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LAND USE COMMISSION
STATE OF HAWAII
FEB 22 4 22 PM '99
FACSIMILE:
(808) 531-4747

February 22, 1999

Land Use Commission
State of Hawaii
235 S. Beretania Street, Suite 406
P.O. Box 2359
Honolulu, Hawaii 96804

Re: Annual Report for Land Use Commission (LUC) Docket No.
A97-721/Makena Resort Corp.

Ladies and Gentlemen:

Pursuant to Condition 19 in the Decision and Order in the above-referenced docket matter, the following is submitted as the First Annual Report on the status of this project.

On an introductory note, please be advised that the Maui County Counsel adopted the Kihei-Makena Community Plan Update on March 20, 1998. The proposed development for the Petition areas generally conforms with the goals, objectives and policies of the adopted Kihei-Makena Community Plan Update. No application to specifically zone the various Petition Areas has yet been filed. It is anticipated that such an application will be filed in October 1999.

The following are all of the conditions set forth in the Decision and Order followed in each case by a brief description of efforts that are being made to comply with each stated conditions:

1. Petitioner shall provide affordable housing opportunities for low, low-moderate, and gap group income residents of the State of Hawaii in accordance with applicable laws, rules, and regulations of the County of Maui. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between Petitioner and the County of Maui.

Response: Petitioner will comply with this condition.

2. Petitioner shall coordinate with the County of Maui Board of Water Supply to incorporate the proposed project into the County Water Use and Development Plan for the area. Prior to the granting of the first discretionary permit for the single-family and multi-family residential development described in paragraph 20 of the Decision and Order or the hotel described in

paragraph 21 of the Decision and Order and by or before one year from the issuance date of this Decision and Order, Petitioner shall furnish the Commission with a letter from the County of Maui Board of Water Supply confirming that (a) the potable water allocation that will be credited to Petitioner will be available to and sufficient for the proposed project as it is described in the Petition, (b) the availability of potable water will not be an obstacle or impediment to the development of the proposed project as described in the Petition and (c) the proposed project as it is described in the Petition has been incorporated into the County Water Use and Development Plan for the area and that this plan will prevent the continued overpumping of the sustainable yield of the Iao aquifer.

Response: On May 4, 1998, representatives of Petitioner met with David Craddick, Director the Department of Water Supply, County of Maui, relating to this condition no. 2. A formal request for response from the Department was made by letter dated June 10, 1998, by Makena Resort Corp. By letter dated February 18, 1999, David Craddick, Director of the Department of Water Supply responded affirmatively to this condition. Copies of both letter are attached hereto as Exhibit "A" for your convenience.

3. Petitioner shall participate in the funding and construction of adequate water source, storage, and transmission facilities and improvements to accommodate the proposed project in accordance with the applicable laws, rules and regulations of the County of Maui, and consistent with the County of Maui water use and development plan.

Response: In 1976, Petitioner participated in the Central Maui Source Development Joint Venture and also the Central Maui Transmission Joint Venture which developed water sources in Waiehu, Maui, and a transmission line from the newly developed water sources down to the Wailea and Makena regions. Further, in 1985, Makena Resort constructed a 1.5 million gallon water storage tank at the Makena Resort. All necessary transmission lines to service the development at Makena has been developed by Petitioner. Petitioner shall continue to participate in the funding and construction of additional adequate storage and transmission facilities and improvements to accommodate the proposed project.

4. Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities to accommodate the proposed project under such terms as are agreeable between Petitioner and the County of Maui.

Response: On July 14, 1998, the Maui Planning Commission granted the approval of a State Special Use Permit (SUP) pursuant to §205-6, Hawaii Revised Statutes, County Special Use Permit and Special Management Area (SMA) Use Permit to permit for the development of three pump stations in the Urban District and a wastewater reclamation plant in the Agricultural District at Makena. On December 8, 1998, Bill No. 111 was adopted on second and final reading by the Maui County Counsel and approved by the Mayor on December 16, 1998, which granted a Conditional Permit in order to permit the development of the water reclamation facility and related improvements in the County Agricultural District at Makena. The foregoing four permits now allow for the development of the wastewater reclamation system including a collection system and three pump stations, a wastewater reclamation facility and an effluent disposal system. Construction plans are now being finalized and it is anticipated that construction of the wastewater reclamation system will commence on or about October, 1999.

5. Petitioner shall contribute to the development, funding, and/or construction of school facilities, on a pro rata basis for the residential developments in the proposed project, as determined by and to the satisfaction of the State Department of Education ("DOE"). Terms of the contribution shall be agreed upon by Petitioner and DOE prior to Petitioner acquiring county rezoning is not required.

Response: Petitioner will comply with this condition.

6. Petitioner shall participate in the pro rata funding and construction of adequate civil defense measures as determined by the State of Hawaii and County of Maui civil defense agencies.

Response: Petitioner has had and continues discussions with the State of Hawaii and County of Maui civil defense agencies with regard to further requirements.

7. Should any human burials or historic sites such as artifacts, charcoal deposits, stone platforms, pavings, or walls be found, Petitioner shall stop work in the immediate vicinity and contact SHPD. The significance of these finds shall then be determined and approved by SHPD, and an acceptable mitigation plan shall be approved by SHPD. SHPD must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E, Hawaii Revised Statutes.

Response: Petitioner will comply with this condition.

8. Petitioner shall follow the State DLNR recommendations for Petition Areas 1,2 and 3, for archaeological data recovery and preservation. An archaeological data recovery plan (scope of work) must be approved by SHPD. That plan then must be successfully executed (to be verified in writing by the SHPD), prior to any grading, clearing, grubbing or other land alteration in these areas. In Petition Area 1, three significant historic sites (1969, 2563, 2569) are committed to preservation. A preservation plan must be approved by SHPD. This plan, or minimally its interim protection plan phase, must be successfully executed (to be verified in writing by the SHPD), prior to any grading, clearing, grubbing or other land alteration in these areas.

Response: Petitioner will prepare an archaeological data recovery plan and a preservation plan both which will be approved by the State Historic Preservation Division, Department of Land and Natural Resources, prior to any land alteration in the Petition Areas.

9. Petitioner shall implement efficient soil erosion and dust control measures during and after the development process to the satisfaction of the State Department of Health and County of Maui.

Response: Petitioner will comply with this condition.

10. Petitioner shall initiate and fund a nearshore water quality monitoring program. The monitoring program shall be approved by the State Department of Health in consultation with the U.S. Fish and Wildlife Service, the National Marine Fisheries Services, and the State Division of Aquatic Resources, DLNR. Petitioner shall coordinate this consultation process with the concurrence of the State Department of Health. Mitigation measures shall be implemented by Petitioner if the results of the monitoring program warrant them. Mitigation measures shall be approved by the State Department of Health in consultation with the above mentioned agencies.

Response: Since August 1995, Petitioner has implemented and funded a nearshore water quality monitoring program. This program initially collected base line water samples and analyzed the same to determine turbidity, chemical compound contents and biota sampling. This monitoring program continues with semi annual samplings at four separate nearshore sites. Data analysis is submitted regularly to the State Department of Health. Petitioner will continue to comply with this condition.

11. Petitioner shall submit a Traffic Impact Analysis

Report (TIAR) for review and approval of the State Department of Transportation and the County of Maui.

Response: Petitioner is presently completing a traffic analysis report for the Makena Resort. It is anticipated that the same will be available for review and approval by the State Department of Transportation (DOT) and the County of Maui in conjunction with the change in zoning process.

12. Petitioner shall participate in the pro rata funding and construction of local and regional transportation improvements and programs including dedication of rights-of-way as determined by the State Department of Transportation ("DOT") and the County of Maui. Agreement between Petitioner and DOT as to the level of funding and participation shall be obtained prior to Petitioner acquiring county zoning or prior to Petitioner securing county building permits if county rezoning is not required.

Response: On June 12, 1998, Petitioner filed an application for a SMA use permit to permit for the development of roadway and utility improvements to portions of Makena Alanui, Honoike Street and Makena-Keonioio Road all within the Makena Resort. Because some of the proposed work would be within County of Maui roadway right-of-ways, an environmental assessment was prepared and a finding of no significant impact was issued by the Planning Department and published in the Office of Environmental Quality Control Bulletin on September 23, 1998. On October 27, 1998, the Maui Planning Commission granted the SMA use permit to permit for the roadway and utility improvements. The DOT was consulted as part of the preparation of the environmental assessment and copies of the SMA use permit were submitted to the DOT. Petitioner will continue to meet with DOT with regard to other local and regional transportation improvements and programs.

13. Petitioner shall fund the design and construction of drainage improvements required as a result of the development of the Property to the satisfaction of the appropriate State of Hawaii and County of Maui agencies.

Response: As part of the proposed development described in the SMA use permit discussed in response no. 12, Petitioner also proposed certain drainage improvements at the Makena Resort. Drainage improvements, approved by the Department of Public Works and Waste Management and the Planning Department shall be designed and funded by Petitioner.

14. The Petition Areas will be developed in accordance with

the Kihei-Makena Community Plan.

Response: The Petition Areas shall be developed in accordance with Kihei-Makena Community Plan.

15. Petitioner will obtain appropriate changes in zoning from the County of Maui for the Petition Areas.

Response: Petitioner shall obtain appropriate changes in zoning from the County of Maui for the Petition Areas.

16. That Petitioner shall fund, design and construct all necessary traffic improvements necessitated by development of the Petition Areas as required by the State Department of Transportation and the County of Maui's Department of Public Works and Waste Management.

Response: Petitioner will comply with this condition.

17. That Petitioner shall develop the Property in substantial compliance with representations made to the Commission. Failure to so develop the Property may result in a reversion of the Property to its former classification, a change to a more appropriate classification, or other reasonable remedy as determined by the Commission.

Response: Petitioner will comply with this condition.

18. 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.

Response: Petitioner will comply with this condition.

19. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of Planning, and the County of Maui 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.

Response: This first annual report complies with this condition.

20. The Commission may fully or partially release or amend the conditions provided herein as to all or any portion of the Petition Area upon timely motion and upon the provision of

adequate assurance of satisfaction of these conditions by
Petitioner.

Response: Petitioner will submit a timely motion to
fully or partially release or amend the conditions upon
compliance with the same.

21. 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.

Response: Petitioner has complied with this condition.

22. Petitioner shall record the conditions imposed herein
by the Commission with the Bureau of Conveyances pursuant to
Section 15-15-92, Hawaii Administrative Rules.

Response: Petitioner has complied with this condition.

If you have any questions or require any further
information, please contact this office.

Very truly yours,


Eric T. Maehara

ETM:lac

cc: Office of Planning
Attn: Mr. David Blane, Director
Office of Planning, Land Use Division
Attn: Mr. Abe Mitsuda, Administrator
Planning Department, County of Maui
Attn: Mr. John E. Min, Director
Planning Commission, County of Maui
Maui Electric Company, Ltd.
GTE Hawaiian Telephone Co.
Ulupalakua Ranch
Department of Water Supply, County of Maui
Attn: Mr. David Craddick, Director
Maui Prince Hotel Corp.
Makena Aina Corp.



DEPARTMENT OF WATER SUPPLY
COUNTY OF MAUI
P.O. BOX 1109
WAILUKU, MAUI, HAWAII 96793-7109
TELEPHONE (808) 243-7816 • FAX (808) 243-7833

February 18, 1999

Honorable Esther Ueda
Executive Officer
State of Hawaii
Department of Business, Econ Dev & Tourism
LAND USE COMMISSION
P. O. Box 2359
Honolulu, Hawaii 96804-2359

Dear Ms. Ueda:

Subject: Makena Resort Corp. Land Use Commission Decision and Order

In response to your condition No. 2 of the Decision and Order in Land Use Commission Docket No. A97-721, we would like to relay the following:

1. Potable water is available and sufficient for the proposed single family, multi-family residential development, and hotel development in the time frame set forth in the letter dated June 10, 1998 from Makena Resort Corp. (copy enclosed).
2. The availability of potable water will not be an obstacle or impediment to the development of the proposed project as described in the Petition.
3. The proposed project, as it is described in the Petition, is incorporated in the County Water Use and Development Plan. This plan, as well as other action, do not allow exceeding the sustainable yield of Iao Aquifer on a 12-month rolling average.

Sincerely,

David Craddick, Director
DC/jaw
Enclosure

copy: Gary W. Zakian, Deputy Corporation Counsel
Makena Resort Corp.

FILE COPY

"By Water All Things Find Life"



MAKENA RESORT CORP.

June 10, 1998

Mr. David Craddick
Director
Department of Water Supply
County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Re: Makena Resort Corp. Land Use Commission Decision and Order

Dear Mr. Craddick:

The following is further to our meeting of May 4, 1998, between yourself, Eric Maehara, and the undersigned relating to condition no. 2 of the Decision and Order in Land Use Commission Docket No. A97-721 (the "Decision and Order"). For your convenient reference, we have provided immediately hereunder condition no. 2 of said Decision and Order:

"2. Petitioner shall coordinate with the County of Maui Board of Water Supply to incorporate the proposed project into the County Water Use and Development Plan for the area. Prior to the granting of the first discretionary permit for the single-family and multi-family residential development described in paragraph 20 of the Decision and Order or the hotel described in paragraph 21 of the Decision and Order and by or before one year from the issuance date of this Decision and Order, Petitioner shall furnish the Commission with a letter from the County of Maui Board of Water Supply confirming that (a) the potable water allocation that will be credited to Petitioner will be available to and sufficient for the proposed project as it is described in the Petition, (b) the availability of potable water will not be an obstacle or impediment to the development of the proposed project as described in the Petition and (c) the proposed project as it is described in the Petition has been incorporated into the County Water Use and Development Plan for the area and that this plan will prevent the continued overpumping of the sustainable yield of the 'Iao aquifer."

For your information, please be advised that the proposed single family and multi-family residential development described in paragraph 20 of the Decision and Order is anticipated to require water service sometime in 2006. The hotel development described in paragraph 21 of the Decision and Order is projected to require water service sometime in mid-year 2004. For your further information, the multi-family residential areas which were contained in the Petition Area in the above-referenced Decision and Order comprise of 59.294 acres and the hotel parcels for the described Decision and Order comprise of 26.146 acres.

Honolulu Office
Maui Office

100 Holomoana Street, Honolulu, Hawaii 96815
5415 Makena Alanui, Kihei, Maui, Hawaii 96753

TEL (808) 944-4480, FAX (808) 944-4479
TEL (808) 879-4455, FAX (808) 879-8530

Mr. David Craddick
Department of Water Supply
June 10, 1998
Page - 2 -

It is now respectfully requested that in accordance with the above recited condition no. 2 of the Decision and Order that you provide a letter to the Land Use Commission confirming that:

(a) The potable water allocation that will be credited to Makana Resort is sufficient for and will be available to the above single family and multi-family projects and the hotel in the time frames set forth above;

(b) The availability of potable water will not be an obstacle or impediment to the development of the single family and multi-family and hotel developments above-mentioned; and

(c) The proposed Makana Resort which is included in the Kihel-Makana Community Plan has been or is in the process of being incorporated in the County of Maui water use and development plan, and that this plan will prevent the continued overpumping of the sustainable use of the Iao Aquifer.

If you require any further information in order to provide the letter to the Land Use Commission, please contact the undersigned.

Very truly yours,

MAKENA RESORT CORP.


Roy Figueroa
Assistant General Manager

ETM:RBF:cha

c: Eric Maehara

LUC District Boundary Amendment, p. 17/18