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April 9, 2001

ORIGINAL

LAND USE COMMISSION
STATE OF HAWAII
2001 APR 10 P 12:08

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

Re: Third 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 Third Annual Report on the status of this project.

As stated in the Second Annual Report, on November 10, 1999, Petitioner filed an application for change in zoning with the County of Maui affecting 755.689 acres of land in Makena, Maui, Hawaii, including all of the 145.943 acres of the Petition Area. The bulk of the change in zoning application included the zoning of approximately 500 acres of golf course into a new PK-4 zone that the County has established for golf courses. The change in zoning application was the subject of a public hearing before the Maui Planning Commission on July 25, 2000. Following the public hearing, the Maui Planning Commission acted to recommend to the Maui County Council approval of the change in zoning application subject to ten (10) conditions. The ten (10) conditions are set forth in Exhibit "A" attached hereto and made a part hereof. On August 29, 2000, this recommendation by the Maui Planning Commission was sent to the Maui County Council. The application for change in zoning was subsequently referred to the Land Use Committee of the Maui County Council which held a hearing on the same on March 12, 2001, at which time it continued deliberations on the application pending the annual deliberations on the County budget. It was then anticipated that deliberations on the zoning application by the Land Use Committee of the Maui County Council would recommence sometime in June 2001.

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: As set forth in more details in the Second Annual Report, this condition was complied with as set forth in a letter from David Craddick, Director of the Department of Water Supply, County of Maui, dated February 18, 1999, which letter was attached to said Second Annual Report.

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: As set forth in detail in the Second Annual Report, Petitioner has commenced the construction of a wastewater system, comprising of collection lines, pump stations and wastewater reclamation plant at Makena. Construction commenced on February 10, 2000, and it is anticipated that the entire wastewater reclamation system will be completed and operable on or about July 4, 2001.

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: Pursuant to an Educational Contribution Agreement for Makena Resort between Petitioner and the Department of Education (DOE), dated August 17, 2000, the parties have agreed upon a cash contribution by Petitioner which shall represent a fair share payment for the development, funding and/or construction of school facilities by Petitioner. A copy of said agreement is attached hereto as Exhibit "B" and made a part hereof.

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: As set forth in further detail in the Second Annual Report, a TIAR was prepared and submitted for review by DOT and the County of Maui as part of the above-mentioned change in zoning application. Following certain comments by DOT, revisions were made to the TIAR which DOT agreed with as set forth in a letter from Kazu Hayashida, Director of Transportation, dated May 2, 2000, a copy of which is attached hereto as Exhibit "C" and made a part hereof.

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: Following discussions with representatives of DOT relating to revisions to the TIAR as set forth in response to condition no. 11 immediately above, on May 11, 2000, Petitioner filed Petitioner Makena Resort Corp.'s Motion for First Amendment to the Findings of Fact, Conclusions of Law and Decision and Order, filed on February 19, 1998 (D&O), requesting that this condition no. 12 be amended. Said Motion was supported by the Affidavit of Roy Figueiroa, General Manager of Petitioner. The County of Maui Planning Department filed a Response to Motion wherein it stated that it had no objections to the Motion. The Office of Planning (OP) filed a Response to Motion wherein it stated that DOT was satisfied by the fact that Petitioner had acknowledged responsibility for its pro rata share of the cost of the transportation improvements proposed in the Maui Long Range Land Transportation Plan for the Kihei-Makena region and that OP supported the position of DOT. Upon consideration of Petitioner's Motion, supporting affidavit, and the oral and written arguments presented by the parties, this Commission ordered that condition no. 12 of the D&O, be amended as follows:

"12. Petitioner shall participate in pro rata funding and the construction of local and regional transportation improvements and programs, including dedication of rights of way as determined by 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 within two (2) years from June 1, 2000."

In complying with condition no. 12, as amended, Petitioner has and continues to engage in discussions with the DOT relating to improvements to regional transportation infrastructure,

specifically, with regard to the expansion of the State Piilani Highway from two (2) to four (4) lanes from Mokulele Highway to Kilohana Drive. To date, Petitioner has discussed the provision of engineering and other consultants' fees required for this expansion work. Further, Petitioner continues to work with DOT with regard to lobbying the legislature for adequate appropriations of money for this expansion work.

Finally, as reported in the Second Annual Report, Petitioner continues in the development of the roadway and utility improvements to portions of Makena Alanui, Honoiki Street and Makena-Keoneoio Road, all within the Makena Resort. Construction commenced on January 10, 2000, and the expected completion of this work is as scheduled, April 30, 2001.

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 last paragraph of response no. 12 above and further described in the SMA use permit discussed in response no. 12 set forth in the Second Annual Report, 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: As stated above, Petitioner has submitted a change in zoning application.

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: There have been no changes in ownerships of the Petition Areas with the exception of Petition Area 6 which is also referred to on the tax maps of the State of Hawaii as TMK: (2) 2-1-07:04. At the time of the Petition, Petition Area 6 was owned by Makena Aina Corp. and it was then transferred to an affiliate of the same being Maui Prince Hotel Corp. In January 2000, the same was transferred to Maui Prince Hotel, LLC, which is affiliated with both Makena Aina Corp. and Maui Prince Hotel Corp.

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 Third 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.

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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, LLC
Makena Aina Corp.
Makena Golf Corp.

2001 APR 10 P 12: 08

1. The density of the R-1, R-2 and R-3 Residential District zoned areas shall not exceed 2.5 single family dwelling units per acre.
2. The density of the A-2 Apartment zoned areas shall not exceed 10 units per acre and the height shall not exceed 45 feet.
3. The floor area of B-2 Community Business District shall not exceed 60 percent of the total lot area.
4. Within the B-2 Community Business District, the following permitted uses shall incorporate acoustical measures into the facility to mitigate potential noise impacts: amusement enterprises, including billiard or pool halls; auditoriums and theater; baseball or football stadiums and other sport activities and amusements; bowling alleys; dancing and hula studios; gymnasiums; miniature golf courses; music conservatories or music studios; physical-culture studios; and printing, lithography or publishing shops.
5. Within the B-2 Community Business District, exterior lighting shall be shielded from adjacent residential properties for the following permitted uses: automobile parking lots and/or buildings; baseball or football stadiums and other sport activities and amusements; equipment rental and sales yards; miniature golf courses; parcel delivery stations; and public parking areas.
6. Within the B-2 Community Business District, merchandise, equipment and supplies shall be stored within enclosed buildings or enclosed areas that are appropriately screened with fencing and landscape planting for the following permitted uses: equipment rental and sales yards; hardware and garden supply stores; parcel delivery stations; and printing, lithography or publishing shops.
7. The applicant, its successors and assigns, shall provide opportunities for pedestrian and/or bicycle access ways within the roadways fronting the subject property. Schematic designs shall be submitted to the Maui County Planning Department for consideration by the Maui Planning Commission in conjunction with future Special Management Area Permit applications for the subject property.

8. The applicant, its successors and assigns, shall contribute to the development, funding, and/or construction of school facilities, on a fair share basis, as determined by and to the satisfaction of the Department of Education (DOE). This condition shall apply only to lands zoned for single-family or multi-family residential use excluding areas that are part of State Land Use Commission Docket No. A97-721.
9. The applicant, its successors and assigns, 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.
10. The applicant shall comply with affordable housing requirements adopted by the County of Maui.

(p:\makenaciz.cond)

EDUCATIONAL CONTRIBUTION AGREEMENT FOR

MAKENA RESORT

LAND USE COMMISSION
STATE OF HAWAII

2001 APR 10 P 12:08

THIS INDENTURE, made this 17 day of August, 2000, by and between MAKENA RESORT CORP., a Hawaii corporation, whose principal place of business and post office address is 5415 Makena Alanui, Kihei, Maui, Hawaii 96753, hereinafter referred to as "MRC", and the State of Hawaii DEPARTMENT OF EDUCATION, hereinafter referred to as the "DOE";

WHEREAS, MRC is the developer of those certain parcels of land at Makena, Maui, Hawaii, comprised of approximately 145.943 acres and identified as Tax Map Key parcels 2-1-05:83, 84, 85, portion 108; 2-1-07:4; and 2-1-08: portion 90, also shown on the map attached as Exhibit "A" and made a part hereof (hereinafter referred to as the "Petition Area");

WHEREAS, the State Land Use Commission by Findings of Fact, Conclusions of Law, and Decision and Order, dated February 19, 1998, in Docket No. A97-721 (hereinafter referred to as the "Decision and Order"), amended the land use district boundaries and reclassified said Petition Area from the Agricultural District to the Urban District subject to certain conditions enumerated therein; and

WHEREAS, condition 5 of the Decision and Order provides the following:

"5. Petitioner shall contribute to the development, funding, and/or

EXHIBIT "B"

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 zoning or prior to Petitioner applying for building permits if County zoning is not required."

WHEREAS, MRC is also the applicant in an application for a change in zoning before the Planning Commission, County of Maui, in Planning Department proceeding no. CIZ 990015 for the rezoning of certain lands at Makena, Maui, Hawaii, a portion of which includes approximately 53.197 acres as further described in Exhibit "B", attached hereto and made a part hereof, hereinafter referred to as the "Zoned Parcels";

WHEREAS, the DOE is recommending to the County of Maui that a condition in the change in zoning ordinance be adopted as follows:

"The applicant shall contribute to the development, funding, and/or construction of school facilities, on a fair-share basis, as determined by and to the satisfaction of the Department of Education (DOE). Terms of the contribution shall be agreed upon by the applicant and the DOE prior to applicant applying for building permits. This condition shall apply only to lands that a change in zoning to single-family or multi-family residential use is granted, excluding areas that are

part of the State Land Use Commission Docket No. A97-721."

(The Petition Area and only those portions of the Zoned Parcels which are rezoned for single-family or multi-family use by the County of Maui along with the proposed conditions recited immediately above shall herein sometimes collectively be referred to as the "Property");

WHEREAS, MRC has no immediate timetable for the development of the Property and has not determined the exact number of single family or multi family units that will be developed on the Property or any portions thereof; and

WHEREAS, MRC and the DOE have mutually agreed that the educational contribution set forth in this agreement will satisfy condition 5 of the Land Use Commission Docket No. A97-721 and any similar requirement imposed by the County of Maui on the zoned parcels;

NOW THEREFORE, MRC and the DOE agree as follows:

1. MRC'S Cash Contribution. MRC shall contribute ONE THOUSAND ONE HUNDRED TWENTY-FIVE AND NO/100 DOLLARS (\$1,125.00) for each single family or multi-family unit it developed on the Property to the DOE.

- a. The Cash Contribution shall be paid to the DOE in installments, in accordance with the following schedule:

The Cash Contribution per unit shall be paid upon the development and sale of each single family or multi-family unit and shall be paid upon closing of each unit or in accordance with the installments scheduled to be determined between the parties.

- b. An escalation factor shall be applied to the balance of the Cash Contribution that remains to be paid after the closing and recordation of a total of 100 residential units on the Property. The escalation factor shall be based on the change in the Consumer Price Index (CPI) for the City and County of Honolulu, now issued by the Bureau of Labor Statistics of the United States Department of Labor, utilizing the average CPI rate for the six (6) months preceding the date on which the escalation factor is triggered. The escalation factor shall thereafter be adjusted annually, based on the published average CPI rate for the preceding year.


PROVIDED, HOWEVER, that in the event the DOE adopts any amendments to its present statewide facilities contribution program, the parties hereto agree that they shall in good faith renegotiate the terms of this agreement such that MRC shall continue to be responsible for and make a fair-share payment for the development, funding and/or construction of school facilities pursuant to any adopted DOE statewide plan or program in effect in the future.

2. This Agreement and the undertakings set forth herein shall be binding upon and shall endue it to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement the day and year first above written.


MAKENA RESORT CORP.,
a Hawaii corporation

Date: _____

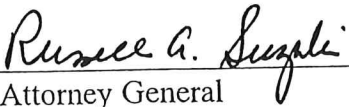
By 
Print Name Yoichi Asari
Its President

DEPARTMENT OF EDUCATION

Date: August 2, 2000

By 
Print Name Paul G. LeMahieu
Its Superintendent

Approved as to form:

By 
Deputy Attorney General
State of Hawaii

Date: 7-24-00

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU) SS.

On this 17th day of August, 2000, before me personally appeared Paul G. LeMahieu, Superintendent of the State of Hawaii DEPARTMENT OF EDUCATION, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Violet K. Oyadomari
Print Name: Violet K. Oyadomari
Notary Public, State of Hawaii

My commission expires: 7-6-02.

L.S.

STATE OF HAWAII)
)
~~CITY AND COUNTY OF HONOLULU~~) SS.

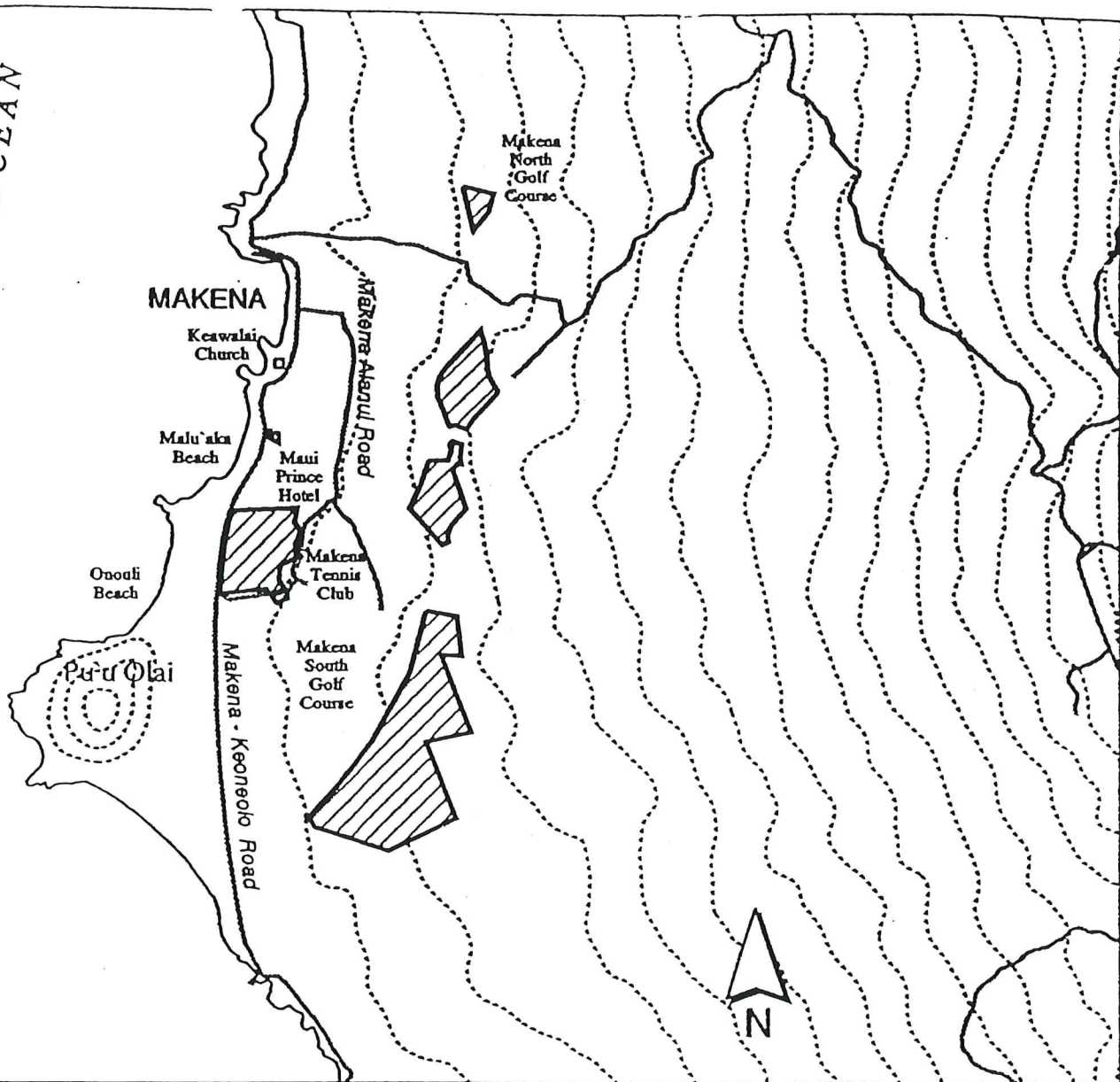
On this 23rd day of June, 2000, before me appeared _____, to me personally known, who, by me duly sworn, did say that he is the President of MAKENA RESORT CORP, a Hawaii corporation, and that the instrument was signed in behalf of said corporation by authority of its board of directors and said officer acknowledged the instrument to be the free act and deed of said corporation.

Gail A. Watson
Print Name: Gail A. Watson
Notary Public, State of Hawaii

My commission expires: 4/10/04.

L.S.

PACIFIC OCEAN

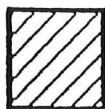


A97-721 / MAKENA RESORT
CORP.,
A Hawai'i Corporation

LOCATION MAP

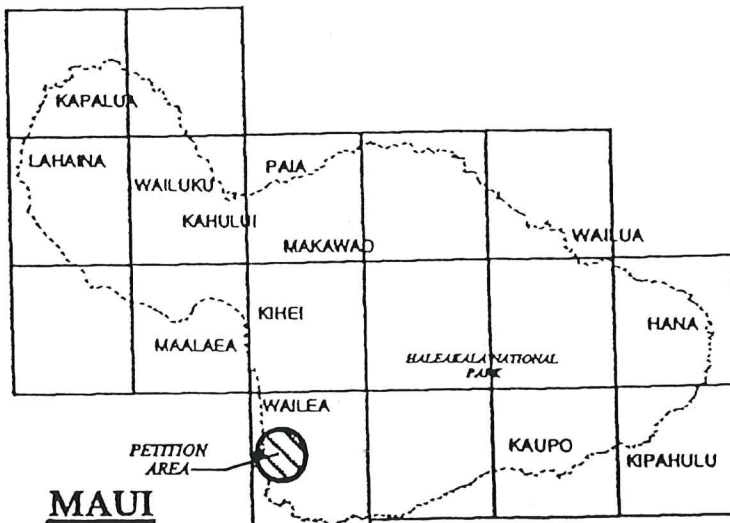
TAX MAP KEY NO.: 2-1-05: 83, 84,
85, & por. 108; 2-1-07: 4; &
2-1-08: por. 90

Makena, Maui, Hawai'i



APPROVED AREA

EXHIBIT " A "



**LANDS IN CURRENT CHANGE IN ZONING APPLICATION
SUBJECT TO DOE FAIR SHARE AGREEMENT
(NOT INCLUDING LANDS WHICH WERE PART OF
1998 DISTRICT BOUNDARY AGREEMENT)**

TMK	Change in Zoning		Acreage
	To	From	
2-1-8;por. 79, por. 81, por. 90	A-1	A-2	16.623 acres
2-1-8;por. 79	R-1	A-2	9.422 acres
2-1-8;por. 90	A-2	R-3	1.927 acres
2-1-8;por. 90	A-2	R-3	0.120 acre
2-1-8;por. 90	A-2	R-3	1.314 acres
2-1-5;por. 108	GC & OS	A-2	9.343 acres
2-1-5;por. 108	STP	A-2	7.423 acres
2-1-5;por. 108	R-1	A-2	6.542 acres
2-1-5;por. 108	A-2	R-1	.483 acre
		Total	53.197 acres

makenart\ciz\tables1-2.001



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
889 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097



KAZU HAYASHIDA
DIRECTOR

DEPUTY DIRECTORS
BRIAN K. MINAAI
GLENN M. OKIMOTO

May 2, 2000

IN REPLY REFER TO:

STP 8.9521

Mr. John E. Min
Director
Department of Planning
County of Maui
250 South High Street
Wailuku, Hawaii 96793

Dear Mr. Min:

Subject: Makena Resort Master Plan
Change in Zoning

We would like to amend our letter of March 1, 2000, STP 8.9436, regarding the subject application.

We have since met with the applicant and his traffic consultant, and are in agreement with the revisions to the Traffic Impact Analysis Report (TIAR).

The projected traffic, resulting from the development of Makena Resort is expected to significantly impact the existing regional transportation network. As such, the Makena Resort Corp. has acknowledged that it would be responsible for its pro rata share of the cost of the transportation improvements proposed in the Maui Long Range Land Transportation Plan (MLRLTP) for the Kihei-Makena region.

Further, the applicant will be petitioning the Land Use Commission to Modify condition No. 12 to delete the requirement that an Agreement as to the level of funding and participation needs to be obtained prior to acquiring zoning. It should suffice that the applicant understands that he will need to participate in his pro rata share of the costs.

LAND USE COMMISSION
STATE OF HAWAII
2001 APR 10 P 12:09

EXHIBIT "C"

Mr. John E. Min

STP 8.9521

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May 2, 2000

We appreciate the opportunity to provide comments.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kazu Hayashida".

KAZU HAYASHIDA

Director of Transportation