

BELT COLLINS

February 16, 2011
459.0100 / 11P-040

Mr. Orlando "Dan" Davidson
Executive Director
State Land Use Commission
State Office Tower
235 So. Beretania Street, 4th Floor
Honolulu, HI 96813

LAND USE COMMISSION
STATE OF HAWAII
2011 FEB 16 A 8 42

Dear Mr. Davidson:

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

Upon review of our files, we regretfully note that we failed to provide you with an Annual Report, pursuant to Condition No. 3 of the Decision and Order for Docket No A84-574 dated Dec. 6, 1994, for the years 2009 and 2010. We respectfully request that you accept the following reports and sincerely apologize for our error.

We are submitting on behalf of Mauna Kea Properties, Inc. ("Petitioner") the following annual reports on the status of the project and on progress in complying with the conditions imposed.

2009 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 10 large development parcels: eight residential, one commercial, and one recreational (tennis). The 10 parcels were subsequently consolidated and re-subdivided to create 8: Parcels A-G.

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 have been resales.

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 have sold out and there have been resales.

Parcels D and E are currently being marketed.

Parcel F remains under the ownership of Moana Ikena Parcel F LLC. There are currently no development plans for the parcel.

Parcels G and H are being developed by Moana Ikena LLC as The Waiula'ula at Mauna Kea Resort. Construction has been slowed on the 47-acre parcel project by the economic downturn. The project will eventually encompass 102 homes, an amenity center, swimming pool, and spa. The ancillary facilities have all been built. Seventy-eight units have been built and sold as of 2009. Twenty four remained to be built (10 single family unit and 14 duplex units).

Two infrastructure projects have been completed: Phase 2 of potable water improvements and the development of a new irrigation well. In addition, improvements to the South Kohala Wastewater Treatment Plant have been completed.

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 6, 2009.

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: No such action is pending.

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

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.

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: 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, 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, Petitioner submitted a certified copy of the Declaration of Conditions to the Commission.

2010 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 10 large development parcels: eight residential, one commercial, and one recreational (tennis). The 10 parcels were subsequently consolidated and re-subdivided to create 8: Parcels A-G.

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 have been resales.

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 have sold out and there have been resales.

Parcels D and E are currently being marketed.

Parcel F remains under the ownership of Moana Ikena Parcel F LLC. There are currently no development plans for the parcel.

Parcels G and H are being developed by Moana Ikena LLC as The Waiula'ula at Mauna Kea Resort. No development activity occurred on these parcels in 2010.

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"),² 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.

² The Order amended Condition No. 6 of the LUC's Decision and Order dated December 6, 1994. Order at page 3.

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 6, 2010.

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: No such action is 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.

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: 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."

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Condition No. 6:

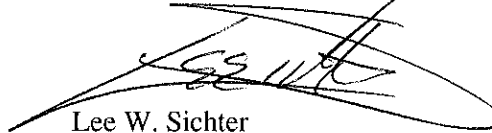
"6. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances within sixty (60) days of the filing of this Decision and Order."

Status: As stated in our previous annual reports, on April 12, 1995, 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, Petitioner submitted a certified copy of the Declaration of Conditions to the Commission.

The above constitutes Petitioner's 2009 and 2010 Annual Reports for the property.

Sincerely,

BELT COLLINS HAWAII LTD.



Lee W. Sichter
Principal Planner

LWS:jdk

cc: Director, Hawaii County Planning Department
Enjon Angelo, Mauna Kea Properties, Inc.
J. Douglas Ing, Watanabe Ing LLP
Emi L.M. Kaimulua, Watanabe Ing LLP