on the date of recording of this Limited Warranty Deed, both have received something of value and both the Grantor and the Grantee agree to everything that has been stated in this Limited Warranty Deed.


THE GRANTOR:

HALEKUA DEVELOPMENT
CORPORATION

By: 
HERBERT K. HORITA
President

THE GRANTEE:

HALEKUA-KUNIA, LLC
a Delaware limited liability company

By: 
Name: HERBERT K. HORITA
Title: Member - Manager

STATE OF HAWAII

)
) SS.

CITY AND COUNTY OF HONOLULU)

On this 6th day of March, 2007, before me personally appeared HERBERT K. HORITA, to me personally known, who being by me duly sworn, did say that he is the President of Halekua Development Corporation, a Hawaii corporation, that the foregoing instrument was signed in behalf of the corporation by authority of its board of directors, and HERBERT K. HORITA acknowledged the instrument to be the free act and deed of the corporation.

L.S'

Betty T. Keanaa'ina
Print Name: BETTY T. KEANA'INA
Notary Public, State of Hawaii

My Commission Expires: 6-17-2009

STATE OF HAWAII

)

) SS.

CITY AND COUNTY OF HONOLULU)

On this 6th day of March, 2007, before me personally appeared HERBERT K. HORITA, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Betty T. Keanahina

Print Name: BETTY T. KEANAHINA

Notary Public, State of Hawaii

My Commission Expires: 6-17-2009

EXHIBIT A

All of that certain parcel of land situate at Hoaeae and Waikele, District of Ewa, City and County of Honolulu, State of Hawaii, being described as follows:

Being a portion of Lot 3 of Royal Kunia Phase II Increment 1 Subdivision (File Plan 2171), being also portions of Royal Patent 4490, Land Commission Award 10474, Apana 9 to N. Namaau and Royal Patent 4486, Apana 1, Mahale Award 4 to Luluhiwalani.

Beginning at the most northwesterly corner of this parcel of land, being on the easterly line of Kunia Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "EWA CHURCH" being 4,708.80 feet North and 20,874.67 feet West and thence running by azimuths measured clockwise from True South:

1. 246° 16' 30" 22.00 feet along Royal Kunia Phase II, Increment 1 Subdivision (File Plan 2171);
2. Thence along the same, on a curve to the left having a radius of 40.00 feet, the chord azimuth and distance being: 291° 16' 30" 56.57 feet;
3. 246° 16' 30" 1943.75 feet along the same;
4. Thence along the same, on a curve to the left having a radius of 1360.00 feet, the chord azimuth and distance being: 239° 59' 15" 297.89 feet;
5. 233° 42' 888.15 feet along the same;
6. 142° 16' 1663.48 feet along the same;
7. 232° 16' 589.74 feet along Lot 2 of Royal Kunia Phase II Increment 1 (File Plan 2154);
8. 187° 16' 779.25 feet along the same;
9. 234° 44' 661.78 feet along the same;
10. Thence along the same, on a curve to the right having a radius of 600.00 feet, the chord azimuth and distance being: 289° 20' 978.15 feet;
11. 343° 56' 1592.99 feet along the same;
12. 8° 00' 792.41 feet along Lot 1 of Royal Kunia Subdivision Lot C (File Plan 2310);
13. 32° 00' 80.00 feet along Lot 4 of Royal Kunia Subdivision Increment E (File Plan 2308);
14. 302° 00' 172.00 feet along the same;

15. Thence along the same, on a curve to the right having a radius of 20.00 feet, the chord azimuth and distance being: 347° 00' 28.28 feet;
16. 32° 00' 108.57 feet along the same and continuing along the northwesterly line of 'Anoiki Street;
17. Thence along the northwesterly line of 'Anoiki Street on a curve to the right having a radius of 972.00 feet, the chord azimuth and distance being: 39° 30' 253.74 feet;
18. 47° 00' 760.02 feet along the same;
19. Thence along the same, on a curve to the right having a radius of 972.00 feet, the chord azimuth and distance being: 49° 59' 101.18 feet;
20. 52° 58' 877.02 feet along the same;
21. Thence along the remainder Lot 3 of Royal Kunia Phase II Increment 1 Subdivision (File Plan 2171), on a curve to the left having a radius of 30.00 feet, the chord azimuth and distance being: 187° 58' 42.43 feet;
22. 142° 58' 142.00 feet along the same;
23. Thence along the same, on a curve to the right having a radius of 1028.00, feet the chord azimuth and distance being: 143° 20' 13.16 feet;
24. 143° 42' 457.70 feet along the same;
25. 53° 42' 733.69 feet along the same;
26. 156° 16' 30" 454.93 feet along Lot 1, as said lot is described in the deed to HRT, Ltd. recorded October 25, 2001 as document no. 2001-168369;
27. 66° 16' 30" 697.75 feet along the same;
28. Thence along the same, on curve to the left having a radius of 30.00 feet, the chord azimuth and distance being: 21° 16' 30" 42.43 feet;
29. 66° 16' 30" 56.00 feet along the same;
30. Thence along Lot 2 of Royal Kunia Phase II Increment 1 Subdivision (File Plan 2171), on a curve to the left having a radius of 30.00 feet, the chord azimuth and distance being: 111° 16' 30" 42.43 feet;
31. 66° 16' 30" 810.00 feet along the same;

32. Thence along the same, on a curve to the left having a radius 40.00 feet, the chord azimuth and distance being: 21° 16' 30" 56.57 feet;
33. 66° 16' 30" 22.00 feet along the same;
34. 156° 16' 30" 160.00 feet along the southeasterly line of Kunia Road to the point of beginning and containing an area of 161.360 acres.

Being all of the real property acquired by HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation, by Limited Warranty Deed dated as of March 12, 2007, and recorded as Regular System Document No. Doc 2007-045262

MAR 12, 2007 11:00 AM

SUBJECT, HOWEVER, to the following:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. A 22 foot (22') roadway setback line along Kunia Road, as shown on or disclosed by the Survey dated May 22, 1995, prepared by Roy T. Yama, Registered Professional Land Surveyor, Certificate No. 3847, as set forth or disclosed by the Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
3. Easement 10 (60 feet wide) for road and utility purposes and Easement 14 (60 feet wide) for road and utility purposes in favor of Oahu Sugar Company, Limited under Unrecorded Lease dated January 1, 1956, as amended by unrecorded Amendments dated May 15, 1967, December 31, 1973 and November 30, 1984, as disclosed in Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
4. Existing Easement 11 (60' wide) for road purposes, as shown on File Plan No. 2171.
5. Existing Easement 13 (10' wide) for powerline purposes, as shown on File Plan No. 2171.
6. A Grant of Easement for powerline and incidental purposes, in favor of Hawaiian Electric Company, Inc., recorded as Book 3381 Page 336 of Official Records.
7. Easement 1 for flowage purposes as shown on File Plan 2154.
8. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Conditions and Consent recorded April 14, 1994 as Regular System Document No. 94-065022 of Official Records.

The foregoing Declaration was amended by instrument recorded as Regular System Document No. 99-056493 of Official Records.

9. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded March 6, 1995 as Regular System Document No. 95-030454 of Official Records.

10. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded April 14, 1997 as Regular System Document No. 97-047601 of Official Record.

ATTACHMENT 3

[Quitclaim Deed from HDC to RKS]

RECEIVED
APR 27 2007

STATE
LAND USE COMMISSION



R-970 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
MAR 12, 2007 11:00 AM
Doc No(s) 2007-045263



/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES

20 12/25 Z9

CTax (20): \$1248.80

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL [X] PICK-UP []

Jonathan S. Durrett, Esq.
Stubenberg & Durrett, LLP
Davies Pacific Center
841 Bishop Street, Suite 702
Honolulu, Hawaii 96813.

This Document Contains 5 Pages

Tax Map Key No.: (1) 9-4-002-079-0000

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation, hereinafter called the "Grantor", for and in consideration of the sum of ONE DOLLAR (\$1.00) and other good and valuable consideration to Grantor paid by RKES, LLC, a Hawaii limited liability company, whose principal place of business and post office address is 1288 Ala Moana Boulevard, Suite 201, Honolulu, Hawaii 96814, hereinafter called the "Grantee", receipt whereof is hereby acknowledged, does by these presents release, remise and forever quitclaim unto Grantee, as TENANT IN SEVERALTY, its successors and assigns, all of the Grantor's estate, right, title and interest (being an undivided 24.279% interest) in and to that certain property more particularly described in Exhibit A attached hereto and expressly made a part hereof for each and every purpose.

TO HAVE AND TO HOLD the same, as to said real property, together with all buildings, improvements, tenements, hereditaments, rights, easements, privileges and appurtenances thereunto belonging or appertaining or held and enjoyed therewith unto Grantee, absolutely and in fee simple.

The terms "Grantor" and "Grantee", as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine, feminine or neuter, the singular or plural number, individuals or corporations, and their and each of their respective heirs, personal representatives, successors or assigns, according to the context thereof.

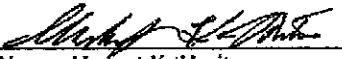
155757.2

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IN WITNESS WHEREOF, the Grantor has executed these presents this 6th day of March, 2007.

GRANTOR:

HALEKUA DEVELOPMENT CORPORATION,
a Hawaii corporation

By 
Name: Herbert K. Horita
Title: President

STATE OF HAWAII)
) SS.
CITY & COUNTY OF HONOLULU)

On this 6th day of March, 2007, before me appeared HERBERT K. HORITA, to me personally known, who being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Betty J. Keanaaina
Name: BETTY T. KEANAAINA
Notary Public, State of Hawaii

L.S.

My commission expires: 6-17-2009

EXHIBIT A

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 4490, Land Commission Award 10474, Apana 9 to N. Nanaulu) situate, lying and being at Hoaeae and Waikale, District of Ewa, City and County of Honolulu, State of Hawaii, being Lot 3 of the "Royal Kunia Apartment Subdivision", same being a portion of Lot 3 of "Royal Kunia Phase II, Increment 1 Subdivision" (File Plan 2171), and thus bounded and described as per Survey dated April 24, 2002, to-wit:

Beginning at southerly corner of this parcel of land, being the most southeasterly corner of Lot 1 as said Lot is described in the Deed to Grantor recorded _____ as Regular System Document No. _____ of official records, and the northwesterly line of 'Anoiki Street, the coordinates of said point of beginning referred to government survey triangulation station "Ewa Church" being 4,247.15 feet north and 18,830.41 feet west and thence running by azimuths measured clockwise from true south:

Doc 2007-045262
MAR 12, 2007 11:00 AM

1. 156° 16' 30" 670.21 feet along the easterly line of said Lot 1;
2. 233° 42' 733.69 feet along the remainder of Lot 3 of Royal Kunia Phase II Increment 1 Subdivision (File Plan 2171);
3. 323° 42' 457.70 feet along the same;
4. Thence along the same, on a curve to the left having a radius of 1,028.00 feet the chord azimuth and distance being 323° 20' 13.16 feet;
5. 322° 58' 142.00 feet along the same;
6. Thence along the same, on a curve to the right having a radius of 30.00 feet, the chord azimuth and distance being 7° 58' 42.43 feet;
7. 52° 58' 851.96 feet along the northwesterly line of 'Anoiki Street to the point of beginning and containing an area of 12.000 acres, more or less.

Said above described parcel of land having been acquired by Grantor, as to an undivided 24.279% interest, by Quitclaim Deed recorded _____ as Regular System Document No. _____ of official records.

Doc 2007-045262
MAR 12, 2007 11:00 AM

SUBJECT, HOWEVER, to the following:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. Easement 1 for flowage purposes as shown on File Plan No. 2154.
3. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the

Declaration of Conditions and Consent, recorded April 14, 1994 as Regular System Document No. 94-065022 of Official Records.

The foregoing Declaration was amended by instrument recorded as Regular System Document No. 99-056493 of Official Records.

4. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded March 6, 1995 as Regular System Document No. 95-030454 of Official Records.

5. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded April 14, 1997 as Regular System Document No. 97-047601 of Official Records.

ATTACHMENT 4

[Executed School Site Agreement]

RECEIVED
APR 27 2007
STATE OF HAWAII
LAND USE COMMISSION

SCHOOL SITE AGREEMENT

THIS SCHOOL SITE AGREEMENT (the "*Agreement*") is made as of this 6th day of March, 2007, by and among the STATE OF HAWAII, by and through its Department of Education ("*DOE*"), HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation ("*HDC*"), and RKES, LLC, a Hawaii limited liability company ("*RKES*").

RECITALS:

A. Pursuant to Findings of Fact, Conclusions of Law, and Decision and Order dated December 9, 1993, TMK 9-4-002: por of 1 and 52, Docket No. A92-683 of the Land Use Commission of the State of Hawaii (the "*Original Decision and Order*"), and Amended Finding of Fact, Conclusions of Law and Decision and Order dated October 1, 1996, Docket No. 92-683 of the Land Use Commission of the State of Hawaii (the Original Decision and Order as amended by this documents is herein called the "*Amended Decision and Order*"), the Land Use Commission of the State of Hawaii ("*LUC*") upon the petition of HDC reclassified from Agricultural to Urban approximately 504 acres located at Kunia, City and County of Honolulu, State of Hawaii (the "*Royal Kunia Phase 2 Lands*").

B. Pursuant to Ordinance No. 95-08 (1995) ("A Bill for an Ordinance to Rezone Land Situated at Waipio, Ewa, Oahu, Hawaii Amending Portion of Zoning Map No. 9, Waipio (Crestview), Ordinance No. 86-111"), the City and County of Honolulu (the "*City*") approved the rezoning of Increment 1 of the Royal Kunia Phase 2 Lands (the "*1995 Rezoning Ordinance*") and required the recordation of that certain Unilateral Agreement and Declaration of Conditional Zoning, dated March 6, 1995, recorded in the Bureau as Document No. 95-030454, which imposes certain development conditions on Increment 1 of the Royal Kunia Phase 2 Lands (the "*1995 Unilateral Agreement*").

C. Pursuant to Ordinance No. 97-12 (1997) ("A Bill for an Ordinance to Rezone Land Situated at Waipio, Ewa, Oahu, Hawaii Amending Portion of Zoning Map No. 9, Ordinance No. 86-111"), the City approved the rezoning of Increment 2 of the Royal Kunia Phase 2 Lands (the "*1997 Rezoning Ordinance*"), and required the recordation of that certain Unilateral Agreement and Declaration of Conditional Zoning, dated April 9, 1997, recorded in the Bureau as Document No. 97-047601, which imposes certain development conditions on Increment 1 of the Royal Kunia Phase 2 Lands (the "*1997 Unilateral Agreement*").

D. At the time of the reclassification and the rezoning all of the Royal Kunia Phase 2 Lands were to be developed by HDC. However, since entry of the Amended Decision and Order, the 1995 Rezoning Ordinance and the 1997 Rezoning Ordinance, HDC only holds title and the accompanying development rights to 161 acres of the reclassified lands identified by Tax Map Key No. (1) 9-4-002: 071 (the "*HDC Property*").

E. Pursuant to Condition No. 6 of the Amended Decision and Order, Condition No. 3 of the 1995 Rezoning Ordinance, and Condition No. 4 of the 1997 Rezoning Ordinance, HDC agreed to contribute to the development, funding, and/or construction of school facilities on a pro rata basis as a result of the development on the Royal Kunia Phase 2 Lands, as determined by and to the satisfaction of the Department of Education. As a result of these conditions, HDC and

DOE negotiated a letter agreement dated September 26, 1996, a true and correct copy of which is attached hereto as Exhibit 1, which set forth the agreement between the parties as to the land and monetary contributions which would satisfy DOE requirements for the entirety of the Royal Kunia Phase 2 Lands which included, among other matters, (1) the dedication of approximately 12 acres of real property to DOE for a school site (the "*land dedication component*") and (2) the agreement to make an incremental cash contribution in the total amount of \$500,000 in five (5) installments (the "*cash contribution component*").

F. In 2002 HDC completed the subdivision necessary to create the 12-acre school site, being Lot 3 of the "Royal Kunia Apartment Subdivision"), being a portion of Lot 3 of the Royal Kunia Phase II, Increment I subdivision (File Plan 2171), identified by Tax Map Key No. (1) 9-4-002: 079 (the "*School Site*") but DOE was unable to accept title to the School Site at that time due to the fact that the School Site was encumbered by several liens. Pursuant to the letter agreement dated June 21, 2002, a true and correct copy of which is attached hereto as Exhibit 2, DOE agreed that the land dedication component of HDC's fair-share contribution for school facilities could be satisfied by HDC transferring the School Site to RKES on behalf of DOE and that RKES would then assist in clearing in clearing title to, and constructing a school facility on, the School Site. This modified agreement was reconfirmed by DOE in a letter agreement dated December 19, 2002, a true and correct copy of which is attached hereto as Exhibit 3.

G. Pursuant to the letter agreements dated June 21, 2002 and December 19, 2002, HDC did transfer and convey an undivided 75.721% interest in the School Site to RKES by Deed dated January 7, 2003, recorded as Document No. 2003-002585. The remaining undivided 24.279% is held by HRT Ltd., a Hawaii corporation.

H. Pursuant to the agreements reached between HDC and HRT in that certain Bankruptcy Court Order re Sale of Real Property Free and Clear of Liens (the "*Order*") filed in the Bankruptcy Case (as hereinafter defined) and the Purchase and Sale Agreement dated October __, 2006 (the "*Purchase and Sale Agreement*") entered into by HDC pursuant to which HDC will be purchasing the HDC Property from the Chapter 7 trustee appointed in the bankruptcy case ("*Trustee*") pending in the United States Bankruptcy Court for the District of Hawaii entitled In re Halekua Development Corporation, Case No. 03-01279 (the "*Bankruptcy Case*"), HRT will transfer and convey to HDC the undivided 24.279% held by HRT in and to the School Site.

I. The parties hereto now wish to affirm and reconfirm that (1) the transfer of the remaining undivided 24.279% of the School Site currently held by HRT to RKES will satisfy the land dedication component of DOE's fair share requirement under the Amended Decision and Order, (2) RKES shall use the School Site solely for purposes of an elementary school, and (3) the manner and method of payment by HDC of the cash contribution component of DOE's fair share requirement in compliance with the terms set forth in the letter agreements, and (4) if RKES fails to construct an elementary school on the School Site pursuant to its separate agreement with DOE, that the cash contribution component of DOE's fair share requirement shall be increased to compensate DOE for the cost of purchasing the School Site from RKES at a price equal to the costs incurred by RKES to clear title to the School Site, plus any other costs DOE may incur to clear title to the School Site.

NOW, THEREFORE, in consideration of the Recitals set forth above and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged the parties hereto covenant and agree as follows:

1. Transfer of Balance of Ownership Interest in School Site to RKES. Upon the closing of the acquisition of the HDC Property from the Trustee pursuant to the Order and Purchase and Sale Agreement, HDC will transfer and convey the remaining undivided 24.279% interest in to the School Site which is acquired from HRT to RKES. DOE hereby confirms that the transfer of the remaining undivided 24.279% of the School Site to RKES by HDC will satisfy the land dedication component of DOE's fair share requirement under the Amended Decision and Order. Upon confirmation of recordation of the deed transferring the remaining 24.279% interest in the School Site to RKES, DOE will provide HDC with a letter confirming satisfaction of the land dedication portion of the fair-share contribution condition set forth in Condition No. 6 of the Amended Decision and Order, Condition #3 of the 1995 Rezoning Ordinance, and Condition No. 4 of the 1997 Rezoning Ordinance.

2. School Site Free and Clear of Unacceptable Liens and Encumbrances. Pursuant to the closing of the acquisition of the HDC Property from the Trustee pursuant to the Order and Purchase and Sale Agreement, the unacceptable liens and encumbrances affecting the School Site will be removed and upon recordation of the deed from HDC of the remaining 24.279% interest in and to the School pursuant to paragraph 1 above, RKES shall own 100% of the School Site, free and clear of any liens or encumbrances unacceptable to DOE.

3. Schools Site Restricted to Use for Elementary School and Related Facilities. The parties hereto confirm that the transfer of the School Site to RKES shall be subject to the express and continuing restriction that the School Site may be occupied and used solely for purposes of an elementary school and related facilities to be operated by DOE and for no other purpose.

4. Construction of School and Related Facilities by RKES. DOE and RKES have or intend to enter into a separate agreement under the terms of which RKES shall design, develop and construct an elementary school and related facilities on the School Site in accordance with plans approved by DOE and in accordance with the terms of the separate agreement between DOE and RKES.

5. Dedication of School Site to DOE. If RKES designs, develops, and constructs an elementary school in accordance with terms of the separate agreement between DOE and RKES, then RKES shall dedicate and convey to DOE the School Site and all related facilities, improvements and equipment situated thereon, free and clear of monetary liens and encumbrances, at no cost to DOE as to the value of the land comprising the School Site, but subject to the payment by DOE to RKES of the agreed upon amounts as set forth in the separate agreement between DOE and RKES for the design, permitting and construction of the elementary school and related facilities.

6. Cash Contribution Component of Fair-Share Contribution. HDC and DOE reconfirm that HDC shall make an incremental cash contribution to DOE in the total sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) payable in five (5) installments of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) each

and which installments shall be due and payable upon the closing of (i) the 1,000th unit, (ii) the 1,250th unit, (iii) the 1,500th unit, (iv) the 1,750th unit, and (v) the last unit, constructed on the Royal Kunia Phase 2 Lands. An escalation factor shall be applied to the balance of the Cash Contribution that remains to be paid every thirty-six (36) months after the date of this signed agreement. The escalation factor shall be based on the Over-the-Year Percent Change in the Annual Average Honolulu Area Consumer Price Index for All Items for All Urban Consumers (CPI-U) issued by the Bureau of Labor Statistics of the United States Department of Labor. The Annual Average CPI-U for the year prior to the year the agreement is signed is used as the base year. Cash Contributions will be adjusted by the amount the most recent Annual Average CPI-U has increased or decreased over the base year. Notwithstanding anything to the contrary in this paragraph 6, should any developer within the Royal Kunia Phase 2 Lands (other than HDC) construct and close on any number of units having the effect of causing the total number of closed units within the Royal Kunia Phase 2 Lands exceeding the number of residential units triggering the obligation to pay and remit a cash contribution installment hereunder, HDC shall not be in default for failing to make such installment payment then due, until and unless DOE has provided not less than sixty (60) days prior written notice to HDC that: (a) the applicable unit threshold has been exceeded, and (b) the installment is now due and payable to DOE.

7. Failure of RKES to Construct School Facilities; Failure of DOE and RKES to Enter into Agreement. If RKES fails to construct an elementary school and related facilities on the School Site pursuant to the separate agreement with DOE, or due to RKES and DOE failing to reach agreement on the terms of the separate agreement for the design and construction of the school, then, and in either such event, the cash contribution component, as described above for DOE's fair share requirement applicable to the Royal Kunia Phase 2 Lands, shall be increased to compensate DOE for the cost (if any) of purchasing the School Site from RKES at a price equal to the costs incurred by RKES to clear title to the School Site, plus any other costs DOE may incur to clear title to the School Site.

8. No Adverse Effect on RKES. The parties hereto agree that the terms and conditions contained in this Agreement relating to RKES merely confirm any existing rights and obligations of RKES and do not in any manner increase the obligations of RKES or adversely affect any rights which RKES currently has or holds in connection with the matters stated herein.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

10. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Hawaii.

11. Counterparts. This Agreement may be executed in two or more counterparts, and shall be deemed to have become effective when and only when one or more of such counterparts shall have been signed by or on behalf of DOE, HDC and RKES, although it shall not be necessary that any single counterpart is signed by or on behalf of all parties. All such counterparts shall be deemed to constitute but one and the same instrument. Duplicate unexecuted pages of the counterparts may be discarded and the remaining pages assembled as one document.

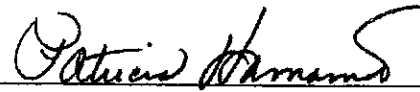
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

DOE:

STATE OF HAWAII, by and through its
Department of Education

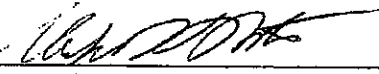
Approved as to Form and Content:

By 
Deputy Attorney General

By 
Name: Patricia Hamamoto
Title: Superintendent

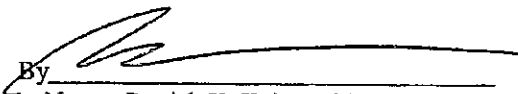
HDC:

HALEKUA DEVELOPMENT CORPORATION
a Hawaii corporation

By 
Name: Herbert K. Horita
Title: President

RKES:

RKES, LLC
a Hawaii limited liability company

By 
Name: Patrick K. Kobayashi
Title: Manager
3/06/07

ATTACHMENT 5

[Amended and Restated Memorandum of Understanding with DOA]

RECEIVED
APR 27 2007

STATE OF HAWAII
LAND USE COMMISSION

**AMENDMENT AND RESTATEMENT
OF
MEMORANDUM OF UNDERSTANDING**

THIS AMENDMENT AND RESTATEMENT OF MEMORANDUM OF UNDERSTANDING (the "*Amended and Restated MOU*") is made this 2nd day of March, 2007, by and between HALEKUA DEVELOPMENT CORPORATION, a Hawaii corporation ("*Halekua*") and the DEPARTMENT OF AGRICULTURE, STATE OF HAWAII ("*DOA*").

RECITALS:

1. Halekua and DOA entered into that certain Memorandum of Understanding (the "*Original MOU*") dated as of 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. Under the terms of the Original MOU, Halekua was to arrange for the conveyance of approximately 150 acres of land within Royal Kunia Phase II to DOA for its development of a state agricultural park and to accomplish such conveyance by no later than December 31, 1997.
3. Under the Original MOU, Halekua was to also 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 boundary of the agricultural park at no cost to DOA. These off-site infrastructure improvements were to be initiated within one (1) year of the conveyance of the agricultural park to DOA and were to be completed within thirty (30) months thereafter.
4. Under the Original MOU the DOA was to assume responsibility for the development of and all other costs associated with the state agricultural park. DOA was to initiate development of the on-site improvements within five (5) years of the conveyance date and to achieve utilization of the conveyed lands for its intended purpose as a state agricultural park within ten (10) years of the conveyance date.
5. Pursuant to the Original MOU if the state agricultural park is not developed and utilized for its intended purpose within such 10-year time frame then and in such event ownership of the subject lands for the agricultural park are to revert to Halekua or its successors in interest, subject to any extension in time which may be mutually agreed to by the parties.
6. As a result of a variety of factors (economic and otherwise) the time frames set forth in the Original MOU for transfer of the agricultural park site to DOA, design and construction of the off-site infrastructure were not met.
7. However, by Warranty Deed with Reversion dated February 23, 2004, recorded on February 27, 2004, in the Bureau of Conveyances of the State of Hawaii as Document No.

2004-040601 the 150 acre parcel within Royal Kunia Phase II on which the state agricultural park is to be developed was conveyed by Halekua to the State of Hawaii.

8. Halekua and DOA now desire to amend and restate the Original MOU to (a) 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 notwithstanding the delay in actual conveyance of the subject land, (b) to restate and modify the agreements between Halekua and the DOA with respect to the timing for design and construction of the off-site infrastructure to the state agricultural park, (c) to delete the provisions within the MOU providing for the DOA to initiate and complete its development and commence active use of the state agricultural park within a period of time measured from the date of initial conveyance of the 150 acre parcel comprising the state agricultural park to the DOA, and (d) to delete the right of reverter if the state agricultural park is not developed and utilized for those purposes within 10-years from the date of the initial conveyance of the 150 acre parcel to the DOA, and replace with a restrictive use covenant and reversion if the use covenant is breached.

NOW, THEREFORE, in consideration of the Recitals set forth above and other consideration the receipt and sufficiency of which is hereby acknowledged, Halekua and DOA do hereby amend and restate Paragraphs A through N of the original 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 Hawaii 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 Hawaii, 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 Halekua 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 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 with 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 and aquaculture production or other activities associated with or related thereto shall be prohibited within the state agricultural park.

D. Halekua to Include State Agricultural Park in Land Plan. Halekua shall incorporate the state agricultural park into its land plan for the Royal Kunia Phase II subdivision and jointly with the DOA shall prepare 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. Halekua and the DOA will diligently and in good faith work together to conclude the planning work necessary to prepare and reach agreement on a preliminary site plan for the state agricultural park no later than December 31, 2007 (or such later date to which Halekua and the DOA shall mutually agree). The DOA shall determine the final layout of the state agricultural park's interior configuration, subject to review and concurrence by Halekua, and shall arrange for and provide funding for construction of the improvements within the interior of the state agricultural park.

E. Halekua to Design and Construct Certain Off-Site Infrastructure to the State Agricultural Park. Halekua 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 the 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 Halekua and the DOA agree as follows:

a. Following approval of the preliminary site plan in accordance with Paragraph D above, Halekua 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 agriculture 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, 2008 (or such later date to which Halekua and the DOA shall mutually agree), which approval by the DOA shall not be unreasonably withheld or delayed. It is understood and accepted that HDC 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 Hawaii and/or City and County of Hawaii, with the further consent or approval of DOA, which consent or approval shall not be unreasonably withheld or delayed.

b. After the DOA approves the offsite infrastructure plans, HDC 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 January 1, 2011 (or such later date to which Halekua 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 of and payment of all costs (other than those set forth

in this Agreement as being assumed by Halekua) associated with the state agricultural park and the agricultural farm dwellings and/or farm employee housing units to be developed thereon.

G. Coordinate Developments. Halekua 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 Halekua in its efforts to obtain and maintain the necessary land use approvals for the Royal Kunia Phase II project, as well as in Halekua's 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 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 agricultural park or for the current or similar agricultural purposes, including diversified agriculture, 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 Halekua, 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 Halekua of certain off-site infrastructure to service the state agricultural park, and certain use restrictions and limitations applicable to the

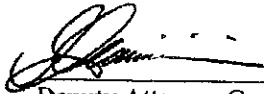
DOA's use of the state agricultural park. This Amended and Restated MOU replaces the Original MOU in its entirety.

N. Amendment. This Amended and Restated MOU may be amended from time to time by an instrument in writing signed by both HDC and the DOA.

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

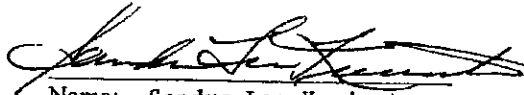
**DEPARTMENT OF AGRICULTURE,
STATE OF HAWAII**

Approved as to Legality and Form:



Deputy Attorney General

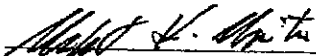
Dated: March 2, 2007



Name: Sandra Lee Kunimoto

Title: Chairperson

HALEKUA DEVELOPMENT CORPORATION

By 

Name: Herbert K. Horita

Title: President