ANNUAL REPORT PURSUANT TO CONDITION NO. 15
OF THE FINDINGS OF FACT, CONCLUSIONS OF LAW, AND
DECISION AND ORDER DATED APRIL 16, 1991

A. GENERAL PROGRESS OF THE PROJECT.

Petitioner completed construction of “Road G” from Kealakehe Parkway to the
intersection with Road A and thence 142 feet north towards the north property line. This work
was completed in October 2000, and the roadway has been in use since then.

Petitioner’s development of Increment I is substantially complete, and Petitioner will be
submitting its Application to Redistrict Increment II.
B. EFFORTS MADE/PLANNED TOWARD COMPLIANCE WITH THE FOLLOWING CONDITIONS.

1. Petitioner shall ensure that a buffer area along the boundary of the property be constructed to maintain the visual integrity from the Queen Kaahumanu Highway. Petitioner shall further ensure that the proposed light industrial uses be screened from passing motorists, the Kaloko-Honokohau National Historic Park, and the adjacent Kealakehe lands, by landscaping improvements along the petition area's western, northern and southern boundaries. Petitioner shall prepare a plan for a buffer along the southern boundary with the Kealakehe lands, which shall be submitted to and approved by the Housing Finance Development Corporation. Petitioner shall properly maintain the approved landscaping improvements.

EFFORTS MADE/PLANNED:

The landscaping plan as approved by HCDCH and the County of Hawaii along the south boundary of the property is now under construction. None of Petitioner's neighbors to the south, north and east have any development planned for the foreseeable future.

2. Petitioner shall participate in the funding and construction of local and regional transportation improvements on a pro rata basis as determined by the State Department of Transportation.

EFFORTS MADE/PLANNED:

Petitioner has entered into an agreement with the Department of Transportation, a copy of which is attached hereto as Exhibit "A", with respect to Petitioner's fulfillment of this condition by accomplishing the following:

a. Construction of Road G between the Petitioner's project area and Kealakehe Parkway and dedication of the completed road to the County;
b. Extending the Mid-Level Road to Petitioner's north property line as part of any development of the surrounding lands; and

c. Extending Main Street from Kealakehe Parkway to Petitioner's north property line as part of any development of the surrounding area.

3. Petitioner shall prepare a drainage and erosion control plan and shall fund and construct the necessary drainage improvements to control drainage within the property and to maintain ocean water quality to the satisfaction of the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner's plans for the access road improvement and Road G include dry wells, drainage control ditch and drainage control structure all as designed by Petitioner's engineers and approved by the Department of Transportation and the County of Hawaii. The plans for Road G included drainage and erosion control facilities, all of which have been installed. As each lot is further developed, drainage and erosion issues will be re-examined to make sure that such issues are adequately taken care of.

4. Petitioner shall contribute its pro rata share of the cost to develop and distribute water to Petitioner's proposed project, together with other public and private property owners in the area.

EFFORTS MADE/PLANNED:

Petitioner has installed the 12" water line in the present access road improvement from Queen Kaahumanu Highway, and in Road G out to the Kealakehe Parkway, to serve HCDCH's future development. Petitioner will be paying a $40,500 facilities charge and a $6,000 capital assessment fee to the County of Hawaii Department of Water Supply.
5. Petitioner shall fund and construct the necessary waste-water disposal improvements on the subject property for eventual hook-up to a municipal sewer system as determined by the State Department of Health.

**EFFORTS MADE/PLANNED:**

Petitioner has installed an 8" dry sewer line in Road A and Road G to serve Petitioner’s project and the adjacent Villages of La’i’opua, when a sewer connection is available.

6. Petitioner shall coordinate with the County of Hawaii and the State Department of Health to establish appropriate systems to contain spills and prevent material associated with light industrial uses, such as petroleum products, chemicals, solvents or other pollutants, from leaking into the storm drainage systems and adversely affecting the groundwater and coastal waters.

**EFFORTS MADE/PLANNED:**

On April 26, 1999, Petitioner retained Clayton Environmental Consultants ("Clayton") to conduct a Phase I environmental survey on Petitioner’s property. As a result of the survey, four areas of oil spill were determined to be of environmental concern. Petitioner then retained Clayton to supervise excavation and disposal of the oil-contaminated soil. A copy of the executive summary report on this excavation and disposal of the contaminated soil was attached as Exhibit “A” to Petitioner’s Annual Report filed on April 14, 2000.

One of the four contaminated sites required additional attention. The contamination had resulted from an over-fill of a diesel fuel tank by one of Petitioner’s tenants. Petitioner retained Clayton to carry out exploratory drilling to determine the extent of contamination by drilling four exploratory bore holes to depths of up to 55 feet to assess the vertical and lateral extent of diesel contamination. The result of the investigation was to remove a substantial amount of rock which
was disposed under Clayton’s supervision. Clayton then advised that no further efforts are required.

Clayton’s Detailed Reports were submitted to the Department of Health, and the Department of Health confirmed and approved the Phase I Report and Phase II soil excavation and disposal carried out by Clayton. A copy of DOH’s no action letter dated September 19, 2000 is attached hereto as Exhibit “B”.

7. Petitioner shall fund its pro rata share for electrical facilities as determined by the Hawaii Electric Light Company (HELCO).

EFFORTS MADE/PLANNED:

Petitioner funded the electrical system in Road "A" with HELCO and the system is now complete. Petitioner has agreed to fund the construction of additional electric and telephone systems for Petitioner's Lot 13 and for HCDCH's future development.

8. Petitioner shall immediately stop work on the impacted area and contact the State Historic Preservation Office should any archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, paving or walls be encountered during the project's development.

EFFORTS MADE/PLANNED:

Petitioner funded a full archaeological inventory and data collection by Paul H. Rosendahl, Ph.D., Inc. No further archaeological resources have been found.

9. Petitioner shall provide its pro rata share for police, fire, park, and solid waste disposal as may be required by and to the satisfaction of the County of Hawaii.
EFFORTS MADE/PLANNED:

No request from the County of Hawaii for payment of Impact Fees. Hawaii County has not yet adopted an Impact Fee Ordinance. Petitioner will provide its pro rata share for police, fire, park and solid waste disposal if and when requested by the County of Hawaii.

10. The Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner had an Air Quality Study of the surrounding area prepared by B.D. Neal & Associates, at the request of the Department of Health, to establish the present air quality and to estimate the impact of increased traffic and property development in the whole area on air quality in the future. DOH has reviewed the Air Quality Study and has determined that Petitioner has met the requirements of this condition, as indicated in DOH’s November 29, 2000 letter to Petitioner’s consultant, William L. Moore, a copy of which is attached hereto as Exhibit “C”.

11. The Petitioner shall implement effective soil erosion and dust control measures during all Increments of the development.

EFFORTS MADE/PLANNED:

Petitioner has provided and will continue to provide effective dust control and soil erosion procedures.

12. Petitioner shall develop and maintain on-site facilities to insure that the nearshore, offshore and deep ocean waters remain in pristine condition. Petitioner shall also participate in a water quality monitoring system as may be required by the State Department of Health.
EFFORTS MADE/PLANNED:

Petitioner has not developed any activity that will impact nearshore, offshore or deep ocean waters. Petitioner's operations on the property are substantially unchanged.

13. Petitioner shall develop the property in substantial compliance with representations made to the Commission in obtaining the reclassification of the property. Failure to so develop may result in reclassification of the property to its former land use classification.

EFFORTS MADE/PLANNED:

Petitioner has developed and will continue to develop the subject project in full compliance with the representations made to the Commission.

14. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the subject property covered by the approved petition, prior to development of the Property.

EFFORTS MADE/PLANNED:

No intent to sell, lease, assign, place in trust or otherwise alter ownership of the subject property.

15. Petitioner shall provide 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 the Petitioner's progress in complying with the conditions imposed.

EFFORTS MADE/PLANNED:

This report is to comply with condition no. 15. Petitioner requests that no further annual reports be required for Increment I of Petitioner’s property.
16. The Land Use Commission may fully or partially release these conditions 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.

EFFORTS MADE/PLANNED:

The development of Increment I of Petitioner's property is substantially complete, and
Petitioner intends to file a motion to request the release of certain of the foregoing conditions.


McCLEAN HONOKOHAU PROPERTIES

By Robert S. McClean, as Trustee of the
Robert S. McClean Trust
General Partner
Mr. William L. Moore  
William L. Moore Planning  
159 Halai Street  
Hilo, Hawaii 96720

Dear Mr. Moore:

Subject: McClean Honokohau Properties, L.P., Compliance with LUC A89-643  
Condition No. 2, TMK: (3)7-4-08: 26 and 49

This is in response to McClean Honokohau Properties' proposal to address its condition of  
approval for its State Land Use Boundary Amendment related transportation improvements.  
More specifically, Condition No. 2 of State Land Use Commission (LUC) Docket No. A89-643  
requires that the:

"Petitioner shall participate in the funding and construction of local and regional  
transportation improvements on a pro rata basis as determined by the State Department of  
Transportation."

We do not want the lack of a uniform statewide method of determining this “pro rata basis” to  
delay development. Therefore, we accept McClean's following proposal as a reasonable  
compromise in satisfying the LUC's Condition No. 2:

1. That Road "G" be constructed between the project area and Kealakehe Parkway. This  
road will be extended to the northern property line and shall be dedicated to the County  
upon its completion;

2. That the "Mid-Level Road", which consists of a 2-lane roadway within a 120-foot right-  
of-way, shall be extended to the northern property line as part of any development of the  
surrounding lands; and

EXHIBIT A
3. That "Main Street" shall be extended from Kealakehe Parkway to the northern property boundary as part of any development of the surrounding area. This construction is conditioned upon receipt of appropriate zoning of the lands from the County of Hawaii and securing a construction right-of-entry for the road improvements from the Housing and Community Development Corporation of Hawaii.

We concur that the construction of the above cited road improvements will result in an improved roadway circulation network in the Keahole to Kailua-Kona region. Therefore, we agree that the construction of these improvements will address McClean pro rata share of local and regional highway improvements required pursuant to Condition No. 2 of LUC Docket No. A89-643. Please have McClean Honokohau Properties, L. P. send us written confirmation that it is committed to construct these three roadway improvements at its expense.

Thank you for your cooperation on this matter.

Very truly yours,

KAZU HAYASHIDA
Director of Transportation

McClean Honokohau Properties, L. P. is committed and hereby agrees to construct the above identified roadway improvements at its own expense.

Robert S. McClean
General Partner

2/28/01 Date
September 19, 2000

Mr Daniel P Ford, R.G.  
Director, Clayton Environmental Consultants  
Pali Palms Plaza  
970 N Kalaheo Ave, Suite C-316  
Kailua, Oahu, Hi, 96734

RE: Diesel spill at Lower Boatyard, Honokohau Industrial Park, North Kona, Hawaii (Clayton #85-99221.00, HEER # 199907091118 )

Dear Mr. Ford:
The Department of Health (DOH), Hazard Evaluation and Emergency Response (HEER) Office has reprioritized the Honokohau diesel spill according to criteria listed in the Hawaii Administrative Rules Title 11 Chapter 451 Subchapter 3 Section 9.

The DOH has reviewed the available information regarding the diesel spill site and has made a determination regarding the priority of your site. Our prioritization process identifies sites as either high, medium, or low priority. It may also be determined that No Further Action (NFA) will be taken at the site. The process generally uses existing data and assesses the degree to which the site poses a threat or potential threat to human health or environmental receptors.

Reports reviewed in assessing site investigations and removal/remedial actions taken at the Site include: Claytons recommendation for no further action and attached project description and analytical results dated July 21, 2000. Based on this information, we recommend that no further action appears necessary at this time in regards to releases and threats of releases of hazardous substances in the areas investigated in the above-mentioned reports, in particular the base rock area. However, you should be informed that if new information indicates that contamination is present at the site at levels that pose a threat to public health, the environment, or natural resources, DOH may require additional investigative and clean-up work to be performed.

Should you have any questions regarding this matter, please contact Mike Cripps at 586-4249.

Sincerely,

Mike Cripps, State On scene Coordinator  
Environmental Health Specialist  
Hazard Evaluation and Emergency Response Office

EXHIBIT B
Mr. William L. Moore  
William L. Moore Planning  
159 Halai Street  
Hilo, Hawaii 96720  

Dear Mr. Moore:

Subject: Air Quality Analysis/McClean Honokohau Properties

The Department of Health, Clean Air Branch (DOH) acknowledges the receipt of the report Air Quality Study For The Proposed McClean Honokohau Properties Project dated September 2000.

The DOH has reviewed the report and has determined that you have met the minimum requirement of the State Land Use Commission to participate in an air quality monitoring program by completing and submitting the air quality study to the DOH.

If you have any questions, please contact Ms. Lisa Young at (808) 586-4200.

Sincerely,

[Signature]

WILFRED K. NAGAMINE  
Manager, Clean Air Branch

LY:jm
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served upon the following by depositing the same in the U.S. Postal Service by certified mail, return receipt requested, on the date hereof:

CHRISTOPHER J. YUEN, Director
Planning Department
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

GERALDINE GIFFIN, Chairman
Planning Commission
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

DAVID BLANE, Director
Office of Planning
Department of Business,
Economic Develop & Tourism
State Office Tower, 6th Floor
Honolulu, Hawaii 96813

INTERVENORS:

Isemoto Contracting Co., Ltd.
648 Piilani Street
Hilo, Hawaii 96720

SJA Partnership
P.O. Box 429
Captain Cook, Hawaii 96704

March E. Taylor
Taylor Family Limited Partnership
74-5598 Alapa Street
Kailua-Kona, Hawaii 96740

[Signature]

ROBERT J. SMOLENSKI
Attorney for Petitioner