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December 31, 2018

Commissioner Jonathan Likeke Scheuer Chairman, Land Use Commission State Office Tower, Leiopapa A Kamehameha 235 South Beretania Street, Room 406 Honolulu, Hawaii 96804-2359

Dear Commissioner Scheuer:

Royal Kunia Phase II Development – Status Report Island of Oahu, Hawaii

On behalf of the current owner, RP2 Ventures, LLC, enclosed is the annual Status Report on Royal Kunia Phase II Development regarding Docket No. A92-683 (October 1, 1996).

Should you have any questions, please do not hesitate to contact our office. Thank you very much for your continued patience and support of this project.

Very truly yours,

David K. Tanoue Vice President

Enclosure

Type of Condition	Description of Requirements	Compliance Status as of December 2018	Action Plan for Achieving Full Compliance
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 (City). Details as to the location, distribution and other provisions for affordable housing shall be as mutually agreed between Petitioner and City. [The basic affordable housing program requirement is to provide: (a) 10% of the project housing units affordable to households with incomes not exceeding 80% of the City's median income, and (b) an additional 20% of the project's housing units affordable to families with incomes between 81% and 120% of the City's median income.]	Future compliance.  Discussions were initiated, but further action was deferred while the property was in bankruptcy.	The affordable housing requirements are set forth in greater detail in the Unilateral Agreements (UA) that rezoned the Royal Kunia Phase II lands (Ordinances 95-08 and 97-12).  RP2's predecessor-in-interest, Halekua-Kunia, LLC (HK) met with City Department of Planning and Permitting (DPP) representatives in 2009 prior to submittal to DPP of a PD-H application for the project, to initiate the process of establishing a binding agreement for the provision of the required affordable housing. The framework for this agreement is reflected in the PD-H application which was approved in July 2009 (2009/PDH-1), and the full agreement will be executed prior to applying for any building permits. It will comply with the provisions stipulated in both UAs. On December 27, 2017, DPP approved an extension to the PD-H permit requiring the first development permit be obtained by January 23, 2020.  The DPP Draft Affordable Housing Agreement was provided as Attachment 1 in the May 2009 UA Project Status submittal. Comments were received from DPP in June 2009 and an updated version of the Agreement was included as Attachment 1 in the June 2010 UA Project Status submittal.
2. Transportation Improvements	Petitioner shall fund, design, and construct local transportation improvements necessitated by the proposed development, north of the Cane Haul Road intersection with Kunia Road, as determined and approved by the State Department of Transportation (DOT) and the City and County of Honolulu Department of Transportation Services (DTS), including without limitation the dedication of any rights-of-way to the State or County. Petitioner shall provide its fair share contribution toward regional	Partial completion and future compliance.  Construction of a third northbound lane on Kunia Road between Kunia Interchange and the south Kupuna Loop intersection has been completed. Steps toward meeting other portions of this	HK held initial meetings with DOT, DTS and DPP TRB representatives and RP2 will follow up as needed to mutually determine and reach agreement on:  a. Right-of-way acquisition, funding and construction of various roadway and traffic improvements to be provided by HK at project access points and at other on-site and off-site locations.  b. Preparation of periodic traffic monitoring reports

<sup>&</sup>lt;sup>1</sup>The subject Amended Decision and Order reclassified approximately 504.865 acres of lands pursuant to a petition filed by Halekua Development Corporation (HDC). Portions of the subject lands have since been sold or transferred by HDC to various entities, including sales resulting from HDC's bankruptcy in 2003. On October 3, 2017, RP2 Ventures, LLC (RP2) acquired a portion of the subject lands within Royal Kunia Phase II consisting of the 161.36-acre undeveloped parcel known as "Lot 2" and identified by TMK (1) 9-4-002-071.

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	transportation mitigation improvements, including but not limited to the Interstate H-1 Kunia Interchange and Kunia Road, south of the intersection with the Cane Haul Road, as determined and approved by DOT. 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 lanes for both left and right turning movements (between Cane Haul Road Intersection and the northernmost boundary of Royal Kunia Phase II) and a third northbound lane between Cane Haul Road Intersection and the north Kupuna Loop intersection, provided that interim measures prior to full build out may be allowed with the approval of DOT.  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. Petitioner shall submit a revised Traffic Impact Study, including the Kunia Interchange Alternatives Report, and obtain DOT's acceptance prior to preliminary subdivision application.  D. Plans for Construction work within the State highway right-of-way must be submitted to the 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.  Note: This Condition was amended on October 7, 2013 by the LUC's First Amendment to the Amended Findings of Fact, Conclusions of Law, and Decision and Order filed October 1, 1996.	requirement were deferred while the property was in bankruptcy.	assessing project-generated impacts on Kunia Interchange.  c. HK's participation with other Ewa area developments landowners and developers in fair-share funding of regional transportation improvements.  Such an agreement will be executed prior to the submittal to DPP of any applications for the subdivision of building lots.  An updated traffic study was completed in May 2008 and submitted in the PD-H Application. The Traffic Impact Assessment Report (TIAR) (WOA, May 2013) was updated and provided to DPP-TRB and DOT. DPP-TRB did not provide any comments on the TIAR. DOT requested that two separate studies be completed (1) Kunia Road (2) Kunia Interchange. HK retained Wilson Okamoto and Associates (WOA) to update the TIAR. In May 2015 WOA took updated traffic counts which showed conditions have remained consistent with the original analysis.  A regional analysis was also prepared to assist with the analysis of cost sharing responsibilities for the required improvements. Meetings with DOT were held in 2015 to discuss the project. RM Towill Corporation (RMTC) prepared concept roadway plans based on queuing analysis, and submitted to DOT for review in 2014. Comments were addressed and plans/responses submitted, with a follow-up meeting with DOT held in mid-2015.  RP2 will participate in regional highway and transportation planning, including participation with LOTMA and the Ewa Region Highway Transportation Master Plan Working Group.  At the appropriate time, plans for construction work within the State highway right-of-way will be submitted to the DOT Highways Division for review and approval.

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3. Regional Transportation Management Program	Petitioner 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. The program for either option shall be reviewed and approved by DOT prior to implementation, and will continue to be in effect unless otherwise directed by DOT. Petitioner shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to DOT for program review and modification, if necessary.	Prior & future compliance.  HDC was an active participant in Ewa Region Highway Transportation Master Plan Working Group and an active member of Leeward Oahu Transportation Management Association. (LOTMA), but this activity was suspended while the property was in bankruptcy.	RP2 will participate in regional highway and transportation planning, including participation with LOTMA and the Ewa Region Highway Transportation Master Plan Working Group.
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 required. The mitigative measures shall be coordinated with and approved by DOT and DTS.	Future compliance.	A monitoring program will be drafted and submitted to DOT & DTS for review and approval no later than when home construction is initiated. Approval will be obtained prior to occupancy of any homes in this Project.
5. Integrated Solid Waste Management Act	Petitioner shall cooperate with the State Department of Health (DOH) and the City and County of Honolulu Department of Public Works [now Department of Environmental Services (DES)] to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawai`i Revised Statutes, in accordance with a schedule satisfactory to the DOH and DES.	Future compliance.	A proposed solid waste management program and schedule will be prepared and submitted to DOH and DES for their review and approval at least 90 days prior to the initiation of any residential construction, and will facilitate the review process as required to obtain approval prior to the start of construction.  DES Recycling Branch was consulted on May 12, 2009 regarding solid waste management and recycling. The discussion served as guidance for the development of a recycling program for the project. A recycling program will be established prior to the completion of construction. RP2 will coordinate with DES and OSWM as the project moves forward.
6. School Facilities	Petitioner shall contribute to the development, funding, and/or construction of school facilities on a pro rata basis	Partial completion and future compliance.	HDC and DOE entered into a letter agreement dated September 26, 1996 that outlined the terms of HDC's

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	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.	Per the March 6, 2007 School Site Agreement, the 12-acre school site has been conveyed to RKES, LLC.	contribution to the development of school facilities in satisfaction of this condition. The letter agreement was subsequently replaced with an updated "School Site Agreement" executed by HDC and DOE on March 6, 2007.
			The School Site Agreement provides for the (a) transfer of a 12-acre elementary school site to RKES, LLC in satisfaction of the dedication component of DOE's fair share requirement, and (b) the payment to DOE of a total of \$500,000 in five installments that are due upon the closing of: (1) the 1,000 <sup>th</sup> unit, (2) the 1,250 <sup>th</sup> unit, (3) the 1,500 <sup>th</sup> unit, (4) the 1,750 <sup>th</sup> unit, and (5) the last unit. The amounts due will be escalated over time based on the Consumer Price Index.  The 12-acre site has been conveyed to RKES, LLC, and a copy of the March 6, 2007 School Site Agreement will be
			filed with DPP concurrently with the submittal of initial subdivision plans.
			The required cash contributions will be made in accordance with the schedule of installments outlined in the March 6, 2007 School Site Agreement.
7. Water Requirements	Petitioner shall coordinate with the Honolulu Board of Water Supply (BWS) and the State Department of Land and Natural Resources (DLNR) to obtain water required for the project. If 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.	Prior and future compliance.	HK met with BWS in August 2016 to discuss compliance with requirements for the project. RP2 will coordinate with BWS as necessary to obtain the required project water from the existing BWS system and develop additional water resources and/or supply system improvements for dedication to BWS. The initial water master plans will also be updated to reflect the new master plan for the community.
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	Partial completion and future compliance.	RP2 will fully fund and install the necessary facilities and equipment in connection with the construction of this project.
,,,,,,	defense agencies.	An agreement was reached between HDC and the State and City civil defense agencies prior to	

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		the property being placed in bankruptcy on what civil defense measures are needed.	
9. Chain Link Fence  10. Clearance and Maintenance of Land	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.  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.	Future compliance by others.	HDC never acquired the land on which this fence and cleared area would be located, and RP2 does not plan to add it to this Project. Title is still held by the Robinson Estate, and it is still zoned for agricultural use. Future erection of a fence and maintenance of clear area along this boundary, if still required (it is noted that the high-security Naval Magazine in Waikele Gulch is no longer in operation and ownership is being transferred to a private developer), will be the responsibility of any future developer of these Robinson lands.
11. Pollutants	Petitioner shall coordinate with the DOT and DES to establish appropriate systems to contain spills and prevent materials, such as petroleum products, chemicals, solvents or other pollutants from leaching into the storm drainage system and adversely affecting the groundwater and coastal waters.	Future compliance.	RP2 will meet with DOH and DES prior to initiating project construction to agree upon a plan and program for compliance with this requirement, and will establish pollution control systems and implement such other actions as are called for in the approved plan and program.
12. Wastewater Treatment	Petitioner shall participate on a pro rata basis in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, as determined by the DOH and DES.	Future compliance.	RP2 will meet with DOH and DES prior to initiating project construction to establish an approved program for compliance with this requirement, and will implement this program. The initial wastewater master plans are being updated to reflect the new master plan for the community.
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 DOH.	Future compliance.	RP2 will meet with DOH prior to initiating project construction to establish an approved soil erosion and dust control program, and will implement this program.
14. Air Quality Monitoring	Petitioner shall participate in an air quality monitoring program as specified by the DOH.	Future compliance.	RP2 will meet with DOH prior to initiating project construction to establish an agreement defining RP2's participation in a DOH-specified air quality monitoring program for the area where the project site is located.
15. Agricultural	Petitioner shall provide notification to all owners and occupants of the Property of the potential odor, noise, and	Future compliance.	RP2 will provide such notification along with any sales or leases of residential lots or other portions of the property

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District Pollution	dust pollution resulting from surrounding Agricultural District lands, and that the Hawai`i Right-to-Farm Act, Chapter 165 HRS, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.		to other parties. It will be the responsibility of these other parties to notify any new occupants of their properties that result from their resale, sub-lease and/or rental.
16. Drainage Improvements	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.	Partial completion and future compliance.  HDC completed the majority of required off-site drainage improvements for the Royal Kunia Phase II property in connection with the infrastructure construction for Village Park and Royal Kunia Phase I.	HDC completed the majority of required off-site drainage improvements for the Royal Kunia Phase II property in connection with the infrastructure construction for Village Park and Royal Kunia Phase I. Prior to the initiation of construction at Royal Kunia Phase II, RP2 will work with adjoining landowners and developers, and with appropriate Federal, State and City agencies, to coordinate and agree on the type and completion schedule for any future required off-site drainage improvements.
			The initial drainage master plans will be updated to reflect the new master plan for the community.
17. Archaeological Resources	Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property, Petitioner shall immediately stop work on the impacted area and contact the DLNR Historic Preservation Division.	Partial completion and future compliance.	Archaeological surveys of the Royal Kunia Phase II property indicate the absence of any above-ground archaeological features and no evidence of past use that would have generated potentially significant archaeological or historic sites. RP2 will work with the Historic Preservation Division and comply with all established procedures to protect any archaeological resources that might be encountered during future development and construction on this property.
18. Development Plan Approvals	Petitioner shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.	Fully met.	All required Development Plan approvals have been obtained, and the Royal Kunia Phase II project is in full compliance with the current Central Oahu Sustainable Communities Plan. No further action is required.
			In 2009, HK obtained Planned Development-Housing (PD-H) approval from DPP. In April 2014, DPP approved a three-year time extension for the project, and in December 2017, DPP approved a secondi extension requiring the first development permit be obtained by January 23, 2020.

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19. Agricultural Park	Royal Kunia Agricultural Park Offsite Infrastructure. Within six (6) months of the date of the Commission's Order, the landowner(s) within the Petition Area shall finalize an amendment to the Memorandum of Understanding (dated 1993 and subsequent amendments in 2007, 2009 and 2012) with the Department of Agriculture, and comply with this amended Memorandum of Understanding. This Memorandum shall require that off-site infrastructure to the State of Hawai'i's Kunia Agricultural Park be completed no later than December 31, 2016.  Revised Master Plan. Within twelve (12) months of the date of the Commission's Order, the landowners within the Petition Area shall submit revised master plan(s) and schedule(s) for the development of their respective Increments 1, 2, and 3, comprising the Royal Kunia Phase II project.  Status Report. By March 31, 2015, all landowners within the Petition area shall submit to the Commission a status report on the development of their respective parcels of land.  Note: This condition was amended on January 28, 2015 by the LUC's Order Granting Successor Petitioner (to Parcel 52), Ho'Ohana Solar 1, LLC's Motion for Order Amending the Amended Findings of Fact, Conclusions of Law, and Decision and Order filed October 1, 1996.	Partial completion and future compliance.  Title to the 150-acre agricultural park was transferred to the State of Hawai'i in 2004.	HK previously met with DOA on May 9, 2007 to begin the process of establishing an agreed-upon plan and program to implement the provisions of the Amended MOU.  HK subsequently worked with DOA regarding compliance with the MOU conditions and amending deadlines, which were set forth in the following:  -1st Amendment to Amended MOA 2009  -2nd Amendment to Amended MOU 2011  -3rd Amendment to Amended MOU 2015.  HK submitted the preliminary site plan and design of the off-site infrastructure improvements to DOA for review in October 2016.  DOA has initiated master planning of the agricultural park site and has prepared a draft EIS for the project.  RP2 met with DOA on October 23, 2017 and March 24, 2018, and the LUC subsequently convened a status conference with both RP2 and DOA. At the status conference, the LUC directed RP2 to continue to coordinate its efforts with DOA. RMTC is currently designing the utilities (including the new irrigation line) with the consultation of DOA and expects to submit the plans for review in the first quarter of 2019.
20. Compliance With Representations	Petitioner shall develop the property in substantial compliance with the representations made to the Land Use Commission (LUC). Petitioner's or its successor's failure to so develop the Property may result in reversion of the property to its former classification, or change to a more appropriate classification.	Partial completion and future compliance.	RP2 will continue to fulfill the requirement to develop the RP2-owned portion of Royal Kunia Phase II in substantial compliance with representations made to the LUC. RP2 understands that failure on its part (or on the part of the other owners of property within the reclassification area) to develop the reclassified lands in substantial compliance with such representations could result in a reversion of part or all of the subject land to its former land use classification, or in a change to different land classification.

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21. Transfer of Petitioner's Interest in the Property	Petitioner shall provide notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the subject property prior to or during the development of the subject property, excluding, however, sales or leases of the individual lots or condominium units in a residential development, or leases in an industrial development.	Partial completion and future compliance.	RP2 will comply with all requirements of this condition.
22. Annual Reports	Petitioner shall promptly provide without any prior notice, annual reports to the LUC, OSP and DPP 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 LUC. They shall also include a written statement from each State and City 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 are true and accurate.	Partial completion and future compliance.	This annual report is submitted pursuant to this condition. RP2 will submit future annual reports in compliance with this condition.
23. Release of Conditions	The LUC may fully or partially release these conditions as to all or any portions of the property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by 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. OSP will certify for itself and all state departments and agencies, and DPP will certify for itself and all County departments and agencies. Any other party to the boundary amendment proceeding may be asked to indicate whether they concur in the certification of satisfaction.	Future compliance. No motions for a full or partial release of conditions have been filed to date.	RP2 intends to apply to the LUC for such releases in the future, as appropriate.

Type Cond		Description of Requirements	Compliance Status as of December 2018		Action Plan for Achieving Full Compliance
Record Stateme Property to Cond	ding of ent Re Subject	Within 7 days of the issuance of the LUC'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 LUC in the reclassification of the property; and (2) shall file a copy of such recorded statement with the LUC.	Fully met.		No further action is required.
25 Record Condi	ding of	Petitioner shall record the conditions imposed by the LUC with the Bureau of Conveyances pursuant to Section 15-15-92, Hawai'i Administrative Rules.	Fully met.		No further action is required.
		LIST	OF ACRONYI	MS	
BWS City and County of Honolulu Board of Water Supply		County of Honolulu Board of Water Supply	HDC	Halekua Deve	lopment Corporation
DES		County of Honolulu Department of Environmental Services	HK	Halekua-Kunia	aLLC
DLNR	A Principle of the Control of the Co		LOTMA	Leeward Oahu	Transportation Management Association
DOA	AND THE STATE OF T		LUC	State of Hawa	ii Land Use Commission
DOE	And the state of t		MOU	Memorandum	of Understanding
DOH	DOH State of Hawaii Department of Health		OSP	State of Hawa	ii Office of Planning
DOT	OOT State of Hawaii Department of Transportation		RMTC	RM Towill Cor	poration
DPP City and County of Honolulu Department of Planning and Permitting		RP2	RP2 Ventures	RP2 Ventures, LLC	

WOA

Wilson Okamoto and Associates

City and County of Honolulu Department of Transportation Services

DTS