

CARLSMITH BALL LLP

A LIMITED LIABILITY LAW PARTNERSHIP

121 WAIANUENUE AVENUE

P.O. BOX 686

HILO, HAWAII 96721-0686

TELEPHONE 808.935.6644 FAX 808.935.7975

WWW.CARLSMITH.COM

SLIM@CARLSMITH.COM

January 26, 2015

Carty Chang, Acting Chairperson
Board of Land and Natural Resources
1151 Punchbowl Street, Room 130
Honolulu, Hawaii 96809-0621

Re: **2013 to 2014 Annual Report; Applicant: 1250 Oceanside, LLC**
Conservation District Use Permit HA-2977 for the Hokuli'a Shoreline Park
located at Hokukano, Kanaeue, Halekii, Keekee, Kanakau, Kalukalu, Onouli
1st, Districts of North Kona and South Kona, Island, County and State of
Hawai'i, TMK Nos.: (3) 7-9-012:003 and 8-1-004:003

Dear Acting Chairperson Chang:

On behalf of our client, 1250 Oceanside, LLC ("**1250 LLC**"), we hereby submit the 2013 to 2014 Annual Report on Conservation District Use Permit ("**CDUP**") HA-2977, which was approved by the Board of Land and Natural Resources ("**BLNR**") on November 17, 2000, and accepted by the Applicant on December 8, 2000. CDUP HA-2977 allowed the development of a 140-acre public accessible private shoreline park, landscaping, a trail and related improvements along the shoreline of the Hokuli'a project in North and South Kona on the island of Hawaii.

As noted by 1250 LLC in prior annual reports to the BLNR, CDUP HA-2977 does not require the submittal of annual reports to the BLNR. However, the approved Shoreline Park Management and Public Access Plan, dated November 1998, indicates a commitment by 1250 LLC to submit an annual report within 30 days of the anniversary of the effective date of CDUP HA-2977, for the period up to the completion of the final phase of park improvements, as proposed under the Plan.

As we have previously advised you in the last annual report, 1250 LLC filed for Chapter 11 bankruptcy protection in early 2013. The bankruptcy filing followed a period of more than four years, from 2008, during which development activities were severely constrained by financial limitations imposed by 1250 LLC's lender. On June 2, 2014, the U.S. Bankruptcy Court approved 1250 LLC's plan of reorganization ("**Plan**") and 1250 LLC emerged from bankruptcy on July 1, 2014.¹

¹ In connection with the bankruptcy restructuring, 1250 was converted from a Hawaii limited partnership into a Delaware limited liability company under the name, "1250 Oceanside, LLC".

HONOLULU

HILO

KONA

MAUI

GUAM



January 26, 2015

Page 2


The Plan approved by the bankruptcy court includes a Development, Cultural and Community Plan ("**Cultural Plan**") describing 1250 LLC's plans to expand environmental protections, protect cultural and historical sites, provide additional access to lineal and cultural descendants, and establish agricultural and cultural preserves within the Hokuli'a project. The implementation of the Cultural Plan is intended as a collaborative effort among 1250 LLC, the DLNR-SHPD, the descendants, the lot owners and other stakeholders, including the Hokuli'a Park and Cultural Sites Association, Inc. which was formed to provide for the preservation, operation and maintenance of the shoreline park and historical and cultural sites at Hokuli'a.

As 1250 LLC has indicated in prior annual reports to the BLNR, the first phase of the shoreline park at Keikiwaha Point opened on August 1, 2002, which coincided with the opening of the Hokuli'a golf course. 1250 LLC will work with the County to relocate the 25 public access parking spaces that were temporarily installed on lands adjacent to the shoreline park as well as completing the other improvements for the shoreline park. 1250 LLC continues to provide routine maintenance for the shoreline park pursuant to the requirements of the subject permit.

1250 LLC is also actively planning the next park phases. 1250 LLC anticipates completing the remaining park elements in satisfaction of CDUP HA-2977 including commencement of the historic preservation plan for the southern half of the shoreline park. Concurrent with this report, 1250 LLC has submitted the attached request to OCCL for permission to resume vegetation clearing of archaeological sites to facilitate completion of the historic preservation plan for shoreline park south and Pu'u Ohau.

Thank you for the opportunity to present 1250 LLC's annual report for 2013 to 2014. 1250 LLC trusts that this annual report sufficiently apprises the BLNR of the current status of the shoreline park. While 1250 LLC's ability to proceed with development of the shoreline park was previously constrained by its prior financial difficulties and bankruptcy proceedings, those financial challenges are behind it and 1250 LLC remains committed to satisfying the conditions of CDUP HA-2977. Should you require any additional information, please do not hesitate to contact me at any time.

Sincerely,


Steven S.C. Lim

Enclosures

cc: Dr. Alan S. Downer, SHPD Administrator
Mr. Samuel Lemmo, OCCL Administrator
Mr. Duane Kanuha, Hawaii County Planning Director
1250 Oceanside, LLC