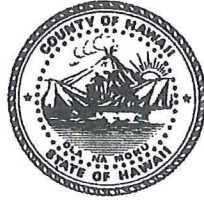


William P. Kenoi
Mayor



Duane Kanuha
Director

Bobby Command
Deputy Director

West Hawai'i Office
74-5044 Ane Keohokalole Hwy
Kailua-Kona, Hawai'i 96740
Phone (808) 323-4770
Fax (808) 327-3563

County of Hawai'i
PLANNING DEPARTMENT

East Hawai'i Office
101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
Fax (808) 961-8742

December 30, 2015

John Baldwin
Bridge 'Āina Le'a, LLC
c/o Bridge Capital LLC
PMB 29 Box 10001
Saipan, MP 96950

Robert Wessels et al
'Āina Le'a, Inc.
201 Waikoloa Beach Drive #2F17
Waikoloa, HI 96738

Dear Sirs:

**SUBJECT: Planning Director Initiated
Revocation of Use Permit No. 90 (USE 90)
Applicants: Bridge 'Āina Le'a, LLC and 'Āina Le'a, Inc.
Tax Map Key: 6-8-001:025, 036-040 and 069**

This is to inform you that the Planning Director has initiated procedures to revoke Use Permit No. 90 for the subject properties.

Use Permit No. 90 was originally issued by the Hawai'i County Planning Commission to Puako Hawai'i Properties on December 19, 1991 to allow the construction of six 18-hole championship golf courses, a golf teaching academy and related improvements on 3,000 acres. The property, currently owned by Bridge 'Āina Le'a LLC and 'Āina Le'a Inc. et al, is located on the mauka side of the Queen Ka'ahumanu Highway between the Mauna Lani Resort and Waikoloa Village, Waikoloa, South Kohala, Hawai'i, TMK: 6-8-001:025, 036-040 and 069. A tax map showing the location of the properties is enclosed as Exhibit A. The original permit is enclosed as Exhibit B and an amendment granting a time extension in 1996 is enclosed as Exhibit C.

There are two reasons why the Director will be recommending revocation of the permit to the Leeward Planning Commission. First, Condition 21 of the permit states that that the Director shall initiate procedures to revoke the permit should any of the conditions not be met or substantially complied with in a timely fashion. Condition 3 of the permit required construction

John Baldwin
Bridge 'Āina Le'a, LLC &
Robert Wessels et al
'Āina Le'a, Inc.
Page 2
December 30, 2015

of three of the six golf courses be completed by September 30, 2011. Construction of the golf courses have not begun to date. Secondly, in 2005 the State Land Use law was changed to no longer allow golf courses on lands in the State Land Use Agricultural district. Approximately 2,000 acres of the subject properties is situated in the Agricultural district shown in green in Exhibit D. A map showing the County zoning districts for the property is enclosed as Exhibit E.

We anticipate scheduling this matter at a public hearing before the Leeward Planning Commission on February 18, 2016 and will provide an agenda with the exact date, time, and location of the hearing once it has been determined.

In all proceedings where the Commission's action is directly appealable to Circuit Court, the applicants and the Planning Director will be designated parties to the action in a contested case procedure. For additional information about the Contested Case Procedure, please refer to Rule 4 of the County of Hawai'i Planning Commission Rules of Practice and Procedure.

Should you have any questions please contact Daryn Arai at (808) 961-8142 or Maija Jackson at (808) 961-8159.

Sincerely,



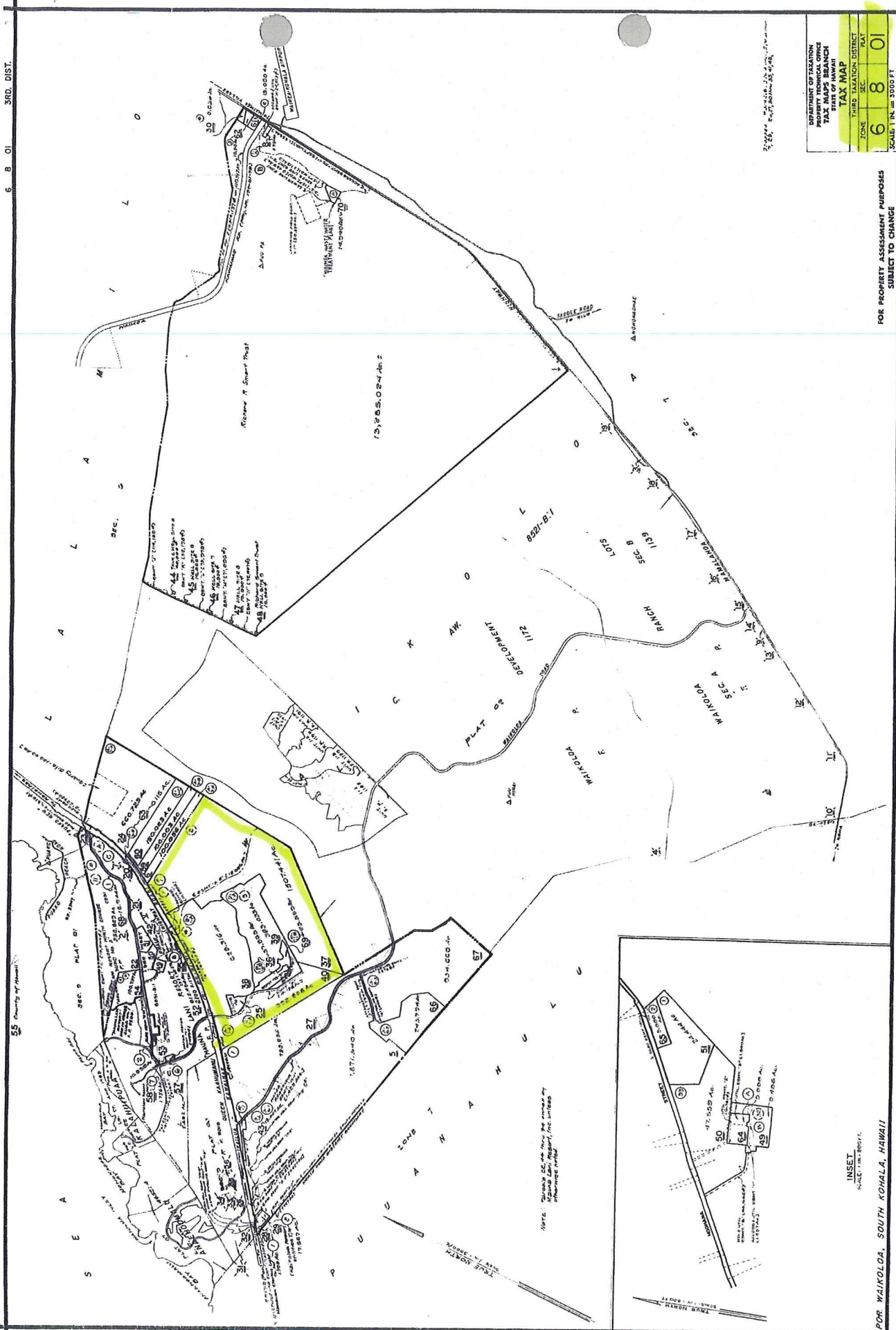
DUANE KANUHA
Planning Director

MJJ:mad

P:\wpwin60\Maija\Letters\Misc\LPDInitiated- RevokeUSE90-Aina LeaNotice.doc

Enclosures

cc w/enclosures: William Brilhante Esq., Corporation Counsel
✓ State Land Use Commission
State Office of Planning
Alan Okamoto Esq., Nakamoto, Okamoto, Yamamoto
Sidney Fuke, Planning Consultant
James Leonard, JM Leonard Planning LLC
Kona Planning Office
REZ 734, LUC 682, SUB 11-001070



DEPARTMENT OF TAXATION PROPERTY TECHNICAL OFFICE TECHNICAL BRANCH STATE OF HAWAII	
TAX MAP	
ZONE	THIRD TAXATION DISTRICT
SEC.	6
PLAT	8 01
SCALE 1" = 3000 FT.	

FOR PROPERTY ASSESSMENT PURPOSES
SUBJECT TO CHANGE

DWG. NO. 1091
DATE: MARCH 3, 1971
BY: M. M. - AT
SOURCE: U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT, HONOLULU, HAWAII

EXHIBIT A



Planning Commission

25 Aupuni Street, Rm. 109 • Hilo, Hawaii 96720 • (808) 961-8288

Lorraine R. Inouye
Mayor

CERTIFIED MAIL

December 19, 1991

Mr. Thomas H. Yamamoto
Chief Operating Officer
Puako Hawaii Properties
PO Box 111222
Kamuela, HI 96743-0020

Dear Mr. Yamamoto:

Use Permit Application (91-7)
Applicant: Puako Hawaii Properties
Request: 6 Golf Courses and Related Improvements
TMK: 6-8-01:25, 36, 37, 38, 39 & 40

The Planning Commission at its duly held public hearing on December 11, 1991, voted to approve your application, Use Permit No. 90, to allow the construction of six 18-hole championship golf courses, a golf teaching academy and related improvements within the County's Unplanned zoned district. The project site is located on the mauka side of the Queen Kaahumanu Highway between the Mauna Lani Resort complex and Waikoloa Village, Waikoloa, South Kohala, Hawaii.

Approval of this request is based on the following:

The establishment of six 18-hole golf courses and related facilities within the Unplanned (U) zoned district will not be inconsistent with the general purpose of that zoned district, the intent and purpose of the Zoning Code, and the General Plan, provided adequate mitigating conditions are met.

The subject request will also provide a form of perpetual open space, thus, maintaining the current open character of the surrounding area along with its natural and scenic qualities.

DEC 20 1991

Mr. Thomas H. Yamamoto
December 19, 1991
Page 2

The proposed development would, therefore, be consistent with the policies of the Recreation and Open Space elements of the General Plan, which cite that recreational facilities in the County shall reflect the natural, historic, and cultural character of the area, and that the recreational use should be compatible with the adjacent areas. To further ensure that these General Plan elements are implemented, further data recovery, botanical mitigation and interpretive preservation will be required.

The granting of this proposed development would further complement the goals of the General Plan's Recreation element which states to "Provide a diversity of environments for active and passive pursuits" and to "Provide a wide variety of recreational opportunities"

A condition of this approval would be the submittal of a community benefit assessment program to the Planning Director for approval prior to Final Plan Approval of the golf course. It is felt that this provision would be consistent with the policy of the Land Use Element that states "The county shall encourage the development and maintenance of communities meeting the needs of its residents in balance with the physical and social environment."

Golf courses are permitted uses within the State Land Use Agricultural District provided that the affected lands are not classified either A and B soils by the Land Study Bureau. The Land Study Bureau's Overall Master Productivity rating for agricultural use of the subject properties is Class E or very poor and the ALISH system does not classify the subject area; therefore, consideration of a golf course within these State land use parameters is permissible.

The granting of the proposed use will not be materially detrimental to the public welfare nor cause substantial adverse impact to the community's character or to surrounding properties. The character of land use in the subject area is vacant open space. The area under consideration and surrounding lands are basically in open space and not in intensive agricultural pursuits. The Waikoloa Residential community is adjacent to the east. It is determined that impacts to the agricultural resources of the area are negligible. This finding is consistent with the Land Study Bureau's classification and the ALISH system map for soils of the area.

Mr. Thomas H. Yamamoto
December 19, 1991
Page 3

The proposed project will continue to change the character of this portion of Puako. This pattern of transformation, however, is already evident in the land use pattern adjacent to and abutting the project site where the Mauna Lani and Waikoloa resort and residential complexes have been established.

The granting of the proposed use will not adversely affect similar or related existing uses within the surrounding area, community, or region. These areas have already been committed to resort and residential type development which would essentially be compatible with the proposed golf course use. The establishment of six (6) additional golf courses within the community and region should provide an inland recreational alternative not currently available.

All essential utilities and services required for the development of the six golf courses and related facilities are or will be made available. Conditions of approval relative to the provision of such services are being proposed. These include the provision for off-site roadway improvements as well as water. In addition, conditions of approval relative to a groundwater monitoring and a golf course maintenance (fertilizers, pesticides, biocides) plan are also being required.

Approval of this request is subject to the following conditions:

1. The applicant, successors or assigns shall comply with all of the stated conditions of approval.
2. The golf course project shall be developed in three phases. The first phase shall consist of a maximum of three golf courses, one of which shall be made available for play at comparable municipal rates within the County of Hawaii meeting with the approval of the Planning Department in consultation with the Department of Parks and Recreation. The second and third phases shall consist of two golf courses and one golf course, respectively.
3. Final Plan Approval for three golf courses and related improvements shall be secured from the Planning Department within 18 months from the effective date of this permit. To assure adequate time for Plan Approval review and in accordance with Chapter 25-244 (Zoning Code), plans shall be submitted a minimum of forty-five (45) days prior to the

Mr. Thomas H. Yamamoto
December 19, 1991
Page 4

date by which plan approval must be secured. Plans would delineate structure(s), archaeological and biological preservation areas, landscaping, parking and roadway alignments, at the minimum. The Planning Department shall determine the related improvements and accessory uses to the golf courses not inconsistent with the applicable provisions of the Zoning Code at the time of plan approval review. This condition shall not preclude the simultaneous submittal of plans for the remaining golf courses.

4. Construction of the three golf courses within the first phase and related improvements shall commence within one year from the date of receipt of Final Plan Approval and be completed within four years thereafter. Phases II and III shall be completed within three years from the date of completion of the golf courses within the previous increment(s). Construction of the golf courses within Phases II and III shall commence within one year from the date of opening of the golf course(s) within the previous increment(s) and be completed within three years thereafter.
5. To ensure that the goals and policies of the General Plan are implemented, the Planning Director shall formulate a community benefit assessment program for implementation by the applicant prior to receipt of Final Plan Approval of the golf courses. As part of the community benefit assessment program, one golf course, or the equivalent number of rounds per year, shall be turned over to the County of Hawaii and/or made available within Phase I for public play at municipal rates, as determined by the Planning Director in consultation with the Department of Parks and Recreation.
6. In the design of the golf course, the County of Hawaii Planning Department's Guidelines for Golf Course Design (November 1989, as amended) shall be utilized. The Planning Department shall determine appropriate setback requirements (i.e. building and property line) at the time of plan approval review. Easements for golf course purposes over and across abutting lots, either existing or proposed, shall not be permissible.
7. An archaeological data recovery plan and mitigation program shall be submitted for review and approval by the Planning Department, in consultation with the State Department of

Mr. Thomas H. Yamamoto
December 19, 1991
Page 5

Land and Natural Resources, prior to receipt of Final Plan Approval and/or prior to the issuance of any grading or grubbing permit, whichever occurs first.

8. Should any unanticipated archaeological sites or features be uncovered during land preparation activities, work within the affected area shall immediately cease and the Planning Department notified. Work within the affected area shall not resume until clearance is obtained from the Planning Department.
9. A botanical mitigation and preservation plan shall be prepared for review and approval by the U.S. Fish and Wildlife Service and the Department of Land and Natural Resources prior to submitting plans for plan approval or any land alterations on the project site, whichever comes first.
10. The use of pesticides, biocides and herbicides in conjunction with all phases of the golf courses operation shall conform with the applicable regulations of appropriate governmental agencies.
11. During construction, best effort measures shall be taken to minimize the potential of both fugitive dust and runoff sedimentation. Such best effort measures shall be in compliance with construction industry standards and practices utilized during construction projects of the State of Hawaii.
12. Prior to each golf course construction, the applicant shall demonstrate to the satisfaction of the Planning Department that adequate water for the continuous use of the golf course is available.
13. Prior to each golf course construction, the applicant shall demonstrate to the satisfaction of the Planning Department that all proposed off-site construction material such as topsoil or sand are being supplied from an approved quarry or resource site.
14. Prior to issuance of a grading permit for the golf courses in Phases II and III, the applicant shall submit an analytical mitigation report to the Planning Department and the Planning Commission. The analytical mitigation report

Mr. Thomas H. Yamamoto
December 19, 1991
Page 6

shall (A) summarize the results of the groundwater quality monitoring program; (B) summarize the golf course management practices being utilized at the existing golf courses; (C) analyze the results of the groundwater quality monitoring and golf course management practices; and (D) recommend revisions or additional mitigation measures to be initiated with the next phase to be constructed. The Planning Department or Commission may determine that appropriate mitigation measures be taken by the applicant. The Planning Department or Commission reserves the right to conduct a hearing on the mitigation measures.

15. Access(es) to the proposed development from Queen Kaahumanu Highway, including channelization, shall meet with the approval of the State Department of Transportation-Highways Division. Should the Department of Transportation allow phasing of access improvements, the specific improvements shall be installed prior to opening of each golf course.
16. The applicant shall designate an 80-foot wide mauka-makai road from the eastern property boundary to Queen Kaahumanu Highway at a location meeting with the approval of the Departments of Public Works and Transportation. The mauka-makai road shall be open for general public traffic. The 80-foot wide mauka-makai road shall be delineated on plans submitted for plan approval review or subdivision. The mauka-makai road may be constructed incrementally with the golf course development; provided, however, the entire road within the project site, including an interchange at Queen Kaahumanu Highway, is completed either prior to completion of the final golf course or as required by the Department of Transportation, whichever occurs first.
17. The applicant shall provide water service and back-up facilities or assurances to meet the demands for fire protection and domestic-related facilities prior to issuance of a certificate of occupancy permit for the respective project phase to be developed.
18. A groundwater monitoring plan and system shall be prepared, in consultation with the State Department of Health, and submitted to the Planning Department prior to issuance of a grading permit for the golf course(s). The plan and system shall be updated prior to opening of each successive golf course.

Mr. Thomas H. Yamamoto
December 19, 1991
Page 7

19. Comply with all other applicable laws, rules, regulations and requirements, including those of the Departments of Health and Public Works.
20. An annual progress report shall be submitted to the Planning Director prior to the anniversary date of the permit. The report shall include, but not be limited to, the status of the development and to what extent the conditions of approval are being complied with. This condition shall remain in effect until all of the conditions of approval have been complied with and the Planning Director acknowledges that further reports are not required.
21. An initial extension of time for the performance of conditions within the permit may be granted by the Planning Director upon the following circumstances: a) the non-performance is the result of conditions that could not have been foreseen or are beyond the control of the applicant, successors or assigns, and that are not the result of their fault or negligence; b) the granting of the time extension would not be contrary to the general plan or zoning code; c) granting of the time extension would not be contrary to the original reasons for the granting of the permit; and d) the time extension granted shall be for a period not to exceed the period originally granted for performance (i.e., a condition to be performed within one year may be extended for up to one additional year). Further, should any of the conditions not be met or substantially complied with in a timely fashion, the Director shall initiate procedures to revoke the permit.

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Mr. Thomas H. Yamamoto
December 19, 1991
Page 8

Please feel free to contact the Planning Department if there are any questions on this matter.

Sincerely,

Mike Luce

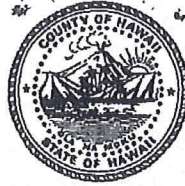
Mike Luce, Chairman
Planning Commission

6958d
jdk

xc: Mr. Bruce Tsuchida
Mayor
Department of Water Supply
County Real Property Tax Division
West Hawaii Office
Department of Transportation-Highways
Plan Approval Section
Planners
Connie

Department of Health
Department of Public Works
US Fish & Wildlife
DLNR
Planning Director
Division
Mayor

Stephen K. Yamashiro
Mayor



County of Hawaii

PLANNING COMMISSION

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 Fax (808) 961-9615

CERTIFIED MAIL
Z 095 323 758

SEP 30 1996

Philip Y. Ho, President
Puako Hawaii Properties
Nansay Hawaii, Inc.
841 Bishop Street, Suite 1000
Honolulu, HI 96813

Dear Mr. Ho:

Use Permit (USE 90)

Request: Amendment to Condition Nos. 2, 3, 4, 5 and 14
Applicant: Puako Hawaii Properties (Nansay Hawaii, Inc.)
Tax Map Key: 6-8-1:25, 36, 37, 38, 39 and 40

The Planning Commission, at its duly held public hearing on September 19, 1996, voted to approve the above-referenced request. Use Permit No. 90 allowed the construction of six 18-hole championship golf courses, a golf teaching academy and related improvements. The amendments relate to the requirements for development performance, community benefit assessment program and monitoring program. The project site is located on the mauka side of Queen Ka'ahumanu Highway between the Mauna Lani Resort and Waikoloa Village, approximately one-half mile north of the Waikoloa Road-Queen Ka'ahumanu Highway intersection, Waikoloa, South Kohala, Hawaii.

Approval of this request is based on the following:

Use Permit No. 90 was approved by the Planning Commission on December 11, 1991, subject in part, to the following Condition Nos. 3 and 4:

- "3. Final Plan Approval for three golf courses and related improvements shall be secured from the Planning Department within 18 months from the effective date of this permit. To assure adequate time for Plan Approval review and in accordance with Chapter 25-244 (Zoning Code), plans shall be submitted a minimum of forty-five (45) days prior to the date by which plan approval must be secured. Plans would delineate structure(s), archaeological and biological preservation areas, landscaping, parking and roadway alignments, at the minimum. The Planning Department shall determine the related improvements and accessory uses to the golf courses not inconsistent with the applicable provisions of the Zoning Code

09917

SEP 30 1996

at the time of plan approval review. This condition shall not preclude the simultaneous submittal of plans for the remaining golf courses.

- "4. Construction of the three golf courses within the first phase and related improvements shall commence within one year from the date of receipt of Final Plan Approval and be completed within four years thereafter. Phases II and III shall be completed within three years from the date of completion of the golf courses within the previous increment(s). Construction of the golf courses within Phases II and III shall commence within one year from the date of opening of the golf course(s) within the previous increment(s) and be completed within three years thereafter."

Approval of this request would not be contrary to the General Plan or the Zoning Code. The amendment to Condition Nos. 3 and 4 would not be contrary to the original reasons for granting the Use Permit. The amendments would only reschedule the time for completion of the golf courses and provide the applicant the flexibility of timing the construction of each of the golf courses as economic conditions warrant. A modified amendment to allow five years for completion of a project has become a standard condition of approval and the proposed amendments would be consistent with this direction. The request would be consistent with the Land Use Pattern Allocation Guide Map which designates the area for Urban Expansion, and which would allow for a range of Urban uses, including resorts and recreational facilities. Further, the applicant, in its request, stated that since the development of the project they have pursued the drilling of potable and brackish wells, numerous environmental and engineering studies and the construction of 107 affordable homes to serve the South Kohala region. However, in spite of this, the market conditions have precluded further development of the property as originally planned. Nansay Hawaii Inc. is in discussion with prospective investors with resources to bring the property into active use and to determine how best to accommodate future development. It was impossible for them to comply with the conditions of the permit at this time.

The request would also be consistent with the policies of the Recreation and Open Space Elements of the General Plan which states that recreational facilities in the County shall reflect the natural, historic and cultural character of the area, and that the recreational use should be compatible with the adjacent areas. The granting of this amendment would further compliment the goals of the General Plan's Recreational Element which states to "Provide a diversity of environments for active and passive pursuits" and to "Provide a wide variety of recreational opportunities...."

The inability of the applicant to comply with the requirements of Condition Nos. 3 and 4 of Use Permit No. 90 is the result of conditions which could not have been foreseen or are beyond the control of the applicant. The current economic situation has affected the real estate industry over the last three years. The outlook for the future looks more promising but remains uncertain. The plans remain to develop the property with both golf course and residential development. However, the exact product mix will have to reflect the market realities. The applicant can no longer undertake the magnitude of this project due to other financial commitments. These events could not have been foreseen and are not the result of their fault or negligence.

Based on the above, the request for an amendment to Condition Nos. 3 and 4 are hereby approved.

Approval of this amendment is subject to the following (new material is underscored and deleted material is bracketed):

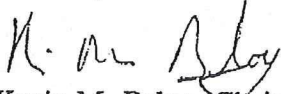
3. [Final Plan Approval for] The three golf courses and related improvements shall be [secured from the Planning Department] completed within [18 months] fifteen (15) years from the effective date of this [permit] amendment. [To assure adequate time for Plan Approval review and in accordance with Chapter 25-244 (Zoning Code), plans shall be submitted a minimum of forty-five (45) days prior to the date by which plan approval must be secured. Plans would delineate structure(s), archaeological and biological preservation areas, landscaping, parking and roadway alignments, at the minimum.] Prior to the start of construction, Final Plan Approval shall be secured from the Planning Director. The Planning Department shall determine the related improvements and accessory uses to the golf courses not inconsistent with the applicable provisions of the Zoning Code at the time of plan approval review. This condition shall not preclude the simultaneous submittal of plans for the three golf courses or the remaining golf courses.
4. Construction of the [three] golf courses within [the first phase and related improvements shall commence within one year from the date of receipt of Final Plan Approval and be completed within four years thereafter.] Phase[s] II [and III] shall be completed within [three] ten years [after] from the date of completion of the golf courses within [the previous increment(s)] Phase I. Construction of the golf [courses] course within Phase[s II and] III shall [commence] be completed within [one] five years from the date of [opening] completion of the golf course(s) within [the previous increment(s) and be completed within three years thereafter] Phase II.

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Philip Y. Ho, President
Puakō Hawaii Properties
Nansay Hawaii, Inc.
Page 4

Should you have any questions, please feel free to contact Alice Kawaha or Susan Gagorik of the Planning Department at 961-8288.

Sincerely,



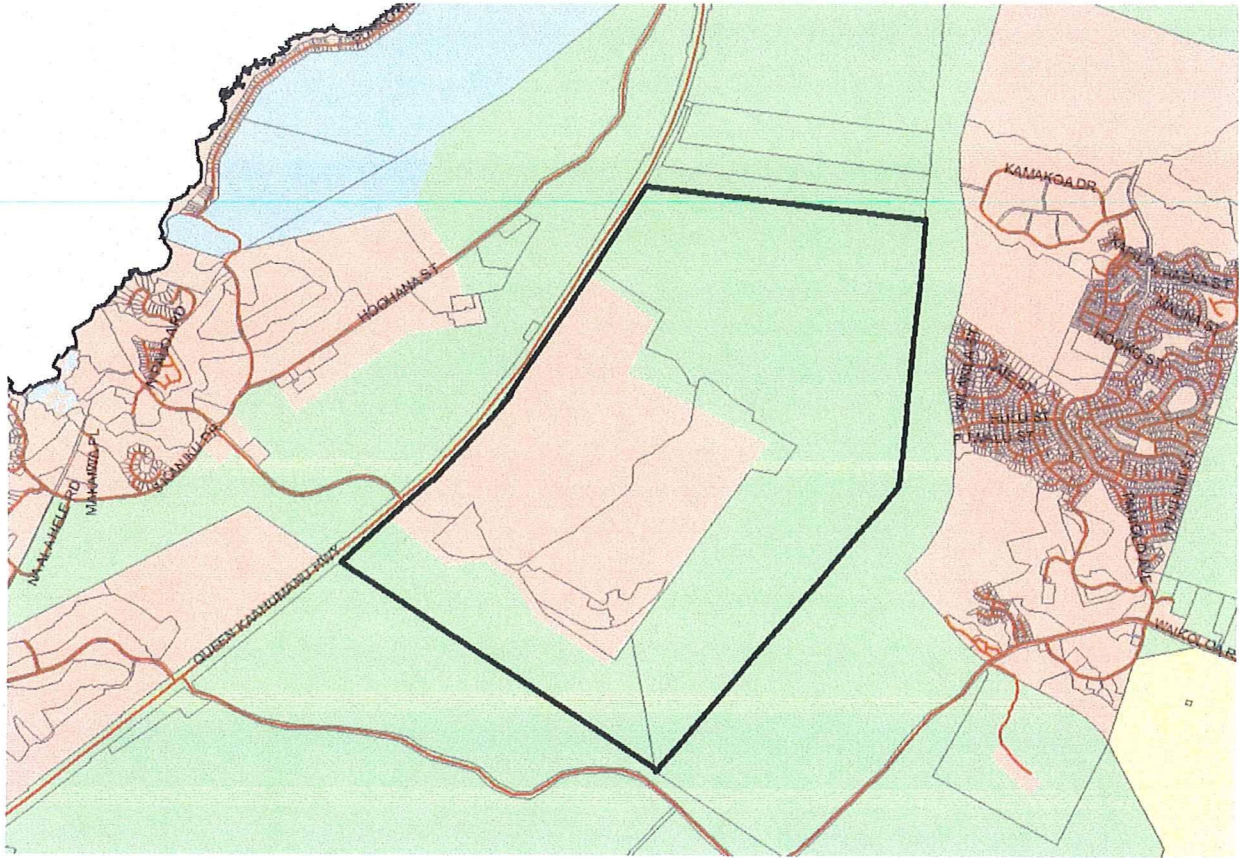
Kevin M. Balog, Chairman
Planning Commission

AK:syw

LPuako03.PC

cc: Honorable Stephen K. Yamashiro, Mayor
Department of Public Works
Department of Water Supply
County Real Property Tax Division
West Hawaii Office
Mr. Keith Kato

State Land Use District Map



Subject Property is outlined in black

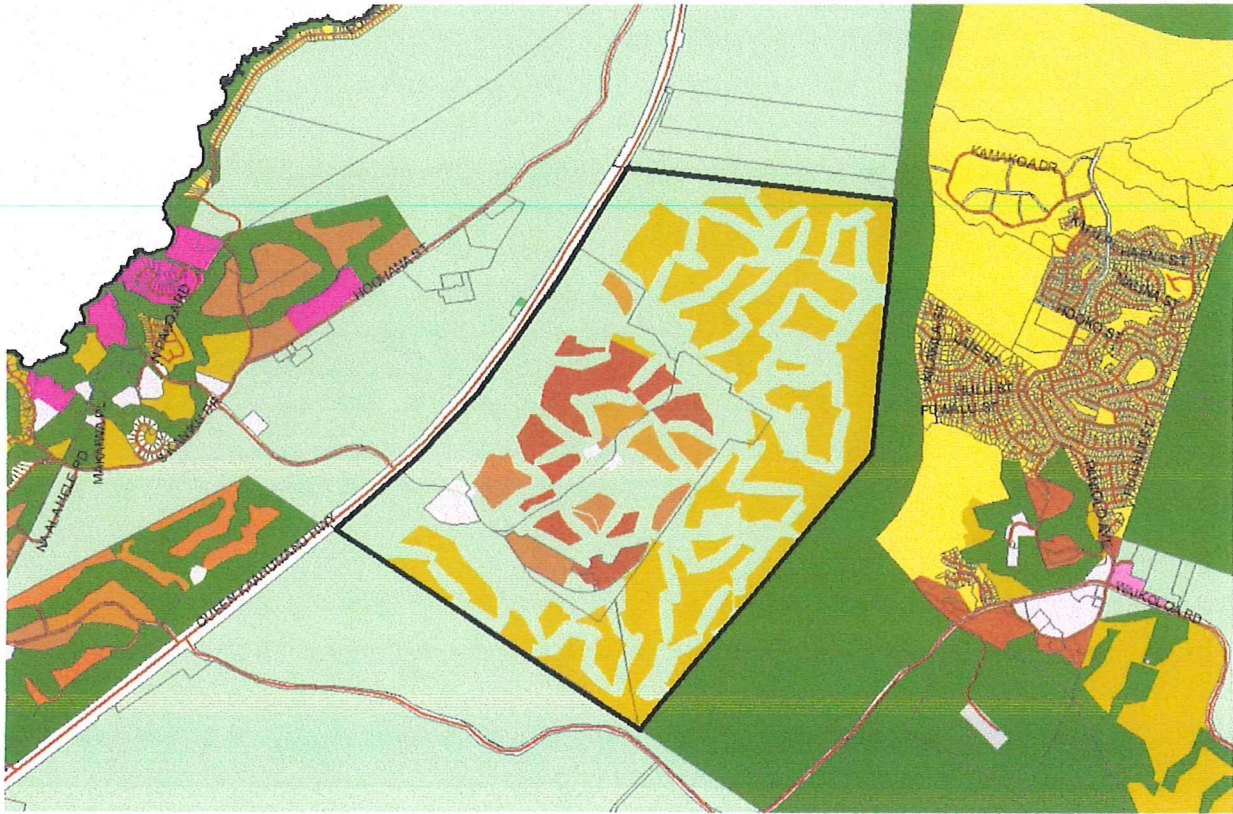
Pink: Urban District

Green: Agricultural District

Yellow: Rural District

Blue: Conservation District

County Zoning Map



Subject Property is outlined in black and consists of the following County Zoning District:

Light Green: Agricultural- minimum lot size of 5 acres (A-5a)

Light Mustard Yellow: Residential and Agricultural- minimum lot size of 1 acre (RA-1a)

Red: Multiple-Family Residential- minimum lot/unit size of 14,500 square feet (RM-14.5)

Dark Mustard Yellow: Multiple-Family Residential- minimum lot/unit size of 7,000 sq ft (RM-7)

Brown: Multiple-Family Residential- minimum lot/unit size of 4,000 sq ft (RM-4)

Pink: Village Commercial- minimum lot size of 10,000 sq ft (CV-10)