

Conditions of the Decision and Order

The 1990 Decision and Order contains twenty-one conditions. Each of the conditions is set forth below, followed by a brief status report on compliance efforts.

Condition 1¹

Petitioner [HASEKO and its successors and assigns] shall generate one (1) tourism related job, or the equivalent value thereof, for each hotel or hotel/condominium unit Petitioner is allowed to build. As used herein, "non-tourism related" means not related to hotels or residential condominiums intended for use as transient accommodations, or recreational, entertainment or other facilities and services used primarily by tourists. The "equivalent value" of a non-tourism related job is in the range of \$25,000 to \$50,000.

Satisfaction of this condition shall occur at the time Petitioner obtains a building permit and may be accomplished by the payment of \$25,000 for each hotel or hotel/condominium unit intended for transient accommodation for which a building permit is issued or in the following manner (provided that, with respect to subparagraphs a. and b., below, Petitioner may not apply any credit accrued and earned under both subparagraphs for the same facility to satisfy this condition):

a. Jobs Generated Via Construction

Development of residential, commercial, industrial, recreational, institutional or other non-tourism related facilities generates construction jobs not related to tourism. Petitioner, therefore, directly or through local affiliates, may receive one job credit for each 25 man-years of labor generated by a qualified project, which may be either within or outside of the Petition area. (Hereafter, Petitioner and/or its affiliates shall collectively be referred to as "Developer".) One man-year shall equal 1920 hours of work; labor generated by the construction of a project shall include all work performed by the Developer's team (architects, engineers, consultants, contractors and subcontractors) in the development and construction of a non-tourism related project.

Not more than 25% of Petitioner's total job-generation requirement may be satisfied in this manner.

¹As amended by the Commission's Order Granting Motion for Approval of Job Credits and Motion for Clarification and/or Modification of Condition in this docket dated February 8, 1994.

b. Jobs Generated Via Development of Non-Tourism Related Projects

New facilities provide the means and opportunity for the establishment and/or growth of businesses and the generation of new, non-tourism related jobs. Petitioner, therefore, may receive credit for the development of new non-tourism related projects or facilities, either within or outside the Petition Area. Credit for jobs created by such new facilities will be calculated on the basis of the degree of integration of the intended use of the facility with the tourist industry. Credit for one (1) non-tourism related job shall be given for the specified amount of floor space in the following types of facilities:

<u>Type of Facility</u>	<u>Floor Space (Square Feet)</u>	<u>Credit</u>
Office	200	100 %
Warehousing/Storage	1,000	100 %
Manufacturing	300	100 %
Research Facility (e.g. High-Tech)	150	100 %
Recreation and Other Activity Centers	1,000	100 %
Private Schools and Day-Care Centers	300	100 %
Agricultural Facility (e.g. Greenhouses and Processing Plants)	1,000	100 %
Retailing	300	60%

Credit for other types of facilities will be determined on a case-by-case basis:

Petitioner may receive one (1) job credit for (i) each \$50,000 invested by Petitioner in a start-up of a non-tourism related business (by way of equity or investment into a loan fund for such business), (ii) each \$25,000 in incentives provided to a new non-tourism related business, and/or (iii) each \$25,000

contributed in training programs for non-tourism related jobs. Petitioner shall consult with OSP to identify investments, incentives and training programs which qualify for credits under this category.

A minimum of 10% of Petitioner's job-generation requirement shall be satisfied in this manner.

d. Earning Credits

Credits for jobs generated under subparagraphs a. through c., above, shall not be eligible for satisfaction of this condition unless, within two years after they accrue, they are reported to the LUC in Petitioner's annual report. Job credits shall be considered to have accrued under subparagraph a. when the Developer pays for the labor; under subparagraph b. when the certificate of occupancy is issued or such earlier date as may be approved by the LUC; and under subparagraph c. when the investment is made, the incentive is given, or the job training program is funded.

Petitioner's annual report to the LUC shall discuss in detail its progress in earning job credits. Additionally, Petitioner shall provide OSP with information concerning the manner in which Petitioner's claim for job credits is calculated as well as written certification by the Developer that all information provided is correct.

Job credits shall be considered earned only upon approval by the LUC. Petitioner may file a motion for approval of job credits with the LUC at such time as may be mutually agreeable between Petitioner and OSP, provided that said motion shall be filed prior to the Petitioner obtaining a building permit for the construction of hotel or hotel/condominium units to which the job credits will be applied.

At the time Petitioner obtains a building permit, Petitioner shall satisfy this condition by depositing cash or posting a bond or a letter of credit, in a form satisfactory to OSP, in an amount equal to the product of \$25,000 multiplied by the number of hotel or hotel/condominium units for which a building permit is issued, less any job credits previously earned. As job credits are earned and applied in satisfaction of this condition, Petitioner may submit a motion to the LUC for the refund of the funds paid to OSP or a reduction of the bond or letter of credit issued in favor of OSP. Five (5) years after the date the building permit is issued, OSP shall have the right to retain cash or make claim on the bond or letter of credit in an amount equal to the product of \$25,000 multiplied by the number of hotel or hotel/condominium units for which the building permit is issued, less any job credits previously earned.

Prior to the expiration of the five-year period, Petitioner may seek an extension of time to satisfy its job-generation requirement. An extension may be granted upon such additional terms as may be appropriate, provided that Petitioner establishes substantial compliance with this condition and specifies the methods, means and time in which it intends to satisfy this condition.

Except for the limitations regarding subparagraphs a. and b. and the 10% minimum required by subparagraph c., Petitioner shall determine the manner in which the remainder of its job-generation requirement may be allocated.

All funds obtained by OSP under this condition shall be applied to any one or more of the paragraphs specified in subparagraph c. above.

Status. By the Order Granting Motion for Approval of Job Credits and Motion for Clarification and/or Modification of Condition entered in this docket on February 8, 1994, the Commission approved 2.47 job credits earned pursuant to subparagraph a. and subparagraph c.(iii) and to be counted towards satisfaction of this Condition 1. These job credits were earned for payments and disbursements made prior to 1992.

Job credit activities during calendar year 1992 were reported by HASEKO in its 1993 annual progress report in this docket dated October 18, 1993. HASEKO reported activity which may earn an additional 6.22 job credits. Another 3.50 possible job credits for disbursements made during calendar year 1993 were reported to the Commission in HASEKO's 1994 annual progress report (dated October 17, 1994) and a supplemental report dated January 5, 1995. For disbursements made during calendar year 1994, HASEKO reported in its 1995 annual progress report (October 17, 1995) that it may be seeking approval of up to 2.41 job credits.

Through this 1996 annual progress report, HASEKO is reporting disbursements made during calendar year 1995. As described below and detailed in Exhibit II, HASEKO may be seeking approval of up to 1.16 job credits.

Job Credits Pursuant to Subparagraph a. of Condition 1d The jobs upon which these job credits are based were generated by the Ewa Marina Community Development and also by several non-tourism related projects being developed by local affiliates of HASEKO. The non-tourism related projects being developed by HASEKO's local affiliates which have been included in these motions for job credits include:

a. Keeaumoku Office/Retail Project. This is a leasehold office/retail project being developed at Makaloa, Keeaumoku, and Rycroft Streets in Honolulu. It is anticipated that this project will contain at least 400,000 square feet of retail

space and at least 135,000 square feet of office space. Structurally connected to the Keeaumoku Project and included, for purposes of reporting job credits earned, in the account of the Keeaumoku Project is the Sheridan Residential Condominium Project. In 1991, the land lease for the Keeaumoku Project and fee simple title for the Sheridan Project were obtained. Under consultation with the State Department of Health (DOH), 23 underground storage tanks were removed from the site as well as approximately 2,300 cubic yards of contaminated soil surrounding those tanks. Approval of completion of soil clean-up was issued by DOH in February, 1994. Planning for the project is currently underway.

b. Beretania Condominium Project. This fee simple residential condominium project located on South Beretania Street in Honolulu includes 34 residential units. The project is completed and the residential units are currently being marketed.

c. Pu'u'honua Project. Located in North Kona on the Island of Hawaii, this residential development project encompasses approximately 143 acres. Phase I of the project was completed and sold in 1990. In 1991, a request for zone change to facilitate Phase II of the development was approved by the Hawaii County Council. HASEKO's proposed residential development schedule is estimated to commence in 1997 and extend until 2005.

Exhibit II indicates in detail the number of hours paid for by HASEKO and its affiliates to the various vendors. A total of 39,943 hours of construction-related labor was paid for in calendar year 1995, which translates into 20.8 man-years or 0.832 job credits.

Job Credits Pursuant to Subparagraph c.(iii) of Condition 1d Cash contributions amounting to \$8,100 were made to five organizations to fund scholarships and other educational endeavors. Detailed information regarding these contributions are provided in the attached Exhibit IIb. These contributions under subparagraph c.(iii) translate to 0.324 job credits.

In summary, HASEKO will be seeking approval of up to 1.156 job credits for disbursements made in calendar year 1995. Pursuant to subparagraph d. of this Condition 1d HASEKO will file a motion for approval of these job credits, as well as job credits earned previously but not yet approved, at a later time to be mutually agreeable to HASEKO and OSP.

(Exhibit II to October 15, 1996 Annual Report)

HASEKO (Ewa), INC.

SUPPLEMENT
APPLICATION FOR 1995 JOB CREDITS TO STATE LAND USE COMMISSION

Prj	Class	CONSULTANT	DESCRIPTION	TOTAL Hours
E	O	PROJECT STAFF		17,776
K	C	Analytical Planning Consultants, Inc.	Consultant	153
E	E	Belt Collins & Associates	Environmental/Civil Engineers	785
K	E	Belt Collins & Associates	Environmental/Civil Engineers	30
E	O	Cades Schutte Fleming & Wright	Legal Services	5
K	O	Cades Schutte Fleming & Wright	Legal Services	142
P	O	Case & Lynch	Legal Consultant	5
E	C	CFS Financial Systems, Inc.	Marina Consultant	4
P	A	Coastal Rim Properties, Inc.	Master Planning	67
O	K	Consultants Plus	Consultant	109
E	O	Coopers & Lybrand	Accounting Services	130
P	O	Coopers & Lybrand	Accounting	19
K	O	Coopers & Lybrand/Accounting-Audit	Accounting Services	142
E	A	Duany Plater-Zyberk	Planning Consultant	150
E	C	D. Y. Mikami Construction, Inc.	Fencing Services	866
K	O	Franzen Photography	Consultant	25
K	O	Freeman Guard Services	Security Consultant	600
E	A	Gary D. Howard & Associates	Landscape Architect	804
E	C	Glenna Wong	Public Relations Consultant	63
E	E	GMP Associates, Inc.	Civil Engineers	1,376
E	E	Gray Hong & Associates	Civil Engineers	151
E	A	HOH Associates, Inc.	Architect	8
E	O	Imagist Multimedia	Graphics Consultant	66
K	O	Japan Report	Consultant	31
E	C	Johnson Johnson & Roy, Inc.	Marina Engineers/Planners	158
E	E	Kajima Engineering	Construction Consultant	240
E	O	Kamaaina Furniture & Refinishing	Consultant	16
E	C	Kusao & Kurahashi, Inc.	Zoning Consultant	28
K	O	Landscape Maintenance, Inc.	Landscape Consultant	329
E	C	Marine Research Consultants	Consultant	50
E	A	Matsushita, Saito & Associates	Architects	54
E	A	Miyabara & Associates	Landscape Architect	29
K	O	Myers Advertising	Public Relations Consultant	205
E	O	Nishiyama, Mukai, Leewong, Evans	Consultants	2
K	A	Okita Kunimitsu & Associates	Architects	47
E	O	Ortego Design & Gallery	Graphics Consultant	10
E	O	Oshima Chun Fong & Chung	Legal Services	4,817
K	O	Oshima Chun Fong & Chung	Legal Services	376
E	C	Pacific Planning & Engineering	Transportation Consultant	60
E	C	Paul H. Rosendahl, PhD., Inc.	Archaeologist	2,132
E	C	Phil Bruner	Environmental Consultant	48
E	O	Philip C. Lowe, Esq.	Legal Services-Environmental	2
E	O	Price Okamoto Himeno & Lum	Legal Services	124
E	O	Public Affairs Consultants-Hawaii	Consultant	20
E	O	Quad Design (S. Sang, AIA)	Graphics Consultant	23
K	O	Retail Strategies, Inc.	Marketing/Leasing Consultant	213
E	E	Ronald N.S. Ho & Associates, Inc.	Electrical Engineers	51
E	O	Safeguard Services, Inc.	Security Services	4,983
P	O	Sandra P. Schutte	Legal Services	14
E	O	Shobu's Refrigeration & Air Condition	Air Conditioning Services	5
E	O	Staff, Inc.	Employment Services	1,064

SUPPLEMENT
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Prj	Class	CONSULTANT	DESCRIPTION	TOTAL Hours
K	O	Thomas W. Billings/ Advisors	Consultant	66
E	C	Tom Nance Water Resources Engineering	Hydrologist/Water Resource Consultant	401
P	O	Tom's Maintenance & Repair	Landscape Services	26
E	O	Total Systems Support, Inc.	Computer Services	13
E	O	Tropical Crops Services	Agricultural Services	10
CE	C	Unitek Environmental Services, Inc.	Environmental Services	11
E	C	Walter P. Thompson, Inc.	Surveyor Consultant	18
E	C	Water Resource Associates	Geology Consultant	18
E	E	Wilson Okamoto & Associates	Civil Engineers	36
K	E	Wilson Okamoto & Associates	Civil Engineers	706
B	E	Zimmerman Associates	Marketing Consultant	31
TOTAL:				39,943

A Architect
C Consultant
E Engineer
O Other

E Ewa Marina
K Keeaumoku
P Puuhonua