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LAND USE COMMISSION
STATE OF HAWAII

December 26, 2013
2013-59-0300/13P-116

Mr. Daniel E. Orondenker
Executive Director
State Land Use Commission
State Office Tower
235 So. Beretania Street, 4th Floor
Honolulu, HI 96813

Dear Mr. Orondenker:

**Annual Report on Land Use Commission
Docket No. A84-574 / Mauna Kea Properties, Inc.**

On behalf of Mauna Kea Resort Services LLC, we are submitting the following annual report on the status of the project and on progress in complying with the conditions imposed. This submittal is pursuant to Condition No. 3 of the Decision and Order for Docket No. A84-574 dated Dec. 6, 1994.

2013 ANNUAL REPORT

1. BACKGROUND AND GENERAL PROGRESS OF THE PROJECT

The property that is the subject of Land Use Commission (LUC) Docket No. A84-574 consists of approximately 399 acres of land at Ouli 1, South Kohala, Hawaii. The project is a portion of the former 539-acre South Kohala Resort, also formerly known as the Hapuna Beach Resort, and is being developed as a golf course/residential community. The Uplands at Mauna Kea is now part of the overall Mauna Kea Resort.

The property originally consisted of ten large development parcels, eight residential, one commercial, and one recreational (tennis). The ten parcels were subsequently consolidated and re-subdivided into eight parcels, see Figure 1, *Development Parcels A-G/H*, enclosed.

Parcel A has been retained by Mauna Kea for its residential services offices.

Parcel B is the site of a single-family residential project named Moani Heights at The Uplands. Development of this parcel has been completed and there was one resale.

Parcel C includes 'Apa'apa'a Heights at The Uplands, a single-family residential project; and The Kumulani at The Uplands, a condominium project. Both projects are sold out, and in 2013 Mauna Kea Resort Services LLC sold the four (4) units it retained in The Kumulani and there was one resale in 'Apa'apa'a Heights.

Parcels A, D and E are currently being marketed.

Parcel F remains undeveloped. It was sold by MI Parcel F LLC to D R Horton – Schuler Homes LLC in September of 2013. Parcel F was then sold by D R Horton – Schuler Homes LLC in December 2013 to MK Parcel F, LLC.

Parcels G and H, Wai'ula'ula at Mauna Kea Resort, is comprised of single family, duplex, and multi-family units under a condominium property regime. No development activity occurred in Wai'ula'ula in 2013. There were six (6) resales within the project in 2013. The home sites not developed by Moana Ikena LLC were acquired by D R Horton – Schuler Homes in September 2013. The specific parcel numbers acquired from Moana Ikena LLC were tax map keys: 6-2-013-13: 65 through 78, and 92 through 102. These home sites are expected to be developed in 2014.

2. PROGRESS IN COMPLYING WITH THE CONDITIONS IMPOSED

According to the Land Use Commission's Decision and Order dated Dec. 6, 1994 ("Decision and Order") and Order Granting Motion for Clarification of Land Use Commission's Findings of Fact, Conclusions of Law and Decision and Order and for Extension of Time, and Motion for Waiver of Hawaii Administrative Rule Section 15-15-92(2), dated February 13, 1995 ("Order Granting Motion"),¹ the Petitioner must comply with six (6) conditions. These conditions are listed below, each numbered as identified in the Decision and Order and Order Granting Motion, and each followed by a status report on the Petitioner's efforts to comply with the condition.

Condition No. 1:

- "1. Petitioner shall develop the Property in substantial compliance with the representations made to the 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."

Status: The Petitioner is following its plan to develop the property, as presented to the Commission. The first part of this report summarized progress made as of December 2013.

Condition No. 2:

- "2. 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 Property, prior to development of the Property."

Status: Discussions are on-going with potential buyers for Parcels A, D and E, but no sales transactions are pending.

Condition No. 3:

- "3. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of State Planning, and the County of Hawaii 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 Commission."

Status: A copy of this annual report is being submitted to the State Office of Planning and the county of Hawaii Planning Department.

¹ The Order amended Condition No. 6 of the LUC's Decision and Order dated December 6, 1994. Order at page 3.

Condition No. 4:

- "4. The 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."

Status: The Petitioner has not filed any motion to date under this condition.

Condition No. 5:

- "5. 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 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 Commission."

Status: The Commission's Decision and Order was issued on December 6, 1994. As stated in annual reports filed in previous years, the Petitioner complied with this condition by filing a copy of the Notice with the Commission on December 14, 1994.

Condition No. 6:

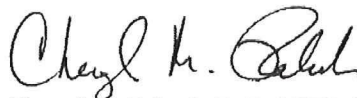
- "6. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances within sixty (60) days of the filing of this Decision and Order."

Status: As stated in our previous annual reports, on April 12, 1995, the Petitioner recorded a Declaration of Conditions covering the conditions imposed by the Commission in the Bureau of Conveyances as Document No. 95-049097. By letter dated April 25, 1995, the Petitioner submitted a certified copy of the Declaration of Conditions to the Commission.

The above constitutes the Petitioner's 2013 Annual Report for the property.

Sincerely,

BELT COLLINS HAWAII LLC



Cheryl M. Palesh, P. E., LEED AP
Vice President / Director of Engineering

CMP:jdk

Enclosure

cc: Director, State of Hawaii, Office of Planning
Director, Hawaii County Planning Department
Donn Takahashi, Prince Resorts Hawaii, Inc.
Enjon Angelo, Mauna Kea Resort Services LLC

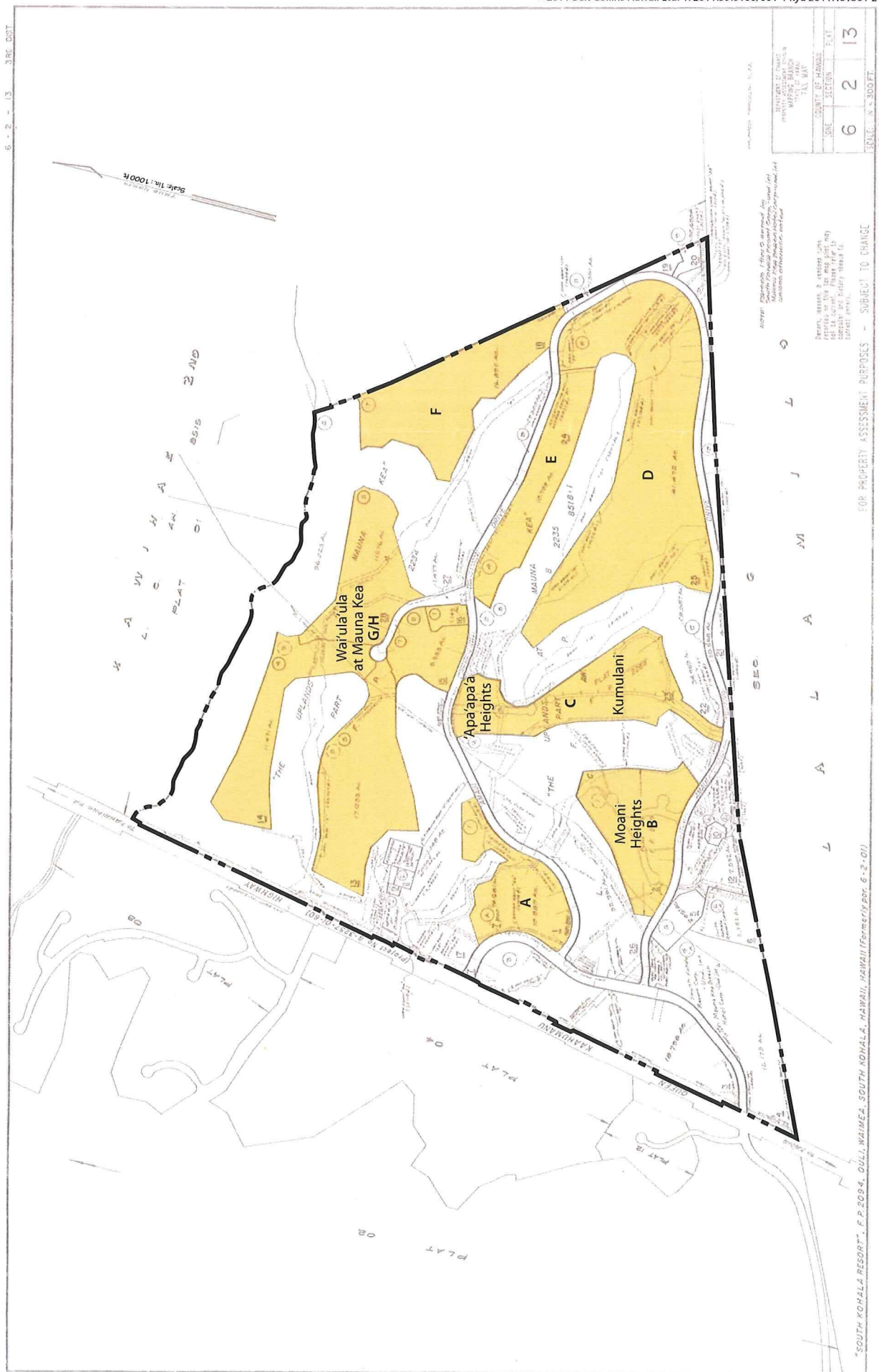


Figure 1
DEVELOPMENT PARCELS A-G/H

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Mauna Kea Properties, Inc.