

KLC LAND COMPANY, LLC
1100 Alakea Street, Suite 2100
Honolulu, Hawaii 96813
Telephone 808 543-8527 • Facsimile 808 543-8918

January 9, 2012

Mr. Dan Davidson, Executive Officer
State of Hawaii Land Use Commission
P. O. Box 2359
Honolulu, Hawaii 96804-2359

Subject: Filing Annual Report for LUC Docket No. A90-658, Amfac/JMB Hawaii, Inc.
(now KLC Land Company, LLC, successor by merger and name change)

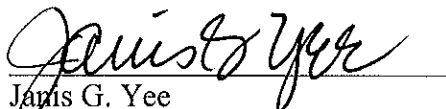
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LAND USE COMMISSION
STATE OF HAWAII

Dear Mr. Davidson:

Enclosed are three (3) copies of our 2011 annual report for the subject docket. This is in accordance with Condition 19 of the March 18, 1991 Decision and Order for the subject docket.

KLC Land Company, LLC is the successor by merger and name change of Amfac/JMB Hawaii, Inc. Should you have questions or need further information, please contact me at 543-8527 or Jeff Rebugio at (808) 661-9652.

Sincerely,


Janis G. Yee
Vice President

Enc. 2011 Annual Report LUC Docket No. A90-658 (South Beach Mauka), 3 copies

cc: William Spence, Director - County of Maui, Department of Planning (w/enc. - 1 copy)
Jesse K. Souki, Director - State of Hawaii, DBET, Office of Planning (w/enc. - 1 copy)
Jeff Rebugio - Kaanapali Land Management Corp. (w/enc. - 1 copy)
Scott D. Radovich - Schneider Tanaka Radovich Andrew & Tanaka, LLLC
(w/enc. - 1 copy)

**2011 ANNUAL REPORT
LUC Docket No. A90-658 (South Beach Mauka)**

**Petitioner: Amfac/JMB Hawaii, Inc. (now KLC Land Company, LLC)
successor by merger and name change)**

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LAND USE COMMISSION
STATE OF HAWAII

Part I - Project Progress

Following is the status of development within the Petition Area:

- 1) Parcel 21 was conveyed to West Maui Development Company LLC on October 29, 1999, for development. Development of Parcel 21 was completed in 2001.
- 2) Parcel 19/20 was conveyed to KM Land Investors, LLC, on July 31, 2000, for development. Development of Parcel 19/20 was completed in 2002.
- 3) Parcel 22/23 was conveyed to South Course Development, LLC, on December 11, 2003, for development. Development of Parcel 22/23 was completed in 2005.
- 4) Construction of Kualapa Loop and internal roadways providing access between the Honoapiilani Highway overpass and Puu Anoano Street, and to Parcel 19/20, Parcel 21, and Parcel 22/23, has been completed and the roadways are open for use.
- 5) Subdivision of the portions of Kualapa Loop and Kualapa Place between the Highway overpass, Parcel 21, and the west end of Kualapa Loop at the intersection of Ulukoa Place has been completed. The County of Maui granted final subdivision approval on October 28, 2010. Pursuant to the "Subdivision Protocol Agreement," as amended and supplemented, the cross-conveyance documents have been executed and delivered by Royal Kaanapali Holdings, LLC, Honoapiilani Holdings, LLC, and Kaanapali Land Management Corp., as applicable.
- 6) The West Maui Community Plan and Land Use Map was amended from Light Industrial to Single-Family Residential for Lot 10-H (TMK No. (2) 4-4-6:56), by County of Maui Ordinance No. 3316 effective September 2, 2005.

Part II - Compliance with the Land Use Commission Conditions

The status of compliance with the conditions of the Land Use Commission's approval of Docket No. A90-658 referred to and incorporated in the Decision and Order dated March 18, 1991, as amended, is summarized below.

1. *On March 8, 2000, the Land Use Commission granted Petitioner's request that Condition No. 1 be amended to read as follows:*

Petitioner shall provide affordable housing opportunities for low, low-moderate and moderate income residents of the State of Hawaii under such terms and conditions as may be mutually agreeable between Petitioner and the Director of Housing and Human Concerns of the County of Maui, in consultation with the Housing and Community Development Corporation of the State of Hawaii; provided, however, that if no agreement is reached between Petitioner and the Director of Housing and Human Concerns, Petitioner's obligations with respect to affordable housing shall be as originally provided in that certain Findings of Fact, Conclusions of Law and Decision and Order dated March 18, 1991, in Docket No. 90-658.

Petitioner and its affiliates have entered into the following agreements with the County of Maui in full satisfaction of Condition No. 1, as amended:

Amended and Restated Agreement in Satisfaction of Affordable Housing Conditions, dated July 31, 2001

Agreement Regarding Affordable Housing (South Beach Remnants), dated November 5, 1999

The County of Maui consulted with the State Housing and Community Development Corporation prior to executing said agreements, as required in Condition No. 1, as amended.

2. Petitioner agrees with the State Department of Transportation that the by-pass road is the most efficient means of alleviating the West Maui traffic problem and shall pay Petition Area's pro-rata share for its design and construction. In satisfaction of this condition, the Petitioner shall work with the State Department of Transportation and enter into a development agreement to do the design of the Bypass Road. Petitioner shall not be responsible for the widening, improvements, or dedication of rights of way for Honoapiilani Highway. Petitioner shall also fund, design and construct the necessary roadway improvements within the Property to the satisfaction of the County of Maui, Department of Public Works, and the State Department of Transportation.

Petitioner has worked with the State Department of Transportation ("SDOT") to create the Lahaina Bypass Highway Development Agreement (the "Bypass Agreement"), which was executed on June 16, 1993, and which was amended by agreement with SDOT on March 20, 2008. The Bypass Agreement covers certain lands of Petitioner and its affiliates in West Maui, including lands other than the Petition Area. Petitioner continues to work with SDOT in accordance with the Bypass Agreement. Petitioner has funded the work in preparing the Supplemental Environmental Impact Statement (the "SEIS") for the Lahaina Bypass. The SEIS was accepted by the Governor in 2002. Due to concerns regarding the timing of the bypass highway, Petitioner has also worked with SDOT to design the widening of Honoapiilani Highway to four lanes from Kaanapali Entry to Honokowai Bridge. Construction of the widening project started in 1998 and was completed in 2000. Petitioner has funded engineering services in preparing the design-build criteria for the Lahaina Bypass Phase 1A (portion from Lahainaluna Road to the Keawe Street extension) as well as right-of-way surveying and mapping services for future phases. Construction of this segment of the bypass highway is underway. Petitioner continues to cooperate and communicate with SDOT

in planning future phases of the bypass highway.

Affiliates of Petitioner have also entered into an Agreement for Implementing Unilateral Agreement Conditions, dated November 3, 1999, with the County of Maui, relating to, among other things, satisfaction of Condition No. 2. Petitioner's proposed method of compliance with Condition No. 2, as set forth in said Agreement for Implementing Unilateral Agreement Conditions, was accepted by SDOT by letter dated April 14, 1999.

Design and construction of necessary roadway improvements within the Property is pursuant to and in accordance with County of Maui development approvals for the project's development parcels.

3. Petitioner shall comply with conditions 4, 5, 6, 7 and 8 of the environmental health concerns addressed in OSP's Exhibit 2, entitled, "Eight (8) Conditions Applicable to This New Golf Course Development", dated April 7, 1989 from the State Department of Health. Petitioner need not comply with conditions 1, 2 and 3 of the above-mentioned Exhibit 2 because Petitioner is not developing a new golf course, but rather has an existing golf course within the Property.

This condition has been satisfied, as follows (provided, however, that effective March 19, 2002, a receiver was appointed to operate the golf course facilities, and the golf courses were conveyed to a third-party, through foreclosure action, on September 9, 2003; as such Petitioner has no actual knowledge since March 19, 2002 of continued compliance with these conditions):

Condition 4 - Golf course facilities are connected to a public sewer system.

Condition 5 -As required by Maui County Ordinance 20.30 pertaining to Reuse of Reclaimed Water for Irrigation Purposes, effluent has been used, along with irrigation water, to irrigate the golf course.

Condition 6 - Petitioner was in conformance with both Federal and State UST rules and regulations at the time relevant parcels were conveyed to third parties. All USTs were removed from the golf course and replaced with ASTs.

Condition 7- Adequate measures for leak containment were implemented.

Condition 8 - In response to a Land Use Commission written inquiry regarding condition 8, dated August 28, 1998, Petitioner provided evidence of compliance with this condition.

4. Petitioner shall prepare a drainage and erosion control plan and shall fund and construct the necessary drainage improvements and maintain ocean water quality to the satisfaction of the State Department of Health and the County of Maui's Department of Public Works.

A general master plan has been created for the entire area. Affiliates of Petitioner have entered into

an Agreement for Implementing Unilateral Agreement Conditions, dated November 3, 1999, with the County of Maui, relating to, among other things, satisfaction of the County's interest in Condition No. 4 and incorporating a "South Beach Mauka Drainage Improvements Phasing & Implementation Plan." To Petitioner's knowledge, implementation of such plan is pursuant to and in accordance with County of Maui development approvals for the Project's development parcels, and has occurred upon and in connection with development of each of Parcel 19/20, Parcel 21 and Parcel 22/23. Construction of the drainage improvements serving Parcel 19/20, Parcel 21 and Parcel 22/23 is complete.

5. Petitioner shall comply with applicable provisions of State Department of Health Administrative Rules, Title 11, Chapter 20, concerning Potable Water Systems, and shall provide the necessary water source, storage, and transmission facilities to service the proposed project.

The Petition Area is serviced by Hawaii Water Service Company, Inc. ("HWS") (formerly known as Kaanapali Water Corporation), a regulated public utility. HWS is not an affiliate of Petitioner. To Petitioner's knowledge, HWS is in conformance with the provisions of the State Department of Health's Administrative Rules, Title 11, Chapter 20, concerning Potable Water Systems. The water source, storage, and transmission facilities servicing the project are being provided in accordance with the rules and regulations of HWS. All water system facilities serving development of Parcel 19/20, Parcel 21 and Parcel 22/23 are in place.

6. Petitioner shall work out its agreement with the County of Maui to ensure that there is adequate capacity at the existing Lahaina Wastewater Treatment Plant for the proposed project and shall fund and construct transmission facilities to service the project.

Petitioner and the County of Maui have agreed that, as of September 19, 1997, Petitioner has a reserve capacity of 1.5 million gallons per day (MGD) in the Lahaina Wastewater Treatment Plant. A cumulative total of less than 0.5 MGD from the reserve capacity has been allocated by Petitioner for developments outside the Petition Area; and a cumulative total of less than 0.1 MGD from the reserve capacity has been allocated by Petitioner for developments within the Petition Area (Parcel 21 - 25,550 gallons per day; Parcel 19/20 - 11,550 gallons per day; Parcel 22/23 - 46,200 gallons per day (approximate amounts)). As such, there is adequate capacity to service the project. Construction of transmission facilities serving development of Parcel 19/20, Parcel 21 and Parcel 22/23 is complete.

7. Petitioner shall inform all prospective occupants of a) possible odor, noise, and dust pollution resulting from surrounding agricultural operations, and b) 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.

Such disclosures are in the recorded deed for each of Parcel 19/20, Parcel 21 and Parcel 22/23, and are required to be in each subsequent conveyance of any portion of such development parcels.

8. 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.

To Petitioner's knowledge, this condition has been addressed, as required, by the developer in connection with County of Maui development approvals for each of Parcel 19/20, Parcel 21 and Parcel 22/23.

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

The State Department of Health has advised Petitioner that it is unaware of any air quality monitoring program for West Maui.

10. 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.

To Petitioner's knowledge, this condition has been addressed, as required, by the developer in connection with County of Maui development approvals for each of Parcel 19/20, Parcel 21 and Parcel 22/23. Also, affiliates of Petitioner have entered into an Agreement for Selecting Location of Future Parks Space, dated April 22, 1998, and an Agreement for Implementing Unilateral Agreement Conditions, dated November 3, 1999, with the County of Maui, relating to, among other things, satisfaction of the portion of Condition No. 10 pertaining to parks, as it applies to portions of Parcels 19 and 22 within the Petition Area.

11. Petitioner shall fund and install the necessary number of emergency siren units within the Property to the satisfaction of the Maui Civil Defense Agency and the State Department of Defense.

The State of Hawaii Department of Defense and the County of Maui Civil Defense Agency have advised Petitioner that the State of Hawaii Civil Defense department has a siren adjacent to the South Beach Mauka development area, of which the Petition Area is a part. The State of Hawaii Department of Defense has indicated that the installation of another siren warning system in the area is not required.

12. and 16. Petitioner shall implement effective soil erosion control and dust control measures during all phases of the development.

Appropriate measures for effective soil erosion and dust control measures have been implemented during all phases of the development, in accordance with County of Maui requirements.

13. Petitioner shall immediately stop work and contact the State's Historic Preservation Office should any archaeological resources, such as artifacts, shell, bones, or charcoal deposits, human burial, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property. Should any sites be found, the Petitioner shall formulate an archaeological mitigation plan approved by the State Historic Preservation Division.

To Petitioner's knowledge, this condition has been addressed, as required, by the developer in

connection with development of each of Parcel 19/10, Parcel 21 and Parcel 22/23.

14. Petitioner shall submit a solid waste management plan acceptable to the County of Maui's Department of Public Works and no clearing and grubbing material shall be disposed of within the County's sanitary landfill sites.

Petitioner submitted a solid waste management plan to the County of Maui in 2001. To Petitioner's knowledge, clearing and grubbing material has not been disposed of within the County's sanitary landfill sites.

15. Petitioner shall participate in its pro rata share of park improvements as may be required by and to the satisfaction of the County of Maui's Department of Parks and Recreation.

To Petitioner's knowledge, this condition has been addressed, as required, by the developer in connection with County of Maui development approvals for each of Parcel 19/20, Parcel 21 and Parcel 22/23. Also, affiliates of Petitioner have entered into an Agreement for Selecting location of Future Parks Space, dated April 22, 1998, and an Agreement for Implementing Unilateral Agreement Conditions, dated November 3, 1999, with the County of Maui, relating to, among other things, satisfaction of Condition No. 15, as it applies to portions of Parcels 19 and 22 within the Petition Area.

17. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission in obtaining the reclassification of the Property. Failure to so develop the Property may result in reversion of the Property to its former land use classification.

To Petitioner's knowledge, each of Parcel 19/20, Parcel 21 and Parcel 22/23 has been developed in substantial compliance with the representations made to the Land Use Commission.

18. 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 property, covered by the approved Petition, prior to development of the Property.

All development parcels identified in LUC Docket No. A90-658 have been conveyed for development purposes, as follows: Parcel 21 (16.946 acres) was conveyed to West Maui Development Company LLC on October 29, 1999; Parcel 19/20 (19.243 acres) was conveyed to KM Land Investors, LLC on July 31, 2000; Parcel 22/23 (110.847 acres) was conveyed to South Course Development, LLC on December 11, 2003. Also, the golf course properties within the Petition Area, including Parcel 24, as identified in the Petition materials, were conveyed to Royal Kaanapali Holdings, LLC, and Honoapiilani Holdings, LLC, through foreclosure action, on September 9, 2003. Appropriate notices have been given to the Land Use Commission, as required.

19. Petitioner shall provide annual reports to the Land Use 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.

Petitioner will continue to comply with this condition as required.

20. The Land Use Commission may fully or partially release these conditions as to all or any portions of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Petitioner is aware of this condition.

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