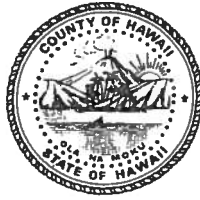


Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

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

April 24, 2002

Michael J. Matsukawa, Esq.
Territorial Center, No. 201
75-5751 Kuakini Highway
Kailua-Kona, HI 96740

Dear Mr. Matsukawa:

Change of Zone Ordinance No. 98-63 (REZ 798)

Use Permit No. 121 (USE 121)

Special Permit No. 898 (SPP 898)

Applicant: Kealakekua Development Corporation

Subject: Annual Progress Report

Tax Map Key: 8-2-12: 12, Portion of 1

This is to acknowledge receipt of your letter dated February 27, 2002 providing a brief annual status report on the above-referenced Change of Zone Ordinance No. 98-63 that amended Change of Zone Ordinance No. 95-70. By copy of this letter we will forward your report to the County Council and Planning Commission for their reference. We look forward to the submittal of the next annual progress report on or before March 1, 2003.

We understand from your letter that the property is in the process of being sold to the Gourley Trust. When that exchange is completed, we would appreciate being contacted by the new owner or representative of the trust regarding their intentions to comply with the conditions of the rezoning ordinance and additional permits referenced above.

In particular, Condition B(1) of the above referenced ordinance requires that an approved water source of sufficient quantity and quality be established on or before July 10, 2003 for the rezoning to become effective. Condition B(1) allows for a maximum one-year administrative extension to this requirement.

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Michael J. Matsukawa, Esq.
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We would also like to be informed about the status of the forest management plan required under Condition S of the rezoning ordinance. The applicant should be aware that all conditions of the rezoning ordinance and associated permits must be satisfied for the development to proceed.

Should you have any questions regarding this matter, please contact Eileen O'Hora-Weir of our Hilo office at 961-8288 or Daryn Arai of our Kona office at 327-3510.

Sincerely,



CHRISTOPHER J. YUEN
Planning Director

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cc w/ltr: Planning Department - Kona