

Takeyama & Sullivan
Attorneys At Law

Jan Naoe Sullivan

Roy Y. Takeyama
Of Counsel

December 3, 1996

Ms. Esther Ueda, Executive Director
Land Use Commission
Room 104, Old Federal Building
355 Merchant St.
Honolulu, Hawaii 96813

Re: Docket No. A92-683
Halekua Development Corporation
Third Annual Progress Report

Dear Ms. Ueda:

Pursuant to your letter dated November 15, 1996, enclosed herewith are 12 copies of Halekua Development Corporation's third annual progress report dated November 5, 1996, that was submitted to your office on November 6, 1996.

Also enclosed are 13 copies of each of the following letters that we have received to date from various agencies commenting on the third annual report:

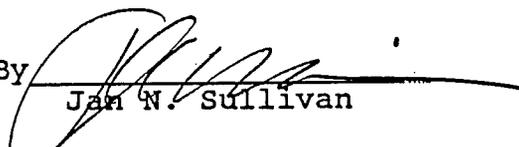
1. Letter from City and County of Honolulu Department of Public Works, dated November 29, 1996
2. Letter from City and County of Honolulu Board of Water Supply, dated November 27, 1996
3. Letter from State of Hawaii Housing Finance and Development Corporation, dated November 18, 1996
4. Letter from State of Hawaii Department of Agriculture, dated November 15, 1996

We will continue to forward agency comments to you as we receive them.

Sincerely,

TAKEYAMA & SULLIVAN

By


Jan N. Sullivan

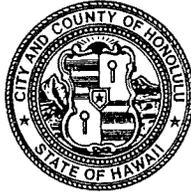
Enclosures

cc: State of Hawaii Office of Planning
City and County of Honolulu Planning Department
Albert Chee, Halekua Development Corporation

Dec 4 2 03 PM '96
LAND USE COMMISSION
STATE OF HAWAII

DEPARTMENT OF PUBLIC WORKS
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 11TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 523-4341 • FAX: (808) 527-5857



JEREMY HARRIS
MAYOR

KENNETH E. SPRAGUE
DIRECTOR AND CHIEF ENGINEER

IN REPLY REFER TO:
96-14-0672

November 29, 1996

Ms. Jan N. Sullivan
Takeyama & Sullivan
1100 Alakea Street, Suite 3110
Honolulu, Hawaii 96813

Dear Ms. Sullivan:

Subject: Your Letter of November 5, 1996, Relating to the Halekua Development Corporation, Royal Kunia Phase II Project, Third Annual Progress Report to State Land Use Commission; Docket No. A92-683, TMK: 9-4-02

We have reviewed Conditions 5, 11, and 16 of the third annual progress report and have no comments this year on Condition 5.

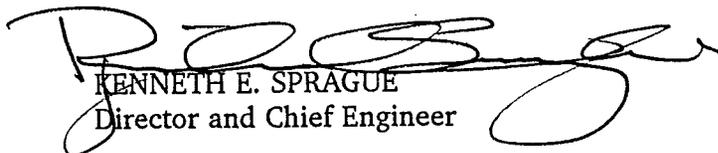
What is the status of Condition 11 to establish systems to control spills? Please direct your response to this question to Mr. Gerald Takayesu of our Storm Water Quality Section, Division of Engineering, at 527-6104.

Coordination of the offsite drainage improvements required by Condition 16 was addressed in the drainage master plan for Royal Kunia Phase II, which was accepted by the Department of Public Works.

Condition 12 should be directed to the Department of Wastewater Management of the City and County of Honolulu. The Department of Public Works no longer controls wastewater treatment, transmission or disposal facilities.

Should there be any questions regarding this matter, please call Jeremy Lee of our Division of Engineering at 523-4731.

Very truly yours,


KENNETH E. SPRAGUE
Director and Chief Engineer

cc: Planning Department

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HAWAII 96843
PHONE (808) 527-6180
FAX (808) 533-2714



JEREMY HARRIS, Mayor
WALTER O. WATSON, JR., Chairman
MAURICE H. YAMASATO, Vice Chairman
KAZU HAYASHIDA
MELISSA Y.J. LUM
FORREST C. MURPHY
KENNETH E. SPRAGUE
BARBARA KIM STANTON

November 27, 1996

RAYMOND H. SATO
Manager and Chief Engineer

Ms. Jan Naoe Sullivan
Takeyama & Sullivan
Attorneys At Law
1100 Alakea Street, Suite 3110
Honolulu, Hawaii 96813

Dear Ms. Sullivan:

Subject: Your Letter of November 5, 1996 Regarding Halekua Development Corporation, Royal Kunia Phase II Project, Third Annual Progress Report to the State Land Use Commission; Docket No. A92-683

The developer has complied with condition 7 which required the coordination of the necessary water source, storage and transmission mains for the subject project.

If you have any questions, please contact Barry Usagawa at 527-5235.

Very truly yours,


RAYMOND H. SATO
Manager and Chief Engineer

BENJAMIN J. CAYETANO
GOVERNOR



ROY S. OSHIRO
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX (808) 587-0800

IN REPLY REFER TO:

96:PPE/4152

November 18, 1996

Ms. Jan Naoe Sullivan
Takeyama & Sullivan
1100 Alakea Street, Suite 3110
Honolulu, Hawaii 96813

Dear Ms. Sullivan:

Re: Halekua Development Corporation, Third Annual Progress
Report to the State Land Use Commission, Docket No. A92-683

Pursuant to your letter of November 5, 1996, we have reviewed the progress reported for Condition No. 1 relating to the provision of affordable housing.

We were not aware that the State Land Use Commission approved a Motion to amend Condition No. 1 to assign affordable housing responsibility to the City and County of Honolulu. Please note, however, that we have been supportive of such an amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Roy S. Oshiro".

ROY S. OSHIRO
Executive Director



BENJAMIN J. CAYETANO
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 So. King Street
Honolulu, Hawaii 96814-2512

JAMES J. NAKATANI
Chairperson, Board of Agriculture

LETITIA N. UYEHARA
Deputy to the Chairperson

Mailing Address:
P. O. Box 22159
Honolulu, Hawaii 96823-2159

FAX: (808) 973-9613

November 15, 1996

Ms. Jan Naoe Sullivan
Takeyama & Sullivan
Attorneys At Law
1100 Alakea Street, Suite 3110
Honolulu, HI 96813

Dear Ms. Sullivan:

Re: Halekua Development Corporation, Royal Kunia
Phase II Project Third Annual Progress Report
to the State Land Use Commission; Docket No. A92-683

We have reviewed the status of Condition No. 19 concerning the agricultural park. The statements made in the report are accurate and reflect the project's current status.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Nakatani".

JAMES J. NAKATANI
Chairperson, Board of Agriculture



Takeyama & Sullivan
Attorneys At Law

Jan Naoe Sullivan

Roy Y. Takeyama
Of Counsel

November 5, 1996

Ms. Esther Ueda, Executive Officer
Land Use Commission
Department of Business, Economic
Development & Tourism
P. O. Box 2359
Honolulu, Hawaii 96804

DEC 4 2 02 PM '96
LAND USE COMMISSION
STATE OF HAWAII

Re: Halekua Development Corporation, Docket No. A92-683
Third Annual Progress Report

Dear Ms. Ueda:

Halekua Development Corporation (the "Petitioner"), by and through its attorney, Jan N. Sullivan, submits this Third Annual Progress Report to the Land Use Commission ("LUC"), the Office of State Planning and the Planning Department of the City and County of Honolulu, pursuant to Condition Number 25 of the Findings of Fact, Conclusions of Law and Decision and Order dated December 9, 1993 (the "Original Decision and Order"), and Condition Number 22 of the Amended Findings of Fact, Conclusions of Law and Decision and Order, dated October 1, 1996 (the "Amended Decision and Order"), in the above-referenced Docket.

I. General Progress of the Project

On June 25, 1996, the Petitioner filed a Motion to Amend the Original Decision and Order, and on July 2, 1996 and September 4, 1996, the Petitioner filed an Amendment to the Motion to Amend and a Second Amendment to the Motion to Amend, respectively (collectively referred to as the "Motion"). The Motion requested that the LUC revise Condition Number 1, the affordable housing condition; delete Condition Numbers 6, 13, and 20 of the Original Decision and Order to allow the development of residential units within the area that had been originally planned for golf course uses; and revise the appropriate Findings of Fact accordingly.

The LUC approved the Motion and issued an Order Granting Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order, dated October 1, 1996.

The Petitioner's application to amend the Development Plan Land Use Map for Increment

3 of the Royal Kunia Phase II project is being processed as part of the 1996 Development Plan Annual Amendment Review Process for Central Oahu. This application was approved by the Planning Commission of the City and County of Honolulu and is pending before the Honolulu City Council. The amendment request covers Increment 3, which is comprised of approximately 157 acres, and requests the redesignation of the land use maps to reflect residential uses in this increment, as opposed to the golf course uses that had been previously anticipated.

The Petitioner's request for the rezoning of Increment 2 of the Royal Kunia Phase II project is currently being processed. The Department of Land Utilization is recommending approval of the request to rezone approximately 106 acres for residential uses, subject to conditions. On October 2, 1996, the Planning Commission of the City and County of Honolulu voted unanimously to approve the Petitioner's rezoning request, and to adopt the Department of Land Utilization's recommendation. The application is currently pending before the Honolulu City Council.

II. Commission Conditions (Pursuant to Amended Decision and Order)

Condition No. 1: Petitioner shall provide affordable housing opportunities for low to moderate income residents of the State of Hawai'i to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing and other provisions for affordable housing shall be under such terms as are mutually agreeable to the Petitioner and the City and County of Honolulu.

The LUC amended the original affordable housing condition and adopted this condition in the Amended Decision and Order to require the Petitioner to provide affordable housing for the Royal Kunia Phase II project to the satisfaction of the City and County of Honolulu. The Petitioner will comply with the City and County's requirements.

Condition No. 2: Petitioner shall fund, design, and construct the local and regional transportation improvements necessitated by the proposed development, on a pro rata basis, and as determined and approved by the State Department of Transportation and the City and County of Honolulu, Department of Transportation Services, including without limitation the dedication of any rights-of-way to the State or County. Petitioner shall also be required to provide the following:

- A. All of the other improvements needed (which will not be provided by the Village Park and Royal Kunia, Phase I projects) to make Kunia Road a 4-lane highway with auxiliary lanes for both left and right turning movements (between Kunia Interchange and the northernmost

boundary or Royal Kunia, Phase II) and a third northbound lane between Kunia Interchange and the north Kupuna Loop intersection.

- B. A report that analyzes the impact of the proposed Phase II project's traffic on the Kunia Interchange and evaluate alternatives that will mitigate the impacts.
- C. Plans for construction work within the State highway right-of-way must be submitted to DOT, Highways Division for review and approval.

Agreement by the State Department of Transportation on the level of funding and participation shall be obtained prior to the Petitioner applying for county zoning.

The Petitioner will contribute its pro rata share towards Kunia Road improvements and other roadway improvements that are required as a result of, and are related to, the development of the Royal Kunia Phase II project.

Condition No. 3: Petitioner, at no cost to the State, shall appoint a permanent transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. In the alternative, Petitioner may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the transportation opportunities that would optimize the use of existing and proposed transportation systems. Either option will continue to be in effect unless otherwise directed by the State Department of Transportation. The program for either option shall be reviewed and approved by the State Department of Transportation prior to implementation. The transportation manager or Petitioner shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to the State Department of Transportation for program review and modification, if necessary.

The Petitioner has complied with this condition by participating as an active member of the Leeward Oahu Transportation Management Association.

Condition No. 4: Petitioner shall monitor the traffic attributable to the proposed Project at on-site and off-site locations and shall undertake subsequent mitigative measures that may be deemed to be required by

Petitioner, the State Department of Transportation, or the City and County of Honolulu. The mitigative measures shall be coordinated with and approved by the State Department of Transportation and the City and County of Honolulu.

When the Project is developed the Petitioner will monitor traffic that is attributable to the Royal Kunia Phase II development, and will work with the DOT and DTS to undertake mitigative measures, if any are required.

Condition No. 5: Petitioner shall cooperate with the State Department of Health and the City and County of Honolulu Department of Public Works to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawai'i Revised Statutes, in accordance with a schedule satisfactory to the Department of Health and the City and County of Honolulu.

The Petitioner will comply with this condition as the development progresses.

Condition No. 6: Petitioner shall contribute to the development, funding, and/or construction of school facilities on a pro rata basis as a result of the development on the Property, as determined by and to the satisfaction of the Department of Education (DOE). Agreement by DOE on the level of funding and participation shall be obtained prior to Petitioner applying for county zoning.

Attached hereto as Exhibit 1 is a letter dated September 26, 1996 by and between the DOE and the Petitioner, outlining the terms of the contribution agreement that has been mutually agreed upon. The Petitioner and the DOE are presently drafting a final formal agreement that will be executed by both parties.

Condition No. 7: 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, Petitioner shall fund and develop the necessary water source, storage, and transmission systems and facilities.

The Petitioner will continue to comply with all requirements of the Honolulu Board of Water Supply and the Department of Land and Natural Resources in obtaining required water for the Project.

Condition No. 8: Petitioner shall participate, on a pro rata basis, in the funding for construction and installation of appropriate civil defense measures as determined by State and City civil defense agencies.

The Petitioner and the State and City civil defense agencies have mutually agreed upon the amount of sirens and the location of the sirens within the Project. Installation of the first sirens are being planned to coincide with the first phase of development. The Petitioner will install sirens and continue to comply with this condition as the development progresses.

Condition No. 9: Petitioner shall erect a chain link fence along the eastern boundary of the Property that is common with the Waikele Branch of Naval Magazine, Lualualei.

The Petitioner will comply with this condition as the development progresses.

Condition No. 10: Petitioner shall clear and maintain the land situated within 20 feet of the eastern boundary of the Property, free of trees and vegetation taller than eight inches high.

The Petitioner will clear and maintain the land situated within twenty (20) feet of the eastern boundary of the Property when development progresses to this portion of the Property.

Condition No. 11: Petitioner shall coordinate with the State Department of Health and the City and County of Honolulu to establish appropriate systems to contain spills and prevent materials, such as petroleum products, chemicals, solvents or other pollutants from leaching into the storm drainage system and adversely affecting the groundwater and coastal waters.

The Petitioner will work with the appropriate State and County agencies to comply with this condition as the development progresses.

Condition No. 12: Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, on a pro rata basis, as determined by the State Department of Health and the City and County Department of Public Works.

The Petitioner will work with the appropriate State and County agencies to comply with this condition as the development progresses.

Condition No. 13: Petitioner shall implement effective soil erosion and dust control measures both during and after construction to the satisfaction of the State Department of Health.

The Petitioner will work with the State Department of Health to comply with this condition as the development progresses.

Condition No. 14: Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

The Petitioner will work with the State Department of Health to comply with this condition as the development progresses.

Condition No. 15: Petitioner shall provide notification to all owners and occupants of the Property of the potential odor, noise, and dust pollution resulting from surrounding Agricultural District lands, and that the Hawai'i Right-to-Farm Act, Chapter 165, Hawai'i Revised Statutes, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

The Petitioner will comply with this condition as the development progresses.

Condition No. 16: Petitioner shall provide drainage improvements for the subject project and shall coordinate off-site improvements with adjoining landowners and developers, and/or other Federal, State, and City agencies.

The majority of the off-site drainage improvements for the petition area have been completed along with the infrastructure for the Royal Kunia Phase I project. Additional drainage improvements will be completed in accordance with the approved Revised Drainage Masterplan.

Condition No. 17: Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property, Petitioner shall immediately stop work on the impacted area and contact the Historic Preservation Division of the State of Hawai'i Department of Land and Natural Resources.

The Petitioner will work with the State Department of Land and Natural Resources and will

comply with this condition during the development of the property.

Condition No. 18: Petitioner shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.

The Petitioner has obtained Development Plan approvals for 2,000 residential units in Increment 1 and Increment 2 of the Royal Kunia Phase II project. A request is currently being processed as part of the City and County of Honolulu's 1996 Development Plan Annual Amendment Review Process, for a revised development plan approval that would allow the same number of residential units to be spread out over a larger land area.

Condition No. 19: Petitioner shall convey the agricultural park to the State of Hawai'i, and provide off-site infrastructure to the agricultural park, pursuant to the terms of the Memorandum of Understanding dated March 30, 1993 entered into by Petitioner and the Department of Agriculture.

The Petitioner and the State Department of Agriculture have been working on a Development Agreement for the agricultural park. The agreement was under review by the Attorney General's Office and has been delayed due to a change in state policy requiring the preparation of a Level II hazardous materials study of the agricultural park site. The Department of Agriculture has been investigating the requirements and time frame for accomplishing an acceptable study.

Condition No. 20: Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Petitioner's or its successor's failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

The Petitioner will continue to comply with this condition as the development progresses.

Condition No. 21: In reliance upon Petitioner's representation that it will develop the Project on his own and in its entirety, the Petitioner shall obtain the prior approval from the Land Use Commission before it can sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property or Project covered by the approved Petition.

Petitioner shall request the prior approval from the Land Use Commission to alter the ownership interest in the Property or Project by filing a motion to

request approval to alter ownership interest and supporting affidavits that will provide relevant information, including without limitation (1) the name(s) and address(es) of the prospective owner(s) or real party(ies) in interest; (2) the reason for the alteration of ownership interest; (3) any information related to any proposed change in the representations made by Petitioner to the Commission and in its Petition filed pursuant to section 15-15-50, Hawai'i Administrative Rules, including without limitation any information pertaining to the financial capabilities of the prospective owner(s) to proceed with the Project as set forth in section 15-15-50(8); and, (4) a written acknowledgement and affirmation of the prospective owner(s) that the prospective owner(s) shall comply with all of the conditions in this Order.

The Petitioner will continue to comply with this condition as the development progresses.

Condition No. 22: Petitioner shall promptly provide without any prior notice, annual reports to the Land Use Commission, the Office of Planning, and the City and County of Honolulu Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed. The annual reports shall summarize: (1) Petitioner's progress in complying with the conditions imposed; and (2) changes to the Project as represented to the Land Use Commission. The annual report shall also include a written statement from each state and county agency affected by these conditions that Petitioner's representations in the annual report related to the respective state or county agency being affected is true and accurate.

This report is being submitted in compliance with this condition. Attached to this report as Exhibit 2 is a copy of a letter requesting agency comments and the written responses that were received in response to the letter.

Condition No. 23: 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.

Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of Planning will certify for itself and all state departments and agencies, and the City and County of Honolulu Planning Department will certify for itself and all county departments and agencies. Any other party to the boundary amendment

proceeding may be asked to indicate whether they concur in the certification of satisfaction.

The Petitioner intends to apply for a full or partial release of these conditions, as appropriate, as the development progresses.

Condition No. 24: Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (1) record with the Bureau of Conveyances a statement to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property; and (2) shall file a copy of such recorded statement with the Commission.

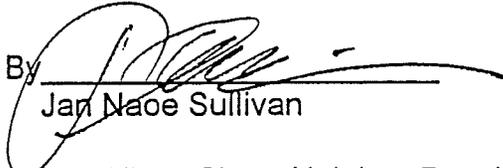
The Petitioner has complied with this condition.

Condition No. 25: Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, Hawai'i Administrative Rules.

The Petitioner has complied with this condition with respect to the Original Decision and Order. The Petitioner is in the process of submitting an Amendment to Declaration of Conditions and Consent to record the amended conditions from the Amended Decision and Order.

Please feel free to contact me at 526-2416 if you have any questions or require clarification.

Very truly yours,

By 
Jan Naoe Sullivan

- cc: Albert Chee, Halekua Development Corporation
Housing Finance and Development Corporation
State Department of Transportation
City and County Department of Transportation Services
State Department of Health
City and County Department of Public Works
State Department of Education
City and County Board of Water Supply
State Department of Land and Natural Resources
State Civil Defense Agency
City and County Civil Defense Agency
U.S. Department of the Navy
State Department of Agriculture



Halekua Development Corporation

2024 N. King St. • Honolulu, Hawaii 96819 • Telephone (808) 848-4241 • Telecopier (808) 848-2344

September 26, 1996

Mr. Lester Chuck
Facilities and Support Service Branch
Department of Education
State of Hawaii
809 8th Avenue
Honolulu, Hawaii 96815

Re: Agreement with Department of Education

Dear Lester:

This letter is being sent to acknowledge our mutual agreement on the contributions that will be required to satisfy all of the Department of Education's requirements for the entire Royal Kunia Phase II project.

We are in agreement on the following terms:

- Halekua will dedicate 12 acres of land within the Royal Kunia Phase II project to the DOE;
- Halekua will make an incremental cash contribution in the total sum of \$500,000, payable in five equal installments and due at the closing of the 1,000th unit, the 1,250th unit, the 1,500th unit, the 1,750th unit, and the last unit of the project.
- An escalation factor will be applied to the balance of the cash contribution that remains to be paid after the 1,400th unit is closed, based on the change in the Consumer Price Index for Honolulu beginning with the 1,401st unit.
- The above terms will satisfy the DOE requirements for the Royal Kunia Phase II project, and DOE will notify the City that the developer and the DOE have agreed upon terms.

Our attorney, Jan Sullivan, is in the process of drafting a formal agreement that will be forwarded to your office for review and approval by the Attorney General's office.

Please counter-sign this letter to acknowledge acceptance of the above mentioned terms and conditions as agreed to between the DOE and Halekua.

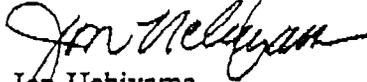
Halekua Development Corporation

Mr. Lester Chuck
September 26, 1996
Page 2

Thank you for your time and attention to this matter.

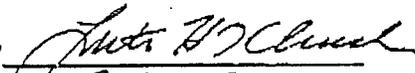
If you have any questions please call me at 848-2272.

Very truly yours,


Jon Uchiyama

ACKNOWLEDGED AND AGREED:

STATE OF HAWAII
Department of Education

By 
Lester H. Chuck
Facilities Director

J-961031

Takeyama & Sullivan
Attorneys At Law

Jan Naoe Sullivan

Roy Y. Takeyama
Of Counsel

November 5, 1996

To: Housing Finance and Development Corporation
State Department of Transportation
City and County Department of Transportation Services
State Department of Health
City and County Department of Public Works
State Department of Education
City and County Board of Water Supply
State Department of Land and Natural Resources
State Civil Defense Agency
City and County Civil Defense Agency
U.S. Department of the Navy
State Department of Agriculture

Re: Halekua Development Corporation, Royal Kunia Phase II Project
Third Annual Progress Report to the State Land Use Commission;
Docket No. A92-683.

To Whom It May Concern:

Attached hereto is Halekua Development Corporation's Third Annual Progress Report to the State Land Use Commission. Condition No. 22 of the Amended Findings of Fact, Conclusions of Law and Decision Order, dated October 1, 1996 in this Docket provides as follows:

Petitioner shall promptly provide without any prior notice, annual reports to the Land Use Commission, the Office of State Planning, and the City and County of Honolulu Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed. The annual reports shall summarize: (1) Petitioner's progress in complying with the conditions imposed; and (2) changes to the Project as represented to the Land Use Commission. The annual report shall also include a written statement from each state and county agency affected by these conditions that Petitioner's representations in the annual report related to the respective state or county agency being affected is true and accurate. (Emphasis added)

November 5, 1996

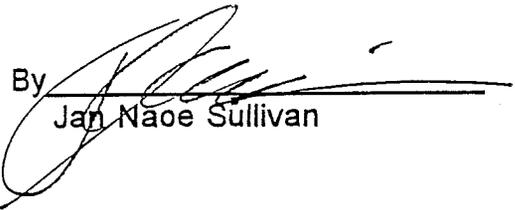
Page 2

This letter is being sent to you in compliance with the above-referenced condition. Please review the attached Third Annual Progress Report and forward your written comments to to this office by December 2, 1996. We will then forward all comments to the State Land Use Commission, as is required by this condition.

Thank you for your cooperation in this matter. Please feel free to call me at 526-2416 if you have any questions.

Very Truly Yours,

By


Jan Naoe Sullivan

Encl.

cc: Ms. Esther Ueda, State Land Use Commission
Mr. Albert Chee, Halekua Development Corporation