



ORIGINAL

W.H. SHIPMAN, LIMITED

KEAAU
HAWAII ISLAND

October 8, 1996

Ms. Esther Ueda
Executive Officer
Land Use Commission
State of Hawaii
P.O. Box 2359
Honolulu, HI 96804

Re: 1996 Annual Progress Report
LUC Docket No. A84-570
W.H. Shipman, Limited

OCT 10 10 26 AM '96
LAND USE COMMISSION
STATE OF HAWAII

Dear Ms. Ueda:

We apologize for the lateness of this report. We incorrectly understood that once the County and LUC final approvals were met and we received final approval, no more reports were necessary.

General Progress of Project

The market for industrial properties, and the economy in general, particularly in East Hawaii is very, very slow. We have reduced the price of our lots by 25% and offered financing incentives, to no avail. It is our belief that buyers are "spooked" by all the plantation closings and general slowness of business and have decided to sit on the sidelines and wait until times are better when they, presumably, will purchase or build on their lots.

While we did receive preliminary approval to install traffic lights at the intersection of the Industrial Park's main road and the Volcano Highway, work has not commenced. Commencement has been slowed because of final approvals have not been received, and the contractor who

was to do the work, in return for a lot in the park, is experiencing hard times and cannot undertake the project until the economy improves.

Further, Phase 1-D has been completed with the exception of the power poles and street lights, but these last items of work have not gone forward because of the slowness of lot sales.

Those buyers/tenants presently in the park continue to conduct business and we receive good comments about the condition of the park. While we continue to market the lots and do have some current interest, we expect that it will be some time before our back log of finished lots is sold or leased.

Conditions and efforts to comply

Condition 1: Petitioner shall coordinate with the County of Hawaii and the State Department of Health regarding the establishment of appropriate systems to contain spills and prevent materials associated with industrial uses such as petroleum products, chemical or other pollutants, from adversely affecting the ground water.

Response: As mentioned in earlier reports, we recorded an additional amendment to the Covenants using language recommended by the State Health Department requiring improvements by each lot owner to mitigate against ground water contamination. To our knowledge, all of our purchasers/lessees have complied with these requirements for groundwater protection.

Condition 2: Petitioner shall comply with the requirements of the State Department of Health and the County of Hawaii Department of Public Works with respect to the installation of the projects sewage system.

Response: To our knowledge all buyers/lessees have complied and have approved sewage systems.

Condition 3: Storage and/or disposal of hazardous wastes shall be approved by the Department of Health prior to their establishment on the Property.

Response: To our knowledge all buyers/lessees are complying with this.

Condition 4: Petitioner shall complete the proposed project in substantial compliance with the representations made before the Land Use Commission. Failure to so develop the Property may result in reversion of the Property to its former land use classification, or change to a more appropriate classification.

Response: We will continue to develop the Property in substantial compliance with our representations before the Land Use Commission.

Condition 5: Petitioner shall provide annual reports to the Land Use Commission, the Office of State Planning, and the County of Hawaii Planning Department in connection with the status of the subject property and the Petitioner's progress in complying with the conditions imposed.

Response: We will continue to provide annual reports. We are sorry that this one is late.

Condition 6: The Land Use Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Response: We have not asked for any release.

Condition 7: The conditions imposed by the Land Use Commission shall be recorded with the Bureau of Conveyances and Land Court of the State of Hawaii, if applicable, pursuant to Section 15-15-92, H.A.R.

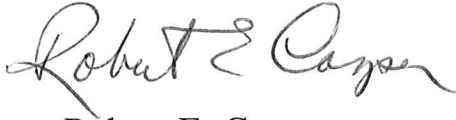
Response: These have been recorded, as mentioned in earlier reports.

Condition 8: Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances or Land Court of the State of Hawaii, whichever is appropriate, 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 (b) shall file a copy of such recorded statement with the Commission.

Response: This was done, as mentioned in earlier reports.

Again, we are sorry about the lateness of this report.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Cooper". The signature is written in a cursive style with a large, stylized initial "R" and "C".

Robert E. Cooper
President

CC Office of Planning
Planning Department, County of Hawaii