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(1921-1988)

November 10, 1994

WRITER'S DIRECT DIAL NUMBER:

(808) 544-3893

HAND DELIVERED

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

Re: 1994 ANNUAL REPORT OF KNUDSEN TRUSTS FOR PORTION OF
KAUAI TAX KEY NO. 2-8-14-19/LUC DOCKET NO. A76-418

LAND USE COMMISSION
STATE OF HAWAII
NOV 10 4 15 PM 1994

Dear Ms. Ueda:

On behalf of First Hawaiian Bank, a Hawaii corporation as Trustee of the Eric A. Knudsen Trust, and Hawaiian Trust Company, Limited, a Hawaii corporation (successor by merger to Bishop Trust Company, Limited), as trustee of the Augustus F. Knudsen Trust (collectively, the "Trusts"), we submit the following 1994 Annual Report to the Land Use Commission in compliance with Condition 9 of the Decision and Order entered in Docket No. A76-418 on July 7, 1977, as amended (the "Decision and Order").

Progress of the Project

The Trusts are the fee simple owners of the land identified by Kauai Tax Key No. 2-8-14-19 (the "Trust Land"). Approximately 457.54 acres of land, including a portion of the Trust Land, were the subject of LUC Docket No. A76-418 brought by Moana Corporation, a California corporation ("Moana"), as the Petitioner. Such portion of the Trust Land (herein, the "Subject Property") and other lands were reclassified to the Urban District by the Decision and Order described above. Attached hereto as Exhibit A is a map which we obtained from your files. The Subject Land is depicted on Exhibit A as "Lands owned by respective Trusts".

The Trusts were not the petitioners in Docket No. A76-418, nor at any time the developer of any portion of the project

Ms. Esther Ueda
Land Use Commission
November 10, 1994
Page 2

contemplated in Docket No. A76-418. Moana or its affiliates were the lessee of the Subject Property and other lands, under that certain Lease (the "Moana Lease") dated July 1, 1978, recorded in the Bureau of Conveyances of the State of Hawaii in Book 13425, Page 474, and also recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 919326.

As of September 30, 1987, the Moana Lease was cancelled as to the Subject Property and the Subject Property was surrendered to the Trusts. On that same date Moana or its affiliate assigned to Sports Shinko (Kauai) Co., Ltd. ("Sports Shinko"), its leasehold interest in approximately 321 acres of land covered by the Decision and Order, and the Trusts sold to Sports Shinko their fee simple interest in such land. You have informed us that Sports Shinko has been filing annual reports as to the land owned by it.

Portions of the Subject Land identified by Kauai Tax Key Nos. 2-8-14-20 and 21 (the "Tennis Center Land") were developed by Moana or its affiliates as a tennis facility. Moana sold its leasehold interest in such land and facility to Kiahuna Investors, Ltd., a California limited partnership, which is the current lessee thereof.

By unrecorded lease (the "Poipulani Lease") dated November 2, 1989, the Trusts leased the Trust Land, including the Subject Property (except the Tennis Center Land) to Poipulani Development Corporation, a Hawaii corporation ("Poipulani"). The Poipulani Lease permitted the development of a golf course and residential houselots. In connection with such permitted use, Poipulani obtained a county zoning amendment for a portion of the Subject Property subject to a number of conditions. (See copy of Kauai County Ordinance No. PM-211-90 which is attached hereto as Exhibit C). Since the Trusts were not the applicant for the zoning amendment, the Trusts do not have sufficient information to confirm the status of satisfaction of the conditions in Ordinance No. PM-211-90.

After Hurricane Iniki, Poipulani defaulted on its lease obligations and the Trusts filed suit in the First Circuit Court to confirm the cancellation of the Poipulani Lease. Such confirmation was obtained by that certain Default Judgment for Damages and Lease Cancellation dated March 8, 1994, filed in Civil No. 93-1621-04.

The Trusts hope to obtain a suitable lease or other development agreement to develop the Subject Property in an orderly manner. However, given the current circumstances on Kauai in the aftermath of Hurricane Iniki, the timing of actual

Ms. Esther Ueda
Land Use Commission
November 10, 1994
Page 3

development is difficult to predict. The Trusts have not made any requests for regulatory approvals.

Conditions of the Decision and Order

Moana reported to the Land Use Commission on the progress of its development and satisfaction of the 9 conditions of the Decision and Order prior to its surrender of the Subject Property. Exhibit B attached hereto are copies of Moana's 1990 annual report to the Land Use Commission regarding the satisfaction of such conditions. We obtained such report from your files. We do not have sufficient information to confirm or deny the accuracy of such report. The Trusts know of no reason to believe that such reports are not accurate.

The Trusts hope that this submission satisfies the Commission's annual report requirement for 1994. If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

CADES SCHUTTE FLEMING & WRIGHT

By



Grace Nihei Kido

Encls.

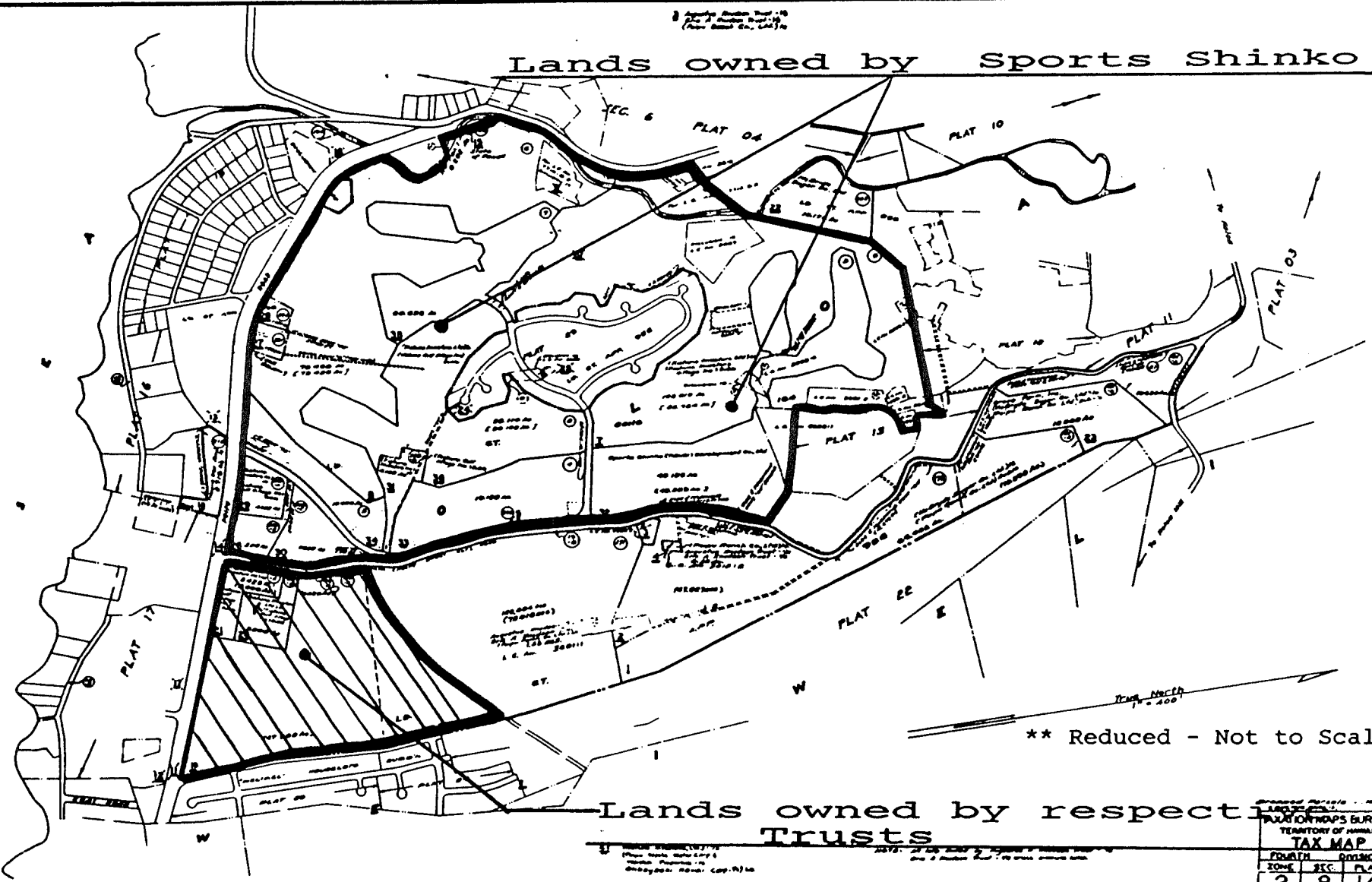
cc: Office of State Planning
County of Kauai Planning Department
Fred Ferguson-Brey, Esq.
Mr. Allan Zawtock

LEGEND:

 - BOUNDARY OF LUC RECLASSIFICATION

P-8-14

Lands owned by Sports Shinko



** Reduced - Not to Scale

Lands owned by respective Trusts

TERRITORY OF HAWAII		
TAXATION MAPS BUREAU		
TAX MAP		
PLAT	SECTION	TRACT
2	8	14
CONTAINING PARCELS		
SCALE: 1" = 400 FT		
DATE:		

EXHIBIT A

2027
M. C. APP. 815 (Am.)
D.T.C. 8-77-C

ATTORNEYS AT LAW
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HAND DELIVERY

LAND USE COMMISSION
STATE OF HAWAII
SEP 14 10 24 AM '90

Ms. Esther Ueda
State of Hawaii
Land Use Commission
Room 104, Old Federal Building
335 Merchant Street
Honolulu, Hawaii 96813

Re: 1990 Annual Report
Docket No. A-76-418/Moana Corporation

Dear Ms. Ueda:

Pursuant to a telephone conversation with Steve Tagawa of your office, we are submitting this supplement to the revised 1990 Annual Report dated September 1, 1990.

Condition:

- 1-4. \$2,000,000.00 contribution to Kauai County for implementation of a county housing program.
- 7. Commission archaeological and biological study on property covered by docket.

Status:

Petitioner made payments amounting to \$9,000,000.00 to Kauai County by check in installments of \$10,000.00 during the three year period from 1984-87. The balance of the contribution was paid by check in October, 1987.

The archaeological and biological study was prepared by Francis Ching in 1980.

EXHIBIT B

September 14, 1990

Page -2-

8. Employment of Kauai contractors and Kauai residents in temporary construction and permanent hotel jobs.

Petitioner contracted with Leal Construction, Greenscape, Inc., and Conrad Murashige for construction work relating to the golf course and golf club house. Petitioner contracted with K. Shioi for construction of shopping center. Each contractor employed Kauai residents. Petitioner did not employ any Kauai residents for hotel positions as Petitioner was not involved in construction of a hotel.

Please be advised that Kiahuna Land Company, successor in interest to Moana Corporation, sold all of its interest in the property covered by the above-referenced docket number to Sport Shinko (Kauai) Inc. in October, 1987. Future requests for annual reports should be directed to Mr. Charlie Ortega c/o Sport Shinko (Kauai) Inc., 2545 Kiahuna Plantation Drive, Koloa, Kauai, Hawaii 96756.

Very truly yours,

Case & Lynch



Stacey W. E. Chong

SWC/dac: 0165T

cc: Frank Supon
Robert Harmon
Dennis M. Lombardi, Esq.

EXHIBIT B

CLASE & LYNCH
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September 1, 1990

Ms. Esther Ueda
Executive Officer
State of Hawaii
Land Use Commission
Room 104, Old Federal Building
335 Merchant Street
Honolulu, Hawaii 96813

Re: Revised 1990 Annual Report
Docket No. A-76-418/Moana Corporation

LANIPISE CORPORATION
STATE OF HAWAII
SEP 4 10 31 AM '90

Dear Ms. Ueda:

Pursuant to the Land Use Commission's request, we are resubmitting the 1990 status report on the property covered by the above-mentioned docket (the "Property") to include a list of the conditions applicable to the Property, pursuant to the Decision and Order dated July 7, 1977, and a brief description of the progress made with respect to each condition.

Condition:

Status:

1-4. (as amended by Order Granting Motion to Amend Conditions, 1, 2, 3, 4, dated 12/13/79) \$2,000,000.00 contribution to Kauai County for implementation of a County housing program.

Satisfied as of October 1, 1987

5. Construction of recreational and other amenities, including golf course and golf course club house.

Satisfied as of October, 1987; 18-hole golf course with cart barn and club house constructed.

EXHIBIT B

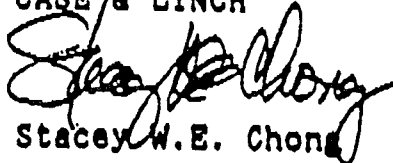
6. Dedication of 20 acres of land makai of Poipu Beach Road and abutting Poipu Beach Park for expansion of the park. Satisfied as of October 1, 1987
7. (As amended by Decision and Order on Motion to Amend Condition No. 7 dated 7/13/78) Commission archaeological and biological study on property. Satisfied prior to construction of golf course.
8. Employment of Kauai contractors reasonably competitive with other contractors and Kauai residents in temporary construction and permanent hotel jobs. Satisfied
9. (As amended by Order Granting Motion to Amend Condition No.9 dated 12/13/79) Completion of 300 multi-family residential units, and an appropriate portion of commercial complex and recreational amenities. 90 units completed and sold; 35,000 sq. ft. shopping village constructed and road and utilities installed.

Based on the foregoing, Condition No. 9 is the only condition which remains outstanding. As to this condition, the portion of the Property designated for the construction of the multi-family residential units has been sold to Sports Shinko (Kauai) Co. Ltd. We suggest that future requests for annual reports be directed to this company.

If you have any questions or need further information, please do not hesitate to call.

Very truly yours,

CASE & LYNCH


Stacey W.E. Chong

SWC/dim/9667P
cc: Robert Harmon
Frank Supon
Dennis M. Lombardi, Esq.

EXHIBIT B

A BILL FOR AN ORDINANCE AMENDING CHAPTER 8,
KAUAI COUNTY CODE 1987, RELATING TO
ZONING DESIGNATION IN POIPU, KAUAI
(Poipulani Development Corporation)

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUAI, STATE OF HAWAII:

SECTION 1. The zoning designation for that certain area in Poipu, Kauai, identified as TMK: 2-8-14: Por. 19 Lot 171 and 198-A, as shown on Zoning Map ZM-PO 300 and on the map attached hereto and incorporated herein as Exhibit ZA-90-9, is hereby amended from "Residential Districts (R-6) and (R-10)" to "Open District (O)," subject to the following conditions:

1. With respect to access the applicant shall comply with the conditions imposed in Ordinance No. PM-200-90 and Ordinance No. PM-201-90.
2. The applicant shall conduct an archaeological study of the entire project area involving the proposed golf course and residential subdivision. Such study shall comply with the conditions imposed in Ordinance No. PM-200-90 and Ordinance No. PM-201-90.

For all sites to be preserved, a buffer zone and barrier utilizing wooden or metal poles at least 5 ft. high, painted in a bright orange or yellow color with either rope, chain or fencing connecting the poles, shall be established and constructed prior to any grading or grubbing of the site. The adequacy of said barrier(s) shall be field checked by the Planning Department.

3. No night usage of the driving range shall be permitted.
4. A landscaping master plan shall be submitted to the Planning Department for review and approval prior to building permit approval.
5. The applicant and landowner shall work with the State of Hawaii and the County of Kauai to accept the effluent generated from the 66 acre State parcel for irrigation purposes on the golf course.
6. Other concerns and requirements of the State Health Department, State Highways Division, County Public Works, Water, and Fire Departments shall be resolved or met with the respective agency(ies).
7. Within six (6) months after the County Council's approval of the subject petition, the applicant shall file a petition with the State Land Use Commission to reclassify the golf course from Agricultural to Urban District.
8. The applicant shall contribute its pro-rata share towards the planning, design, and construction cost which will be incurred in conjunction with the by-pass road as specified in Ordinance No. PM-200-90 and Ordinance No. PM-201-90.

9. The applicant is advised that prior to and/or during construction and use, additional government agency conditions may be imposed. It shall be the applicant's responsibility to resolve those conditions with the respective agency(ies).

SECTION 2. The Planning Commission is directed to note the change on the official Zoning Map ZM-PO 300 on file with the Commission. All applicable provisions of the Comprehensive Zoning Ordinance shall apply to the area rezoned herein.

SECTION 3. This ordinance shall take effect upon its approval.

INTRODUCED BY: /s/ JAMES TEHADA
(By Request)

Date of Introduction;


May 23, 1990
Lihue, Kauai, Hawaii

CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 1345, Draft 2 which was passed on second and final reading by the Council of the County of Kauai at its meeting held on June 27, 1989, by the following vote:

FOR ADOPTION:	Fukushima, Kouchi, Munechika, Santos, Tehada, Correa	TOTAL - 6,
AGAINST ADOPTION:	Asing	TOTAL - 1,
EXCUSED & NOT VOTING:	None	TOTAL - 0.

June 27, 1990

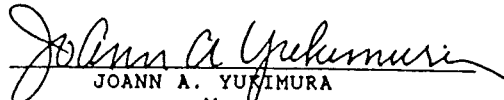

Jerome Y.K. Hew
County Clerk, County of Kauai

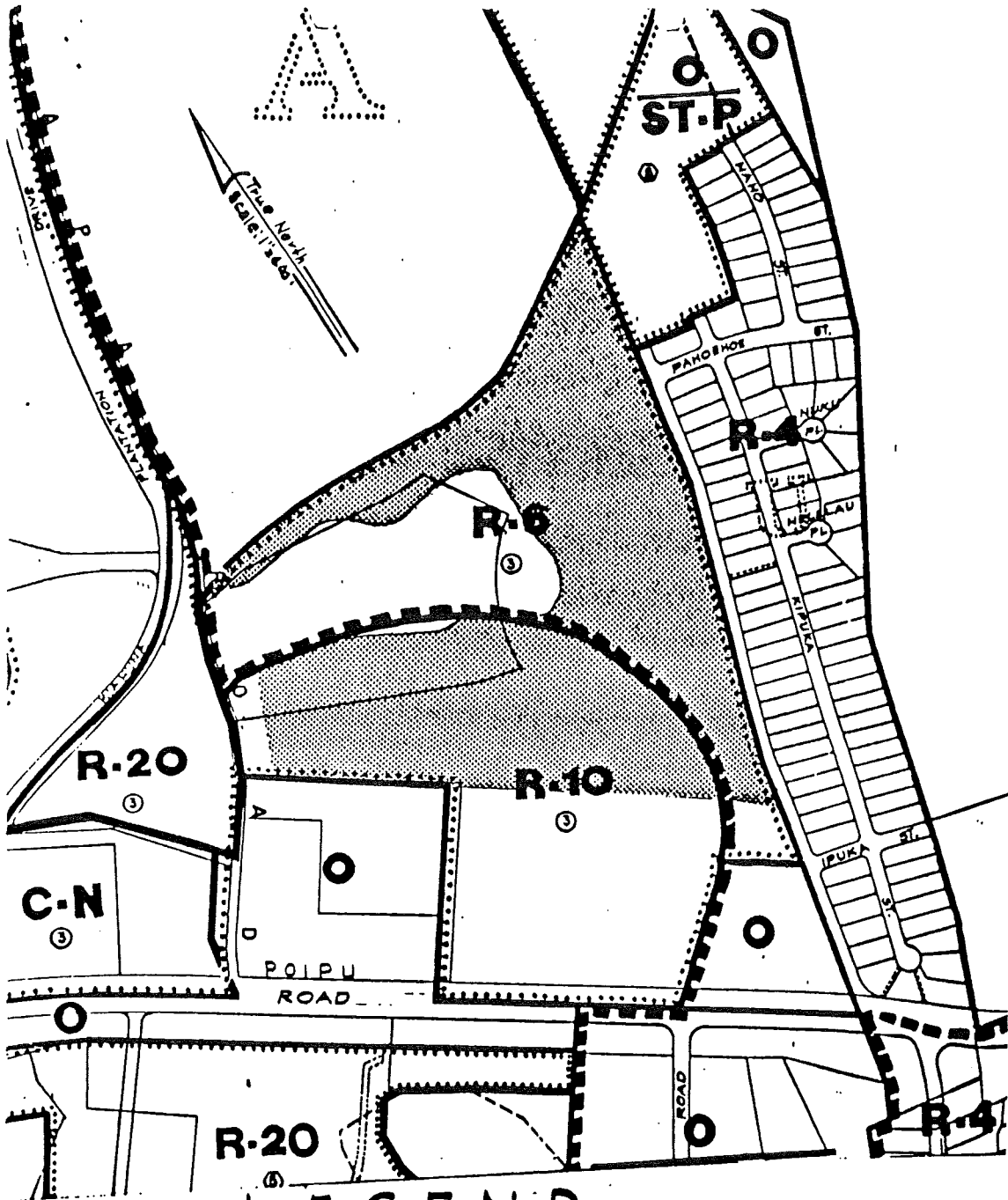
ATTEST:


MAXINE CORREA
CHAIRPERSON & PRESIDING OFFICER

DATE OF TRANSMITTAL TO MAYOR:

Approved this 16th day of
July, 1990.


JOANN A. YUFIMURA
Mayor
County of Kauai



LEGEND

■ subject site

LOCATION SHOWING
 PROPOSED AMENDMENT TO ZONING MAP ZM-PO-300
 FROM
 RESIDENTIAL DISTRICT (R-6 & R-10) TO OPEN DISTRICT
 TAX KEY: 2-8-14; POF. 19
 POIPU, KAUAI

ZA-90-6