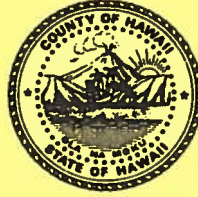


Stephen K. Yamashiro
Mayor



Virginia Goldstein
Director

Russell Kokubun
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 • Fax (808) 961-8742

February 10, 1999

Mr. Robert A. Stuit
Director of Planning
Oceanside 1250
74-5620 A Palani Road Suite 200
Kailua-Kona, Hawaii 96740-1625

SMA 356

Dear Mr. Stuit:

Change of Zone Ordinance Nos. 96-7 and 96-8 (REZ No. 765 and 812)

Special Management Area Use Permit (SMA No. 336)

Applicant: Oceanside 1250

Subject: Annual Progress Report

Tax Map Key: 7-9-06: Por. of 1; 7-9-12: 11, Pors. of 3, 4 & 5 and 8-1-04: Portion of 3

This is to acknowledge receipt of your annual progress report for the above-referenced Change of Zone Ordinances and SMA Use Permit. Thank you for complying with these requirements.

By this letter we are transmitting this report to the Planning Commission and the County Council for their information.

Please be informed that your next annual report will be due on or prior to January 15, 2000.

Should you have any questions regarding this matter, please contact Susan Gagorik or Phyllis Fujimoto at 961-8288.

Sincerely,

Clive Kawabata

VIRGINIA GOLDSTEIN
Planning Director

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Resp to 475

FEB 11 1999

Mr. Robert A. Stuit
Page 2
February 10, 1999

cc w/tr: County Council
Planning Commission
West Hawaii Office

OCEANSIDE

1250

January 18, 1999

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

100 JAN 20 PM 2 13
COUNTY OF HAWAII

Subject: Annual Progress Report
Change of Zone Ordinance 96-7 812
Change of Zone Ordinance 96-8 765
Special Management Area Use Permit 356

Dear Ms. Goldstein:

I am pleased to submit the following progress report for the Change of Zone Ordinances 96-7 and 96-8, and SMA Ordinance 356 relating to The Villages at Hokukano, (the "Project"). This report will indicate the status of the development and compliance with the conditions of approval for Ordinance 96-7, which changed the zoning designation of 756 acres from Unplanned (U) to Agriculture (A-1a), Ordinance 96-8, which changed the zoning designation of 684 acres from Unplanned (U) and Agriculture (A-5a) to Agriculture (A-1a), and SMA Ordinance 356 which was issued to allow development of portions of the agricultural subdivision along with related facilities and infrastructure improvements.

74-5620 A Palani Road

Suite 200

Kailua-Kona, Hawaii

96740-1625

Tel: 808-326-2966

Fax: 808-326-7713

Archaeology

Oceanside has contracted with a professional archaeological consultant firm to prepare the required archaeological mitigation and interpretation plans including a data recovery plan, an interim protection/preservation plan and a long-term preservation plan in consultation with DLNR and Hawaiian community organizations. As required by the conditions in the ordinances, approved mitigation measures will be implemented prior to or in conjunction with any land alteration on the property. This activity will allow us to fulfill our obligations under Condition H of Ordinance 96-7, Condition G of Ordinance 96-8 and Condition 4 of SMA Ordinance 356.

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Ms. Virginia Goldstein
January 18, 1999
Page Two

Mamalahoa Highway Bypass

The Mamalahoa Highway Bypass is designed to address existing traffic conditions in the area and to provide an alternative route for interregional traffic between North and South Kona in support of the County's long range traffic plan, as well as providing for Oceanside's project at buildout. Oceanside 1250 has made further refinements to the Bypass route based on extensive, ongoing discussions with the various landowners. Now that the alignment issues have been agreed to by the landowners, we are completing a Draft Environmental Impact Statement (DEIS) for the roadway. The DEIS will be submitted to the County of Hawaii Department of Public Works, who will be the accepting agency for the DEIS as well as the Final Environmental Impact Statement. The Department of Public Works is also the responsible agency for determining the final alignment, roadway standards and construction specifications for the Bypass.

Oceanside has continued its discussions with each of the landowners along the route regarding acquisition of right-of-way sufficient to build the road, and in the instance of several landowners, we have finalized options to purchase these portions of the right-of-way.

Progress on the Bypass will allow us to fulfill Condition M in Ordinance 96-7 and Condition L in Ordinance 96-8.

Shoreline Park

Oceanside has completed the public access and shoreline management plan regarding public access areas, perpetual access covenants, archaeology, marine resources and related improvement measures. The plan has been submitted to the Planning Director for approval.

Development of this plan will help allow Oceanside to comply with Condition K in Ordinance 96-7 and Condition H in Ordinance 96-8.

Ms. Virginia Goldstein
January 18, 1999
Page Three

Development Agreement

Earlier this year, Oceanside 1250 and Hawaii County entered a Development Agreement to identify the obligations of Oceanside, to provide assurance that these obligations are met in a timely manner, to provide assurances to Oceanside that it may complete full development of the Project, to allow Oceanside and the County to enter a reimbursement agreement for costs associated with the Bypass, and to reduce or eliminate uncertainty in the responsibilities of Oceanside and the County relating to the development of the project. The scope and purpose of the development agreement is consistent with Ordinance 93-37, the Development Agreement Code and Rule 1, which implements procedures for the application, preparation and administration of development agreements as provided by Ordinance 93-37. The Development Agreement was executed and approved by the Mayor and Oceanside on April 20, 1998.

The Development Agreement will, in part, allow us to fulfill the terms of Condition M in Ordinance 96-7 and Condition L in Ordinance 96-8.

Subdivision

On December 9, 1998, the Planning Department issued tentative approval of the preliminary plat map for 387 lots plus roadways and easements for the first increment of residential agricultural lots in the project. This approval fulfills part of Condition C of Ordinance 96-8 which indicates tentative subdivision approval which must be secured within four years of the effective date of the rezoning.

Annual Progress Report

This report is meant to fulfill our obligation to prepare an annual progress report as stated in Condition R of Ordinance 96-7, Condition V in Ordinance 96-8, and Condition 13 in SMA Ordinance 356.

Ms. Virginia Goldstein
January 18, 1999
Page Four

Other Items

Currently, Oceanside is preparing flood and drainage studies, a solid waste management plan and a natural resource management plan for the project. These items will allow us to fulfill conditions G & J in Ordinance 96-7, conditions F & K in Ordinance 96-8 and conditions 6 and 7 in SMA Ordinance 356.

There are no other items to report that affect the status of the Project as it relates to the conditions of these ordinances. Oceanside 1250 intends to meet all of the terms and comply with all of the conditions that are specified within these ordinances. Oceanside will also comply with all applicable laws, rules regulations and requirements in development of the Project.

I trust the above provides a useful description of the status of development and compliance with the conditions of approval for the ordinances. Should you have any questions regarding this report, or if you require further information regarding the Project, please contact either myself or Dick Frye, at 326-2966.

Sincerely,

OCEANSIDE 1250



Robert A. Stuit
Director of Planning

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