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LETTER OF TRANSMITTAL

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

DATE: August 24, 2010

RE: Maui Lani 100, LLC
Docket No. A04-754

☒ Mailed ☐ Hand Delivered ☐ DHL Courier

THE FOLLOWING IS (ARE) TRANSMITTED HEREWITH:

<u>COPIES</u>	<u>DATE</u>	<u>DESCRIPTION</u>
Orig & 1	08/24/10	Fifth Annual Report by Maui Lani Village Center, Inc., successor in interest to Maui Lani 100, LLC (in the form of a letter)
1	--	Stamped, self-addressed envelope

☐ For Your Information	☐ For Review and Comment
☐ For Your Files	☒ For Necessary Action
☐ Per Your Request	☐ For Signature and Return (Black Ink)
☐ Per Our Conversation	☒ See Remarks Below

REMARKS: We have also enclosed an extra copy of the report. Please file-stamp this extra copy and return it to me in the enclosed self-addressed, stamped envelope. A PDF copy of this report will also be sent to your office via email. Thank you.

By

Blaine J. Kobayashi
Blaine J. Kobayashi/mmi

Enclosure(s)

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LAND USE COMMISSION
STATE OF HAWAII

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August 24, 2010

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

LAND USE COMMISSION
STATE OF HAWAII
2010 AUG 25 A 8-08

Re: LUC Docket No. A04-754
Fifth Annual Report by Maui Lani Village Center, Inc.,
Successor in Interest to Maui Lani 100, LLC
TMK (2) 3-8-007:151 (formerly 3-8-007:131 (portion))

Dear Mr. Davidson:

This firm represents Maui Lani Village Center, Inc. ("MLVC"), a Hawaii corporation and successor in interest to Maui Lani 100, LLC, a Hawaii limited liability company ("ML 100"). MLVC and ML 100 are related entities and shall sometimes be collectively referred to as "Petitioner".

A Findings of Fact, Conclusions of Law, and Decision and Order for a State Land Use District Boundary Amendment in Land Use Commission Docket No. A04-754 was filed on September 15, 2005 ("Decision & Order"), reclassifying approximately 59.6 acres in the State Land Use Agricultural District at Wailuku, Maui, Hawaii, identified as Tax Map Key (2) 3-8-007:131 (por.) to the State Land Use Urban District ("Subject Property"). In compliance with Condition No. 17 of the Decision & Order, MLVC hereby submits this fifth annual report.

Successor in Interest to Maui Lani 100, LLC.

As previously reported to you, by Limited Warranty Deed and Assumption of Mortgages dated July 11, 2008 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2008-111998, ML 100 conveyed all of its interest in Lot 11-D-1-A-1-B, area 103.874 acres, and Lot 11-D-1-A-1-F, area 12.964 acres, to MLVC, a copy of which was previously provided to the Commission.

By Reciprocal Quitclaim Deed dated January 23, 2009 and recorded in said Bureau of Conveyances as Document No. 2009-013557, Lot 11-D-1-A-1-B-1, Lot 11-D-1-A-1-B-2, Lot 11-D-1-A-1-B-3 and Lot 11-D-1-A-1-F-1 of the Maui Lani (Large-Lot) Subdivision No. 7 was conveyed to MLVC, a copy of which was previously provided to the Commission.

The Subject Property was formerly a portion of Lot 11-D-1-A-1-B and is now portions of Lot 11-D-1-A-1-B-1 and Lot 11-D-1-A-1-B-2 and designated as TMK (2) 3-8-007:151 (portions).

General Progress of the Project.

On December 9, 2008, Project District Phase II approval was granted by the Maui Planning Commission for Maui Lani's Village Mixed Use ("VMX") District to include the VMX (C-R) and VMX (R) subdistricts of the Subject Property that were rezoned from the "Agricultural" district to 'Wailuku-Kahului Project District 1' in 2006, and subsequently received the Maui County Council's approval of the change in zoning and amendment of the Wailuku-Kahului Community Plan to include the Project.

Bonded final subdivision approval was obtained from the County on August 27, 2009 for the 75 lot Maui Lani Village Center Subdivision, which is the small lot subdivision for the VMX Commercial/Residential subdistrict. Final Construction Plan Approval was granted by the County on June 24, 2009. Final construction of subdivision improvements including utilities, roadways and landscaping was completed in March 2010. Construction of three new buildings within the VMX (C-R) subdivision is underway, and several other buildings are in the permit process. Construction of the extensions of Kuikahi Drive and Maui Lani Parkway which provide the basic utility infrastructure and access for the Petition Area are complete and were opened to the public on June 8, 2010.

Report on Compliance with Conditions Imposed by Commission.

Condition 1: Affordable Housing. The Petitioner shall develop the Project to meet the County of Maui's affordable housing guidelines; provided, however, that at least 51% of the Project's residential units shall be priced to be affordable to families earning between 80% to 140% of the County of Maui's annual median income. The location and distribution of the affordable housing and other provisions for affordable housing shall be under such terms and conditions as may be mutually agreeable to Petitioner and DHHC. Petitioner shall provide the Commission with an executed copy of the affordable housing agreement entered into with DHHC.

Response: Petitioner entered into an affordable housing agreement with DHHC, a copy of which was previously provided to the Commission. The Project has been, and will continue to be, developed in accordance with said agreement.

Condition 2: Public School Facilities. Petitioner shall work with the DOE relative to any fair share contributions to mitigate the impacts of the Project on public school facilities. Terms of the fair share contribution shall be agreed upon in writing by the Petitioner and the DOE prior to obtaining County re-zoning of the Petition Area.

Response: Petitioner entered into an agreement with the DOE relative to fair share contributions to mitigate the impacts of the Project. A copy of the agreement with the DOE was previously provided to the Commission.

Condition 3: Traffic Impact Mitigation. Petitioner shall extend Kuikahi Drive between Waiale Road and future Maui Lani Parkway as a two-lane roadway, construct Maui Lani Parkway between Kuikahi Drive and Kamehameha Avenue as a two-lane roadway, and extend Kamehameha Avenue between Maui Lani Parkway and the southern boundary of Maui Lani Project District as a two-lane roadway. Petitioner shall monitor the Kuikahi Drive/Waiale Road intersection, and the Project's accesses on Maui Lani Parkway and Kuikahi Drive Extension; Petitioner shall signalize said areas when warranted. Petitioner shall also monitor the Waiale Road/Olomea Street intersection, the Waiale Road/Waiinu Street intersection, the Kuihelani Highway/Maui Lani Parkway intersection, and the Maui Lani/Kamehameha Avenue intersection, and shall pay its pro-rata share of the signalization of said intersections when warranted. Petitioner shall coordinate with adjoining developers to implement intersection improvements at Honoapiilani Highway and Kuikahi Drive, and Kaahumanu Avenue and Maui Lani Parkway at no cost to DOT. Petitioner shall install necessary intersection improvements, including signalization when warranted, initially for the two-lane, and ultimately for the four-lane, Maui Lani Parkway/Kuihelani Highway intersection.

Response: Construction of the extensions of Kuikahi Drive between Waiale Road and future Maui Lani Parkway as a two-lane roadway, and of Maui Lani Parkway between Kuikahi Drive and Kamehameha Avenue as a two-lane roadway have been completed and were opened to the public on June 8, 2010. Signalization of the Waiale Road/Kuikahi Drive intersection was completed prior to the opening of the new roadways to the public, and signalization of the Kuihelani Highway/Maui Lani Parkway intersection was completed in January, 2010. Monitoring of the existing intersections within the Maui Lani Project District as well as certain intersections outside the Maui Lani Project District at Waiale Road/Olomea Street, Waiale Road/Waiinu Street, and Honoapiilani Highway/Kuikahi Drive was completed and reported to the County Department of Public Works on May 1, 2009. A similar report is to be completed in the third quarter of 2010. Petitioner continues to comply with the Maui Lani Master Roadway Agreement, dated June 3, 2003, executed with the Department of Public Works and Environmental Management.

Condition 4: **Hawai'i Right to Farm Act.** Petitioner shall notify all prospective buyers and/or lessees of the Petition Area that the Hawai'i Right to Farm Act, chapter 165, HRS, limits the circumstances under which pre-existing farm activities may be deemed a nuisance.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 5: **Notification of Potential Nuisances.** Petitioner shall notify all prospective buyers and/or lessees of the Petition Area of potential odor, noise, and dust pollution resulting from adjacent agricultural uses.

Response: Petitioner understands its obligation, and will comply with this condition. All prospective buyers have been notified.

Condition 6: **Drainage Improvements.** Petitioner shall fund the design and construction of drainage improvements required as a result of the development of the Petition Area to the satisfaction of appropriate State and County agencies.

Response: Petitioner has completed all drainage improvements required to serve the Petition Area in accordance with State and County standards and requirements.

Condition 7: Water Service. Petitioner and its affiliate, Maui Lani Partners, shall construct 3 new wells which will draw water from the Kahului Aquifer to supplement DWS's source supply and will provide potable water supply for the Project in accordance with the terms and conditions of the Right-of-Entry Agreement between Maui Lani Partners and the County of Maui dated April 22, 2005, (Petitioner's Exhibit "40"). In the event contaminants are found, Maui Lani Partners shall remedy said contamination in accordance with, and for the term of, the Right-of-Entry Agreement. If any or all of the 3 wells cannot be developed to provide the potable water supply for the Project, Petitioner shall fund adequate water source, storage and transmission facilities and improvements to accommodate projected water use generated by the Project to the satisfaction of the DWS.

Response: Petitioner completed drilling, testing and construction of the three (3) new wells including the well control buildings, pumps, and control systems. The complete new water system was turned over to the Maui County Department of Water Supply for operation on August 6, 2010.

Condition 8: Best Management Practices. Petitioner shall implement Best Management Practices ("BMPs") to reduce or eliminate soil erosion and groundwater pollution, and implement dust control measures during the development process in accordance with the DOH's guidelines.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 9: Wastewater Facilities. Petitioner shall fund and develop on-site wastewater transmission facilities to transport wastewater from the Project to appropriate County of Maui wastewater transmission and treatment facilities to the satisfaction of the DPWEM and the DOH. Petitioner shall pay a pro-rata share of off-site sewer improvements as determined by the County of Maui.

Response: Petitioner has completed construction of the wastewater transmission lines within the regional roadways serving the Petition Area as well as those within the VMX (C-R) subdivision to the satisfaction of the Department of Environmental Management ("DEM"), formerly a part of the Department of Public Works and Environmental Management ("DPWEM"), and DOH.

Condition 10: Solid Waste. Petitioner shall comply with solid waste disposal as required by the DPWEM.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 11: Precautions Relating to Proximity of Closed Waikapu Landfill. With regard to that part of the Petition Area which is adjacent to the County of Maui's closed Waikapu landfill ("Landfill"), Petitioner shall:

a) Establish a residential buffer of 300 feet from the boundary of the Landfill to reduce the risk that any potential release (whether combustible gas, odor or other nuisances) may affect the Project. Within this buffer area, activities will be restricted to parking, roadway, other infrastructural uses, and open space. Commercial development activity (restricted to VMX uses as allowed by the County) may be allowed in the buffer area. To mitigate the potential of combustible gas migration on to the Petition Area, the Petitioner at its sole cost and expense, will install gas monitoring wells along the property line of the Petition Area adjacent to the Landfill with periodic inspections conducted by the Petitioner, its successors and assigns (including the Project's homeowner associations) and the findings reported to the appropriate County of Maui agency and the DOH. The frequency of inspections shall be determined by agreement of the appropriate County of Maui agency, the DOH and the Petitioner, its successors and assigns (including the Project's homeowner associations);

Response: Petitioner understands its obligation, and will comply with this condition. Petitioner has installed, with County approval as to design, location and number, a gas monitoring well at the property line of the Petition area adjacent to the Landfill. No evidence of combustible gas was detected. By agreement with the County's DEM, monitoring will be conducted on a quarterly basis.

b) Grant a 30-foot wide easement within the Petition Area (where it abuts the Landfill) to the County of Maui to ensure that the County of Maui may appropriately monitor the northern boundary of the Landfill for settlement, runoff, maintenance, and other purposes related to health and safety. Such access should permit the movement of emergency or other vehicles by the County of Maui as the need may arise and may also serve to accept and appropriately contain any runoff from the Landfill;

Response: A 30 foot wide easement was granted to the County on November 26, 2008. Pursuant to a Right of Entry Agreement of the same date, Petitioner completed grading and access improvements along the northern boundary of the Landfill in June, 2009. This was followed by further structural stabilization and grassing of the Landfill's northern slope by the County Division of Solid Waste Management, completed in September 2009 to prevent any possible settlement or erosion.

c) Evaluate the potential risk of air being introduced into the Landfill from sand mining operations, propose appropriate and feasible mitigative actions for review and comment by the DOH and the appropriate County of Maui agency, implement a mitigation program approved by the DOH and the appropriate County of Maui agency, and provide an update in Petitioner's annual report to the Commission;

Response: Petitioner has ceased sand mining activities in the vicinity of the Landfill.

d) Submit an initial report describing the implementation of Petitioner's mitigation program. Thereafter, Petitioner shall immediately report to the Commission, the DOH, and the County of Maui any instances where the integrity of the boundary between the Petition Area and the Landfill has been compromised and its response. The report detailing mitigation measures relating to the Landfill shall be updated and described in Petitioner's annual report to the Commission; and

Response: Grading work to reduce the steepness of slope of the northern slope of the Landfill was reviewed by an independent engineer for the County and implemented under his recommendations to include special inspection and monitoring by a professional engineer selected by the County.

e) Record a deed restriction on the Petition Area which: (1) provides notice to all purchasers of residential or commercial property that the adjacent property is a closed landfill and (2) prohibits any construction or activity within the Petition Area that would compromise the integrity of the landfill cap or permit air or water to access the Landfill.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 12: Energy Conservation Measures. Petitioner, where feasible, shall implement energy conservation measures, such as use of solar energy and solar heating and incorporate such measures into the Project.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 13: Civil Defense. Petitioner shall provide its fair share of the cost of adequate civil defense measures serving the Petition Area as determined by the State of Hawai'i Department of Defense, Office of Civil Defense, and County of Maui Civil Defense Agency.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 14: Unidentified Archaeological Finds. If any burials, archaeological or historic sites such as artifacts, marine shell concentrations, charcoal deposits, or stone platforms, pavings or walls which have not been identified in the Project's Archaeological Monitoring Plans (Petitioner's Exhibit 16) are discovered during the course of construction of the Project, then all construction activity in the vicinity of the discovery shall stop until the issuance of an archaeological clearance from the SHPD that mitigative measures have been implemented to its satisfaction.

Response: Petitioner continues to coordinate all work involving earth altering activities with SHPD in accordance with approved archaeological monitoring plans.

Condition 15: Notice of Change to Ownership Interests. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Petition Area, prior to development of the Petition Area.

Response: ML 100 informed the Commission of the change in ownership interests in the Petition Area in its fourth annual report dated September 16, 2009.

Condition 16: Compliance with Representations to the Commission. Petitioner shall develop the Petition Area in substantial compliance with representations made to the Commission. Failure to so develop the Petition Area may result in reversion of the Petition Area to its former classification, or change to a more appropriate classification.

Response: Petitioner understands its obligation, and will comply with this condition.

Condition 17: Annual Reports. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of Planning, and the County in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission and should be submitted within 1 year of the date of the Decision & Order and annually thereafter.

Response: Petitioner understands its obligation and will comply with this condition.

Condition 18: Release of Conditions. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Petition Area upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Response: Petitioner understands that the Commission may fully or partially release the conditions provided herein.

Condition 19: Notice of Imposition of Conditions. Within 7 days of the issuance of the Commissions Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Petition Area is subject to conditions imposed herein by the Land Use Commission in the reclassification of the Petition Area, and (b) shall file a copy of such recorded statement with the Commission.

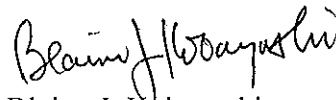
Response: Petitioner recorded a Notice of Imposition of Conditions with the Bureau of Conveyances of the State of Hawaii pursuant to Section 15-15-92 Hawaii Administrative Rules, and previously provided a copy of the recorded document with the Commission.

Condition 20: Recordation of Conditions. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, HAR. A copy of the recorded conditions shall be submitted to the Commission.

Response: Petitioner recorded a Declaration of Conditions with the Bureau of Conveyances of the State of Hawaii, and previously provided a copy of the recorded document with the Commission.

We hope this annual report sufficiently apprises the Land Use Commission of the present status of the Subject Property. Should you need more information, please do not hesitate to contact the undersigned. Thank you for your consideration of this matter.

Sincerely,


Blaine J. Kobayashi

BJK/mmi

cc: Abbey Seth Mayer, Administrator, Office of Planning
Abc Mitsuda, Office of Planning, Land Use Division
Bryan C. Yee, Esq., Deputy Attorney General
Kathleen Ross Aoki, Planning Director, County of Maui