

STANFORD CARR DEVELOPMENT, LLC.

Alakea Corporate Tower  
1100 Alakea Street, 27<sup>th</sup> Floor  
Honolulu, HI 96813  
Phone: (808) 537-5220  
Fax: (808) 537-1801

LETTER OF TRANSMITTAL

**TO:** Land Use Commission  
**State of Hawaii**  
P.O. Box 2359  
Honolulu, HI 96804-2359

**DATE:** April 18, 2011

**RE:** Wailuku and Piihana

2011 APR 20 A 7:18  
LAND USE COMMISSION  
STATE OF HAWAII

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**THE FOLLOWING IS (ARE) TRANSMITTED:**

<u>COPIES</u>	<u>DESCRIPTION</u>
3	Annual Report for Docket No. A-89-642 Wailuku and Piihana Project Districts

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For your information       For your review/comments  
 For your files       For your signature  
 For further processing       As requested/required

COMMENTS:

Should you have any questions please feel free to contact our office.

Thank you,  
Stacie Peralta

**KEHALANI HOLDINGS COMPANY, INC.**

1100 Alakea, 27<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
Phone: (808) 537-5220  
Fax: (808) 537-1801

April 15, 2011

Land Use Commission  
State of Hawaii  
P. O. Box 2359  
Honolulu, Hawaii 96804-2359

Re: Annual Report for Docket No. A-89-642  
Wailuku and Piihaha Project Districts  
Wailuku, Maui, Hawaii

LAND USE COMMISSION  
STATE OF HAWAII  
2011 APR 20 A 7:18

Honorable Chairman and Members:

In response to Condition 12 of the Findings of Fact, Conclusions of Law, and Decision and Order in this docket filed January 30, 1990, we are pleased to submit the following report.

**BACKGROUND:**

On January 30, 1990, the Land Use Commission (the "Commission") issued its Findings of Fact, Conclusions of Law, and Decision and Order in Docket No. A89-642, granting the reclassification of approximately 624 acres of land situated at Wailuku and Piihaha, County of Maui, State of Hawaii, comprised of approximately 545 acres of land identified on the Tax Maps of the State of Hawaii as Tax Map Key Number: 3-5-01:01 (portion), 17 (portion), and 3-4-07:02 (portion) (hereinafter referred to as "Wailuku Project District"); and 79 acres identified on the Tax Maps of the State of Hawaii as Tax Map Key Number: 3-3-01:16 (portion), 33, and 3-4-32:10, 18 and 01 (portion) (hereinafter referred to as "Piihaha Project District") from the Agricultural to the Urban Land Use District.

Petitioner is currently developing the property pursuant to Maui County's three-phase "project district" zoning ordinance.

Petitioner submitted the "Phase I" applications for both Project Districts to the County of Maui in April 1990. These submittals petitioned the County to establish the Project Districts and define the zoning within them. The proposals were brought before the County Council for public hearings and passed in November 1991.

Petitioner submitted "Phase II" applications for both Project Districts to the County of Maui in December of 1991. These submittals further refine the designs of the projects and continue study of the projects' impacts on the surrounding communities. These submittals also set standards for architecture, occupancy, and specific uses within the Project Districts. The County of Maui has approved the Phase II submittals for each project.

In 2002, the Petitioner submitted a Phase II Amendment for a 65-acre portion of Kehalani. The amendment reallocated the location of certain uses within the Project District, more specifically

to centralize the location of the school and community park. County approval was granted for this request on September 16, 2002.

In 2010, the Department of Education received Phase II approval to build a second elementary school for the Wailuku school district at Kehalani. Approval letter attached for your reference (see Exhibit A).

Wailuku Project District - Phase III approvals are granted by the County of Maui Planning Department for each individual neighborhood or project. Each approval requires the submittal of such information as site layout, product & landscaping design and a review of compliance with the zoning and phase II conditions. The Phase III approval process will continue throughout the life of the Project District. To date, Kehalani has received Phase III approvals on 17 of the 27 planned neighborhoods in the Wailuku Project District. Of the approved neighborhoods, 6 are east (makai) of Honoapiilani Highway, and 11 are west (mauka) of the Highway. An illustrative site map of the Kehalani Master Plan and aerial photo are attached for your reference (see Exhibit B).

Piihaha Project District - There is currently no activity at the Piihaha Project District. This site has a number of exactions that make the development of this project infeasible. Such exactions include but are not limited to construction of a bridge across Lao Stream, water system improvements, offsite roadway improvements, a wastewater pump station and affordable housing requirements. The Petitioner is currently looking into cost sharing opportunities to make development of Piihaha more economically viable. The Petitioner will keep the Commission updated on any progress on this topic and its affect on the original D&O.

#### **UPDATE ON COMPLIANCE TO L.U.C. CONDITIONS:**

- 1. Petitioner shall provide housing opportunities for low, low-moderate, and moderate income residents of the State of Hawaii by offering for sale or lease a number of units equal to at least thirty percent (30%) of the residential units in each of the Project Districts, at prices which families with an income range of up to one hundred and twenty percent (120%) of the County of Maui's median income can afford, and a number of units equal to at least thirty percent (30%) of the units in each of the Project Districts of the Property, area at prices which families with an income range of one hundred twenty to one hundred forty percent (120% - 140%) of the County of Maui's median income can afford.**

**This condition may be fulfilled through construction and distribution of units in the Property or through other projects within the same Community Plan District as the Property, under such terms as may be mutually agreeable, between Petitioner and the Housing Finance and Development Corporation of the State of Hawaii.**

**This condition may also be fulfilled, with the approval of the Housing Finance and Development Corporation and the County of Maui, through the construction of rental units to be made available at rents which families in the specified income ranges can afford.**

**In addition, Petitioner may obtain the special credit, as determined by the Housing Finance and Development Corporation and the County of Maui, for the provision of more than ten percent (10%) of the total units of housing affordable to persons with incomes less than eighty percent (80%) of the County of Maui's median income and for the provision of housing for special needs groups, as determined by the Housing Finance and Development Corporation and the County of Maui.**

**Insofar as possible, the Petitioner shall implement this affordable housing requirement concurrently with the completion of market priced units for the residential project. The determination of median income, as the term is used in this condition, shall be based on median income figures published by the United States Department of Housing and Urban Development at the time that the construction of such housing units is commenced.**

Response: The Petitioner continues to work with the Maui County Housing Department on fulfilling the affordable requirements associated with both Project Districts. To date, the Petitioner has built and sold a total of 710 affordable units at Kehalani and within the surrounding Wailuku Community Plan area. Additionally, the Petitioner donated 11 acres of land adjacent to the Piihaha Project District to MEO for the development of transitional housing. Affordable credits from these efforts are being used to satisfy the current requirements for Kehalani.

Agreements with the County Housing Department dated December 17, 2002 and amendments dated October 22, 2003 and January 28, 2005, attached to previous SLUC annual compliance reports, document ongoing compliance with these requirements. The most recent communications with the Housing Department, dated December 19, 2005 and December 20, 2006, were previously attached in the 2009 annual compliance report for your records.

An additional, 87 affordable units are planned for development over the next 1-3 years at the Hoolea Terrace project in Kehalani (aka module 17). No activity is currently proposed at Piihaha until feasible development plans can be established for this project. A summary of the housing units built and affordable credits earned thru 2010 is attached for your reference (see Exhibit C).

- 2. Petitioner shall prepare, or participate in the preparation of, a regional traffic impact study to address all traffic impacts resulting from the Project in**

**coordination with the State Department of Transportation and the County of Maui.**

**Petitioner shall participate on a pro rata share basis in the funding and construction of regional transportation improvements identified by, and to the satisfaction of, the State Department of Transportation Department of Transportation and the County of Maui. The Petitioner shall also fund and construct the transportation improvements in the immediate vicinity, and necessitated by the proposed development as identified by, and to the satisfaction of, the State Department of Transportation and the County of Maui. In addition, Petitioner shall submit construction plans, traffic studies and drainage reports associated with the Project Districts to the Department of Transportation and the County of Maui for review and approval.**

Response:

Wailuku Project District - Petitioner has completed a Long Range Traffic Master Plan, which studied the impacts of additional traffic both within the Districts and in the surrounding communities, to the State Department of Transportation (SDOT) and the Maui County Department of Public Works and Environmental Management (DPWEM). The long-range Traffic Master Plan has been approved by these agencies.

Petitioner has approval from the SDOT regarding the improvements required on Honoapiilani Highway to mitigate the impacts of the development. Petitioner also has the approval of the County of Maui for its plan to mitigate traffic. The most recent improvement was the completion of traffic signals at the intersection of Honoapiilani Highway and Kehalani Parkway. The Petitioner also has also completed plans to improve the intersection of Honoapiilani Highway and Kuikahi with exclusive left turn lanes. The first phase of this project recently commenced with construction in 2011.

The latest Traffic Impact Assessment Report, dated March 2003, has been accepted for the ongoing phases of work at Kehalani and SDOT has allowed the County to continue processing individual projects at Kehalani for development. The Petitioner's traffic engineer is currently working with the SDOT to obtain final approval of the revised report.

With regards to drainage, SDOT reviews all subdivision applications at Kehalani which include drainage plans pertinent to work done on State Highways. This would include any required master drainage plans for the project.

Piihaha Project District - Petitioner, as a part of the approval process, completed a long-range Traffic Master Plan. Petitioner submitted this plan to both the SDOT and the DPWEM. The long-range Traffic Master Plan has been approved by these agencies. SDOT will have the opportunity to review and approve the project once development plans have been finalized for Piihaha.

- 3. Petitioner shall prepare drainage and erosion control plans and shall fund and construct the necessary drainage improvements.**

Response:

Wailuku Project District - Drainage and erosion control plans are required by the County for each phase of development at Kehalani. The Petitioner has Agreements with the County of Maui to install regional on- and offsite drainage improvements that benefit both Kehalani and the surrounding areas. Copies of these agreements were included with the previous annual compliance report for 2009. The drainage improvements are divided into two basic areas, makai (serving areas below the Highway) and mauka (serving areas above the Highway). The makai drainage system is substantially completed and the mauka system is 90% completed. Both systems are designed to handle both pre- and post-development runoff from Kehalani.

Piihaha Project District - Preliminary drainage plans were produced as part of the Project District approval process. More detailed plans will be completed, reviewed and approved as development plans are finalized for this project.

- 4. Petitioner shall provide the necessary water source and transmission facilities to service the project.**

Response: The Petitioner continues to work with the Maui Department of Water Supply (DWS) to address water system needs for both projects. The Agreement for Implementation of Water Master Plan for Kehalani and First Amendment to Agreement for Implementation of Water Master Plan outline various water storage and transmission system improvements required at Kehalani. These Agreements were submitted with the 2009 annual compliance report. The Petitioner is current with the requirements under these Agreements.

In July 2003 the Iao Aquifer was officially designated as a ground water management area. The Petitioner applied for and was granted a new water use permit for Kehalani in 2007 at its Wailuku Shaft well situated within the Kehalani lands. The Petitioner will utilize this source for water service to Kehalani and will also work with DWS on additional sources to benefit both Kehalani and the Central Maui water service area.

- 5. Petitioner shall pay its pro rata share to expand or improve the existing Kahului Wastewater Treatment Plant and/or route the wastewater to be generated by the Project to the proposed new Central Maui Wastewater Treatment Plant to the satisfaction of the County of Maui, DPWEM, and the State Department of Health. Petitioner shall also participate in the funding of the proposed new wastewater treatment plant and required transmission lines.**

Response: In January 1990, the planned expansion of the Central Maui Wastewater Treatment Plant was completed. The plant's capacity was increased from 6.0 to 7.9 million gallons per day. Currently, Petitioner is paying an impact fee on a per-unit basis for collection and treatment facility expansion. Petitioner will connect the Project's collection main to the County system, which will flow to the treatment plant. Petitioner and the DPWEM are jointly studying and evaluating the incremental increases to the public system as development proceeds within the Project Districts. The increased capacity of the Central Maui Wastewater Treatment Plant is anticipated to provide sufficient capacity for the Project.

The Petitioner has entered into an agreement with the County of Maui to participate in the upgrade of existing offsite sewer collection systems. A copy of this agreement was attached to the 2009 annual compliance report. There are (3) phases of offsite sewer improvements required for Kehalani. The first two phases have already been completed by the Petitioner. The third phase will be completed alongside the future development of Kehalani.

6. **Petitioner shall inform all prospective occupants of the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, which limits the circumstances under which pre-existing farming activities may be deemed a nuisance.**

Response: Petitioner has prepared a disclosure form for its sales packages and will include restrictive covenants on all deeds for lots to be sold or leases for occupation in the Project disclosing the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, which limits the circumstances under which pre-existing farm activities may be deemed a nuisance.

7. **Petitioner shall provide its pro rata share for school facilities as may be required by and to the satisfaction of the State Department of Education.**

Response: Petitioner is dedicating over 14 acres for an elementary school site within the Wailuku Project District 3. The Petitioner is also working with the Department of Education to provide 4.585 acres for the expansion of Waihee Elementary School. The Educational Contribution Agreement for Wailuku-Kahului Project District 3 and related amendments document the Petitioner's satisfaction of pro rata share requirements for education at Kehalani. Copies of these agreements were included in the 2009 annual compliance report. The most recent amendment dated 3/14/11 is attached for reference (see Exhibit D). The Department of Education plans to start construction on this new elementary school in 2011.

8. **Petitioner shall provide its pro rata share for police, fire, park, and solid waste disposal as may be required by and to the satisfaction of the County of Maui.**

Response: Petitioner is committed to provide its prorated share for police, fire, park, and solid waste disposal. Both Project Districts include areas for private and

neighborhood parks and even a Community Center site. The size of the parks shall meet the requirements approved by the Commission. To date, the County of Maui has not required pro rata payments for police and fire services.

9. **Petitioner shall perform further subsurface testing of the Piihaha Project District to the satisfaction of the State Historic Preservation Office. Petitioner shall also submit a mitigation plan to the State Historical Preservation Office for review and approval.**

**Petitioner shall immediately stop work and contact the State Historical Preservation Office should any archaeological resources such as artifacts, shall, bone or charcoal deposits, human burial, rock or coral alignments, paving, or walls be encountered during the project's development.**

Response: Petitioner has worked with the State Historical Preservation Office to create a satisfactory mitigation plan. A key aspect of the plan is the creation of a Historical Preservation Easement designed to protect those areas within the Piihaha Project District that are likely to contain significant archaeological material. Petitioner will continue to comply with this condition throughout the site development and construction of both Project Districts.

The completion of the mitigation plan shall coincide with the development of the adjacent areas within the Project District. This will allow for better integration of the plan to the specific overall plans for the area surrounding the dune. The Petitioner remains committed insuring the preservation of the dune area. To date, no work has been performed in the subject area.

Kehalani already has an approved mitigation plan in place for ongoing development. The Petitioner will continue to adhere to this plan for the remainder of the Kehalani project.

10. **Petitioner shall develop the Property in substantial conformance with the representations made to the Commission in obtaining the reclassification of the Property.**

Response:

A. Wailuku Project District - Petitioner has received "Phase II" approval from the County of Maui. The "Phase II" approval process is a public hearing process which evaluates a more specific site plan, architectural designs and conditions. Petitioner has also obtained Phase III approval on 17 of the 27 planned neighborhoods with the project. During the Phase III approval process the County of Maui Planning Director reviews plans for site and conceptual building design to ensure its compliance with representations made at the Phase I and II approval process. The plans provided to the County of Maui are substantially in keeping with the information provided the



Commission. Therefore, the Commission can be assured that work for the various phases of the Project District will be carried out in accordance with the intent of the submittals made to the Commission.

B. Piihaha Project District - Petitioner has received "Phase II" approval from the County of Maui. The "Phase II" approval process is a public hearing process which evaluates a more specific site plan, architectural designs and conditions. Design work will be carried out within the intent of these same submittals. It is important to bear in mind that the County of Maui's approval process for both projects also takes into consideration the SLUC conditions to assure Petitioner's compliance.

11. **Petitioner shall give notice to the 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 petition, prior to the development of the Property.**

Response: All undeveloped land below Honoapiilani Highway is owned by HL&F whose successor company is now named Kehalani Holdings Company Incorporated. Lands above the highway continue to be owned by Kehalani Mauka, LLC, an entity created at the time of the acquisition. All subsequent parcel sales have been to various development entities responsible for the current development of the property. Hawaii developer Stanford Carr is the Managing and President of the named entities, respectively.

12. **Petitioner shall provide annual reports to the Commission, the Office of State Planning, and the County of Maui Planning Department in connection with the status of the subject project and the Petitioner's progress in complying with the conditions imposed.**

Response: This report, as those before it, is intended to constitute compliance with this requirement. Copies are forwarded to the Office of State Planning and the County Department of Planning.

13. **C. Brewer Homes, Inc. shall enter into an agreement with the Department of Hawaiian Home Lands (DHHL) that the Petitioner shall take no action within four years of the date of said Agreement, on Petitioner's Piihaha and Wailuku Project Districts, which will jeopardize the ability of DHHL to apply for or obtain an allocation of sewage treatment capacity from the County. Said Agreement shall be recorded within thirty (30) days of the effective date of the Commission's Decision and Order and shall run with the land.**

Response: As noted in our previous reports, DHHL already completed its subdivision near the Piihaha Project District and was not impacted by the subject Project Districts.

14. **In the event that Petitioner should sell its interest in its Piihaha and Wailuku Project Districts, the Petitioner shall subject the property to deed restrictions to run with the land which shall require the successors and assigns to comply with the terms and conditions set forth in the Commission's Decision and Order.**

Response: As referenced in item 11, the Petitioner conveyed the Kehalani lands west (mauka) of the Highway to Kehalani Mauka, LLC. The property is still subject to the terms and conditions set forth in the Commission's Decision and Order.

15. **The Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion, and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.**

Response: At this time, the Petitioner is not requesting release from any of the conditions originally imposed.

**CONCLUSION:**

Petitioner shall serve copies of this annual report to the Office of State Planning and the County of Maui Planning Department. If you have any questions, or require further information with regard to the foregoing, please contact the undersigned.

Sincerely



Jay Nakamura  
Vice President

Enclosures (original and 2 copies)

cc: Office of State Planning  
W. Spence, A. Cua @ Maui County Planning Department  
SC, DR, RS

# **EXHIBIT A**

CHARMAINE TAVARES  
Mayor  
KATHLEEN ROSS AOKI  
Director  
ANN T. CUA  
Deputy Director



OCT 19 2010

COUNTY OF MAUI  
**DEPARTMENT OF PLANNING**

October 13, 2010

CERTIFIED MAIL - #7008 0500 0002 0444 6297

Mr. Jeff Overton  
Group 70 International, Inc.  
925 Bethe Street, 5<sup>th</sup> Floor  
Honolulu, Hawai'i 96813

Dear Mr. Overton:

**SUBJECT: PROJECT DISTRICT PHASE II (PH2) MAP AMENDMENT AND APPROVAL FOR THE PROPOSED WAILUKU II ELEMENTARY SCHOOL AND RELATED IMPROVEMENTS, TO BE LOCATED ALONG KEHALANI MAUKA PARKWAY, WAILUKU, ISLAND OF MAUI, HAWAII'; TMK: (2) 3-5-001:077 & 078 (POR.) (PH2 2010/0002)**

At its regular meeting on October 12, 2010, the Maui Planning Commission (Commission) conducted a public hearing on the above-referenced project, and after due deliberation, voted to grant approval of the PH2 permit application and PH2 map amendment subject to the following conditions:

**STANDARD CONDITIONS:**

1. That construction of the proposed project shall be initiated by **October 31, 2013**. Initiation of construction shall be determined as construction of off-site improvements, issuance of a foundation permit and initiation of construction of the foundation, or issuance of a building permit and initiation of building construction, whichever occurs first. Failure to comply within this three (3) year period will automatically terminate this Project District Phase II approval unless a time extension is requested no later than ninety (90) days prior to the expiration of said three (3) year period. The Planning Director (Director) shall review and approve a time-extension request but may forward said request to the Commission for review and approval.
2. That the construction of the project shall be completed within five (5) years after the date of its initiation. Failure to complete construction of this project will automatically terminate the subject Project District Phase II approval. A time extension shall be requested no later than ninety (90) days prior to the completion deadline. The Director shall review and approve the time-extension request but may forward said request to the Commission for review and approval.

3. The permit holder or any aggrieved person may appeal to the Commission any action taken by the Director on the subject permit no later than ten (10) days from the date the Director's action is reported to the Commission.
4. That final construction shall be in accordance with plans dated January 2010, as presented to the Commission on October 12, 2010.
5. That appropriate measures shall be taken during construction to mitigate the short-term impacts of the project relative to soil erosion from wind and water, ambient noise levels, and traffic disruptions.
6. That the subject Project District Phase II Approval shall not be transferred without prior written approval of the Commission.
7. That full compliance with all applicable governmental requirements shall be rendered.
8. That the Applicant shall submit to the Department five (5) copies of a detailed report addressing its compliance with the conditions established with the subject Project District Phase II approval. A preliminary report shall be reviewed and approved by the Department prior to issuance of the building permit. A final compliance report shall be submitted to the Department for review and approval prior to issuance of a Certificate of Occupancy.
9. That appropriate energy conservation measures shall be incorporated into the project, which may include but are not limited to, energy conserving building materials, solar water heaters, state of the art air conditioning systems, photo voltaic systems, etc.
10. That all exterior illumination shall consist of fully shielded downward lighting throughout the project.
11. That appropriate filtration measures to separate petroleum products and other potential contaminants shall be incorporated into the project's final drainage plan and shall be maintained regularly per manufacturer's specifications, with the contaminant residuals from storm water treatment to be properly disposed of. Records of the disposal shall be kept by the Applicant and made available for inspection by County and State agencies upon request. Plans for the filtration measures shall be submitted to the Department together with the preliminary compliance report. Evidence of appropriate mechanisms to comply with this condition after filtration measures have been installed shall be submitted to the Department as part of the final compliance report.

**PROJECT SPECIFIC CONDITIONS:**

12. That the Applicant shall continue to work with the State Department of Transportation (SDOT) and resolve the SDOT's concerns regarding road resurfacing along Honoapi'ilani Highway, in between Kuikahi Drive and Kehalani Parkway. A confirmation letter from the SDOT indicating that road resurfacing has been completed shall be submitted with the Application for Project District Phase III Approval.
13. That the project shall obtain Project District Phase III approval prior to issuance of a building permit. Plans submitted with the Phase III application shall include, but not be limited to architectural, landscape planting, building materials, color scheme, and signage. Construction of the project shall not commence until the Phase III Project District Application and building permits are approved.
14. That in the event historic remains are inadvertently encountered during construction, all work shall cease in the immediate vicinity of the find and the find protected from further damage. The contractor shall immediately notify the Department of Land and Natural Resources (DLNR), State Historic Preservation Division (SHPD), who will assess the significance of the find and recommend mitigation measures, if necessary.

Further, the Commission adopted the Report and Recommendation prepared by the Department for the October 12, 2010 meeting as its Findings of Fact, Conclusions of Law, and Decision and Order. Parties to proceedings before the Commission may obtain Judicial Review of Decision and Orders issued by the Commission in the manner set forth in Chapter 91-14, Hawaii Revised Statutes.

Sincerely,

*Kathleen Ross Aoki*

KATHLEEN ROSS AOKI  
Planning Director

xc: Clayton I. Yoshida, AICP, Planning Program Administrator  
Aaron H. Shinmoto, PE, Planning Program Administrator (2)  
Danny A. Dias, Staff Planner  
Department of Water Supply  
DLNR, SHPD  
Project File  
General File

KRA:DAD:atn

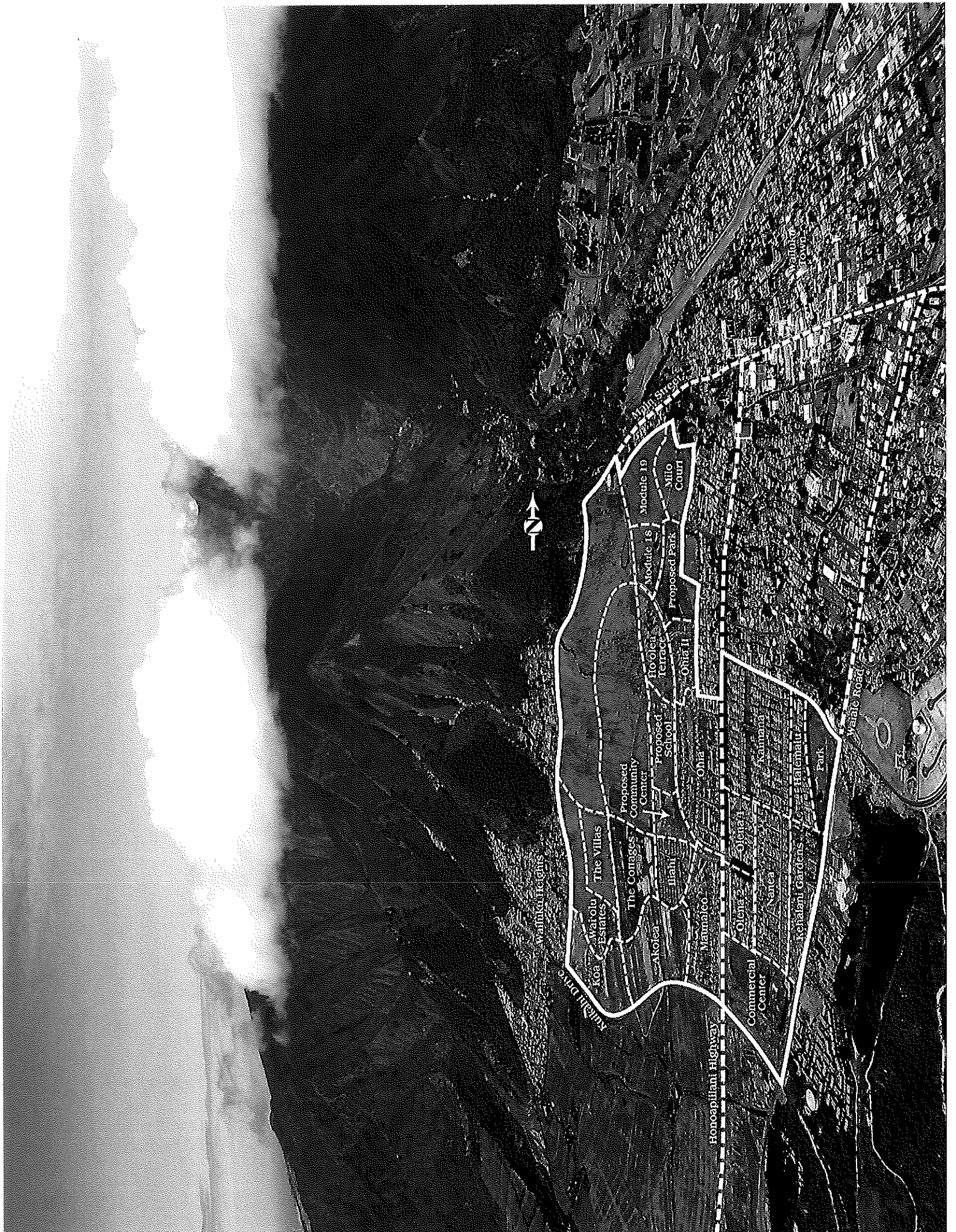
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# **EXHIBIT B**



Wai'olu Estates

The Villas

Proposed Community Center

The Courages

Akoiea

Iliahi

Matumico

Olele

Narua

Keolu Gardens

Keolu Park

Proposed School

Proposed Terrace

Ohia II

Ohia I

Ohia

Kaunani

Wai'alealae

Wai'alealae Park

Module 18

Module 19

Proposed Park

Milo Court

Main Street

Wai'alealae

Wai'alealae

Wai'alealae

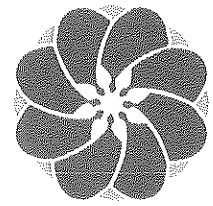
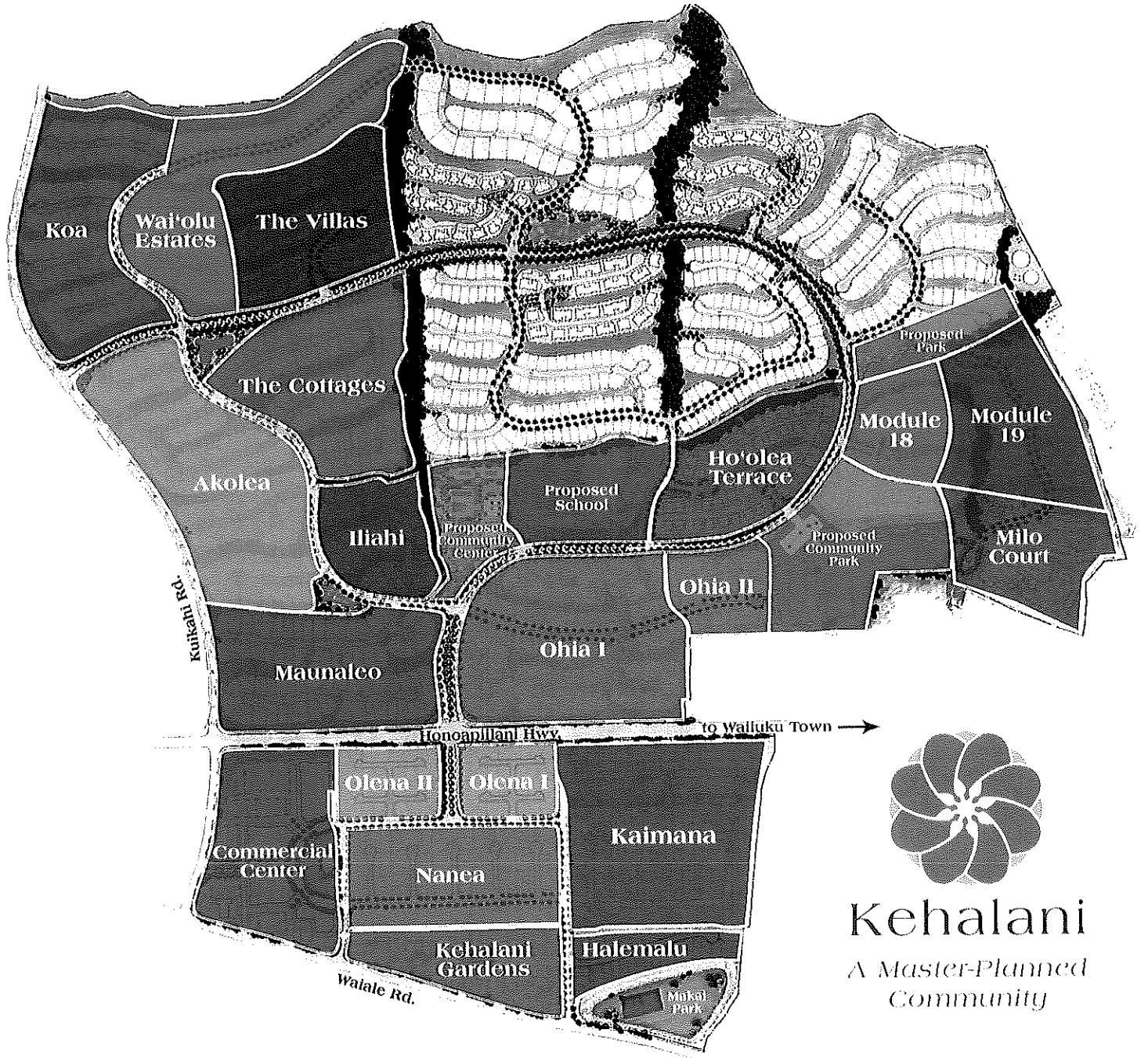
Wai'alealae

Wai'alealae

Kalihi Drive

Honoapi'iani Highway

Wai'alealae Road



**Kehalani**  
*A Master-Planned  
Community*



# **EXHIBIT C**

Kehalani Affordable Housing Summary  
(thru 2010)

	Total Market Residential Units Built at Kehalani	50% Affordable Requirement	Percentage	Income Group	Requirement by Income Group	Affordable Credits Earned @ Kaimana & Halemalu Projects	Affordable Credits Earned @ Kehalani Gardens Projects	Affordable Credits Earned @ MEO Land Dedication	Total Affordable Credits	Balance
<b>Existing</b>										
Kaimana (SF)	102	51							26	-32
Halemalu (SF)	0	0							63	-52
Nanea (SF)	80	40	15%	81%-120%	173	409	113	0	522	349
Olena I (SF)	31	16	20%	121%-140%	230	107	12	0	119	-111
	<b>213</b>	<b>107</b>	<b>50%</b>		<b>576</b>	<b>585</b>	<b>125</b>	<b>20</b>	<b>730</b>	<b>155</b>
<b>Phase I</b>										
Olena II (SF) - Module C-2	32	16								
Oha (SF) - Module 21	140	70								
Maunaloa (SF) - Module 20	83	42								
Kehalani Gardens (MF) - Module C-6/10	7	4								
Iliahi (MF) - Module 15	92	46								
Koa (SF) - Module 1 & 4	72	36								
	<b>426</b>	<b>213</b>								
<b>Phase II</b>										
Oha II (SF) - Module 22	44	22								
Akolea (SF) - Module 10	97	49								
Cottages (SF) - Module 11	114	57								
Waialua (SF) - Module 2	60	30								
Villas (MF) - Module 5	103	52								
Milo Court (duplex) - Module 23	94	47								
Commercial Center - Module C-1/11	0	0								
	<b>512</b>	<b>256</b>								
	<b>1,151</b>	<b>576</b>								
<b>Total Existing, Phases I &amp; II &gt;&gt;&gt;</b>										
<b>Affordable Requirement After Phases I &amp; II &gt;&gt;&gt;</b>										
		576							26	-32
									63	-52
									522	349
									119	-111
									730	155

# **EXHIBIT D**

**SECOND SUPPLEMENT TO  
EDUCATION CONTRIBUTION AGREEMENT FOR WAILUKU-KAHULUI  
PROJECT DISTRICT 3**

This Second Amendment, made this 14 day of March, 2011, by and between KEHALANI MAUKA, LLC a Hawaii limited liability company, hereinafter referred to as "Kehalani Mauka", whose mailing address is 1100 Alakea St., Honolulu, Hawaii 96813, and the State of Hawaii DEPARTMENT OF EDUCATION, hereinafter referred to as the "DOE", whose mailing address is Department of Education, Facilities Development Branch, Kalani High School, Building TB1A, 4680 Kalaniana'ole Highway, Honolulu, Hawaii 96821.

WITNESSETH

Whereas, Kehalani Mauka and the DOE entered into that certain Education Contribution Agreement For Wailuku-Kahului Project District 3 (the "Agreement") made as of January 14, 2003 pursuant to which Kehalani Mauka agreed to certain land contributions for the expansion and development of new elementary school facilities; and

Whereas the Agreement stated Kehalani Mauka would provide a 12-acre elementary school site in Kehalani Mauka and a 4.585-acre site for the expansion of Waihee Elementary School; and

Whereas there was a First Supplement to the Agreement in August 2008, in which Kehalani Mauka and the DOE agreed that DOE forego any future Cash Contributions in exchange for additional acreage in the school site; and

Whereas it is beneficial to both Kehalani Mauka and the DOE to expand the school site to a total of approximately 14.1 acres;

NOW THEREFORE, KEHALANI MAUKA AND DOE agree to amend the Agreement as follows:

Section 2 a. (4) of the First Supplement to Education Contribution Agreement for Wailuku-Kahului Project District 3 dated August 1, 2008 is hereby removed and replaced with the following:

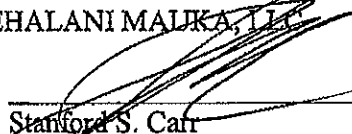
- (4) The DOE intends to locate a school within Kehalani Mauka and requires a total of approximately 14.1 acres for the school campus. The total acreage of the campus exceeds the 12 acres of land required in the Land Contribution outlined in Section 2 a. (1) above. The DOE shall purchase the balance of the land required by foregoing all of the Cash Contribution outlined in Section 2.a. (3), in accordance with the following terms:
  - a. All acreage purchased by the DOE must meet all of the requirements and conditions placed on the lands being donated to the DOE and listed in Section 1.a through Section 1.q of the Agreement.



b. Access to the Kehalani Community Association (KCA) will require an access easement and various utilities serving the KCA may also need easements across the school site. Terms of easements will be determined at a later date.

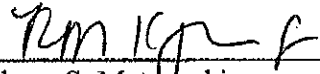
Save and except as amended herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on the date first above written.

KEHALANI MALIKA, LLC  
By   
Stanford S. Carr  
Its Manager

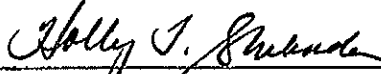
Date: 2/23/11

DEPARTMENT OF EDUCATION

By   
Kathryn S. Matayoshi  
Its Superintendent

Date: 2/14/11

Approved as to form:

By   
Deputy Attorney General  
State of Hawai'i

Date: 1-7-10

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

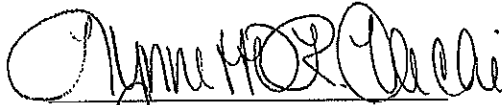
On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared KATHRYN S. MATAYOSHI, Interim Superintendent of the State of Hawai'i DEPARTMENT OF EDUCATION, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

\_\_\_\_\_  
Notary Public, State of Hawai'i

My commission expires: \_\_\_\_\_

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

On this 23rd day of February, 2011 before me personally appeared Stanford S. Carr, of KEHALANI MAUKA, LLC, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

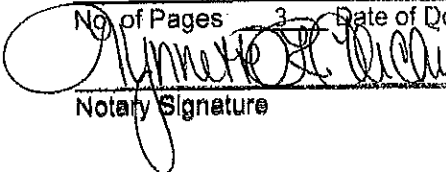


Notary Public, State of Hawai'i  
Lynnette R. Tachi  
My commission expires: 06/11/14

LS

NOTARY PUBLIC CERTIFICATION  
Lynnette R Tachi First Circuit  
Doc Description Second Supplement to  
Education Contribution Agreement for  
Wailuku-Kahului Project District 3

No. of Pages 3 Date of Doc 2/23/11



Notary Signature \_\_\_\_\_ Date 2/23/11

LS

STATE OF HAWAI'I )  
 ) ss.  
CITY AND COUNTY OF HONOLULU )

On this 14th day of March, 2011, before me personally appeared Ronn Nozoe, Deputy Superintendent of the State of Hawai'i DEPARTMENT OF EDUCATION, for Kathryn S. Matayoshi, Superintendent, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

Sharon K.M. Tong  
Notary Public, State of Hawai'i

LS.

My commission expires: 11-27-2014

NOTARY CERTIFICATE (Hawai'i Administrative Rules §5-11-8)	
Document Identification or Description: <u>2nd Amend to Edu Contrib Agreement for Wailuku II Elem from Kehaulani Project</u>	
Document Date: <u>Undated @ Notary</u>	
No. of Pages: <u>4</u>	Jurisdiction: <u>1st</u> Circuit
(in which notarial act is performed)	
<u>Sharon K.M. Tong</u>	<u>3-14-2011</u>
Signature of Notary	Date of Certificate
<u>Sharon K.M. Tong</u>	(Official Stamp or Seal)
Printed Name of Notary	

LS