

Grove Farm Properties, Inc.

June 6, 1990

LAND USE COMMISSION
STATE OF HAWAII
JUN 8 12 27 PM '90

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

DECLARATION OF LAND USE COMMISSION CONDITIONS

In compliance with the Declaration of LUC Condition No. 12, Grove Farm Properties, Inc. submits the following annual report.

Subsequent to the State Land Use Commission's decision on June 15, 1989 granting re-districting of 480 acres in the Lihue/Puhi Project District, the Kauai County Planning Commission approved the project on December 14, 1989. The Kauai County Council granted zoning on February 28, 1990 and the Mayor signed the bill for an ordinance on March 13, 1990. The following major efforts have been initiated and are in progress:

1. We have concluded the search of an experienced developer to assist in meeting the requirements for providing affordable housing in accordance with the State and County guidelines regarding the number of units, mix and price schedules. The project will be implemented in three phases totaling over 700 units of single- and multi-family dwellings. Mapping, topographic survey, soils investigation and preliminary engineering have been initiated.
2. Preliminary engineering for all major roadways and utilities has been started. This effort will provide engineering controls necessary to begin and complete each parcel independently to meet requirements of the total development plan.
3. Preliminary investigation and engineering have begun for a proposed wastewater treatment facility to provide capacities for the project district as well as expansion capabilities for possible future sewerage of certain existing subdivisions.

A subsidiary of



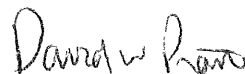
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4. To prepare the entire project district for development, we have engaged a land surveyor to provide mapping and surveying services.
5. To insure stability of lands to be improved, a soils engineer has been retained to provide soils and foundation analysis.
6. We are in constant communication with the various agencies of government and utility companies in order to meet their requirements.
7. We will address the following in the near future:
 - a. preparation of a preservation plan;
 - b. covenants will be prepared to notify all occupants of potential odor, noise and dust pollution;
 - c. construction activities will be closely monitored to mitigate air pollution and water soil erosion.
8. With reference to item no. 1 on affordable housing, we will also proceed with Parcel 11, a 27.6-acre single-family subdivision.

The above report represents the first annual report. We trust it meets the requirements set forth in Condition No. 12 of the Declaration.

GROVE FARM PROPERTIES, INC.



David W. Pratt, President
and Chief Executive Officer

HT/ac

cc: Mr. Dennis M. Lombardi
Mr. Harold Matsumoto
Mr. Peter Nakamura