



RECEIVED FEB 13 2012

February 10, 2012

Mr. Peter B. Savio  
President  
Hawaiian Island Development Co., Inc.  
931 University Avenue, Suite 105  
Honolulu, HI 96826

Dear Mr. Savio,

This is in response to your letter expressing an interest in purchasing Koloa Camp. As you may know, Grove Farm has spent a considerable amount of time, energy, and resources working on this project. Our hope is to transform the old Koloa Camp area into a new, 50-unit development called Waihohonu. The goal is to provide single-family home ownership opportunities, not only for the current tenants, but also for 50 total families in the heart of Koloa. We hope that families will be able to return home to Koloa and pass on the homes to future generations.

Most of the available single-family homes in the Koloa-Poipu area are resort or shoreline properties, which are priced at the high end of the market. This makes it very difficult for local families to afford a single-family home in the area. To our knowledge, Waihohonu is the only project in the near future that will provide opportunities for single-family home ownership to a greater audience.

Waihohonu will maintain the small town character of Koloa and provide an improved project site with high quality, energy efficient homes that meet or exceed the current building codes. We intend to develop and sell house and lot packages versus selling vacant lots. Based on our prior experience, we realize how difficult it is to purchase a lot then to get the home designed, contractors secured, and then to obtain the required financing. By using our buying power and economies of scale, we can best provide a finished product for residents. Our commitment is reflected in our marketing plan, which is directed towards the existing tenants and immediate surrounding community. Despite what you may perceive, we have received great interest in our project and lots of community support for moving ahead, especially given our familiarity with Kauai and having done other recent real estate projects here. Based on these factors, we are not interested in selling Koloa Camp.

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In order to complete our development we will need to relocate our current tenants. This is a very emotional situation to deal with and we ask that you be respectful of the situation. We can assure you that we take the situation seriously and continue to work with our tenants to assist them in their transition. We continue to work closely with the Mayor, the County's Housing Agency, and the tenants themselves to help in their relocation. Some of the tenants do have strong desires to purchase homes in the new development.

Again, we thank you for the understanding and support as we continue our commitment to provide housing opportunities to our Kauai Community. As a developer, you can appreciate the challenges we face and we also hope that you respect our goals to provide housing opportunities to Kauai's local families.

We are willing to meet to further explain this letter, if you so desire.

Sincerely,

GROVE FARM COMPANY, INCORPORATED



Michael H. Tresler  
Senior Vice President

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