PHASED DEVELOPMENT PLAN FOR HO'OPILI

OVERVIEW

The following Phased Development Plan details the residential and business development expected to take place at Ho'opili in two ten-year phases. It corresponds to the development timetable filed with the State of Hawaii Land Use Commission ("**Commission**") as Petition Exhibit "21", entitled "Development Phasing Map, Ho'opili" ("**Ho'opili Phasing Map**"). The development schedule herein illustrates the phasing concept and is subject to change based upon detailed project design, final zoning approvals and the rate of market absorption. The term "Petition Area" in this document indicates the property situated in the Ewa District, Island of Oahu, identified by Tax Map Key Nos. (1) 9-1-017:004(por.), 059 and 072; (1) 9-1-018:001 and 004, consisting of approximately 1,553.844 acres.

The initial development will occur along the backbone infrastructure corridors set forth in Petitioner's Hearing Exhibit "2", entitled "Ho'opili Development Summary", which outlines the project's major components and estimated schedule. The backbone infrastructure will provide transportation access and water, sewer, drainage, and electric/cable/telephone utilities to and throughout Ho'opili. This Phased Development Plan is premised upon the economic and logistical sense it makes to develop in a rational sequence around the areas most efficiently served by the backbone infrastructure as it itself is installed.

Of Ho'opili's 1,554 acres, Phase 1 consists of approximately 968 gross acres, including roadways, schools, parks and open areas. Of this, net developable acreage would approximate 700± acres. It is estimated that Phase 1 would eventually be rezoned by the City and County of Honolulu ("**City and County**") to allow for a total of approximately 5,800 residential units, over two million square feet of retail/commercial/office space, and approximately 0.8 million square feet of light industrial development within a proposed business/research and development park. Phase 2, which would approximate 586 gross acres, would encompass the remaining approximately 5,950 housing units, with significant densities within the transit-oriented development ("**TOD**") and town center areas, and also approximately 0.7 million square feet of retail/commercial/office space.

As depicted on the Ho'opili Phasing Map, Phase 1 includes all Petition Area lands west and north of the line located approximately 1,500 feet east of the Department of Hawaiian Home Lands ("**DHHL**") property line on Ho'opili's southwest border and parallel to the proposed "Spine Road" which extends mauka-makai (as detailed in Petitioner's Hearing Exhibit "2"). Moving north, the phasing line stops approximately 650 feet south of the existing Farrington Highway right-of-way, and proceeds east keeping this approximate 650-foot distance along Farrington Highway. The line moves south by approximately another 150 feet for about 1,000 linear feet after the intersection of Ho'opili's northeastern diagonal road until it eventually joins the makai boundary of Farrington Highway. Phase 2 encompasses all remaining areas of the Petition Area, meaning that contiguous portion of the site heading south and east of Phase 1 to Ho'opili's boundaries with Old Fort Weaver and Fort Weaver Roads.

As described in Petitioner's Hearing Exhibit "2," key commercial and light industrial parcels within Ho'opili will be upgraded early in the overall development process to conditions suitable for sale to or sub-development with third parties. These transactions will generate proceeds to offset the substantial investments in the land and entitlements estimated to date to approximate

\$80 million, and its infrastructure and roadway systems detailed herein that, on a preliminary basis, are expected to near \$100 million. Sewer and water systems must be sized from the beginning to accommodate the entirety of Ho'opili's full build-out capacity requirements, not merely those for Phase 1, and therefore creates a significant upfront investment before and during Phase 1.

OFFSITE INFRASTRUCTURE PLAN AND ESTIMATED SCHEDULE

Offsite Sewer

Plan Summary. Wastewater from the entire Ewa Development Plan area is processed at the Honouliuli Wastewater Treatment Plant ("**WWTP**"), which is located north of Geiger Road between Ho'opili and old Ewa Beach. Major offsite sewer transmission servicing Ho'opili will be sized at an initial capacity to accommodate both Phase 1 and Phase 2. The transmission system serving the main Ho'opili parcel (but not the non-contiguous parcel west of Kualaka'i Parkway) will extend a total of over two miles starting at the point where the East-West Road enters Ho'opili from the west. From there, this transmission system will reach the WWTP in the following network:

- Segment 1 A 36-inch transmission line runs for approximately 3,200 linear feet within the East-West Road on property owned by DHHL. Construction of Segment 1 has commenced and is expected to be complete around mid-2011;
- Segment 2 Segment 1 will tie into another 36-inch line that will run through the Mango Tree Road utility corridor (which is in DHHL property adjacent to the Ewa Villages Golf Course) for 3,200 linear feet to Kualaka'i Parkway. Construction of Segment 2 has commenced and is expected to be complete around mid-2011;
- Segment 3 Segment 2 will tie into a 42-inch line extending 1,500 linear feet in Kualaka'i Parkway until it ties into a manifold at the Kualaka'i Parkway intersection with Kapolei Parkway that leads to Segment 4. Segment 3 is already constructed and was partially funded by the Petitioner as outlined below; and
- Segment 4 Flowage is directed for approximately 4,500 linear feet generally west within two large interceptors the "Kapolei Interceptor" and the "Makakilo Interceptor" within an easement that is parallel to Kapolei Parkway until heading generally southeast to its connection with the WWTP. The Makakilo Interceptor will be upgraded to accommodate increased regional capacity needs, and these construction plans are in design. Final design will show the 42-inch Kapolei Interceptor sewer remaining as is, and the Makakilo Interceptor increased from 30 inches to 48 inches.

A separate transmission system will provide sewer to the approximately 50-acre non-contiguous Ho'opili parcel on the west side of Kualaka'i Parkway between Farrington Highway and H-1 Freeway. This parcel will share in the University of Hawaii West Oahu Campus' ("**UHWO**") internal sewer transmission network to eventually connect a 42-inch transmission line to Segment 3 described above and continue to the WWTP.

All offsite sewer transmission systems described above will be dedicated to the City and County.

Estimated Timing and Investment. The Petitioner's total expected upfront investment in offsite sewer infrastructure is approximately \$10.6 million:

- In 2006, the Petitioner contributed \$1.7 million in a lump sum payment toward a Sewer Assessment Agreement (#1) with the DHHL, UHWO and the State Department of Land and Natural Resources ("**DLNR**"). This established the funding responsibilities and capacity rights for Segment 3, construction of which was completed in 2007.
- The Petitioner anticipates contributing approximately \$3 million to a Sewer Assessment Agreement (#2) with DHHL. These payments will cover the Petitioner's share of construction costs for Segments 1 and 2. Construction of both segments is expected to be completed prior to mid-2011. Once finished, Ho'opili will have sewer transmission systems in place from its property border to Kapolei Parkway.
- Within the next couple of years, the UHWO transmission system is expected to be in place so that the non-contiguous Ho'opili parcel along Kualaka'i Parkway will have sewer transmission lines available to it. The estimated total construction and planning costs for the Petitioner's share of this system is approximately \$1 million either (i) in the form of a joint development agreement (#3) with UHWO, or more likely (ii) through fees paid for connection to the City and County's municipal wastewater system. Nearly \$300,000 has already been funded by the Petitioner in payments on other arrangements with UHWO that can be credited toward any sewer or another form of agreement with UHWO.
- Within the next couple of years, a consortium led by affiliates of the James Campbell Company ("JCC") will jointly upsize the Makakilo Interceptor from its current 30-inch size to 48 inches. Another Sewer Assessment Agreement (#4) will be struck between JCC, the City and County (Interceptor owner), the Petitioner and potentially UHWO. It is estimated that the Petitioner's share of the planning and construction costs will be \$5 million of the \$17.5 million estimated total for the refurbishment of this sewer line. While this Interceptor will be upgraded starting from within The City of Kapolei, the Petitioner's shared segment of this Interceptor is limited to Segment 4 described above.

Offsite Water

Plan Summary. As detailed in the Water Master Plan, which was submitted to the Commission as Appendix M to Ho'opili's Final Environmental Impact Statement ("**Final EIS**") (Petitioner's Hearing Exhibit "5"), the project will be served by a 228-foot water system and a 440-foot water system located on lands mauka of H-1 Freeway and directly above Ho'opili. These systems will be comprised of new water storage tanks and transmission lines. Phases 1 and 2 will be served by both the 228-foot and 440-foot water systems, requiring both to be operational during Phase 1. (The elevation cutoff line dividing water service zones is approximately 128 feet and is detailed in the Water Master Plan; both phases have property elevations at 128 feet.) All offsite water system components constructed by the Petitioner will be dedicated to the City and County.

Ho'opili's 228-foot water system will have a 1.5 million-gallon ("MG") water storage requirement and will tie into a new 6 MG tank planned by the City and County of Honolulu Board of Water Supply ("**BWS**"). The 440-foot water system will have its own 5.5 MG storage tank for Ho'opili's use. The 18-inch transmission lines from the 228-foot tank will extend 1,200 linear feet to Ho'opili's boundary; the 24-inch transmission lines from the 440-foot tank will extend 5,300 linear feet to Ho'opili's boundary. These will require the tunneling of a new utility corridor under H-1 Freeway, which has been approved in concept by the BWS and the State Department of Transportation ("**DOT**"). A Use and Occupancy Agreement (an easement agreement) between the Petitioner and the DOT will record the tunneling right and is being drafted.

A separate 440-foot water system serving the UHWO campus will service the approximately 50-acre non-contiguous Ho'opili parcel on the west side of Kualaka'i Parkway between Farrington Highway and H-1 Freeway.

Estimated Timing and Investment. The Petitioner's total expected upfront investment in offsite water infrastructure is approximately \$28.2 million:

- The BWS is planning to construct a new 6 MG storage tank for the 228-foot water system when its current tank nears capacity and planned developments in the region come on line. The total estimated construction cost is \$24 million. The Petitioner will need to contribute its share (estimated at \$6 million) of this cost through Water Service Facility Connection Fees, which are paid as building permits are issued on homes and commercial buildings using the system. However, to connect to the BWS system, the Petitioner will have to install the 18-inch transmission line detailed above at an estimated cost of \$0.9 million.
- Design of the 440-foot water system is expected to commence around Ho'opili's second or third year of construction. Design should take three to six months, and plan approvals from the City and County about six months to one year. Construction will commence upon receipt of plan approvals. Construction should be complete within twelve to eighteen months after plan approval. As a result, it is expected that the 440-foot water system should be operational before the fifth year of Ho'opili's build-out or in time to support the delivery of homes and business space within Phase 1B detailed below. The total expected planning and construction cost of this system is \$27.3 million.
- It is also expected that by 2012, UHWO will have its 440-foot water system operational. Construction commenced during the summer of 2010. This system will be turned over to the City and County, and the Petitioner expects to pay its share of costs to utilize this system to the BWS. When this system is operational, the approximately 50-acre non-contiguous Ho'opili parcel on the west side of Kualaka'i Parkway between Farrington Highway and H-1 Freeway will have water available to it.

Offsite Drainage

Plan Summary. As detailed in the Drainage Master Plan included in the Final EIS as Appendix O, Ho'opili lies within three drainage basins: Kaloi, Honouliuli and West Loch. West Loch is the only one of the three that has proposed offsite improvements, and these will not be required during the build-out of Phase 1. The proposed improvements involve the construction of a concrete-lined channel from east of Asing Park to West Loch over property owned by the U.S. Navy. Once in, this long-planned improvement will benefit not only Ho'opili, but also Ewa Villages, Fort Weaver Road and the West Loch subdivision. Improvements will be turned over to the City and County, which has been supportive of the concept design because of the benefits provided to multiple property owners, including the City and County, as it currently utilizes offsite property owned by the Petitioner within the Petition Area and West Loch Basin for its own drainage purposes.

Estimated Timing and Investment. The Petitioner's total expected investment in offsite drainage infrastructure is approximately \$25 million. Given that the improvements will not be required until the build-out of Phase 2, this figure is preliminary and will be subject to change, as is the ultimate offsite drainage solution.

Offsite Traffic/Roadway Improvements

The build-out of Ho'opili will have various impacts on offsite roadway systems and intersections outside of the Petition Area. These are all detailed in the Petitioner's "Traffic Impact Analysis Report, Ho'opili, Oahu, Hawaii" ("**2030 TIAR**"), which was submitted to the Commission as Appendix L of the Final EIS, along with the improvements needed to mitigate Ho'opili's impacts in these areas. The Petitioner is working closely with the DOT to best analyze the nature and timing of the installation of these improvements (and intervals for completing updated TIARs further substantiating these and/or other improvements). This will be the emphasis of an agreement to be reached with the DOT, which the Petitioner expects will be finalized prior to filing its rezoning application with the City and County, and will establish an orderly, fair and predictable schedule to ensure that roadway infrastructure is properly addressed.

ONSITE INFRASTRUCTURE PLAN AND ESTIMATED SCHEDULE

Plan Summary. Roadway networks are typically the primary method by which wet and dry utilities are delivered throughout large developments. As a result, it is customary that the construction schedule for onsite utility systems follow that of the main roads carrying those systems. Situations can be common where easements might be used outside of roadways, but these are not the main provisions today used to distribute utilities to end users. They are more of a means to route utilities between major service hardware or facilities and the end users. Therefore, provisions for onsite sewer, potable and non-potable water, drainage and electrical/cable/telephone distribution systems will be put in place as part of the roadway systems.

The Ho'opili Phasing Map and Petitioner's Hearing Exhibit "1", a map entitled "Ho'opili Development Plan", depict the project's Primary Backbone Roadway Infrastructure ("**Backbone Roadways**"), which consists of the following:

- "Spine Road" This approximately 6,500-linear-foot road runs mauka-makai from Farrington Highway on the north and the East-West Road on the south and includes the stub of the East-West Road from Ho'opili's boundary with DHHL;
- "Campus Drive" The approximately 2,000-linear-foot portion of the collector road aligned with the main entrance to the UHWO campus off Kualaka'i Parkway to its intersection with the Spine Road; and
- **Farrington Highway** This existing right-of-way already extends approximately 8,500 linear feet through Ho'opili. It provides multiple opportunities for access in north and south directions and will carry all categories of utility infrastructure.

In addition, an interconnected network of collector, connector and subdivision streets is envisioned to be constructed off these Backbone Roadways not only to distribute utilities, but also vehicle trips, and to promote local and regional connectivity and multiple routing choices. *Estimated Timing and Investment.* The total estimated cost associated with the planning and construction of the Spine Road and Campus Drive is \$29 million. Campus Drive will require a bridge over the re-routed and approximately 100-foot span of the Kaloi Gulch to connect to Kualaka'i Parkway. The estimated cost for the construction of the bridge is \$6 million. Any required improvements to Farrington Highway could substantially increase the overall total. The construction of the Backbone Roadways will be completed during Phase 1. Build-out schedules will ultimately follow the general development pattern and schedule outlined for the residential and business space areas to be built along these roads outlined below, so it is expected internal roadway construction will follow the schedule for vertical construction of the buildings.

INFRASTRUCTURE SUMMARY

The following summarizes the estimated cost and timing of the project's infrastructure improvements.

-SITE IMPROVEMENTS	Est. Cost	Estimated Pr	Estimated Project Start Date		
	to Petitioner	Planning	Construction		
Sewer	_				
Segment 1	\$1,000,000	Complete	2009		
Segment 2	2,000,000	Complete	2010		
Segment 3	1,717,907	Complete	Complete		
Segment 4	4,950,000	In design	2012/2013		
Transmission for Kualaka'i Parkway parcel	1,000,000 ³	In design	2010/11		
Potable Water ⁴					
5.5 MG tank at 440'	22,000,000	2012	2014/2015		
24" transmission line from the 440' tank	5,300,000	2012	2014/2015		
18" transmission line from the 228' tank	900,000	2011	2011/12		
Drainage					
West Loch drainage channel	- 25,000,000	Phase 2	2025		
SITE IMPROVEMENTS					
Backbone Roadways	29,000,000 ⁵	2011	2013		
Bridge across Ka Loi Gulch to Kualaka'i Parkway	6,000,000	2012	2013/2014		
AL.	\$98,867,907				

Notes:

1 Contract awarded by DHHL.

2 Completed in 2007.

3 \$300,000 already funded by Petitioner applicable to either the water or sewer JDA.

4 Non-potable water system requirements, cost estimates and timing remain to be finalized depending on ultimate BWS requirements.

5 Estimates related to Spine Road and Campus Drive segments only.

PROPOSED RESIDENTIAL, COMMERCIAL AND LIGHT INDUSTRIAL BUILD-OUT

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The following delivery schedule is meant to illustrate the phasing concept and is subject to change based upon detailed project design, final zoning approvals and the rate of market absorption.

Proposed Land Uses. Ho'opili is planned for a total of 11,750 units and 3.76 million square feet of commercial and light industrial business space.

Table 1 <u>Hoʻopili Density Table – Full Build-out</u>					
Land Use	Acres	Units	Comm SF	IMX SF	
Low to Medium Density Live-Work Residential	535	5,100	140,000		
Medium Density Mixed-Use	340	5,200	1,125,000		
High Density Mixed-Use	50	1,450	195,000		
Business/Commercial	145		1,500,000		
Light Industrial/Business	50			800,000	
Total	1,120	11,750	2,960,000	800,000	
Other areas: public facilities ("PF"), roads, open space Total acreage	434 1,554				

____<u>1,554</u> Table 2

Hoʻopili Density Table – Phase 1

Of this total, Phase 1 will include land uses entitled for the approximate densities:

Land Use	Acres	Units	Comm SF	IMX SF
Low to Medium Density Live-Work Residential	255	2,145	20,000	
Medium Density Mixed-Use	240	3,260	825,000	
High Density Mixed-Use	20	395	90,000	
Business/Commercial	135		1,300,000	
Light Industrial/Business	50			800,000
Total	700	5,800	2,235,000	800,000
Other areas: PF, roads, open space Total acreage	<u> </u>			

Table 3Hoʻopili Density Table – Phase 2

As a result, Phase 2 will include land uses entitled for the approximate densities:

Land Use	Acres	Units	Comm SF
Low to Medium Density Live-Work Residential	280	2,955	120,000
Medium Density Mixed-Use	100	1,940	300,000
High Density Mixed-Use	30	1,055	105,000
Business/Commercial	10		200,000
Light Industrial/Business	0		
Total	420	5,950	725,000
Open space/buffers Total acreage	<u> </u>		

Delivery and Construction Sequence. Over Ho'opili's full build-out, the absorption rate is anticipated to average approximately 650 units annually. However, a lower rate is expected in the initial years to allow for necessary infrastructure installation. Higher rates are expected in later years, especially post-2015 when nearby competing Ewa developments also serving Ho'opili's core target market of first-time and move-up buyers approach completion. The following summary phasing description refers to the Ho'opili Phasing Map.

Phase 1A Years 1-7 Approx. 1,500 units Approx. 1,300 Thousand Square Feet (TSF) commercial space Phase 1A will be the first area to be subdivided and developed within Ho'opili. Phase 1A includes three non-contiguous areas throughout the Petition Area: the northeast, northwest and southwest corners.

As explained in Petitioner's Hearing Exhibit "2", the northeast corner contains a key commercial parcel of approximately 60 acres slated for early sale or sub-development with third parties. If this sale is completed within the first two years following receipt of entitlements, it is anticipated that development of the site would start in around Year 5, after completion of planning and receipt of construction approvals, and would be substantially complete by Year 10. Temporary water and sewer service is available to this site (at costs incremental to those discussed above) to allow for a relatively earlier start to its development; however, it will ultimately require connection to Ho'opili's 228-foot water system. The northeast corner also includes a proposed 45-acre public high school site that the Department of Education ("DOE") had expressed some interest in potentially obtaining early in Ho'opili's development. Medical or supportive office uses are envisioned as possible and appropriate in this area to complement the nearby (formerly named) St. Francis and Kahi Mohala hospitals. Together with the high school site, this increases the likelihood for the area to feature an element of senior and/or senior affordable housing opportunities, in addition to the planned low-density residential housing, potentially affordable and market, which could border the eastern edges of the Honouliuli Stream.

Also explained in Petitioner's Hearing Exhibit "2", the entire northwest corner is another key strategic site targeted for early sale or sub-development. With the dependence on UHWO for water and sewer, its build-out may trail that of the commercial parcel in the northeast corner by approximately one year.

The southwest corner represents the locations where (i) sewer will be picked up from the offsite connection point in the East-West Road and (ii) construction of the first segment of the Spine Road is programmed. This area is also planned as one of the lowest density locations within Ho'opili as it is envisioned to feature mostly single-family homes to complement the abutting largely singlefamily development of DHHL's East Kapolei II project. In this regard, with relatively higher density housing planned in the northeast corner, it will provide a broad product mix for the Petitioner to concurrently bring to the market. Phase 1B Years 5-10 Approx. 1,800 units Approx. 1,235 TSF commercial space

Phase 1B represents the main trunk of the Farrington Highway corridor and will pick up construction where Phase 1A ends in the northeast corner. With its advantageous access along a major regional highway and high visibility off H-1 Freeway, Phase 1B is envisioned as a primary employment generating area within Ho'opili. Accordingly, it will also be a location appropriate for higher density housing, including affordable housing.

The 50-acre, light industrial mixed-use area is a third parcel that is targeted for sale or sub-development. The parcel has development potential as a business or research and development park supporting either UHWO, Pearl Harbor's expanding defense industry (especially as National Defense focus continues to shift from the Atlantic to Pacific Theaters), or both. As this parcel is expected to be prepared for sale around Year 5 or just after, following subdivision approvals and completion of offsite improvements, particularly the 440-foot water system, the Petitioner expects development to start during the second half of Phase 1. Aloun Farms also has leased three acres in this area for its processing and cooling plant through 2017, so any development within the industrial mixed-use area will need to avoid this threeacre property.

Significant portions of Phase 1C will be serviced by the 228-foot water system, meaning that they will be available for development earlier than those serviced by the 440-foot water system. That said, the majority of Phase 1C is expected to be developed between Years 6 through 10, timed to capitalize appropriately on the maturing of UHWO and the beginning of rail transit operations from East Kapolei to Ala Moana around 2019. The UHWO rail station and its TOD zone are in Phase 1C. The majority of development in this area will focus on higher density residential, TOD-oriented commercial uses complementary to UHWO's continuation of Campus Drive within its property and the completion of the Spine Road to Farrington Highway. The final commercial parcel identified for sale or sub-development is the approximately 15 acres adjacent to Kualaka'i Parkway, south of Campus Drive. It has been identified in the Draft EIS covering the rail system prepared by the City and County as a location for or adjacent to a five-acre park-and-ride.

Detailed phasing plans for Phase 2 will be determined according to market absorption within the Phase 1 areas for business and residential uses, as well as the necessity to accelerate some of the critical community needs. Important features within Phase 2 will be the Ho'opili rail transit station and adjoining TOD zone, the Ho'opili town center, public intermediate and elementary schools, public district park, planned conversion of agriculture wells to nonpotable water wells and its related distribution system, as well as important segments completing the Ho'opili connector roadway

Phase 1C Years 4-10 Approx. 2,500 units Approx. 500 TSF commercial space

Phase 2 Years 11-20 Approx. 5,950 units Approx. 725 TSF commercial space

network, including the East-West Road from the Spine Road to Old Fort Weaver Road and planned, interconnected bike paths, all of which will improve local and regional connectivity. Note that the majority of the commercial square footage developed during Phase 2 is envisioned as live-work and multi-use space, so its completion will be more or less ratably tied to the completion of the residential units.

Public Facilities: Ho'opili is planned to have five public school sites and one public facility site, potentially for police or fire service, that together are expected to total over 100 acres. An agreement has been executed by the Petitioner and the DOE to provide for these public school sites: three elementary schools ranging from approximately 10 to 12 acres each, one intermediate school of approximately 15 to 18 acres and one high school of approximately 45 to 50 acres. The DOE agreement addresses when the school sites will be required by the DOE for the anticipated student generation from the Petition Area, and also allows for relocation of the sites to areas acceptable to the DOE in order to accommodate changes in the master plan from zoning approvals, unforeseen constraints and new planning objectives. Currently, the high school site and three elementary school sites are within Phase 1 and the middle school site is within Phase 2. This, however, could change to accommodate the final rail transit alignment, and, for instance, one elementary school site could move into Phase 2.