

CASTLE & COOKE PROPERTIES, INC.
100 Kahelu Avenue, Mililani, HI 96789

August 9, 2010

Anthony J. H. Ching
State Land Use Commission
Executive Officer
235 S. Beretania Street, Room 406
Honolulu, Hawaii 96813

Dear Mr. Ching:

RE: Docket No. A83-551
Castle & Cooke Properties, Inc.
Mililani Technology Park (Increment II) - Annual Report

The purpose of this letter is to report on the status of the high tech park at Mililani which is being developed by Castle & Cooke Properties, Inc. (formerly Oceanic Properties, Inc., hereinafter sometimes referred to as "CCPI"). This report meets condition #17 in the Land Use Commission's Decision and Order of June 3, 1991 on Docket No. A83-551 relating to the 135-acre Phase II of the Mililani Technology Park.

I. Overview

Phase I of the Mililani Technology Park (then known as Hawaii Technology Park, hereinafter sometimes referred to as "MTP" or "Park") received its zoning approval from the City Council on July 9, 1986 (Ordinance No. 86-92). The ordinance rezoned 120 acres from AG-1 Restricted Agriculture District to I-1 Light Industrial District. The zoning became effective upon the Mayor's approval on July 22, 1986. In 1990, a Development Plan Amendment was applied for and ultimately approved on February 27, 1991 changing the Park's designation to mixed use commercial/industrial. An application to change the Park's zoning to IMX-1 to reflect the new DP designation was subsequently approved and became law as Ordinance 92-64 on June 12, 1992. Another DP Amendment was initiated by the City Council following the passage of the IMX zoning to bring the previous DP Amendment into full consistency with the new Unilateral Agreement, and to clarify certain items. This DP Amendment was given unanimous approval by the Council on third reading July 14, 1993.

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On March 15, 1994, Ordinance No. 94-10 to amend a portion of the State Land Use District Boundary from Agricultural to Urban District for an .83 acre remnant parcel was passed, and on June 8, 1994, Ordinance 94-40 was passed to rezone this parcel from AG-1 to IMX-1. This parcel, which was subsequently determined to be .6 acre, not .83 acre was consolidated with existing Lot 11. This lot will be subject to the Park's Covenants, Conditions and Restrictions (CC&Rs), and the Unilateral Agreement and Declaration for Conditional Zoning dated May 20, 1994. Copies of Ordinance 94-10, 94-40 and the Unilateral Agreement were filed with the annual report for Increment I.

To date, 75.71 acres or 75% of the 101 acres in Phase I of the Park have been sold or leased. This includes the sale of the 3 acre Lot 19 of Phase I-D to HD Mililani, LLC dba American Electric in February 2010. Approximately 47% of the Phase I acreage is sold or leased to high tech or high tech support organizations as defined in a letter dated April 10, 1992 from the State High Technology Development Corporation (HTDC) to Honolulu City Council member Donna Mercado Kim and/or included in the 1994 Hawaii High Technology Business Directory published by HTDC.

Development has occurred up through Phase ID with the completed extension of Kahelu Avenue of approximately 880 LF. The re-subdivision of Phase ID was revised into four lots (three for sale lots and one roadway). Lot 18 (7.38 acres including approximately 1 acre of unusable gulch area) of Phase ID was sold to Tony Group in December 2007. Cellco Partnership dba Verizon Wireless, who purchased Lot 8B (5.004 acres) from Kaiser, and Time Warner, owner of Lot 11A (2.97 acres), completed construction of their facilities in 2010. An overall map of the Mililani Technology Park indicating the various phases and lots of the Park is attached to the annual report for Increment I.

This report deals with Phase II as a part of the Mililani Technology Park, consisting of approximately 135 acres described as the second increment in the LUC's Decision and Order dated August 9, 1984 in the petition in Docket No. A83-551. On November 15, 1990, Castle & Cooke Properties, Inc. filed a petition to reclassify Phase II from Agricultural District into Urban District. This petition was approved on March 12, 1991 by Order filed on June 3, 1991. A Development Plan Amendment was filed on January 14, 1994 to change the land use designation for 137 acres of the Park from Agriculture to Commercial-Industrial Emphasis Mixed Use. Ordinance No. 95-71, Bill No. 108 was approved by the Mayor on December 18, 1995.

We do not anticipate marketing or development of Increment II until significant progress is made toward the completion of Increment I.

II. Compliance with Land Use Commission Conditions

We are pleased to provide the following information on our compliance with the conditions in the Land Use Commission's Decision and Order.

Condition #1.

Petitioner shall develop subject property for high technology-intensive industries, provided that no less than 45% of the net marketable acres of the subject Property may also be sold or leased to initial buyers or lessees in high technology-intensive industries. The subject property may also be developed for commercial/industrial mixed uses the development of improvements for which shall conform to the design and density concepts of the subject property as a high technology park development.

Comment

To date, approximately 75.71 acres or 75% of the total 101 acres in Phase I have been sold or leased. 47% of the Phase I acreage have been sold or occupied by high tech or high tech support organizations as defined in a letter dated April 10, 1992 from the State High Technology Development Corporation (HTDC) to Honolulu City Council member Donna Mercado Kim and/or included in the 1994 Hawaii High Technology Business Directory published by HTDC. We work closely with the State High Technology Development Corporation (a tenant at the Park), and the Oahu Economic Development Board.

We also continue to offer amenities to attract high technology firms to the MTP. These include fiber optic communication capabilities, inclusion in Hawaii's designated Foreign-Trade Zone, and other assorted benefits. We continue to work with the State and County governments in an effort to encourage relocation of mainland high tech firms to Hawaii such as co-sponsoring the Governor's Symposium on High Technology and participating in the Pacific Telecommunications Council's annual conferences.

CCPI and its affiliate companies are very much focused on the development of a high technology community in central Oahu. Our efforts include:

- (a) Contribution of land in Mililani Mauka to the State for the establishment of Hawaii's first high tech school, Mililani Mauka Elementary which opened in 1993. The State plans to use this school as a model for future education. This facility includes a library, a resource room with 30 computer terminals, and each classroom is equipped with phones, video equipment and four computer terminals.
- (b) Contribution of over twenty personal computers between 1993 and 1994 to Mililani High School, Leilehua High School, Mililani Waena Elementary School, and Waialua High School. It is hoped that having accessibility to computers will prepare students for the technology of today and that Castle & Cooke can play a small part in this effort.

- (c) Establishment of a \$100,000 endowment through the Hawaii Community Foundation, making available a total of \$5,000 annually in scholarships to graduates from Mililani, Leilehua, and Waiialua High Schools. The Castle & Cooke Mililani Technology Park Scholarship Fund will give priority to students furthering their studies in high technology-related fields in science and engineering. It is our hope that these scholarships will bring our college graduates into Hawaii's high technology industry.

In 2010, the following students will be awarded \$1,000 scholarships:

<u>Name</u>	<u>High School</u>	<u>Major</u>	<u>College</u>
Avery, Princess	Leilehua	Pre-Medicine	Penn State- Univ Park
Camantigue, Abigail	Mililani	Nursing	HI Pacific U
Capulong, Maria Carmela	Leilehua	Medicine	U of CA- LA
Estabaya, Michele	Mililani	Nursing	HI Pacific U- Nursing
Mangca Valdez, Chelsie	Mililani	Forensic	Chaminade U
Monette, Melissa	Mililani	Pharmacy	Hawaii Pacific U
Rios, Christy	Mililani	Pre-Medicine	Chaminade U
Schumacher, Farah	Mililani	Pharmacy	Stanford U
Tamashiro, Jacob	Mililani	Forensics	Seattle U
Teamer, Janay	Leilehua	Chemistry	U of Texas-San Antonio

- (d) Co-sponsorship of the annual Hawaii Regional Science Bowl for four consecutive years with the U.S. Department of Energy to support science and math education from 1994 - 1997.
- (e) Co-sponsorship of the Central Oahu District Science and Engineering Fair from 1995 - 1997.
- (f) Sponsorship of an annual Career and Job Fair at the Mililani Technology Park to promote career and employment opportunities with high technology and other firms in the Park. The fifth annual Career and Job Fair sponsored by Castle & Cooke Properties, Inc./Mililani Technology Park was held on Oct. 4, 1997. Over 625 attended the two-hour event. 47% came from Mililani and Wahiawa, 27% from leeward Oahu, 19% from Honolulu, 4% from the North Shore, 2% from windward Oahu and 1% miscellaneous (off-Oahu/P.O. Box). There were many high technology jobs offered such as EECAD supervisor, electrical and mechanical engineer, and networking controller.

The sixth annual Career and Job Fair was held on September 26, 1998, with an attendance of 290 people. 48% came from Mililani and Central Oahu, 24% from

Leeward Oahu, 19% from Honolulu; 3% from the North Shore and 3% from Windward Oahu. Another 3% gave post office boxes or no zip codes. Jobs were available for data processing programmers and analysts, credit account representatives, sales & service representatives, telemarketing representatives, instructors and assistants. The High Technology Development Corporation provided its Hawaii High Tech Job Link listing of available high technology positions in Hawaii.

- (g) Support for the creation of Enterprise Zones in the State, including the Mililani Technology Park, which involved providing input/testimony on both the City and State levels. The legislature voted to pass a bill which expands the type of jobs allowed in Enterprise Zones. Qualified businesses which locate in MTP will have among other benefits, GET exemptions, income tax credits, and real property tax breaks.
- (h) Past participation as a board member (Lucien Wong, former CCPI Commercial Division President) of the Oahu Economic Development Board to promote Honolulu as a location to do business, especially as a hub linking the Pacific Rim nations. Past contacts have included Motorola, Booz, Allen & Hamilton, Advanced Technology Group, and VISA.
- (i) Formation of the Technology Council with Lucien Wong as the Council's first co-chair and Gregg Matsuura, former CCPI Senior Project Manager as past chair. The Council is an organization formed by the Oahu Economic Development Board comprised of both public and private parties interested in technology, with the mission of expanding and promoting technology jobs in Hawaii. It has provided valuable input in producing an award-winning video to market high tech activities in Hawaii to businesses outside of the State.

The Technology Council has formulated marketing plans and served as a business attraction organization for Oahu. The Technology Council has met continuously on a monthly basis to further high tech job creation in Hawaii. It is a private sector-driven organization for business attraction and expansion. Public section participation has been by the Department of Business, Economic Development & Tourism, the High Technology Development Corporation, the University of Hawaii and the East-West Center.

- (j) Castle & Cooke is one of the founding sponsors of The Hawaii Technology Trade Association, the State's first private organization whose sole purpose is to foster and facilitate a healthy business, financial, educational and government environment for the technology industry in Hawaii.

Information regarding Condition #1 has been submitted with the annual report for Increment I.

Condition #2.

Petitioner shall develop a management plan for the high technology park. The management plan shall include provisions for the promotion of the Park as well as for overall management responsibility by Petitioner or an ongoing management corporation.

Comment:

The management plan for the Park is found in the extensive Covenants, Conditions and Restrictions (CC&Rs) which run with the land. The CC&Rs were recorded in January 1988. Under the CC&Rs, the actual operation of the Park is in the hands of the Mililani Technology Park Association, a non-profit corporation. Every owner of an annexed lot in Phase I of the Park is a member of the Association. The Association enforces the CC&Rs which govern the Park's quality, including design requirements and the control of hazardous wastes. A copy of the CC&Rs was made a part of the record in Docket No. A83-551 in support of the motion filed by CCPI on November 15, 1990 to amend the order and to approve Phase II for incremental redistricting. Pursuant to the LUC order approving Phase II, and the County zoning Ordinance 92-64, these CC&Rs cannot be amended without the prior approval of the LUC and County DLU. Copies of the first and second amendments were included in the 1996 Annual Report to LUC and copy of the third amendment was included in the 2007 Annual Report.

The Fourth Amendment to the CC&Rs was adopted on January 29, 2010 by the Association and was recorded in Land Court on February 2, 2010. A copy is attached to the annual report for Increment I.

Condition #3.

Petitioner shall cause 142 acres of former Oahu Sugar Company Limited's cane fields to be replanted in pineapple at Waiawa, Oahu, by Dole Processed Foods Company to replace an equivalent amount of the acreage removed from pineapple production for development of the Property.

Comment

This has been done.

Condition #4.

Petitioner shall obtain a water development permit from the State of Hawaii Board of Land and Natural Resources to withdraw adequate water for the project from the Pearl Harbor Groundwater Control Basin.

Comment

Water for the Park is being provided by the Board of Water Supply (BWS), which has approved our construction plans for the Phase I water system consisting of a waterline from Wahiawa to the Park, an expansion of the water supply at the BWS's "Wahiawa Wells II" project, and the construction of two new pipelines and a reservoir at the eastern end of the Park. For Phase II, additional waterlines and reservoirs will be constructed by CCPI as needed and in accordance with BWS standards.

Condition #5.

Petitioner shall maintain development covenants, conditions, and restrictions to maintain an attractive location for high technology companies and users. Any proposed amendment to the development covenants, conditions, and restrictions shall be subject to approval by the Office of State Planning and the City and County of Honolulu, Department of Land Utilization.

Comment

The existing development covenants, conditions, and restrictions discussed in Condition #2 remain in place at the Mililani Technology Park.

Condition #6.

Petitioner shall participate in the funding and construction of regional traffic improvements, on a pro rata basis, determined by the State Department of Transportation.

Comment

The State Department of Transportation made no specific requests for us to participate in the funding of regional traffic improvements in the past year. We are willing to participate on a fair share basis at the appropriate time if there is a request.

Condition #7.

Petitioner shall fully coordinate the project with other planned projects in the area. Petitioner shall submit all reports and plans as may be required by and to the satisfaction of the State Department of Transportation.

Comment

We worked with Towne Development of Hawaii, Inc. to coordinate the infrastructure necessary for its housing projects in the gulch below the MTP, and for our development needs. The traffic studies we did relating to our projects have been shared between us and were also submitted to the State Department of Transportation. We will continue to communicate and work together in this regard.

Condition #8.

Petitioner shall fund and implement the following prior commitments at such time as deemed appropriate by the State Department of Transportation:

- a. *Construction of a second bridge to carry traffic over the H-2 freeway in addition to the existing bridge. This new bridge would serve eastbound vehicular traffic headed toward the Mililani Technology Park.*
- b. *Widening of all approaches to the Kamehameha Highway intersection with the access road.*
- c. *Provision of additional traffic lanes for southbound and northbound vehicles entering and departing the H-2 freeway.*

Comment

We have committed to provide these traffic improvements when the State Department of Transportation deems it appropriate. Finding of Fact No. 22 of the LUC Order dated June 3, 1991 indicates that based on traffic studies which have been done, the State Department of Transportation may request the above traffic improvements when employment at the Park reaches 5,000 full-time employees. The current population of the Park is approximately 1,141 full-time workers. We will continue to work with Towne Realty in this regard.

Condition #9.

Petitioner shall coordinate with the City and County of Honolulu and the State Department of Health regarding the establishment of appropriate systems to contain spills and prevent materials associated with industrial uses such as petroleum products, chemicals or other

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pollutants, from leaching or draining into the storm drainage systems and adversely affecting the groundwater.

Comment

The Park has a set of hazardous materials guidelines which tenants and lot owners of the Park are subject to. These guidelines have been submitted to the Department of Health (copies of letters dated July 3, 1991, August 27, 1991 and January 9, 1992 between CCPI and the Department of Health were attached to the Phase II annual report to LUC dated August 17, 1992).

Condition #10.

Petitioner shall comply with the requirements of the State Department of Health and the City and County of Honolulu Department of Public Works with respect to the installation of the projects sewage system.

Comment

Sewer design for the final phase (ID) of Phase I was approved by Dept. of Wastewater Management on 4/12/95 and will be constructed by CCPI when that phase is ready for development. Sewers in Phases IA- IC have been approved and constructed to City standards. Per requirement by DPP, the consolidation and resubdivision of Lots 9A & 9B of Phase IB into three lots, necessitated the construction of an additional sewer lateral. Construction plans were approved; worked started but not yet complete.

At such time as the installation of new sewage infrastructure is needed, we will comply with and coordinate with the appropriate state and county agencies for Phase II.

Condition #11.

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

Comment

As reported in the 1993 annual report, Petitioner has developed an air quality monitoring plan (attached to the 1993 annual report) which was submitted to the State Department of Health ("DOH") for its approval which is still pending. Since the 1993 annual report, Castle & Cooke Homes Hawaii, Inc. ("CCHHI"), with whom we are working on the monitoring the plan, recommended to DOH that a comprehensive regional monitoring program may be more meaningful as set forth in its letter dated November 23, 1993. We will participate with

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CCHHI and other developers to this extent. A copy of the correspondence, including our letter to the DOH were included with the 1996 annual report to LUC. Wilfred Nagamine of DOH indicated in his letter dated May 16, 1994 that DOH does not routinely require air quality monitoring but an air quality analysis should be performed. A copy of the Air Quality Analysis dated May 18, 2000 prepared by Brewer Environmental Industries was included with the 2000 annual report to LUC.

Condition #12.

Storage and/or disposal of hazardous wastes shall be approved by the Department of Health prior to their establishment on the Property.

Comment

The Park has established a set of hazardous materials guidelines which all tenants and lot owners of the Park are subject to. These guidelines have been submitted to the Department of Health.

Condition #13.

Petitioner shall implement effective soil erosion and dust control measures during all phases of the development.

Comment

We will include soil erosion and dust control measures in all future phases of development. A Best Management Plan was implemented in the construction of the Phase IC infrastructure.

Condition #14.

Petitioner shall fund and install the necessary number of emergency siren units (including infrastructure) within the development area to the satisfaction of the State Office of Civil Defense.

Comment

As reported in the Phase II annual report dated August 17, 1992, with the accompanying letter submittals dated August 1, 1991 from the State Director of Civil Defense and August 12, 1991 from Mililani Technology Park to the Director of Civil Defense, we have been informed by the Director of Civil Defense that two emergency siren units should be placed

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within the Mililani Technology Park. The first of these sirens has been installed and is operating. The second siren will be located in Phase II of the Park at such time as we develop this part of the property.

Condition #15.

Petitioner shall develop the Property in substantial compliance with representations made to the Land Use Commission in obtaining the reclassification of the Property. Noncompliance shall result in reversion of the Property to its former classification, or change to a more appropriate classification.

Comment

Petitioner will comply.

Condition #16.

Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the subject property covered by the approved application, prior to development of the Property.

Comment

Petitioner will comply. There is a pending sale of 6.326 acres, a portion of Phase ID which is currently being processed for subdivision (as noted in the Overview), to the Tony Group.

Condition #17.

Petitioner shall submit annual reports to the Land Use Commission, the Office of State Planning and the City and County of Honolulu, Department of General Planning in connection with the status of the subject project and Petitioner's progress in complying with the conditions imposed.

Comment:

This report is intended to meet the requirements of this condition. Copies will be transmitted to the other agencies cited in the condition.

Condition #18.

These conditions may be fully or partially released by the Land Use Commission as to all or

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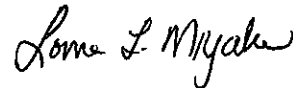
any portion of the subject properties upon timely motion and the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Comment

We will submit the appropriate motions at the appropriate time to release conditions which have already been satisfied.

If there is any further information which you require, please do not hesitate to contact me.

Sincerely,



Lorna L. Miyake
Sr. Property Manager

cc: City & County of Honolulu Department of Planning and Permitting
Department of Business, Economic Development & Tourism at luc@dbedt.hawaii.gov