

OCEANSIDE
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October 22, 1997

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Ms. Virginia Goldstein, Planning Director
County of Hawaii Planning Department
25 Aupuni Street, Suite 109
Hilo, Hawaii 96720

PLANNING DEPT.
COUNTY OF HAWAII

**Subject: Annual Progress Report
Use Permit No. 115
Special Management Area Use Permit No. 345
The Villages at Hokukano**

Dear Ms. Goldstein:

I am pleased to submit the following progress report for The Villages at Hokukano, ("Project"). This report is to cover the status of development and the compliance with conditions of approval for Use Permit No. 115 and Special Management Area Permit No. 345, ("Permits"). The Permits allowed for a 27-hole golf course, golf clubhouse, driving range, shoreline access and related improvements. The Permits were approved by the County of Hawaii Planning Commission on October 27, 1993.

Members' Lodge Applications

74-5620 A Palani Road
Suite 200
Kailua-Kona, Hawaii
96740-1625

Since approval of the Permits and our prior progress report, Oceanside 1250 applied for and received approvals for a State Land Use District Boundary Amendment (97-35) and a Change of Zone (97-36) for approximately 14.8 acres of the Project so it may develop a members' lodge. The County also initiated and approved a General Plan Amendment (97-34) for this purpose. All three ordinances were approved and became effective on March 13, 1997.

Archaeology

Tel: 808-326-2966

The State Historic Preservation Division of DLNR granted final acceptance and approval of the Archaeological Inventory Survey for the entire Project in December 1996. This approval will allow Oceanside to fulfill Condition 3 of the SMA Permit and Condition 10 of the Use Permit, as Oceanside will now be able to begin preparation of the archaeological mitigation and interpretation plan in consultation with DLNR and Hawaiian community organizations. As required by conditions in the Permits, approved mitigation measures will be implemented prior to or in conjunction with any land alteration on the property.

Fax: 808-326-7713

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Mamalahoa Highway Bypass

Oceanside 1250 has completed further study of the route for the bypass roadway, flagged the route in the field, prepared various environmental studies and refined the route based on discussions with the various landowners. Oceanside has also initiated discussions with each of the landowners along the route regarding acquisition of right-of-way sufficient to build the road. As the Hawaii County Department of Public Works is the responsible agency for determining the final alignment, roadway standards and construction specifications for the Bypass, DPW has determined the preferred and acceptable alignment of the Bypass would link Alii Highway in Keauhou, with the Mamalahoa Highway-Napo'opo'o Road intersection at Captain Cook.

Oceanside is currently preparing a Draft Environmental Impact Statement for the roadway, which will be submitted to the County of Hawaii Department of Public Works, who will be the accepting agency for the EIS. Progress on the bypass will help us to fulfill conditions for other County ordinances and permits relating to the Project.

Shoreline Park

Oceanside has begun preparation of a public access and shoreline management plan regarding public access areas, perpetual access covenants, archaeology, marine resources and related improvement measures. Oceanside is refining a final draft of the plan that will likely be ready later this year. The plan will then be submitted to the Planning Director and the State DLNR for their input and comments. This plan is being prepared to fulfill Conditions 8 & 10 of the SMA Permit. Development of this plan will also allow Oceanside to comply with conditions in other County ordinances and permits that are related to the Project.

Old Government Road

In August 1997, Oceanside 1250 and the State of Hawaii agreed to the location and width of the old government road that crosses the Hokukano property. A quitclaim deed in favor of the State of Hawaii was filed with the Bureau of Conveyances on August 20, 1997. The State has indicated it will be preparing mitigation and management plans that are approved by both the local Hawaiian communities and the Department of Land and Natural Resources

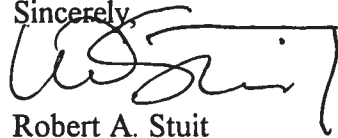
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Historic Preservation Division to determine what type of public access is acceptable on this trail. Oceanside has offered to help facilitate and assist in the preparation and initiation of these plans.

Other than the items described above, there are no other items to report that affect the status of the Project as it relates to the conditions of the Permits. Oceanside 1250 intends to meet all of the terms and comply with all of the conditions that are specified within the Permits.

I trust the above provides an adequate description of the status of the development. However, should you require any further information or have any questions, please do not hesitate to contact me.

Sincerely,



Robert A. Stuit
Director of Planning

cc: L. Anderson
Y. Takeda
J. Leonard
B. Tsukazaki
J. Dwyer