

December 13, 2012

Land Use Commission
State of Hawaii
State Office Tower
Leiopapa A Kamehameha, 4th Floor
235 So. Beretania Street
Honolulu, Hawaii 96813

Subject: 2011 Status Report of Phase I of LUC Docket No. A87-609
Castle & Cooke Homes Hawaii, Inc.
(formerly known as Castle & Cooke Residential, Inc.
and Mililani Town, Inc.) - Phase I

Honorable Chairperson and Members:

Pursuant to Decision and Order in the above-named docket, Castle & Cooke Homes Hawaii, Inc. ("Petitioner", formerly known as Castle & Cooke Residential, Inc. and Mililani Town, Inc.) hereby submits its Annual Report on the project on the Phase I portion of the property which is a subject of the docket and on the progress in complying with the conditions imposed.

I. General Progress Of The Project.

As reported in previous annual reports, all of the land use approvals from the State and the City and County of Honolulu have been obtained for Phase I, and the house construction had commenced in, and has continued since, 1990. Total number of units occupied in Phase I as of December 31, 2011 is 4,323 units. The closings of sales of units for Phase I as of December 31, 2011 are shown on table identified as "Phase I" set forth in attachment entitled "Mililani Mauka Closings for CCHHI As Of December 31, 2011," marked Exhibit "1" to this Annual Report.

II. Progress in Complying With Conditions Imposed

According to the Decision and Order, Petitioner must comply with eleven conditions. The responses as to the status of compliance with each of the conditions are the same as set forth in the Petitioner's 2010 Annual Report except with respect to Condition No. 11, as follows:

Condition No. 1:



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- "1. Petitioner shall contribute to affordable housing opportunities for low, low-moderate, and moderate income residents in the State of Hawaii to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between Petitioner and the City and County of Honolulu."**

Status:

Following the issuance of the Land Use Commission's Decision and Order filed May 17, 1988 in Docket No. A87-609 ("the Phase I Decision and Order"), Petitioner executed a "Unilateral Agreement And Declaration For Conditional Zoning" dated September 15, 1989, in favor of the City and County of Honolulu ("the Phase I Unilateral Agreement"). Condition No. 9 of the Phase I Unilateral Agreement covered the affordable housing requirements of the City and County of Honolulu.

The Phase I Unilateral Agreement was made a part of the zoning ordinance covering the lands in Phase I and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23653 at Page 571 (and also as Document No. 89-141722). Condition No. 9 of the Phase I Unilateral Agreement was amended by Condition No. 2 of the Phase II Increment A Unilateral Agreement And Conditional zoning, recorded in the Bureau of Conveyances as Document No. 93-048714. The Phase I Unilateral Agreement, as amended, required, among other things, that Petitioner shall provide affordable housing opportunities for low, low-moderate, and moderate income residents in a program acceptable to the Director of Land Utilization and the Director of Housing and Community Development.

Petitioner is completed with the development of the affordable housing units for Phase I pursuant to the affordable housing requirements of the City and County of Honolulu as contained in the Phase I Unilateral Agreement, as amended.

The following table is a summary of completed affordable housing projects:

[The remainder of this page is blank. The next page begins with a table summarizing the house projects.]



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AFFORDABLE HOUSING PROJECTS RECAP as of December 31, 2011

		RENTAL	LOW	MID	HIGH	
				80%-	120%-	
	TOTAL		<80%	120%	140%	Notes

PHASE I

MF100	160	0	160	0	0	Completed
MF101	114	0	0	0	114	Completed
MF102	212	0	0	0	212	Completed
MF103	180	0	36	72	72	Completed
MF104	164	0	0	164	0	Completed
MF105 (Ph. I-IV)	200	0	0	172	28	Completed
MF105 (Ph. V)	80	0	80	0	0	Completed
MF106	80	0	22	58	0	Completed
MF 107A	88	0	73	15	0	Completed
MF 107B	120	0	87	33	0	Completed
MF 107C	72	0	18	54	0	Completed
MF117	69	0	0	30	39	Completed
MF 119	26	0	0	26	0	Completed
MF 121	48	48	0	0	48	Completed
Unit 111	215	0	0	0	215	Completed
Unit 134	5	0	0	0	5	Completed
TOTAL PHASE I	1833	48	476	624	685	

NOTES:

- Unit counts may differ from previous reports due to changes in categories for Affordable Housing as defined in City and County of Honolulu Ordinance 99-51.
- Declarant executed a "Unilateral Agreement And Declaration For Conditional Zoning" for Mililani Mauka Phase 3, which includes the development of affordable units. Said Agreement was approved June 14, 2002.

Condition No. 2:

- Petitioner shall coordinate with the Honolulu Board of Water Supply and the Department of Land and Natural Resources to obtain the required water for the project. In the event that water is not available from existing sources due to insufficient supply and/or the source is not contaminant**

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free, the Petitioner shall fund and develop the necessary water source, storage, transmission facilities and filtration system."

Status: FROM 1997 ANNUAL REPORT

Construction of the water source and system was completed in September 1995. The water source and system were put into service by the Board of Water Supply (BWS) in 1996. A copy of letter dated January 13, 1994 from the BWS and a copy of letter dated April 15, 1996 from the BWS, evidencing the development of the water source for the project were marked as Exhibit "A-1" and Exhibit "A-2" respectively, and attached to the 1996 Annual Report.

Condition No. 3:

"3. Should any archaeological resources such as artifacts, shell, bone, or coral alignments, pavings or walls be encountered during the project's development, Petitioner shall immediately stop work and contact the State Historic Preservation Office."

Status: FROM 1997 ANNUAL REPORT

Other than such archaeological resources which may have been identified in surveys made parts of the record, no archaeological resources have been found to date. Petitioner has adhered to this condition throughout the construction of this project.

Condition No. 4:

"4. Petitioner shall provide public access over the Property to public trail rights-of-way for the Waikakalaua and Kipapa Valleys and the ridge mauka of the Property."

Status: FROM 1997 ANNUAL REPORT

With the view to comply with this condition, Petitioner requested information from the Department of Land and Natural Resources (DLNR) regarding any public trails in and about the project area by letter dated June 2, 1994, which was attached to the 1995 Annual Report as Exhibit "A". As indicated by DLNR's response letter dated June 13, 1994, which was attached to the 1995 Annual Report as Exhibit "B", there are no known trails within and about the project area. Petitioner is, however, complying with DLNR's recommendation of "hose drag" easements to perimeter areas for fire emergencies.

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Condition No. 5:

"5. Petitioner shall fund and construct the necessary improvements to the Mililani Interchange, including the transition to H-2, to accommodate traffic generated by the proposed project on a schedule acceptable and in coordination with the State Department of Transportation."

Status: FROM 2000 ANNUAL REPORT

As reported in the 1994 Annual Report, the northbound on-ramps project was accepted by the State Department of Transportation on July 21, 1993. In addition, since then, temporary southbound signals were put into service by the Petitioner on February 14, 1995. The final phase of the interchange improvements consists of the relocation of the existing southbound off-ramp and construction of a new on-ramp. Financing for the construction of these improvements was made part of the State's Innovative Financing Program for which federal funds were encumbered on September 29, 1995. Under this program, federal funds are used to finance the construction, and Petitioner is obligated to reimburse the State Department of Transportation for the construction cost. Petitioner coordinated with the State Department of Transportation (DOT) in finalizing and reformatting the project for these improvements as federal job project. Petitioner and the DOT entered into a Transportation Development Agreement dated December 12, 1996 covering the development of the improvements, a copy of which Agreement was marked Exhibit "A" and attached to the 1997 Annual Report.

Bid opening of contract for the improvements occurred on January 15, 1998. On February 20, 1998, Petitioner approved the award of the contract for the improvements. Construction commenced in October 1998 with a projected completion by December 1999. By its letter dated December 26, 1996, a copy of which was marked Exhibit "B" and attached to the 1997 Annual Report, the DOT granted Petitioner a two-year extension to construct and have the southbound on and off ramps in operation by the end of the year 1998. With the further delay in the issuance and award of the bid for the improvement contract, a further extension was requested of DOT by Petitioner by its letter of February 3, 1998, a copy of which was marked Exhibit "A" and attached to the 1998 Annual Report. DOT granted the extension by its letter of April 13, 1998, a copy of which was marked Exhibit "B" and attached to the 1998 Annual Report.

By instrument dated July 7, 1998, DOT and Petitioner entered into the First Amendment To Transportation Development Agreement (of December 12, 1996) to amend, among other things, the contract bid amounts and a revised cost for construction management.

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A copy of the First Amendment To Transportation Development Agreement together with a copy of the performance bond for the completion of the improvements were attached as enclosures to letter dated July 14, 1998 from DOT to Petitioner which letter, together with the said enclosures, was marked Exhibit "B" and attached to the 1999 Annual Report.

By "Memorandum for the Record" dated August 23, 1999, DOT confirmed that on August 13, 1999, the permanent traffic signals were activated at the new ramp for mauka bound traffic.

By "Memorandum for the Record" dated November 5, 1999, DOT confirmed that on November 1, 1999, the loop on-ramp for Honolulu bound traffic was opened.

Accordingly, Petitioner has satisfied Condition No. 5.

Condition No. 6:

"6. Petitioner shall appoint and fund a transportation manager whose function is the formation, use and continuation of alternative transportation opportunities that would maximize the use of existing and proposed transportation systems. Petitioner shall construct and provide the operation of a park-and-ride facility or other activities to encourage transit use of ridesharing.

"In the alternative, Petitioner shall participate in a regional program for transportation management with other developers and/or land owners. This program shall address the formulation, use and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems."

Status:

Castle & Cooke Homes Hawaii, Inc. is a charter member of the Leeward Oahu Transportation Management Association (LOTMA) which is an association of developers and/or landowners working toward a program for transportation for the leeward region. Laura Kodama, Director of Planning and Development, is currently serving as a Director of LOTMA.

Aside from its continuing participation in LOTMA, Petitioner has satisfied Condition No. 6. Reference is made to previously filed annual reports.



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Condition No. 7:

"7. Petitioner shall inform prospective occupants of possible noise impacts from Wheeler Air Force Base and other military activities in the area, and will provide covenants in the deeds to prospective occupants to indemnify and defend the State of Hawaii and City and County of Honolulu in the event any suit is brought arising out of and resulting from inconvenience, disturbance and/or injury due to noise and/or other military activities in the area."

Status: FROM 1997 ANNUAL REPORT

Petitioner is providing purchasers with a notice of potential impacts at the time of sale. The notice of potential noise impacts and the covenant of homeowners to indemnify and defend the State and County in the event suit is brought for damages arising out of noise and military activities in the area are contained in the deed covering the conveyance of lot or dwelling units. A copy of the form of the subject notice and covenant as contained in the deeds issue was attached as a part of the 1993 Annual Report as Exhibit "B".

Condition No. 8:

"8. Petitioner shall participate in an air quality monitoring program with the State Department of Health."

Status: FROM 2000 ANNUAL REPORT

As reported in a previous LUC Annual Report, Petitioner had prepared and submitted an Air Quality Monitoring Plan to the State Department of Health (DOH) and further recommended that a comprehensive regional monitoring programs may be more applicable. By its letter dated May 16, 1994, DOH stated that it does not routinely require air quality monitoring for land reclassification and proposed, at a minimum, an air quality assessment by performed. A copy of the letter dated May 16, 1994 was attached to the 1997 Annual Report as Exhibit "C". Pursuant to the suggestion of DOH, Petitioner met with DOH on a proposed plan for an air quality analysis which was approved by DOH by its letter of March 30, 1998, a copy of which is marked Exhibit "C" and attached to the 1998 Annual Report.

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A study entitled "Air Quality Analysis – Mililani Mauka, Mililani, Hawaii 96789" prepared by Brewer Environmental Services for Castle & Cooke Homes Hawaii, Inc. dated September 1, 1988, was transmitted by Castle & Cooke Homes Hawaii, Inc. to DOH by letter dated September 4, 1998. Copies of the study and transmittal letter were transmitted by Castle & Cooke Homes Hawaii, Inc. to the Land Use Commission by letter dated September 16, 1998. DOH acknowledged its receipt of the Air Quality Analysis from Castle & Cooke Homes Hawaii, Inc. as meeting the requirement of the Land Use Commission by DOH letter dated September 30, 1998, a copy of which letter is marked Exhibit "C" attached to the 1999 Annual Report.

Accordingly, Petitioner has satisfied Condition No. 8.

Condition No. 9:

"9. Petitioner shall ensure that there will be no loss of pineapple production as a result of the proposed development."

Status: FROM 1997 ANNUAL REPORT

As reported in previous annual reports, pineapple production on the Property has been phased out. In anticipation of the loss of pineapple production by the removal of the Property from pineapple cultivation, production had been increased in the Whitmore-Wahiawa area to compensate for the anticipated loss.

Condition No. 10:

"10. Areas designated by Petitioner for the University shall not be used for other purposes without prior Land Use Commission review and approval of the proposed alternative use or uses, unless the University of Hawaii notifies Petitioner not to locate at Mililani at the designated site."

Status: FROM 1997 ANNUAL REPORT

The area designated and set aside within Phase I of the Mililani Mauka project for the use by the University of Hawaii has been determined by the University to be insufficient to meet the projected University needs. The University had notified Petitioner by letter dated July 31, 1992 that it is unable to utilize the subject area. A copy of said letter dated July 31, 1992 was attached to the 1993 Annual Report as Exhibit "C". Any use which may be proposed for the area will be submitted to the Commission for its review.

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Condition No. 11:

"11. Petitioner shall submit an annual report to the Land Use Commission and the Department of Business and Economic Development in connection with the status and the project and Petitioner's progress in complying with the conditions imposed."

Status:

This letter constitutes the 2011 Annual Report submitted to the Land Use Commission in compliance with this condition. Service of a copy of this report to the Office of Planning (successor to the Office of State Planning and the Department of the Business Economic and Development) and to the Department of Planning and Permitting of the City and County of Honolulu is being made simultaneously with the submittal.

The foregoing constitutes Petitioner's status report. Should you have any questions or desire any additional information with respect to the matters discussed above, please feel free to contact me at 626-3625.

Very truly yours,

CASTLE & COOKE HOMES HAWAII, INC.

By 
Garret J. Matsunami
Its: Director of Engineering

Encls: Exhibit 1 - Mililani Mauka By Zoning Phases - Closings As of December 31, 2011

cc: Mr. Jesse K. Souki (Office of State Planning)
Mr. Jiro Sumada (Department of Planning and Permitting)

MILILANI MAUKA CLOSINGS FOR CCHHI
As of December 31. 2011

Phase 1	
PROJECT	# OF UNITS
100	93
101	171
102	83
103	100
104	135
105	109
106a	40
106b	15
107	110
109	176
U111	215
112	164
113	62
114	93
115	108
116A	74
116B	65
134	154
135	73
136	58
MF100	160
MF101	152
MF102	212
MF 103	360
MF104	164
MF105	280
MF106	80
MF107a	88
MF107b	120
MF107c	72
MF117	73
MF118	84
MF119	120
MF 120	132
MF 121 Rental	48
MF 121 For Sale	80
TOTALS	4,323

Phase 2A	
PROJECT	# OF UNITS
117A	55
117B	95
118	78
119	86
120	80
121a	58
121b	76
122a	94
122b	56
MF108	70
MF-109	114
MF110	84
TOTALS	946

Phase 2B	
PROJECT	# OF UNITS
123	45
124	75
125	94
126	74
127/133	136
128a	48
128b	51
129	82
130a	44
130b	34
131	22
132	14
MF111/112	160
MF113/114	120
MF115	131
MF116	76
TOTALS	1,206

GRAND TOTALS

6,475