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May 20, 2008

Mr. Christopher J. Yuen  
Director  
Planning Department  
County of Hawaii  
100 Pauahi Street, Suite 3  
Hilo, Hawaii 96720

Ref: Final Plan Approval Dated March 12, 2008  
For Reception/Admin. & (3) Duplexes Consisting of (6) 1-Bedroom  
Cottages for Hotel Rooms  
At Mahukona, North Kohala, Hawaii  
TMK: 5-7-003:010

**Subject: Update on Compliance With Conditions of Final Plan Approval**

Dear Mr. Yuen:

This letter will provide you with an update on our progress in complying with some of the conditions of Final Plan Approval for our "Phase 1 Hotel" at Mahukona.

Condition 3.a.4(1) – Final improvement plans for Mahukona and Kapa'a Parks incorporating Parks and Recreation's March 26, 2008 comments were forwarded to Parks and Recreation (James Komata) on April 25, 2008. Currently awaiting completion of his review and (hopefully) issuance of approval.

Condition 3.a.4(2) & 3.a.4(3) – As of April 23, 2008, we have issued a notice to proceed to Gerald Park, Urban Planner to update previous studies and complete an environmental assessment for the required park improvements at Mahukona and Kapa'a Parks. The schedule for completion of this work is July 14, 2008.

Condition 3.b – Two (2) copies of a revised Phase 1 Hotel site plan dated May 16, 2008 indicating the fifteen (15) public shoreline access parking stalls are enclosed

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herewith for your review. A grading permit application will be made to construct the revised parking upon your approval of the modified parking layout.

Condition 3.c and 3.f – Revised subdivision plans, showing the reduced number of units previously discussed with you, were submitted on March 4, 2008, revised per your request and resubmitted on March 31, 2008, and again revised per your request and resubmitted on May 7, 2008.

Condition 3.d – Letter dated March 27, 2008 from Duane Kanuha, Manager for Kohala Preserve Conservation Trust, reiterates our previous discussions and representations that no golf course will be built for this phase of the project.

Condition 3.e -- Letter dated March 27, 2008 from Duane Kanuha discusses issuance dates of drilling permits for the water wells for Mahukona as well as applicability of this condition. Copies of these permits were forwarded to Kona office of the Planning Department on April 28, 2008.

Condition 3.g – A draft long term cultural stewardship agreement with a prominent local Hawaiian cultural organization is currently under internal review. A Kohala-born specialist in Hawaiian cultural interpretation has been retained and is currently on-site gathering information to be included in the detailed long term preservation plan for Mahukona.

Condition 3.i – Drainage structure analysis completed December 1996 and approved by Department of Public Works on December 27, 1996 as part of previous golf course grading permit application (Grading Permit No. 4372).

Condition 3.l – Landscape easement, approved by Planning July 30, 1996, is delineated on all applicable plans.

In regards to Condition 3.a.5, we will be contacting you shortly to schedule a meeting with yourself and staff next month.

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Should you have any questions about the information provided please do not hesitate to contact either myself at 889-6257, or Mr. Duane Kanuha, KPCT Manager at 987-4223 (cell).

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Shontell". The signature is fluid and cursive, with a large initial "B" and "S".

Bill Shontell, Project Director  
KOHALA PRESERVE CONSERVATION TRUST

Cc Duane Kanuha – KPCT Manager (w/o)  
Carl Carlson – KPCT Manager (w/o)

enc.