

October 4, 2011

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

Subject: 2011 Annual Report for the State Land Use Commission
Docket No. A98-725/A&B Properties, Inc.- Spreckelsville Mauka

Dear Mr. Davidson:

This constitutes A&B Properties, Inc.'s ("A&B") 2011 annual report for the subject Spreckelsville Mauka project.

Project Background and Status

By its Decision and Order dated July 14, 1999, the State Land Use Commission (SLUC) granted approval of A&B's petition to reclassify approximately 212 acres from the "Agricultural" to the "Urban" land use district at Spreckelsville, Maui. Approval of the petition was subject to 25 conditions. The development of the subject property was planned to include a single-family residential subdivision of approximately 400 lots, a nine-hole golf course addition to the current nine-hole Maui Country Club and a neighborhood park.

Subsequent to the SLUC's approval in July 1999, entitlement efforts focused on the Wailuku-Kahului Community Plan update with the County of Maui. In September 2001, as part of its deliberation on the Wailuku-Kahului Community Plan update, the Maui County Council's Planning Committee concluded as follows:

"Your Committee was not necessarily opposed to the Maui Country Club Expansion; the project had merit in the area of affordable housing and gap group housing. However, your Committee felt that having the project go through an individual community plan amendment would give the public more opportunities to provide input into the project plans, and would ensure that an environmental assessment is prepared before approvals are given." (Excerpt from Planning Committee Report No. 01-199 relating to the subject project.)

In compliance with the Planning Committee's recommendation, a separate community plan amendment will be sought for the project. However, the County of Maui General Plan requires that a General Plan update process be undertaken prior to commencement of the next decennial Wailuku-Kahului community plan update. As a result, the community plan update has been delayed.

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The General Plan update process involves the preparation and review of a Maui Island Plan by the General Plan Advisory Committee (GPAC), the Maui Planning Commission and the Maui County Council. The draft Maui Island Plan was issued in April 2008 by the Maui Planning Department and subsequently reviewed by the GPAC and the Maui Planning Commission. The draft Maui Island Plan is currently before the County Council for review. It is currently estimated that the County Council will act on the plan sometime in late 2011 or 2012. A&B has been an active participant in the General Plan update process.

In response to concerns raised regarding traffic in the Paia region, A&B worked proactively to develop an interim bypass road to help alleviate traffic during the afternoon peak period. The road allows eastbound vehicles on Hana Highway that are headed to Baldwin Avenue to bypass Paia Town. A&B provided the land and contributed in excess of \$200,000 toward the design and construction of the roadway, which opened for use in July 2006. The bypass road has significantly improved eastbound rush hour traffic flow along Hana Highway. In response to public demand, the road was permanently opened to traffic in May 2011. This road project was coordinated with the applicable State and County transportation agencies, as well as the surrounding community. The State Department of Transportation has also commenced evaluation of the alignment of a permanent bypass road that would extend past Paia to the Kuau area. A&B has been a participant in the evaluation process for the future bypass road.

Status of Activities Relating to Imposed Conditions

Listed below are each of the conditions imposed under the Decision and Order and the status of activities pertaining to each respective condition. In light of the project status described above, most of the imposed conditions will be addressed or complied with as further progress on the project is achieved.

- 1. Petitioner shall provide affordable housing opportunities for moderate and gap group income residents of the State of Hawaii to the satisfaction of the County of Maui. The County of Maui shall consult with the State Housing and Community Development Corporation of Hawaii prior to its approval of Petitioner's affordable housing plan. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between Petitioner and the County of Maui.*

Petitioner will discuss means to provide affordable housing opportunities with the County of Maui at the time of County zoning.

- 2. Petitioner shall contribute its fair-share to the development, funding, and/or construction of public school facilities as determined by and to the satisfaction of the State Department of Education ("DOE"). Petitioner and the DOE shall submit a written agreement on this matter prior to Petitioner obtaining approval for County zoning.*

Petitioner will discuss measures to provide its fair-share contribution towards public school facilities with the State DOE upon submittal of its application for County zoning.

- Petitioner shall fund and construct adequate wastewater transmission and disposal facilities for the proposed development, as determined by the County of Maui Department of Public Works and Waste Management ("DPWWM") and State Department of Health ("DOH").*

This condition will be addressed as development of the project progresses.

- Petitioner shall participate in the pro-rata funding and construction of local and regional transportation improvements and programs necessitated by the proposed development in designs and schedules accepted and determined by the State Department of Transportation and the County of Maui DPWWM. Should the Project connect to the proposed Pa'ia Bypass, then Petitioner shall participate in the design, acquisition and/or development of the bypass, as appropriate.*

As noted above, in response to concerns raised regarding traffic in the Paia region, A&B worked proactively to develop an interim bypass road to help alleviate traffic during the afternoon peak period. The road allows eastbound vehicles on Hana Highway that are headed to Baldwin Avenue to bypass Paia Town. A&B provided the land and contributed in excess of \$200,000 toward the design and construction of the roadway which opened for use in July 2006. The bypass road has significantly improved eastbound rush hour traffic flow along Hana Highway. In response to public demand, the road was permanently opened to traffic in May 2011. This road project was coordinated with the applicable State and County transportation agencies, as well as the surrounding community. Additionally, Petitioner will participate in the pro-rata funding and construction of other transportation improvements and programs, as provided in this condition.

- Petitioner, developer and/or landowners of the affected properties shall fund and construct adequate civil defense measures as determined by the County and State Civil Defense agencies.*

This condition will be addressed as development of the project progresses.

- Should any previously unidentified burials, archaeological or historic sites such as artifacts, marine shell concentrations, charcoal deposits, or stone platforms, pavings or walls be found, Petitioner, developers and/or landowners of the affected properties shall stop work in the immediate vicinity and the State Historic Preservation Division of the Department of Land and Natural Resources ("SHPD") shall be notified immediately. Subsequent work shall proceed upon an archaeological clearance from the SHPD when it finds that mitigative measures have been implemented to their satisfaction.*

This condition will be addressed as development of the project progresses.

- Petitioner shall participate in an air quality monitoring program as specified by the DOH. Petitioner shall notify all prospective buyers of property of the potential odor,*

noise and dust pollution resulting from surrounding Agricultural District land. Petitioner shall notify all prospective buyers of property that the Hawaii Right-to-Farm Act, Chapter 165, HRS, limits the circumstances under which pre-existing farm activities may be deemed a nuisance.

This condition will be addressed as development of the project progresses.

8. *Petitioner shall ensure that the proposed Project will not adversely impact the use of cane haul roads and irrigation ditches or adversely impact the continued agricultural operation of adjoining sugarcane cultivation areas.*

This condition will be addressed as development of the project progresses.

9. *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 the DOH, Natural Resources Conservation Service of the U.S. Department of Agriculture, and County agencies.*

This condition will be addressed as development of the project progresses.

10. *Petitioner shall participate in the funding and construction of adequate water source, storage, and transmission facilities and improvements to accommodate the proposed Project. Water transmission facilities and improvements shall be coordinated with and approved by appropriate State and County agencies. Petitioner shall coordinate with the Department of Water Supply and provide the necessary information to facilitate the inclusion of the Project in the Water Use and Development Plan.*

This condition will be addressed as development of the project progresses.

11. *Petitioner shall provide buffer strips to mitigate adverse impacts from the agricultural activities in the surrounding area. Petitioner shall provide appropriate buffer strips to mitigate adverse impacts on the subject development area from surrounding agricultural activities as determined during the County zoning process.*

This condition will be addressed as development of the project progresses.

12. *Petitioner shall develop and implement Golf Course Management Measures pertaining to grading, site preparation, nutrients, pest control, and irrigation to the satisfaction of the Clean Water Branch, State Department of Health.*

This condition will be addressed as development of the project progresses.

13. *Petitioner, where feasible, will use indigenous and water conserving plants and turf and incorporate the same into the golf course and related Project common area landscape planting.*

This condition will be addressed as development of the project progresses.

14. *Petitioner will consider the use of buffers or fences in the area adjacent to Kailua Gulch to provide a measure of safety to the Project residents as well as to mitigate adverse impacts from the proposed development in Kailua Gulch.*

This condition will be addressed as development of the project progresses.

15. *Petitioner shall obtain an amendment to the Wailuku-Kahului Community Plan in order to redesignate the Petition Area to the proposed residential and park (golf course) uses.*

As noted previously, Petitioner will seek appropriate amendments to the Wailuku-Kahului Community Plan.

16. *The Petition Area shall not be developed for the purposes represented by this Petition until such time as the Property is properly zoned for the respective residential, golf course and park use; and shall not bypass the county zoning process.*

Petitioner will seek appropriate County zoning of the petition area after receipt of or concurrently with an amendment to the Community Plan.

17. *The lands within the Petition Area shall be used in accordance with all applicable Agricultural zoning ordinances as long as the Property remains zoned Agriculture.*

Petitioner will comply with all applicable County Agricultural zoning ordinances.

18. *Petitioner shall reserve a setback on its properties from Haleakala Highway to and including the subject property for the future widening of Hana Highway, to be dedicated to the DOT when needed. Petitioner shall coordinate the development of the golf course with the DOT, and the plans and documents for the golf course shall reflect the future roadway widening, as appropriate, to attest to that the golf course and roadway improvements were jointly planned. The performance of Petitioner's obligations under this condition including the value of the land subject to any setback, shall be taken into full account in determining Petitioner's obligations under other conditions imposed by this Order.*

This condition will be addressed as development of the project progresses.

19. *The developer and/or landowner of the subject Property shall grant to the State of Hawaii, if requested by the State, an avigation (right of flight) and noise easement for portions of the Subject Property at or greater than the 55 Ldn line and in the form prescribed by the State of Hawaii Department of Transportation.*

Petitioner will comply with this condition.

20. *Petitioner shall develop the Property in substantial compliance with the representations made to the Land Use Commission. Failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.*

Petitioner intends to comply with this condition. However, delay in the timing of this project has occurred as a direct result of unanticipated delays in securing the project's necessary Community Plan and zoning amendments.

21. *Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property.*

This condition is not currently applicable.

22. *Petitioner shall timely provide without any prior notice, annual reports to the Land Use Commission, the Office of Planning, and the County of Maui Planning Department in connection with the status of the subject 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 Land Use Commission.*

This annual report is being filed pursuant to this condition.

23. *The Land Use Commission may fully or partially release the conditions provided herein 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.*

This condition is not currently applicable.

24. *Within seven (7) days of the issuance of the Land Use Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Property is subject to conditions imposed herein by the Land Use Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Land Use Commission.*

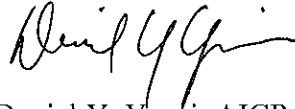
This condition has been satisfied. On July 21, 1999 a "Notice of Imposition of Conditions by the Land Use Commission" was recorded with the State Bureau of Conveyances (Document No. 99-116684) and copies were filed with the SLUC.

25. *Petitioner shall record the conditions imposed herein by the Land Use Commission with the Bureau of Conveyances pursuant to Section 15-15-92, HAR.*

This condition has been satisfied. On August 11, 1999 the conditions imposed by the SLUC were recorded with the State Bureau of Conveyances under the "Declaration of Conditions Applicable to an Amendment of District Boundary From Agricultural to Urban (Document No. 99-129788).

Please contact me should you require any further information regarding this report. An email .pdf version of this report will also be transmitted to your office for your use.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Y. Yasui". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Daniel Y. Yasui, AICP
Director, Planning and Entitlement

cc: State Office of Planning
County of Maui Planning Department