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 THE SHOPOFF GROUP, L.P., a  
 California limited partnership

LAND USE COMMISSION  
 STATE OF HAWAII  
 2006 NOV 27 P 2:58

BEFORE THE LAND USE COMMISSION  
 OF THE STATE OF HAWAII

In the Matter of the Petition of  
 THE SHOPOFF GROUP, L.P.

DOCKET NO. A06-770

To Amend the Agricultural Land  
 Use District Boundaries into the  
 Urban Land Use District for  
 Approximately 127.94 Acres in  
 North Kona District, Island of  
 Hawaii, Tax Map Key Nos. (3) 7-3-  
 007:038, 039, and (3) 7-3-009:007

PETITION FOR LAND USE  
 DISTRICT BOUNDARY AMENDMENT;  
 VERIFICATION; EXHIBITS "1" TO  
 "22"; CERTIFICATE OF SERVICE

PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT

VERIFICATION

EXHIBITS "1" TO "22"

CERTIFICATE OF SERVICE

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- EXHIBIT "12" True copy of the Warranty Deed for TMK No. (3) 7-3-009:007
- EXHIBIT "13" Letter of Authorization for TMK Nos. (3) 7-3-007:038 and 039 which are owned in fee by TSG O'oma, L.P.
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Amendment

CERTIFICATE OF SERVICE

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of  
THE SHOPOFF GROUP, L.P.

To Amend the Agricultural Land  
Use District Boundaries into the  
Urban Land Use District for  
Approximately 127.94 Acres in  
North Kona District, Island of  
Hawaii, Tax Map Key Nos. (3) 7-3-  
007:038, 039, and (3) 7-3-009:007

DOCKET NO. A06-770

PETITION FOR LAND USE  
DISTRICT BOUNDARY AMENDMENT

PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT

COMES NOW, THE SHOPOFF GROUP, L.P., a California limited partnership, whose principal place of business is 8951 Research Drive, Irvine, California 92618 ("Petitioner") and respectfully requests the Land Use Commission of the State of Hawaii ("Commission"), to amend the land use district classification of certain lands, hereinafter described, consisting of approximately 127.94 acres of land from the Agricultural District to the Urban District.

In support of Petitioner's request to amend the land use district classification of approximately 127.94 acres of land, Petitioner respectfully alleges and presents the following:

I  
STANDING

Petitioner alleges standing to file this Petition for a Land Use District Boundary Amendment pursuant to Hawaii

Administrative Rules ("HAR") § 15-15-46(3), and Hawaii Revised Statutes ("HRS") § 205-4(a), which entitles any person with a property interest in the land sought to be reclassified to petition the Commission for a district boundary amendment. See Article VI, Petitioner's Proprietary Interest in the Petition Area.

II  
AUTHORIZED REPRESENTATIVES

The law firm of IMANAKA KUDO & FUJIMOTO has been appointed and is hereby authorized to represent Petitioner in its Petition for a Land Use District Boundary Amendment and the proceedings thereon pursuant to HAR § 15-15-35(b). Pursuant to HAR § 15-15-50(c)(2), all correspondence and communication with regard to this Petition shall be addressed to:

1. IMANAKA KUDO & FUJIMOTO  
Attention: Benjamin A. Kudo, Esq./Naomi U. Kuwaye,  
Esq./Jesse K. Souki, Esq.  
Topa Financial Center, Fort Street Tower  
745 Fort Street, 17th Floor  
Honolulu, Hawaii 96813  
Telephone: (808) 521-9500
  
2. Mr. Brian G. Rupp, Project Manager  
The Shopoff Group, L.P.  
8951 Research Drive  
Irvine, California 92618  
Telephone: (949) 417-1396

III  
AUTHORITY FOR RELIEF SOUGHT

This Petition is filed pursuant to HRS Chapter 205, as amended, and HAR Title 15, Chapter 15, as may be amended from

time to time, and all other applicable statutes and rules. The Commission is authorized to grant the relief sought herein pursuant to the provisions of HRS Chapter 205, as amended, and all applicable statutes and rules promulgated and governing the Commission.

IV  
COMMUNICATIONS AND SERVICE OF PROCESS

All papers, notices and pleadings required to be served upon Petitioner in this proceeding shall be addressed to and served upon Petitioner and the law firm of Imanaka Kudo & Fujimoto, as Petitioner's representative.

V  
DESCRIPTION OF THE PETITION AREA

The land affected by this Petition consists of approximately 127.94 acres, which includes three (3) tax map key ("TMK") parcels situated in the Agricultural District in the North Kona District, County of Hawaii, Island of Hawaii, State of Hawaii. See Exhibit "1" Kona Regional Development Map attached hereto and incorporated herein by reference. The TMK numbers are as follows: (3) 7-3-007:038 ("Parcel 38"), which is comprised of approximately 43.292 acres; (3) 7-3-007: 039 ("Parcel 39"), which is comprised of approximately 39.363 acres; and (3) 7-3-009:007 ("Parcel 7"), which is comprised of approximately 45.285 acres. Parcels 38, 39, and 7 (collectively referred to as the "Petition Area") are illustrated by the TMK

maps attached hereto and incorporated herein by reference as Exhibits "2" and "3". Parcels 38, 39, and 7 are further described as Lot 57, Lot 56, and Lot 59, respectively, on the Survey Map, attached hereto as Exhibit "4" and incorporated herein by reference. The metes and bounds descriptions for Lot 56, Lot 57 and Lot 59 are attached hereto as Exhibits "5", "6", and "7", respectively, and incorporated herein by reference.

Further detail and description of the Petition Area is contained in Petitioner's Environmental Impact Statement Preparation Notice ("EISPN"), which is attached hereto as Exhibit "8" and is incorporated herein by reference. Additional detail and description of the Petition Area will also be included in Petitioner's Environmental Impact Statement ("EIS").

VI  
PETITIONER'S PROPRIETARY INTEREST IN THE PETITION AREA

Parcels 38 and 39 are owned in fee simple by TSG O'oma, L.P., a California limited partnership (formerly known as Wasson Canyon Investments, L.P.). Parcel 7 is owned in fee simple by Springbrook Investments, L.P., a California limited partnership. True copies of the deeds for the Petition Area are attached hereto as Exhibit "10", Exhibit "11", and Exhibit "12", respectively, and are incorporated herein by reference. With respect to Parcels 38 and 39, Exhibit "9", which is attached

hereto and incorporated herein by reference, reflects the corporate name change by the landowner (i.e. from Wasson Canyon Investments, L.P. to TSG O'oma, L.P.). Also attached hereto as Exhibit "13" and Exhibit "14" are Letters of Authorization authorizing the Petitioner to act as the agent and file the Petition for TSG O'oma, L.P. and Springbrook Investments, L.P., respectively. In addition, attached hereto as Exhibit "22" and incorporated herein by reference, pursuant to HAR § 15-15-50(c)(5)(C), is the affidavit of the Petitioner's authorized representative attesting to its compliance with the service of process requirements for HAR § 15-15-48(a).

## VII

### EXISTING USE OF THE PETITION AREA; ADJACENT LAND USES

#### A. Existing Use of the Petition Area

The Petition Area is currently within the Agricultural district and is zoned by the County of Hawaii ("County") as A-5a (Agriculture - 5 acres). A map showing the state land use district boundaries is attached hereto as Exhibit "15" and is incorporated herein. Maps showing the County zoning and County General Plan Land Use Pattern Allocation Guide ("LUPAG") designations are also attached hereto as Exhibits "16" and "17" and are incorporated herein by reference.

The Petition Area has in recent years been vacant with no active development or formal cultivation activities on the land.



Limited ranching (i.e. grazing) has occurred on an intermittent basis on upper portions of the Petition Area. There is also historical evidence that the Petition Area was used for habitation, agricultural, and water collection activities.

**B. Adjacent Land Uses**

The Petition Area is situated within an area of existing small and large lot residential subdivisions. The northern boundary of the Petition Area is adjacent to a vacant 45-acre State land parcel, with the existing Kona Acres subdivision (aka O'oma Homesteads) lying further north of the State land. The eastern, or mauka, boundary abuts the existing Kona Hills Estates. The southern boundary abuts the future Kaloko Heights development, and the western, or makai, boundary abuts vacant State land.

**VIII**

**RECLASSIFICATION SOUGHT AND PROPOSED USE AND DEVELOPMENT**

**A. Reclassification Sought**

Petitioner respectfully requests the Commission to amend the present classification of the Petition Area from the Agricultural District to Urban District ("Proposed Action").

**B. Proposed Action**

The Proposed Action is being sought to allow for a residential development pursuant to the Kula Nei Master Plan ("Project"). The Petitioner is proposing to develop the Petition Area for low density residential development, with

approximately 270 residential units including upwards of 220 single-family home sites, as well as the number of affordable housing units needed to conform to the County affordable housing requirements.

The Project will also include an approximate 2.5-acre park, community trails and greenbelts, an internal road network, and supporting infrastructure to support the proposed development. A detailed description of the Project is set forth in Petitioner's EISPN. See Exhibit "8", Section 4.

**IX**  
**PROJECT TIMETABLE**

Project development and implementation is scheduled to begin immediately following approval of the necessary land use entitlements, reclassification, rezoning, subdivision, and permits. Petitioner anticipates Project development of primary market homes and affordable housing to commence in or around 2010 with an estimated Project completion in or around 2017.

**X**  
**IMPACTS ON RESOURCES OF THE AREA**

At this time, Petitioner anticipates the customary impacts associated with development projects, including those relating to, but not limited to, noise and air quality impacts associated with increased vehicular traffic and construction activities, historical, archaeological, cultural resources, flora and fauna, traffic, and public infrastructure and services. A preliminary

discussion of the resources in the Petition Area is contained in the EISPN. See Exhibit "8", Sections 5.1 through 5.15.

Additional details regarding the Project's impacts on the resources of the area will be provided as such information becomes available through studies conducted in conjunction with the preparation of the Petitioner's EIS.

#### **XI** **AVAILABILITY OF INFRASTRUCTURE AND PUBLIC SERVICES**

The Project would generate additional demand on existing transportation infrastructure and systems (e.g. potable water, wastewater, drainage, electrical power, and solid waste disposal), as well as public facilities and services (e.g. police, fire, and emergency services). The Project will include mitigation measures such as improvements to roadways and intersections in the vicinity of the Petition Area.

Additional details regarding the Project's impacts on the availability of infrastructure and public services in the area will be provided as such information becomes available through studies conducted in conjunction with the preparation of the Petitioner's EIS.

#### **XII** **ECONOMIC IMPACTS**

The Project can be expected to generate additional county and state revenues due to increases in the levels of real property, gross excise and personal income taxes collected.

Additionally, the Project can be expected to have beneficial impacts on employment during the development and operational phases of the Project.

Additional details regarding the Project's economic impacts will be provided as such information becomes available through studies conducted in conjunction with the preparation of Petitioner's EIS.

### XIII OTHER PROPOSED PROJECTS

There are several existing and proposed developments within the immediate vicinity of the Petition Area. The Petition Area is bordered by the existing Kona Palisades and the O'oma Homestead developments to the north. The Petition Area is bordered by the existing Kona Hills Estates development to the east. The proposed Kaloko Heights development is to the south.

### XIV PETITIONER'S FINANCIAL CONDITION

Evidence of Petitioner's financial condition in the form of its Financial Statements is attached hereto as Exhibit "19", and incorporated herein by reference. Financing for the project is typically divided into three phases. Financing for land acquisition and entitlement (through subdivision approval) will be through limited partnerships, including TSG O'oma, L.P. and Springbrook Investments, L.P. An offering for investment in each of the two limited partnerships was made available to

qualified investors to raise capital to finance the land acquisition and entitlements for the project. Should additional capital be required during the entitlement phase of the project, it will be raised through the limited partnerships.

XV  
AFFORDABLE HOUSING

Petitioner intends to meet its obligation of providing affordable housing according to the applicable requirements of the state and county at the time that relevant land use approvals are obtained.

XVI  
STANDARDS FOR DETERMINING THE  
BOUNDARIES OF AN "URBAN" DISTRICT

The Proposed Action is consistent with the standards for determining boundaries of the Urban district pursuant to HAR § 15-15-18. The major state land use districts for the various properties adjacent to the Petition Area are Urban and Agricultural.

Reclassification of the Petition Area to the Urban district and subsequent request for change of zone from the County would permit the Petition Area to conform to the surrounding land uses and would permit the proposed residential development. A detailed discussion of the conformity of the Petition Area to the Urban district standards (as set forth in HAR § 15-15-18) will be contained in the Petitioner's EIS.

XVII  
CONFORMANCE WITH THE HAWAII STATE PLAN

Based upon the facts, data and information contained in this Petition and the exhibits attached hereto, and by the evidence and testimony to be submitted by Petitioner in the proceedings herein, the Project is consistent with the Hawaii State Plan ("State Plan") as set forth in HRS Chapter 226, as amended, which is a guide for future long-range development for the state.

The Project generally conforms to the applicable goals, objectives and policies of the State Plan, and applicable priority guidelines and functional plan policies. Further explanations and a more detailed description of the conformance of the Project will be contained in Petitioner's EIS.

XVIII  
CONFORMANCE WITH COUNTY OF HAWAII GENERAL PLAN

Based upon the facts, data and information contained in this Petition and the exhibits attached hereto, and by the evidence and testimony to be submitted by Petitioner in the proceedings herein, the Proposed Action is consistent with the applicable goals, policies and standards of the County of Hawaii General Plan (2005). Further explanations and a more detailed description of the conformance of the Project will be contained in Petitioner's EIS.

**XIX**  
**CONFORMITY WITH CHAPTER 205A**

The purpose of the Hawaii Coastal Zone Management Program ("HCZMP") is to establish guidelines for the use, protection and development of resources within the coastal zone. Development activities in the coastal zone must conform to the HCZMP objectives and policies, as outlined in HRS Chapter 205A. The HCZMP is supplemented by the County's Special Management Area ("SMA") that controls development along the shoreline and generally requires a permit from the County for activities in the SMA. The Petition Area is not located within the County SMA. Further explanations and a description of the conformance of the Proposed Action with the HCZMP and HRS Chapter 205A will be discussed in Petitioner's EIS.

**XX**  
**IMPACTS ON NATIVE HAWAIIAN CUSTOMARY AND TRADITIONAL RIGHTS**

Furthermore, the Project would not adversely impact established rights of native Hawaiians who have customarily and traditionally used the Petition Area for (1) subsistence, cultural and religious practices or (2) access to other areas in order to exercise those practices.

As part of the Petitioner's EIS, a cultural impact assessment study will be conducted to assess the current situation and to ensure compliance with HRS Chapter 343.

XXI  
NOTIFICATION OF PETITION FILING

Attached as Exhibits "20" and "21", respectively, and incorporated herein by reference, are the true and correct copies of the notification of the filing of this Petition and the affidavit attesting to Sending of the Notification of Petition Filing required by HAR § 15-15-50(d).

XXII  
REASONABLENESS OF AND COMPLIANCE WITH  
REQUIREMENTS FOR BOUNDARY AMENDMENTS

In accordance with HAR § 15-15-77 and HRS § 205-4(h), and based upon the facts, data and information submitted herein and contained in this Petition and Exhibits "1" to "22" and by the evidence and testimony to be submitted by Petitioner in the proceedings herein, the land use district boundary amendment requested in this Petition is reasonable, not violative of HRS § 205-2, as amended, and is consistent with the provisions of HRS §§ 205-16, 205-17 and 205A-2 and Chapter 226, as amended.

Petitioner prays for an Order Amending the Land Use District Boundary of the Petition Area from the Agricultural District to the Urban District.

DATED: Honolulu, Hawaii, November 27, 2006.

THE SHOPOFF GROUP, L.P., a  
California Limited Partnership

By Brian G. Rupp  
Brian G. Rupp  
Project Manager



VERIFICATION

STATE OF California )  
 )  
COUNTY OF Orange ) SS.

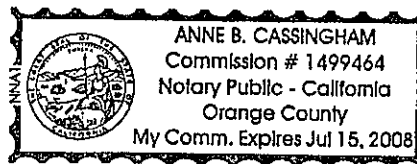
I, BRIAN G. RUPP, being duly sworn on oath depose and say that I am the Project Manager of THE SHOPOFF GROUP, L.P., a California limited partnership, and as such am authorized to make this verification on behalf of the Partnership, that I have read the foregoing Petition and have full knowledge of the contents thereof, and that the same are true to the best of my knowledge, information and belief.

THE SHOPOFF GROUP, L.P., a  
California limited partnership

By Brian G. Rupp  
Brian G. Rupp  
Its Project Manager

Subscribed and sworn to  
Before me this 27<sup>th</sup> day  
of November, 2006.

Anne B. Cassingham  
Notary Public, State of California



Printed Name: Anne B. Cassingham

My commission expires: 7-15-06

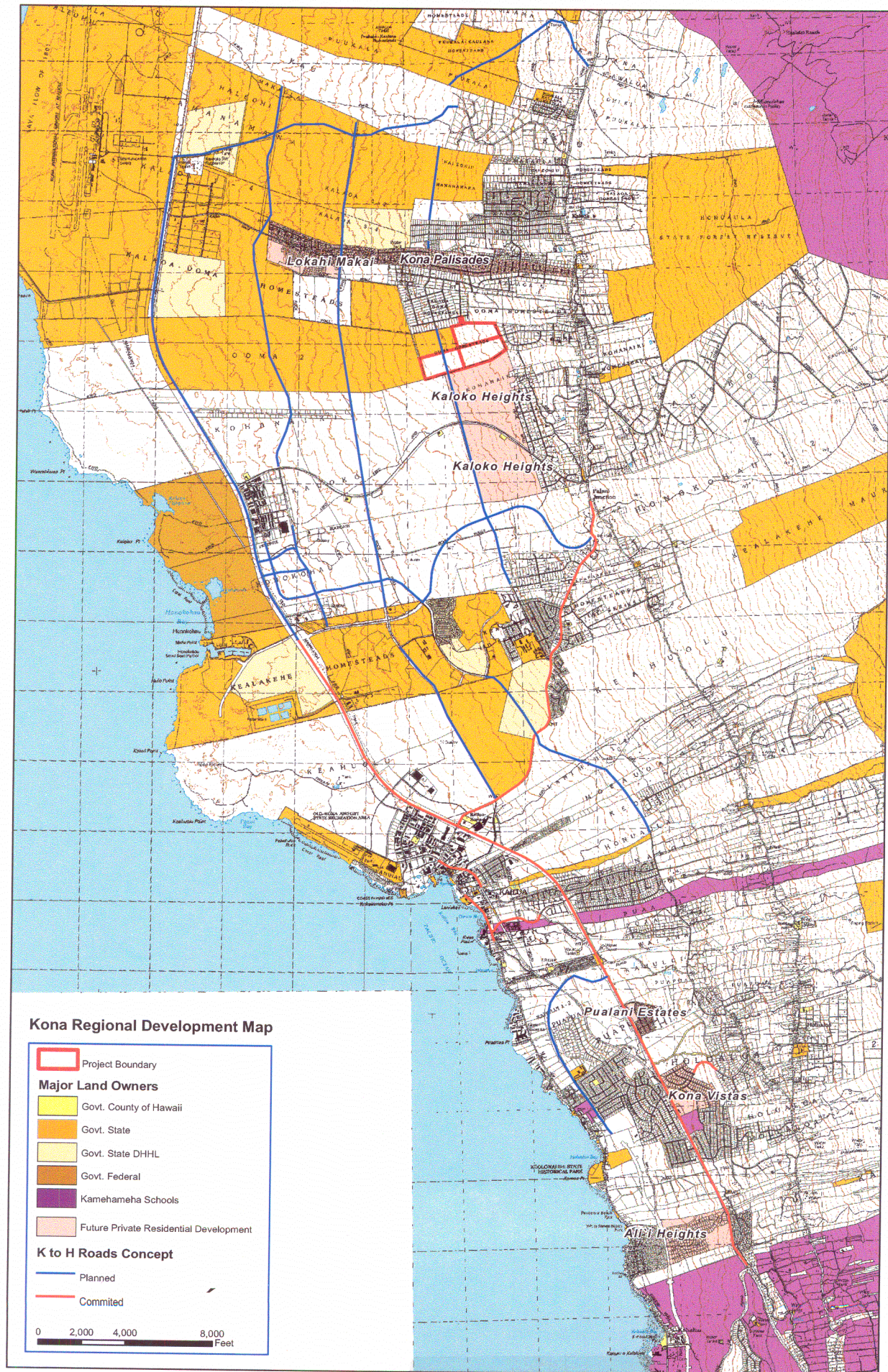
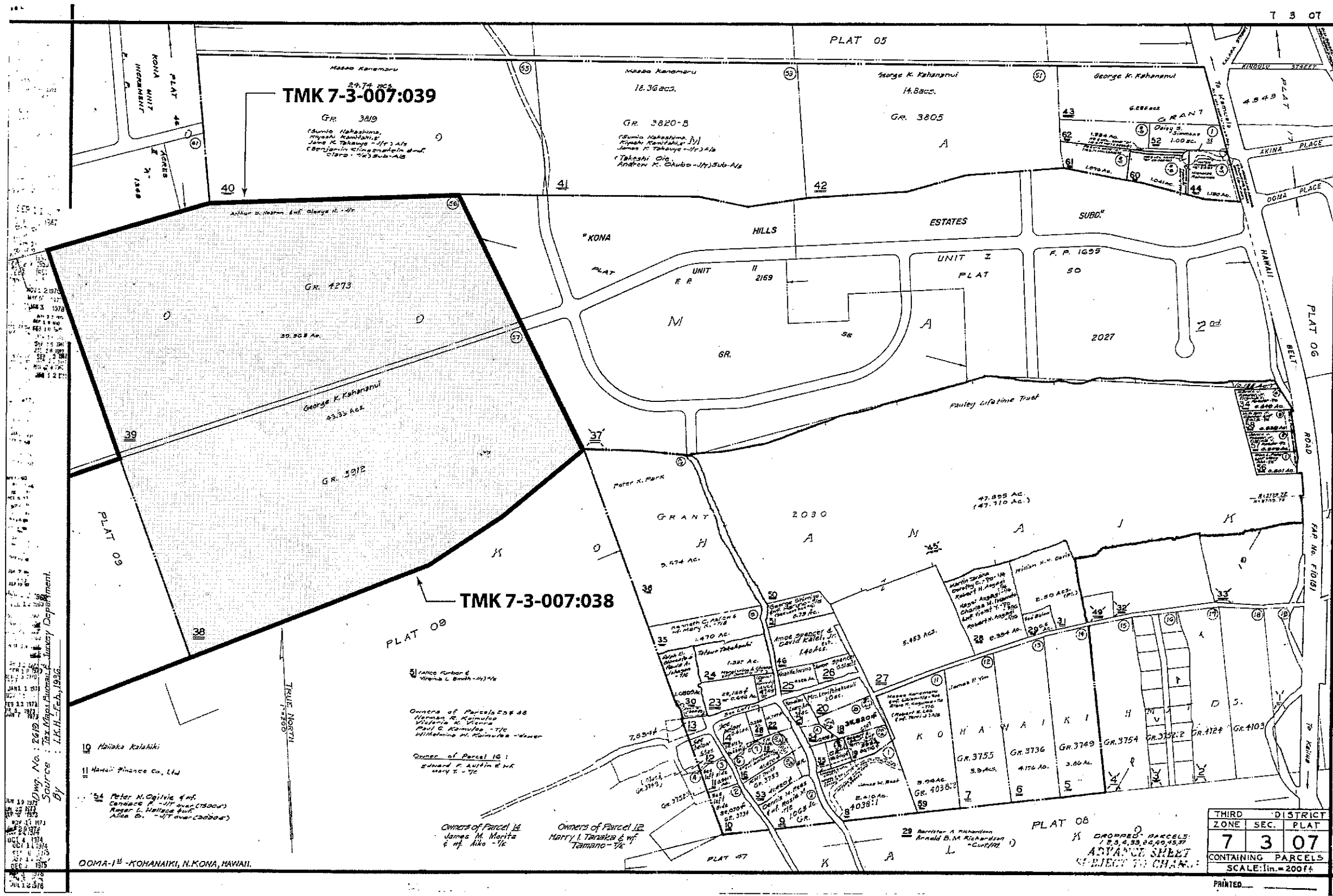


Exhibit "1"



Dwg. No.: 2009-10-10  
 Source: Tax Maps Bureau, Hawaii Department of Taxation  
 By: L.H.H. Feb. 1936

19 Hailoka Kalahiki  
 20 Hawaii Finance Co., Ltd.  
 21 Peter N. Ogilvie & Co. (Trustee)  
 22 Candace P. - JT over (1990s)  
 23 Roger L. Hillage & Co.  
 24 Alice G. - JT over (1990s)

Owners of Parcel 20A  
 Norman B. Kaimulua  
 Victoria K. Kaimulua  
 Paul C. Kaimulua - JT  
 Wilhelmina M. Kaimulua - JT

Owner of Parcel 10:  
 Edward F. Austin & Co.  
 1947 - JT

Owners of Parcel 12  
 James M. Morita & wife  
 & of Aka - JT

Owners of Parcel 12  
 Harry I. Taraka & wife  
 Tamara - JT

25 Barrett A. Richardson  
 26 Arnold B.M. Richardson

THIRD DISTRICT		
ZONE	SEC.	PLAT
7	3	07
CONTAINING PARCELS		
SCALE: 1 in. = 200 ft.		
PRINTED		



0 250 500  
 SCALE IN FEET

LEGEND  
 Petition Area

**PETITION AREA: TMK MAP**

The Kula Nei Project  
 Prepared for The Shopoff Group  
 October 2006

Exhibit "2"



**BOUNDARY SURVEY OF**

**LOT No. 59**  
 of "Ooma Homesteads, Akahipuu Section"  
 Being all of Grant No. 9468, to Mrs. Hattie Kiloulu  
 Also: LOT No. 56 & LOT No. 57  
 Being all in Grant 4273 to D. M. Paiwa  
 and Grant 5912 to John Broad  
 At Ooma 2nd, North Kona, County, Island  
 & State of Hawaii  
 TMK No. (3) 7-3-09:7  
 TMK No. (3) 7-3-07:38 & 39

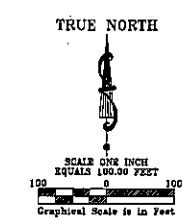
GRANT 3046 TO KEIKI KAMA, JR. LOT NO. 81 55,398 sq. ft. 1/2" IRON PIPE IN CONCRETE FOUND  
 GRANT 2474 ACRES TO S. KANE

**EXHIBIT "A"**  
**LOT NO. 56**  
**39.363 Acres**  
**TMK No. (3) 7-3-07:39**  
 GRANT 4273 TO D. M. PAIWA

**EXHIBIT "B"**  
**LOT NO. 57**  
**43.292 Acres**  
**TMK No. (3) 7-3-07:38**  
 GRANT 5912 TO JOHN BROAD

**EXHIBIT "C"**  
**LOT NO. 59**  
**45.285 Acres**  
**TMK No. (3) 7-3-09:7**  
 GRANT 9468 TO MRS. HATTIE KILOULU

**KOHANAIKI**  
 GRANT 2942



**EASEMENT NOTE:**  
 Perpetual easement over and across Lot 59 for utility purposes, document No. 94-178203, recorded October 31, 1994.

- NOTES:**
- 1) The distances shown between the property lines and the features shown and mapped hereon are taken from records normally considered to be reliable.
  - 2) SCALE: One inch equals feet 1" = 100'
  - 3) All azimuths & distances are shown & mapped hereon in a clockwise direction.

This map was prepared by me or under my direct supervision.  
 THOMAS G. PATTERSON  
 LICENSED SURVEYOR NO. 10747  
 November 28th, 2005

**EXHIBIT "D"**

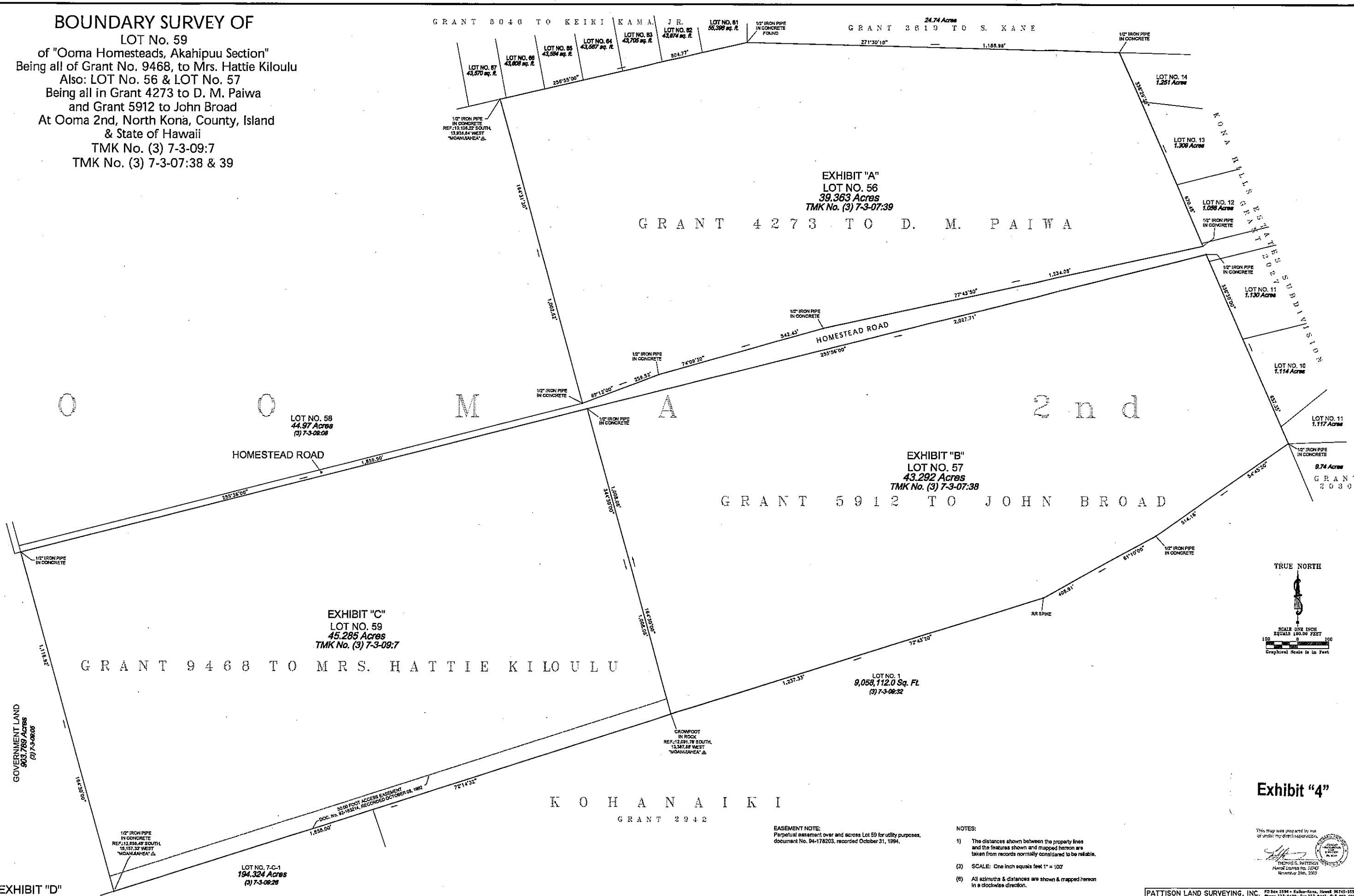


EXHIBIT "A"  
TMK(3)7-3-007:039

(Page 1 of 2)

All of that certain parcel of land (being all of the land(s) described in and covered by Grant 4273 to D. M. Paiwa) situated approximately 3,400 feet east of Mamalahoa Highway at Ooma 2nd, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 56, and being more particularly described as follows:

Beginning at a 1/2 inch pipe set in concrete at the northwesterly corner of this parcel of land, being also the northeast corner of Lot 50 of the Ooma 2nd Homestead and the southerly side of Lot 67 of the Kona Acres Subdivision, File Plat 1348, the coordinates of said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 10,136.22 feet south and 13,938.84 feet west and running by azimuths measured clockwise from true South:

- |    |              |          |   |
|----|--------------|----------|---|
| 1. | 256° 55' 00" | 804.77   | feet along the Southerly side of Lots 67, 66, 65, 64, 63, 62 and 61 of Kona Acres Subdivision, File Plan 1348, to a found 1/2" pipe in concrete:  |
|    |              |          | Thence following along the centerline of stonewall along Grant 3819 to S. Kane, Lot 55 of the Ooma 2nd Homestead, to a 1/2 inch pipe in concrete (found) the direct azimuth and distance being: |
| 2. | 271° 30' 10" | 1,186.96 | feet along the West side of File Plan 2169, portions of Grant 2027 to Kameheu, Kona Hills Estates, to a point;  |
| 3. | 336° 29' 30" | 670.48   | feet along portions of Grant 2027 to Kameheu, to a found 1/2" pipe in concrete;   |
| 4. | 77° 43' 50"  | 1,234.08 | feet along the centerline of stonewall along a Homestead Road to a set 1/2" pipe in concrete;   |
| 5. | 74° 09' 30"  | 542.43   | feet along the centerline of stonewall along a Homestead Road to a set 1/2" pipe in concrete;   |
| 6. | 69° 12' 00"  | 259.52   | feet along the centerline of stonewall along a Homestead Road to a set 1/2" pipe in concrete;   |

EXHIBIT "A"

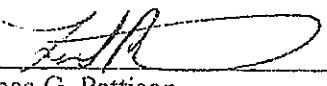
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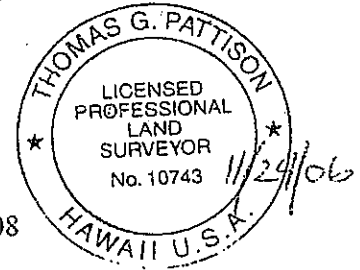
7. 164° 31' 30" 1,002.62 feet along Lot 58 of the Ooma Homesteads (Government Land) along the centerline of a stonewall to the point of beginning and containing an area of 39.363 acres, more or less.

Description prepared by:

PATTISON LAND SURVEYING INC.

November 24th, 2006

  
\_\_\_\_\_  
Thomas G. Pattison  
Licensed Professional Land Surveyor  
Certificate No. 10743 Expires 4/30/2008



**EXHIBIT "B"**  
**TMK(3)7-3-007:038**

(Page 1 of 1)

All of that certain parcel of land (being all of the land(s) described in and covered by Grant 5912 to John Broad) situate, lying and being at Ooma 2<sup>nd</sup>, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 57 and thus bounded and described as per survey of Russell Figueroa, Registered Professional Surveyor, Certificate No. 4729, dated December 11, 1992 to wit:


Beginning at a "-->" on set stone in wall (found) at the Southwest corner of the parcel of land, being also the southwest corner of Lot 59 of Ooma Homesteads, Akahipuu Section, same being all of Grant 9468 to Mrs. Hattie Kiloulu, the coordinates of said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,091.78 feet South and 13,387.86 feet West and running by azimuths measured clockwise from true South:

- |    |              |          |  |
|----|--------------|----------|--|
| 1. | 164° 30' 00" | 1,008.06 | feet along Lot 59 of Ooma Homesteads, Akahipuu same being all of Grant 9468 to Mrs. Hattie Kiloulu, to a set ½' pipe;                              |
| 2. | 255° 56' 00" | 2,027.71 | feet along a Homestead Road, to a found ½' pipe in concrete;   |
| 3. | 336° 30' 00" | 657.35   | feet along Lots 39, 11, 10 and 9 of Kona Hills Estates Subdivision Unit II, same being also portions of Grant 2027 to Kameheu, to a found ½' pipe; |
| 4. | 54° 45' 20"  | 514.16   | feet along Lot 5 being a portion of Grant 2942 to Hulikoa, to a found ½' pipe;   |
| 5. | 61° 10' 00"  | 408.91   | feet along Lot 5 being a portion of Grant 2942 to Hulikoa, to a found spike;   |
| 6. | 72° 43' 28"  | 1,237.33 | feet along Lot 5 being a portion of Grant 2942 to Hulikoa, to the point of beginning and containing an area of 43.292 acres, more or less.         |

Description prepared by:

PATTISON LAND SURVEYING INC.

November 24th, 2006

  
\_\_\_\_\_  
Thomas G. Pattison  
Licensed Professional Land Surveyor  
Certificate No. 10743 Expires 4/30/2008

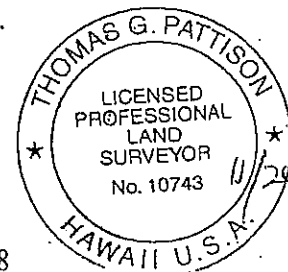




EXHIBIT "C"  
TMK(3)7-3-009:007

(Page 1 of 1)


All of that certain parcel of land (being all of the land(s) described in and covered by Land Patent Grant Number 9468 issued to Hattie Kinoulou) situate, lying and being at Ooma 2nd, Kohanaiki, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 59 and thus bounded and described as per survey dated December 14, 1992, to-wit:

Beginning at a 1/2" pipe in concrete at the southwest corner of this parcel of land, being also the southeast corner of the Government Land of Ooma 2nd, said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,658.45 feet south and 15,157.33 feet west and thence running by azimuths measured clockwise from true south:

1. 164° 30' 00"      1,116.92      feet along the Government Land of Ooma 2nd to a 1/2" pipe;
2. 255° 36' 00"      1,856.90      feet along a Homestead Road to a 1/2" pipe;
3. 344° 30' 00"      1,008.06      feet along Lot 57 of Ooma Homesteads. Akahipuu Section. same being all of Grant 5912 to John Broad to a "-->" on set stone in wall (found);
4. 72° 14' 32"      1,858.00      feet along Lots 5 and 7-C-1. being portions of Grant 2942 to Hulikoa to the point of beginning and passing over a spike found at 936.85 feet and containing an area of 45.285 acres, more or less.

Description prepared by:                      PATTISON LAND SURVEYING INC.

November 24th, 2006

  
\_\_\_\_\_  
Thomas G. Pattison  
Licensed Professional Land Surveyor  
Certificate No. 10743 Expires 4/30/2008

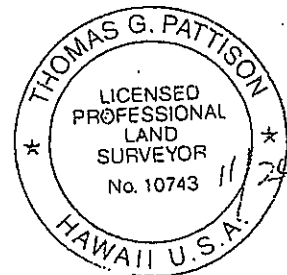


Exhibit "7"

ENVIRONMENTAL IMPACT STATEMENT  
PREPARATION NOTICE

Kula Nei Project

O'oma, North Kona, Island of Hawai'i

Accepting Agency: State of Hawai'i Land Use Commission

Applicant: The Shopoff Group

Agent: Belt Collins Hawai'i

November 24, 2006

Exhibit "8"

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**1. Applicant**

The applicant is The Shopoff Group, L.P. (TSG). This preparation notice has been prepared by the applicant's agent, Belt Collins Hawaii Ltd.

**2. Approving Agency**

The approving agency is the State Land Use Commission (SLUC)

**3. Agencies, Citizen Groups, and Individuals Consulted**

State agencies already consulted include the SLUC, the Office of Planning (OP) within the Department of Business, Economic Development & Tourism (DBEDT), Department of Transportation (DOT), Department of Land & Natural Resources (DLNR), including its Historic Preservation Division (SHPD), and Department of Education (DOE). At the County of Hawai'i level, agencies consulted include the Office of the Mayor, Planning Department, Department of Public Works (DPW), the Wastewater Division of the Department of Environmental Management (DEM), and Department of Water Supply (DWS). These agencies will continue to be consulted during the preparation of the Draft EIS.

**4. General Project Description**

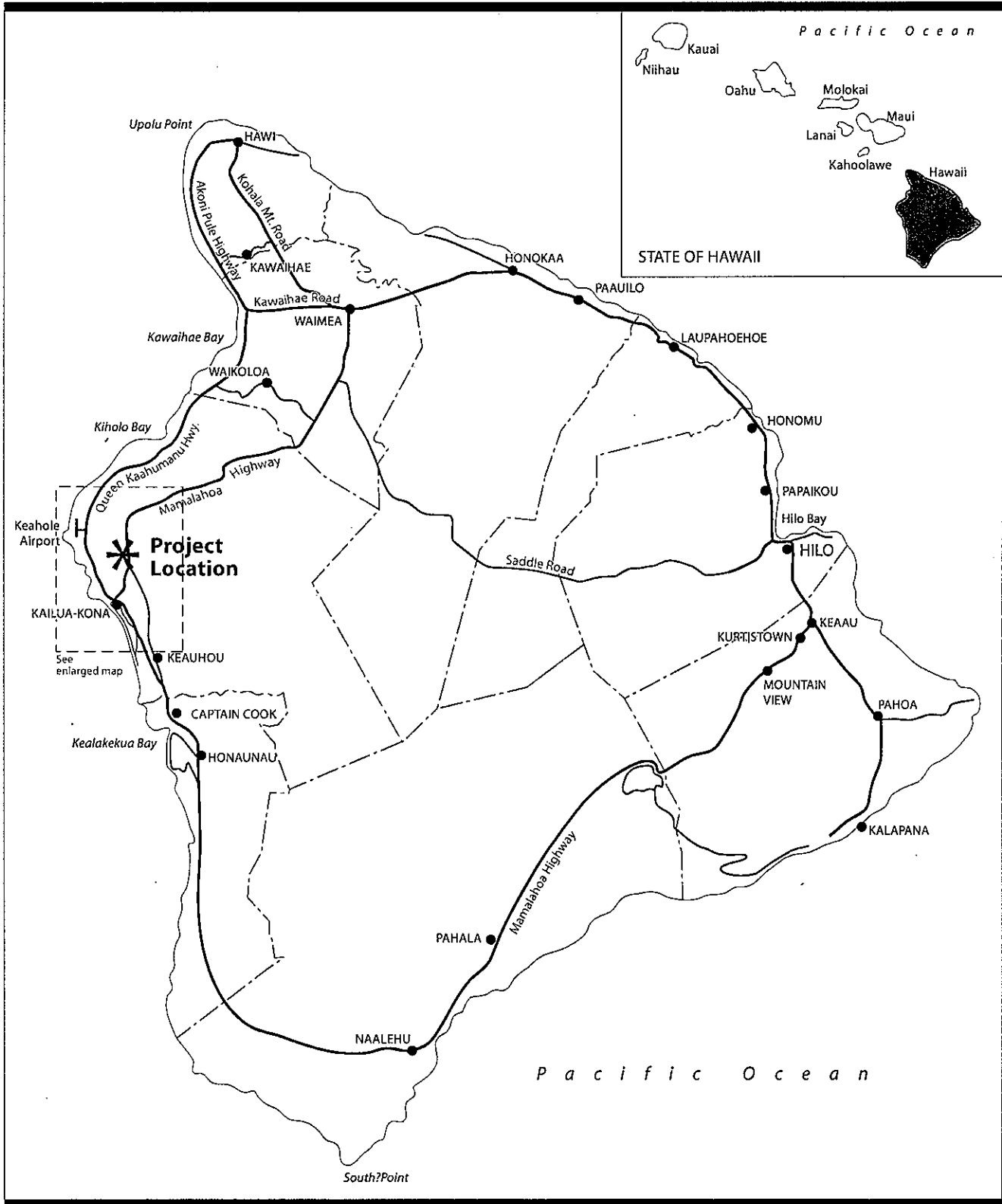
The total project area is approximately 150 acres, and includes both a "Petition Area" (127.94-acres) that represents the area that will be the subject of a State Land Use Petition (to reclassify land from the State's Agriculture District to the Urban District) and which constitutes the area of proposed development, and "Accessory Areas" totaling approximately 22 acres and necessary for access and potable water to the Petition Area.

Please refer to the attached Location Map (Figure 1), Regional Map (Figure 2) and Project Area Map (Figure 3).

**4.1. Physical Setting**

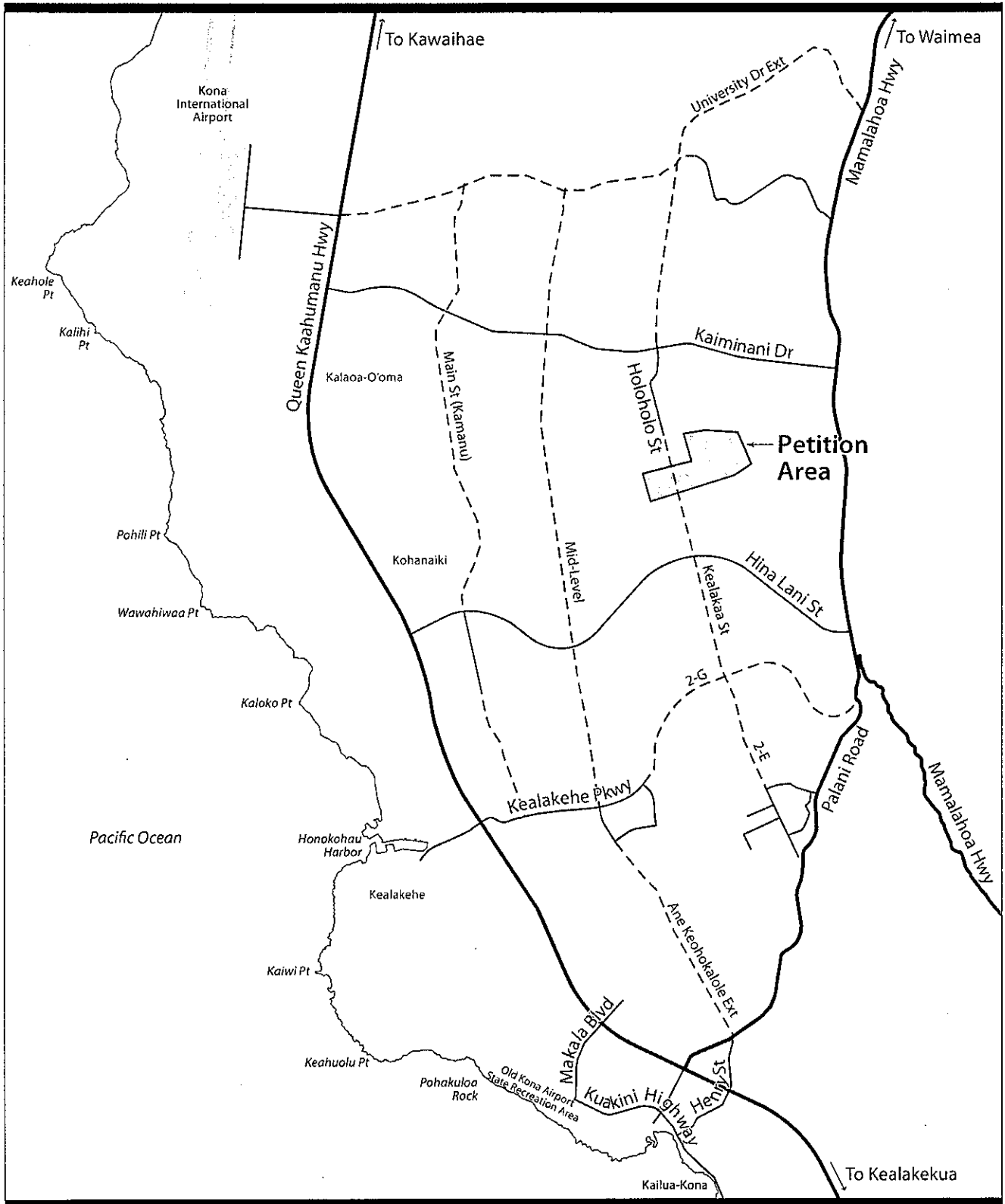
The Petition Area is situated on three vacant parcels (TMK Nos. 7-3-007: 038 & 039 and 7-3-009: 007) in the 'O'oma 1<sup>st</sup> and 2<sup>nd</sup> Ahupua'a, North Kona District, Island of Hawai'i, approximately 3 miles mauka of Puhili Point. This area is situated on the lower western slopes of Hualalai at elevations 740' to 1140' amsl, approximately ¼ mile makai of Mamalahoa Highway and 2 miles mauka of Queen Kaahumanu Highway, and approximately ½ mile north of Hina Lani Street and ¾ mile south of Kaiminani Drive.

The Petition Area is rectangular, is generally oriented mauka-makai, and is approximately 3,900' in length, with the width varying from 1,000' at elevations



**Figure 1**  
**LOCATION MAP**

Kula Nei Project  
Prepared for: The Shopoff Group  
October 2006



0 2500 5000  
SCALE IN FEET

**LEGEND**

- Future Roads
- Minor Roads
- Major Roads

**Figure 2  
REGIONAL MAP**

The Kula Nei Project  
Prepared for the Shopoff Group  
October 2006





740'-880' amsl (TMK No. 7-3-009: 007) to 2,000' at elevations 880'-1140' (TMK Nos. 7-3-007: 038 & 039).

The northern boundary of the Petition Area is adjacent to a vacant 45-acre State land parcel, with the existing Kona Acres subdivision (aka O'oma Homesteads) lying further north of the State land. The eastern, or mauka, boundary abuts the existing Kona Hills Estates. The southern boundary abuts the future Kaloko Heights development, and the western, or makai, boundary abuts vacant State land.

Accessory Areas needed for access to the Petition Area total approximately 11.4 acres. Access is proposed; a) from the existing Holoholo Street to the north (via Kona Acres subdivision) across vacant State land (TMK 7-3-009: por 008); b) to Hina Lani Street via an extension of Holoholo Street through the future Kaloko Heights subdivision (TMK 7-3-009: por 032); and c) a second access to Hina Lani Street also through the future Kaloko Heights subdivision at elevation 1,050' amsl. The State land parcel needed for the Holoholo Street extension is vacant, is situated at elevation 820' amsl and is aligned with the mid-section of TMK 7-3-009: 007. Development on the vacant Kaloko Heights parcel is expected to begin as early as 2007.

Accessory Areas also include approximately 10.2 acres on portions of ten parcels and three roads to provide the water system needed to support development in the Petition Area. These include; a) a proposed well on TMK 7-3-006: por 022 at elevation 1,815' amsl, b) potable water storage reservoirs on TMK 7-3-006: por 022, and on TMK 7-3-007: por 042 at elevation 1,385' amsl, and c) proposed transmission lines that will be situated within TMK Nos. 7-3-006: por 035, por 036 & por 037, TMK Nos. 7-3-007: por 042 & por 043, and in the Old Government Mauka Road, Kinoulou Street, and Mamalahoa Highway. In conjunction with the proposed water system, an existing water transmission line to support development in the Petition Area exists within a new residential subdivision on TMK Nos. 7-3-007: 040 & 041.

TMK No. 7-3-006: 022 currently includes 2 dwellings on a largely undeveloped parcel, and is in the process of being acquired by the applicant.

All other parcels are owned by other private parties in which the applicant has entered into agreements for the use of their lands. These lands are generally vacant and undeveloped.

#### 4.2. History

The subject property has in recent years been vacant with no active development or formal cultivation activities on the land. Limited ranching (i.e. grazing) has occurred on an intermittent basis on upper portions of the property.

Based on the archaeological surveys of the property, there is evidence that the subject property was used for habitation, agricultural, and water collection activities during Precontact (pre-1778 A.D.) and Historic (after 1778 A.D.) periods.

The subject property was acquired by TSG O'oma, LP (TMK 7-3-007: 038 & 039) and Springbrook Investments, L.P. (TMK 7-3-009: 007) in 2005 and 2006, respectively.

#### 4.3. Proposed Development (Preferred Alternative)

The applicant is proposing to develop the subject property for low density residential development, with approximately 270 residential units including upwards of 220 single-family home sites, as well as the number of affordable housing units needed to conform to the County's affordable housing requirements.

The project will include an approximate 2.5-acre park, community trails and greenbelts, an internal road network, and supporting infrastructure to support the proposed development.

The single-family home sites are expected to consist of lots varying from 7,500 square feet (sf) to over 20,000 sf, with homes varying from 1,400 sf to 3,000 sf per unit in living space. The homes are intended to serve the primary market, with expected sale prices ranging from approximately \$600,000 to \$850,000.

The affordable homes are anticipated to include multi-family units ranging from 800 sf to 1,200 sf. While the applicant anticipates that the affordable homes will be provided on a fee sales basis (anticipated to range in price from approx. \$196,000 to \$317,000 in 2006 dollars), rental units may also be included in the affordable housing program for the project.

Primary access to the subject property is proposed via the future Holoholo Street extension to Hina Lani Street through the Kaloko Heights subdivision. Secondary access will be provided through a second access road through Kaloko Heights, as well as a further extension of Holoholo Street north to the existing Holoholo Street stub out in the Kona Acres subdivision (and ultimately to Kaiminani Drive).

Under the preferred alternative, the proposed residential development would be consistent with surrounding primary market housing and is consistent with the County's General Plan and desired infill of residential development between Keahole and Kailua-Kona, especially between Queen Ka'ahumanu Highway and Mamalahoa Highway. The project will provide additional residential ownership opportunities for families desiring to live and work in West Hawai'i.

The proposed extensions of Holoholo Street will complete portions of the County's desired secondary road network in the region, as reflected in the recent *County Action Plan, Keahole to Honaunau Regional Circulation Plan* dated August 14, 2006, prepared by the Hawai'i County Planning Dept. This secondary road network will allow local traffic movements to area schools, public facilities and commercial centers, and is intended to relieve congestion on the region's two north-south arterial roads, Queen Ka'ahumanu Highway and Mamalahoa Highway.

The applicant is proposing to complete its own source, storage and transmission network for its water requirements. The potable water infrastructure will be dedicated to Hawai'i County's Department of Water Supply.

The applicant anticipates providing its own wastewater systems through a combination of individual wastewater systems (IWS) and a private wastewater treatment plant. IWS are proposed to serve lots 10,000 sf and larger, with remaining smaller lots and portions of the affordable housing units being served by an on-site private wastewater treatment plant.

Alternative residential densities and market orientations have been evaluated during the preparation of the development plan for the property. Various infrastructure alternatives relating to water, wastewater, and access, have also been evaluated during the preparation of the development plan. The alternatives that have been considered will be presented in the Draft EIS.

The evaluation process addressed the need to meet market demands for primary housing and cost efficient strategies for concurrency to provide infrastructure to support the development. Early consultations were held with County agencies and adjoining landowners and developers to determine the extent of available off-site infrastructure necessary to support the project.

## **5. Summary Description of Affected Environment**

### **5.1. Land Use Designations and Controls**

The Petition Area is situated within the State's Agricultural land use district, and the County's Agricultural (A-5a) zoning district.

### **5.2. Climate**

Temperatures in the project area are generally consistent and moderate with average daily temperatures varying from 65 to 85 degrees Fahrenheit. Winds are predominantly light and variable, with prevailing winds originating from the southeast. Annual rainfall in the project area averages about 25 to 30 inches a year.

### **5.3. Surface and Subsurface Water Resources**

There are no drainageways or streams within the Petition Area or the affected portions of the Accessory Areas. Subsurface water resources will be evaluated within the Draft EIS.

### **5.4. Archaeological Resources**

Based on recent archaeological surveys completed on behalf of the applicant, the subject property is understood to have been the site of intensive Precontact use for habitation, cultivation, and water collection activities. Agricultural features found

on the project area are both Precontact and Historic in origin, while boundary walls found on the property date from the Homesteading period. Homestead Road is a significant landscape feature dating to the Historic Period. The Road runs a mauka/makai course through the center of the Petition Area, and is defined by low-lying boundary walls. Nine burials have been located on the property in the course of the archaeological inventory survey.

#### 5.5. Cultural Resources

Based on a Cultural Impact Assessment prepared in 2006, no ongoing cultural practices were identified within the subject property. Based on past native Hawaiian traditional practices, one of the lava tube sites within the subject property includes extensive water collection features and should be considered a traditional cultural resource to be preserved.

#### 5.6. Terrestrial Flora

The project area is not considered pristine native vegetation or habitat, although many native plants are present, including two plant species with United States Fish and Wildlife Service (USFWS) designations. The two plants with designations include 'ohe makai, which is listed as a "Species of Concern", and ko'oko'olau, which is listed as a candidate endangered species. However, neither of these two plant species require mitigation as a result of the project.

The present vegetation of the project area is the result of cleared prehistoric and historic agricultural lands being later abandoned, resulting in overgrowth of the vegetation. The dominant plants on the site now are relatively young individuals of native trees that were already present on the site or in the general area. This native vegetation has more recently been invaded by introduced weeds.

Native trees, primarily alaha'e and lama make up the bulk of vegetation over much of the project area. The presence of other native shrubs and trees include a'ali', 'Ulei, and mamane indicates that the project area vegetation is best classified as disturbed lowland dry forest of the lama forest type.

The native dry forest of the project area has in more recent times been invaded by non-native aggressive weeds, primarily Christmas berry and haole koa. Silk oak was found to be scattered through out the project area, and fountain grass has also invaded, especially in relatively open areas.

#### 5.7. Terrestrial Aviaunal and Feral Mammal

No native birds were found on the subject property.

Considering the natural resources of the property, no unexpected species were recorded. The birds and mammals found were those typical of this type of habitat in West Hawai'i.

#### 5.8. Subterranean Conditions

The project appears to be underlain by hard basaltic rock formation with some very thin surficial soils consisting of silty and fine sandy soils containing some organic matter. The near surface rock materials appear to consist of hard to very hard pahoehoe type lavas with some surface regions consisting of rubbly clinker material. The basaltic rock formation is believed to consist of both a'a and pahoehoe lava rock materials. Voids can occur in a'a, but pahoehoe is associated with the presence of lava tube caves.

The project area includes a number of lava tube segments on two of the three parcels, especially in the lower portions of the property.

#### 5.9. Subterranean Fauna

Cave fauna found within the subject property include representatives of three ecological groups (troglolithes, troglolithes, and accidentals). 29 species of cave arthropods were found, with at least three being troglolithic species endemic to the Island of Hawai'i. These include the wolf spider *Lycosa howarthi*, moths of the genus *Shrankia*, and cixiid plant-hopping bugs of the genus *Oliarus*. Five other troglolithic species may be endemic, including a mite, the spider *Theotima makua*, an Oonopid spider, an isopod, and a springtail.

None of the cave invertebrates found during the study are listed as Candidate, Threatened, or Endangered Species by the USFWS.

#### 5.10. Natural Hazards

The Federal Flood Insurance Rate Map (FIRM) Map Index, dated April 2, 2004, indicates that the subject property is categorized as Zone X, or areas determined to be outside the 500 year flood plain, by virtue of the panel not being printed and thus, defined accordingly.

Based on volcanic hazard zones for the island of Hawai'i prepared by the U.S. Geological Survey, the subject property is situated within a Zone 4 hazard zone (on a scale of 1 to 9, with 1 representing the most hazardous and 9 the least hazardous). Zone 4 comprises all of Hualalai volcano, where the frequency of eruptions is lower than Kilauea and Mauna Loa.

The entire island of Hawai'i is susceptible to earthquakes originating in fault zone under and adjacent to the island. Due to the island's active volcanic activity, the entire county of Hawai'i lies in a Zone 4 seismic zone. Zone 4 is the highest zoning designation on a scale from 0 to 4, with increasing levels of risk due to occurrence and danger.

#### 5.11. Socioeconomic Conditions

The subject property is situated within an area of existing small and large lot residential subdivisions, including the adjacent Kona Hills Estates, and nearby

Kona Acres and Kona Palisades subdivisions, among others. Future residential subdivisions adjacent to the petition area include O'oma Plantation and Kaloko Heights.

The property is approximately 3 miles mauka of the Keahole Airport and approximately 4 ½ miles north of Kailua-Kona, a major urban center which functions as a major employment center and a center for services in the region.

**5.12. Traffic Conditions**

There are no public roads directly abutting the property. There is a private road, Hamo Street, abutting the property, but no access is proposed or provided to the subject property through Hamo Street as it is situated within Kona Hills Estates, a private gated subdivision.

There is a historic road (aka Homestead Road) that crosses the property and has historically served as a mauka/makai trail. It qualifies as a government road. This road is neither graded, paved nor presently used as a path for public or vehicular travel. The road is defined by a rock base and boundary walls to both sides. This road will be retained as a trail as part of a greenbelt within the project.

**5.13. Air Quality**

Except for periodic impacts from volcanic emissions (vog) and possibly occasional localized impacts from traffic congestion, the present air quality of the project area is believed to be relatively good. The limited air quality data available for the area from the State's Department of Health indicate that (despite the vog) concentrations are well within the state and national air quality standards.

**5.14. Public Services and Facilities**

The project area is served by two fire stations, the Keahole Airport Fire Station at the airport (approximately 3 miles) and the Kailua Fire Station in Kailua-Kona (approximately 4 ½ miles). A third fire station is understood to be proposed at Makalei (approximately 2 ½ miles).

Police services are provided from the Kailua Police Station along Queen Kaahumanu Highway near Honokohau Harbor, approximately 2 ½ miles from the site).

The nearest full service hospitals include the Kona Community Hospital in Kealahou (approximately 15 miles to the south) and North Hawai'i Community Hospital in Waimea (approximately 30 miles to the north).

State DOE schools serving the project area include Kealahou Elementary School, Kealahou Intermediate School, and Kealahou High School, all of which are situated in Kealahou approximately 2 miles south of the subject property.

Major recreational facilities near the property include the Honokohau Boat Harbor (approximately 2 ½ miles) and Old Kona Airport Beach Park (approximately 4 ½ miles).

**5.15. Views**

The subject property is situated at elevations 740' to 1140' amsl. Prevailing slopes are 10 to 20% and oriented mauka to makai. This results in panoramic views of the coastal plain, the ocean and the horizon from all areas of the site, unless obscured by existing vegetation.

Surrounding residential subdivisions are situated at similar elevations and slopes, and hence also enjoy similar views.

**6. Summary of Anticipated Impacts**

**6.1. Surface and subsurface water resources**

Subsurface water resources to support development in the Petition Area will be presented within the Draft EIS.

**6.2. Archaeology**

Archaeological Inventory Surveys have been completed for the subject property.

Identified burial sites are proposed to be preserved in place and will not be disturbed. A Burial Treatment Plan will be prepared and presented before the Hawai'i Island Burial Council and submitted to the State Historic Preservation Division (SHPD) of DLNR for approval.

Other significant archaeological features will be preserved, including the Homestead Road and related boundary walls, and a major lava tube segment with significant traditional water collection features. These will be the subject of a Preservation Plan which will be submitted to DLNR SHPD for approval.

All other archaeological sites which have been identified for data recovery will be the subject of a Data Recovery Plan which will also be submitted to DLNR SHPD for approval, with field work to be completed before development activities.

The Archaeological Inventory Surveys will be presented in the Draft EIS.

**6.3. Cultural Resources**

There are no ongoing cultural practices identified related to the land within the proposed development area. Based on past native Hawaiian traditional practices, a lava tube site (SIHP site no. 24424) should be considered a traditional cultural property, and is proposed to be preserved and protected from both direct and indirect impacts. This site will be the subject of a preservation plan to be submitted to DLNR SHPD for approval.

A Cultural Impact Assessment will be presented in the Draft EIS.

**6.4. Terrestrial Flora**

The project is not anticipated to have any significant impacts upon flora due to the current absence of significant habitats on the property.

A Botanical Survey will be presented in the Draft EIS.

**6.5. Terrestrial Avifauna and Feral Mammal**

The project is not anticipated to have any significant impacts upon avifauna or feral mammals as the natural resources of the property are neither unusual nor unique. Development of the property is not expected to significantly alter the relative abundance or array of birds in this region of West Hawai'i.

An Avifaunal and Feral Mammal Survey will be presented in the Draft EIS.

**6.6. Subterranean Conditions**

Lava tube cave segments which have been identified through recent archaeological and ground penetrative radar surveys with burials and significant cultural features (e.g., traditional water collection features, etc.) will be preserved. Other lava tube segments with no known burials or significant cultural features will likely be collapsed and filled as part of the development activities for the subject property.

**6.7. Subterranean Fauna**

The project is not anticipated to have any significant impacts on subterranean fauna as none of the cave invertebrates found are listed as Candidate, Threatened, or Endangered Species by the USFWS.

A Biological Survey of Lava Tube Caves will be presented in the Draft EIS.

**6.8. Natural Hazards**

The project is not anticipated to have significant impacts on existing natural hazards related to the site.

**6.9. Socioeconomic Conditions**

It is anticipated that the project will have some level of socio-economic impacts to the surrounding area, largely resulting from the increased residential dwellings within the subject property and the related addition or relocation of families to area.

The proposed extension of Holoholo Street from the Kona Acres subdivision to the future Kaloko Heights development, ultimately connecting Kaiminani Drive with Hina Lani Street and beyond to Kealakehe, will also increase the connectivity



between nearby neighborhoods and future services (planned within the Kaloko Heights development) and public services (e.g., schools).

The project will also improve the reliability of potable water in the area due to the applicant's proposal to expand the area's water system and add storage capacity.

A Socio-Economic Impact Analysis will be presented in the Draft EIS.

#### **6.10. Traffic Conditions**

The project is expected to have an impact upon traffic conditions in the area. Traffic generated from the project is expected to use both existing mauka-makai collector roads (Kaiminani Drive and Hina Lani Street), north-south regional arterial roads (Queen Kaahumanu Highway and Mamalahoa Highway), and a future secondary road network (e.g., Holoholo Street extension, Kealakehe Parkway extension, Henry Street extension, etc.), to facilitate travel between the project area and local and regional destinations. Discussions on the extent of the project's traffic impacts will be part of a Traffic Impact Analysis Report, which will be presented in the Draft EIS. Construction access is proposed from Hina Lani Street through other privately-owned land.

#### **6.11. Air Quality**

Short-term direct and indirect impacts on air quality potentially could occur due to project construction. After the project is completed, development activities will result in increased motor vehicle traffic in the project area, potentially causing long-term impacts on ambient air quality.

An Air Quality Impact analysis will be presented in the Draft EIS.

#### **6.12. Public Services and Facilities**

The proposed project and the increased residential population will result in increased demand for public services, including fire, police, hospitals, and schools.

Public agencies representing these services will be consulted as part of the EIS process. The applicant is in direct consultations with the State DOE regarding its fair share contributions to support school services in the area.

#### **6.13. Views**

Project-related development on the property is expected to consist of one- and two-story residential structures, and are not expected to impact existing makai views of the coastal shoreline areas, the ocean and the horizon from surrounding properties, due to the prevailing 10% to 20% slopes on the subject property and surrounding areas.

## 7. Alternatives Considered

The proposed project is the result of a planned development effort. Several alternatives have been considered for the subject property, including alternatives relating to off-site access to public roads, wastewater systems, and residential subdivision concepts. The preferred alternative represents the best use of the property given the residential fee-based ownership needs in the West Hawai'i market, and the current availability of surrounding infrastructure. The alternatives that have been evaluated and a No Action alternative will be presented in the Draft EIS.

## 8. Discussion of Significance Criteria

Section 11-200-12 of the Hawai'i Administrative Rules establishes thirteen significance criteria which agencies shall use in evaluating a project's impacts. The following is a discussion of how the proposed project relates to the thirteen criteria.

Pursuant to subparagraph 12, "*...an action shall be determined to have a significant effect on the environment if it:*"

(1) *Involves an irrevocable commitment to loss or destruction of any natural or cultural resource;*

Discussion: The subject property includes a number of significant natural and cultural resources that have been identified through archaeological inventory surveys and a cultural impact assessment, including burial sites, a mauka/makai trail (aka Homestead Road) and boundary walls, and a lava tube segment with water collection features. All of these sites are proposed for preservation in accordance with the archaeological and cultural impact studies. Other notable archaeological features documenting habitation and agricultural activities on the site are proposed to be the subject of data recovery activities. There are no ongoing cultural practices identified relative to the land within the subject property.

(2) *Curtails the range of beneficial uses of the environment:*

Discussion: The range of beneficial uses of the property's environment is guided both by the County' General Plan which designates the undeveloped property for Low Density Urban uses and the County's Kona Regional Circulation Plan for the Keahole to Honaunau region, which identifies the extension of Holoholo Street as necessary to completing a secondary regional road network. The proposed project increases the range of beneficial uses for the environment by providing low density primary market housing, parks and greenbelts, and increased connectivity with surrounding roads, services, and public facilities.

(3) *Conflicts with the state's long-term environmental policies or goals and guidelines as expressed in chapter 344, HRS, and any revisions thereof and amendments thereto, court decisions, or executive orders;*

Discussion: The stated purpose of Chapter 344 is to establish a state policy which will encourage productive and enjoyable harmony between people and their environment, promote efforts which will prevent or eliminate damage to the environment and biosphere

and stimulate the health and welfare of humanity, and enrich the understanding of the ecological systems and natural resources important to the people of Hawai'i. The proposed project complies with the policies, goals and guidelines of Chapter 344. The project proposes to create a primary market residential community on lands suitable for residential living with a park and greenbelts, while also retaining significant archaeological and cultural resources on the property.

(4) *Substantially affects the economic or social welfare of the community or State;*

Discussion: Development of the property for residential purposes is consistent with the County's desire to focus growth in West Hawai'i in the region between Keahole and Kailua-Kona. The proposed project will provide additional opportunities for Hawai'i residents to live close to existing employment centers in West Hawai'i (e.g., Kailua-Kona, Keahole/NELHA, South Kohala resorts, etc.).

(5) *Substantially affects public health;*

Discussion: The proposed project is anticipated to have negligible impact on public health, as the applicant proposes to develop its own potable water sources, provide a combination of individual wastewater systems and a private wastewater treatment plant.

(6) *Involves substantial secondary impacts such as population changes or effects on public facilities;*

Discussion: The proposed project will result in the addition of upwards of 270 households within the various residential units on the subject property. The addition of this population is anticipated to increase demand on public facilities, including the area's schools.

(7) *Involves a substantial degradation of environmental quality*

Discussion: The proposed project will involve extensive ground disturbance, including clearing, grubbing, and grading of the property. The site development activities are necessary for the development of smaller residential lots on relatively sloping terrain.

(8) *Is individually limited but cumulatively has considerable effect upon the environment or involves a commitment for larger actions;*

Discussion: The proposed project is modest in scale relative to other existing and planned residential communities in the region. Future planned residential developments in the region include those at the neighboring Kaloko Heights (approximately 800± units in phase one and 1,500± units total) and at Palamanui (approximately 845± units). Both of these developments are understood to be focused on primary market housing. It is anticipated that there is a cumulative effect related to the total residential development in the region, both positive in terms of creating residential opportunities for Hawai'i residents and locating residents closer to major urban centers, and potentially negative in terms of the cumulative traffic impacts.

(9) *Substantially affects a rare, threatened, or endangered species, or its habitat;*

Discussion: No rare, threatened, or endangered species or related habitats have been identified on the subject property. One plant found on the property is listed as a species of

concern including the 'Ohe makai, and another plant is listed as a candidate endangered species, namely the Ko'oko'olau.

(10) *Detrimentially affects air or water quality or ambient noise levels;*

The project will generate increased motor vehicle use in the area which may affect air quality. The project proposes to meet its wastewater needs through a combination of individual wastewater systems on larger lots and a packaged wastewater treatment plant to accommodate smaller lots and multifamily units. Disposal will be accommodated through horizontal disposal beds on-site. Ambient noise levels are not anticipated to be affected in the project area due to the relative low density of development.

(11) *Affects or is likely suffer damage by being located in an environmentally sensitive area such as a flood plain, tsunami zone, beach, erosion-prone area, geologically hazardous land, estuary, fresh water, or coastal waters;*

Discussion: The subject property is situated within a Zone 4 volcanic hazard zone (on a scale of 1 to 9 with 1 representing the most hazardous and 9 the least hazardous), which covers all of Hualalai volcano. The property is also situated within a Zone 4 seismic zone, which is the highest zoning designation on a scale of 0 to 4. Proposed structures in the subject development will conform to all relevant building code requirements, including applicable seismic design standards.

(12) *Substantially affects scenic vistas and viewplanes identified in county or state plans or studies,*

Discussion: The subject property is not identified as scenic vistas or viewplanes on county or the state plans or studies.

(13) *Requires substantial energy consumption.*

Discussion: Energy consumption will be increased in relation to the proposed residential development. The demand for energy will be estimated and the adequacy of available energy sources will be discussed within the Draft EIS.

## 9. Anticipated Determination

The applicant, in early consultation with the State's Land Use Commission office and the County's Planning Department, has determined that an Environmental Impact Statement will be required for the project, pursuant to Chapter 343, Hawai'i Revised Statutes.

## 10. Agencies and Parties to be Consulted

At a minimum, the following agencies and citizen groups will also be consulted:

### Federal Government

- US Army Engineer Division
- US Fish and Wildlife Service (USFWS)
- US Natural Resources Conservation Service

Department of Housing and Urban Development (HUD)

State Government

Office of the Governor  
Department of Agriculture  
Department of Business, Economic Development and Tourism  
-Office of Planning  
-Energy, Resources & Technology Division  
Department of Education  
Office of Environmental Quality Control  
Hawai'i Public Housing Authority  
Hawai'i Housing and Finance Development Corporation  
Department of Health  
Office of Hawaiian Affairs  
Department of Hawaiian Home Lands  
Department of Labor and Industrial Relations  
Department of Land & Natural Resources  
-Historic Preservation Division  
Land Use Commission  
Department of Public Safety  
Department of Transportation  
University of Hawai'i  
-Hilo Campus  
-Environmental Center

Hawai'i County

Office of the Mayor  
Planning Department  
Department of Public Works  
-Building Division  
-Engineering Division  
-Highway Maintenance Division  
-Traffic Division  
Department of Environmental Management  
-Solid Waste Division  
-Wastewater Division

Finance Department

-Real Property Tax Division

-Public Access, Open Space, and Natural Resource Preservation Commission

Fire Department

Office of Housing and Community Development

Mass Transit Agency

Department of Parks and Recreation

-Parks Maintenance Division

-Recreation Division

Police Department

Department of Research and Development

Department of Water Supply

Community Organizations, Associations, and Interest Groups

Concerned Citizens of Kona

Hawai'i Island Board of Realtors

Hawai'i Island Community Development Corporation

Hawai'i Island Chamber of Commerce

Hawai'i Island Economic Development Board

Hawai'i Leeward Planning Conference

General Contractors Association of Hawai'i

Kona Board of Realtors

Kona Community Development Plan Steering Committee

Kona-Kohala Chamber of Commerce

Kona Traffic Safety Committee

Kuakini Hawaiian Civic Club

Na Ala Hele

People's Advocacy for Trails Hawai'i (PATH)

Property Owners and Residents

Kona Hills Estates Community Association

Libraries and Depositories

UH Hilo Library

State Main Library

Hilo Public Library

Bond Memorial Public Library  
Holualoa Public Library  
Honokaa Public Library  
Kailua-Kona Public Library  
Keaau Public & School Library  
Kealakekua Public Library  
Laupahoehoe Public & School Library  
Mountain View Public & School Library  
Naalehu Public Library  
Pahala Public & School Library  
Pahoa Public & School Library  
Thelma Parker Memorial Public/School Library  
Hilo Regional Library  
DBEDT Library  
Legislative Reference Bureau

News Media

Honolulu Advertiser  
Honolulu Star Bulletin  
Hawai'i Tribune Herald  
West Hawai'i Today

Elected Officials

US Senator Daniel Inouye  
US Senator Daniel Akaka  
US Representative  
Councilmember : County District 6  
Councilmember : County District 7  
Councilmember : County District 8  
Councilmember : County District 9

Local Utilities

Hawaiian Electric Light Company  
Oceanic Time-Warner  
Hawaiian Telecom

**11. List of All Permits and Approvals Needed**

The proposed project will require the following permits and approvals:

- *State Land Use District reclassification (from Agricultural to Urban)*
- *Hawai'i County Change of Zone approval (from Agriculture to Residential)*
- *Archaeological Inventory, Data Recovery and Preservation Plan approvals*
- *Burial Treatment Plan approval*
- *Subdivision approval*
- *Grading permits, building permits, and other necessary construction-related permits*



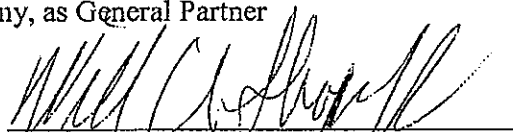
**NOTICE TO LIMITED PARTNERS  
OF  
WASSON CANYON INVESTMENTS, L.P.**

The undersigned, General Partner, hereby gives notice to the Limited Partners that, pursuant to Section 1.2 of the *Agreement of Limited Partnership* (the "*Partnership Agreement*") of Wasson Canyon Investments, L.P., a California limited partnership (the "*Partnership*"), the name of the Partnership shall be changed to "TSG O'Oma, L.P." effective as of the date an *Amendment to the Certificate of Limited Partnership* changing the name of Wasson Canyon Investments, L.P., to TSG O'oma, L.P., is filed with the California Secretary of State.

Dated: November 15, 2005.

WASSON GP, LLC, a California limited liability company, as General Partner

By:

  
\_\_\_\_\_  
William A. Shopoff, President



R-981 STATE OF HAWAII  
BUREAU OF CONVEYANCES  
RECORDED  
DEC 16, 2005 08:02 AM

Doc. No(s) 2005-257565



/s/ CARL T. WATANABE  
REGISTRAR OF CONVEYANCES

CTax (30): \$8250.00

20 1/3 Z9

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY:  MAIL  PICKUP

TSG O'OMA, L.P.  
114 Pacifica, Suite 245  
Irvine, California 92618



THIS DOCUMENT CONTAINS 6 PAGES

First Hawaii Title Corporation  
Escrow No.: 21105025-011 TB  
Order No.: 168535  
Tanya Bannister

mydocs/deeds/05-942

AFFECTS TAX MAP KEY: (3) 7-3-007-038

WARRANTY DEED

PARTIES:

**SELLER:** GEORGE K. KAHANANUI, SR., Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, possessing full power to acquire, hold, grant, bargain, sell, convey, mortgage, lease, encumber and hypothecate real and personal property, and whose mailing address is 73-4413 B Hawaii Belt Road, Kailua-Kona, Hawaii 96740.

**BUYER:** TSG O'OMA, L.P., a California limited partnership, with its mailing address at 114 Pacifica, Suite 245, Irvine, California 92618.

DESCRIPTION OF PROPERTY:

The property covered by this Warranty Deed is described in Exhibit "A" attached to this document.

1031 EXCHANGE:

This Deed is part of an Internal Revenue Code Section 1031 tax-deferred exchange by the Buyer herein.

Exhibit "10"

**SALE AND TRANSFER OF PROPERTY:**

In return for the Buyer's payment of the purchase price as agreed between Seller and Buyer, the Seller sells and transfers the property described in Exhibit "A" to the Buyer.

**SALE AND TRANSFER OF OTHER RIGHTS:**

Seller also sells and transfers to the Buyer the following:

- (A) All improvements located on the property;
- (B) All rights the Seller has in other property because of the Seller's ownership of the property being sold (these rights are known as "easements and appurtenances");
- (C) All rents or royalties from the property;
- (D) Any mineral and metallic rights owned by the Seller in the property; and
- (E) All other rights or privileges that the Seller owns because of the Seller's ownership of the property.

**BUYER'S TENANCY:**

The Buyer will take and own the property as **TENANT IN SEVERALTY**. The Buyer will also own the other rights described above in the same tenancy.

**SELLER'S WARRANTIES:**

By signing this Warranty Deed, Seller gives Buyer a general warranty of title. This means that Seller guarantees:

- (A) That the Seller lawfully owns the property and other rights being sold to Buyer;
- (B) That the Seller has the right to sell and transfer the property and other rights described in Exhibit "A" and this Deed;
- (C) That there are no other claims by any person against the property or the other rights being sold and no other person has any rights in the property unless those claims or rights are described in Exhibit "A"; and
- (D) That if any other person makes any lawful claim against the property or the other rights being sold, or has any rights in the property, and those claims or rights are not described in Exhibit "A", then the Seller will defend the Buyer's ownership against those lawful claims and rights. The Seller does not have any obligation to defend the Buyer's ownership against any claims or rights described in Exhibit "A".

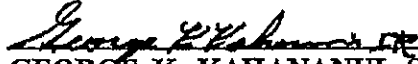
**DEFINITIONS:**

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business;

The words "Seller" and "Buyer" include the persons named in this Deed and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

**DATE:**

This Deed is being signed by the Seller on the 14 day of December, 2005.

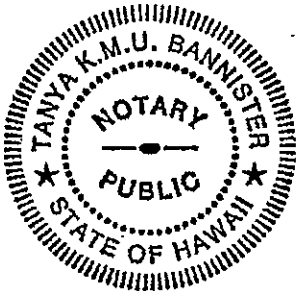
  
\_\_\_\_\_  
GEORGE K. KAHANANUI, SR., Trustee under  
that certain unrecorded George K. Kahananui, Sr.  
Revocable Living Trust dated April 18, 2001

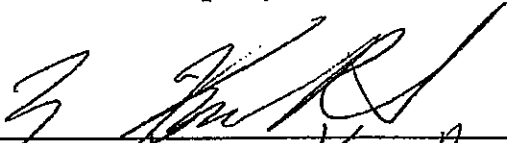
"Seller"

STATE OF HAWAII  
COUNTY OF HAWAII

)  
) SS.  
)

On this 14 day of December, 2005, before me personally appeared **GEORGE K. KAHANANUI, SR.,** Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.



  
Print Name: Tanya K.M.U. Bannister  
Notary Public, State of Hawaii

My Commission Expires: 11/24/06

**EXHIBIT "A"**

All of that certain parcel of land (being all of the land(s) described in and covered by Grant 5912 to John Broad) situate, lying and being at Ooma 2nd, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 57 and thus bounded and described as per survey of Russell Figueiroa, Registered Professional Surveyor, Certificate No. 4729, dated December 11, 1992 to wit:

Beginning at a "→" on set stone in wall (found) at the Southwest corner of the parcel of land, being also the Southwest corner of Lot 59 of Ooma Homesteads, Akahipuu Section, same being all of Grant 9468 to Mrs. Hattie Kiloulu, the coordinates of said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,091.78 feet South and 13,387.86 feet West and running by azimuths measured clockwise from true South:

- |    |             |          |   |
|----|-------------|----------|---|
| 1. | 164° 30'    | 1008.06  | feet along Lot 59 of Ooma Homesteads, Akahipuu Section, same being all of Grant 9468 to Mrs. Hattie Kiloulu to a 1/2" pipe;                           |
| 2. | 255° 56'    | 2027.71  | feet along a Homestead Road to a 1/2" pipe in concrete (found);   |
| 3. | 336° 30'    | 657.35   | feet along Lots 39, 11, 10 and 9 of Kona Hills Estates Subdivision Unit II, same being also portions of Grant 2027 to Kameheu to a 1/2" pipe (found); |
| 4. | 54° 45' 20" | 514.16   | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to a pipe (found);   |
| 5. | 61° 10'     | 408.91   | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to a spike (found);  |
| 6. | 72° 43' 20" | 1,237.33 | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to the point of beginning and containing an area of 43.292 acres, more or less.            |

Being all of the land conveyed by the following:

**QUITCLAIM DEED**

Grantor: GEORGE KINOULU KAHANANUI, husband of Mary Coelho Kahananui  
Grantee: GEORGE K. KAHANANUI, SR., as Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, with full powers and authority to buy, lease, mortgage and sell the property herein described, and other powers more fully set forth therein  
Dated: April 18, 2001  
Document No. 2001-089491

SUBJECT, HOWEVER, TO:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. GRANT

In Favor Of: S & A PARTNERSHIP, a California general partnership  
Dated: October 19, 1994  
Document No. 94-178070  
Purpose: granting an easement for vehicle access and incidental purposes

3. GRANT

In Favor Of: S & A PARTNERSHIP, a California general partnership  
Dated: October 19, 1994  
Book: 94-178203  
Purpose: granting an easement for utility purposes, including, without limitation, water, telephone, cable, electricity, and sewer, and roadway and vehicle access as a "primary arterial highway" as defined in "Standard Details for Public Works Construction, Department of Public Works for Maui, Kauai, Honolulu, Island of Hawaii Counties, State of Hawaii, but having a minimum width of 60 feet, for access to and from the future extension of Kealakaha Street ("Extension"), as depicted in the Keahole to Keahou Master Plan.

4. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.

5. Lack of recorded access, to and from a public road.

**END OF EXHIBIT "A"**



R-1079 STATE OF HAWAII  
 BUREAU OF CONVEYANCES  
 RECORDED  
 AUG 31, 2005 10:00 AM  
 Doc No(s) 2005-174599



/s/ CARL T. WATANABE  
 REGISTRAR OF CONVEYANCES

20 1/1 22

CTax (35): \$10500.00

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY:  MAIL  PICKUP

THIS DOCUMENT CONTAINS 7 PAGES

WASSON CANYON INVESTMENTS, L.P.  
 114 Pacifica, Suite 245  
 Irvine, California 92618

First Hawaii Title Corporation  
 Escrow No.: 21105262-011 TB  
 Order No.: 171269  
 Tanya Bannister



mydocs/deeds/05-869

AFFECTS TAX MAP KEYS: (3) 7-3-007-039 & (3) 7-3-046-105

WARRANTY DEED

PARTIES:

**SELLER:** NEARON ENTERPRISES, LLC, a California limited liability company, with its mailing address at 500 La Gonda Way, Suite 210, Danville, California 94526.

**BUYER:** WASSON CANYON INVESTMENTS, L.P., a California limited partnership, with its mailing address at 114 Pacifica, Suite 245, Irvine, California 92618.

DESCRIPTION OF PROPERTY:

The property covered by this Warranty Deed is described in Exhibit "A" attached to this document.

1031 EXCHANGE:

This Deed is part of an Internal Revenue Code Section 1031 tax-deferred exchange by the Seller and the Buyer herein.

Exhibit "11"



**SALE AND TRANSFER OF PROPERTY:**

In return for the Buyer's payment of the purchase price as agreed between Seller and Buyer, the Seller sells and transfers the property described in Exhibit "A" to the Buyer.

**SALE AND TRANSFER OF OTHER RIGHTS:**

Seller also sells and transfers to the Buyer the following:

- (A) All improvements located on the property;
- (B) All rights the Seller has in other property because of the Seller's ownership of the property being sold (these rights are known as "easements and appurtenances");
- (C) All rents or royalties from the property;
- (D) Any mineral and metallic rights owned by the Seller in the property; and
- (E) All other rights or privileges that the Seller owns because of the Seller's ownership of the property.

**BUYER'S TENANCY:**

The Buyer will take and own the property as **TENANT IN SEVERALTY**. The Buyer will also own the other rights described above in the same tenancy.

**SELLER'S WARRANTIES:**

By signing this Warranty Deed, Seller gives Buyer a general warranty of title. This means that Seller guarantees:

- (A) That the Seller lawfully owns the property and other rights being sold to Buyer;
- (B) That the Seller has the right to sell and transfer the property and other rights described in Exhibit "A" and this Deed;
- (C) That there are no other claims by any person against the property or the other rights being sold and no other person has any rights in the property unless those claims or rights are described in Exhibit "A"; and
- (D) That if any other person makes any lawful claim against the property or the other rights being sold, or has any rights in the property, and those claims or rights are not described in Exhibit "A", then the Seller will defend the Buyer's ownership against those lawful claims and rights. The Seller does not have any obligation to defend the Buyer's ownership against any claims or rights described in Exhibit "A".

**DEFINITIONS:**

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business;

The words "Seller" and "Buyer" include the persons named in this Deed and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

**DATE:**

This Deed is being signed by the Seller on the 26<sup>th</sup> day of August, 2005.

NEARON ENTERPRISES, LLC, a California limited liability company

By Its Manager:

NEARON ENTERPRISES, a California corporation, doing business as NEARON ENTERPRISES HAWAII

By: \_\_\_\_\_

Its: \_\_\_\_\_

*Tommy Peramo*  
EXECUTIVE VICE PRESIDENT  
Tommy Peramo

By: \_\_\_\_\_

Its: \_\_\_\_\_

"Seller"

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Contra Costa

} ss.

On August 26, 2005 before me,

Sarah Andrews, Notary Public  
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

Tony Perino  
Name(s) of Signer(s)

personally known to me

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

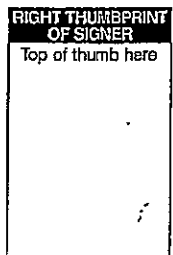
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

EXHIBIT "A"

FIRST:

All of that certain parcel of land (being all of the land(s) described in and covered by Grant 4273 to D. M. Paiwa) situated approximately 3,400 feet east of Mamalahoa Highway at Ooma 2<sup>nd</sup>, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 56, and being more particularly described as follows:

Beginning at a ½ inch pipe set in concrete at the northwesterly corner of this parcel of land, being also the northeast corner of Lot 50 of the Ooma 2<sup>nd</sup> Homestead and the southerly side of Lot 67 of the Kona Acres Subdivision, File Plan 1348, the coordinates of said point of beginning referred to Government Survey Triangulation Station "MOANULAHEA" being 10,136.22 feet south and 13,938.84 feet west and running by azimuths measured clockwise from true South:

- |    |              |          |   |
|----|--------------|----------|---|
| 1. | 256° 55'     | 804.77   | feet along the southerly side of Lots 67, 66, 65, 64, 63, 62 and 61 of the Kona Acres Subdivision, File Plan 1348, to a ½ inch pipe in concrete (found);  |
|    |              |          | Thence following along the centerline of stonewall along Grant 3819 to S. Kane, Lot 55 of the Ooma 2 <sup>nd</sup> Homestead, to a ½ inch pipe in concrete (found) the direct azimuth and distance being: |
| 2. | 271° 30' 10" | 1,186.96 | feet;   |
| 3. | 336° 29' 30" | 670.48   | feet along Grant 2027 to Kameheu to a ½ inch pipe in concrete (found);  |
| 4. | 77° 43' 50"  | 1,234.08 | feet along the centerline of stonewall along a Homestead Road to a ½ inch pipe in concrete (set);   |
| 5. | 74° 09' 30"  | 542.43   | feet along the centerline of stonewall along a Homestead Road to a ½ inch pipe in concrete (set);   |
| 6. | 69° 12'      | 259.52   | feet along the centerline of stonewall along a Homestead Road to a ½ inch pipe in concrete (set);   |
| 7. | 164° 31' 30" | 1,002.62 | feet along Lot 58 of the Ooma Homesteads (Government Land) along the centerline of a stonewall to the point of beginning and containing an area of 39.363 acres, more or less.                            |

**SECOND:**

All of that certain parcel of land situate at Ooma 1<sup>st</sup>, District of North Kona, Island and County of Hawaii, State of Hawaii, and described as follows:

**LOT 63**, area 43,705 square feet, more or less, as delineated on the map entitled "**KONA ACRES SUBDIVISION**", which said map was filed in the Bureau of Conveyances of the State of Hawaii as File Plan No. 1348.

Being all of the land conveyed by the following:

**WARRANTY DEED:**

Grantor:                   ADN CORPORATION, a California corporation  
Grantee:                   NEARON ENTERPRISES, LLC, a California limited liability  
                                  company  
Dated:                     March 27, 1995  
Document No.             97-168015

**SUBJECT, HOWEVER, TO:**

1.    Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2.    **AS TO PARCEL SECOND:**

(a)   The terms, provisions, covenants, easements and reservations as contained in the following:

**DECLARATION:**

Dated:                    March 31, 1978  
Book:                     12852  
Page:                     372

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

(b)   Easement "E" (30 square feet) for electrical purposes, as shown on File Plan No. 1348.

3. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.

**END OF EXHIBIT "A"**



R-1111 STATE OF HAWAII  
 BUREAU OF CONVEYANCES  
 RECORDED  
 MAY 17, 2006 08:02 AM  
 Doc No(s) 2006-093099



/s/ CARL T. WATANABE  
 REGISTRAR OF CONVEYANCES

CTax (30): \$9000.00

20 2/5 Z9

LAND COURT SYSTEM

*Kh* REGULAR SYSTEM

AFTER RECORDATION, RETURN BY: [X] MAIL [ ] PICKUP

Mr. William A. Shopoff  
 Springbrook Investments, L.P.  
 8951 Research Drive  
 Irvine, CA 92618

TG: 200602744 - S  
 TGE: A6-301-0038  
 Marlene Elisaga  
 This document has 7 pages.

RS-2

AFFECTS TAX MAP KEY: (3) 7-3-009-007

**WARRANTY DEED**

**PARTIES:**

**SELLER:** S & A PARTNERSHIP, a California general partnership, whose mailing address is 13400 Riverside Dr., Ste. 308, Sherman Oaks, CA 91423.

**BUYER:** SPRINGBROOK INVESTMENTS, L.P., a California limited partnership, whose mailing address is 8951 Research Drive, Irvine, CA 92618.

**DESCRIPTION OF PROPERTY:**

The property covered by this Warranty Deed is described in Exhibit "A" attached to this document.

**SECTION 1031 EXCHANGE:**

This conveyance is being made in connection with an exchange under Section 1031 of the Internal Revenue Code of 1986, as amended, for the benefit of the Buyer, pursuant to an Exchange Agreement that has been entered into by the Buyer and is made by Seller pursuant to the instructions of the Buyer's Qualified Intermediary to directly deed the Property to the Buyer.

**SALE AND TRANSFER OF PROPERTY:**

In return for the Buyer's Qualified Intermediary's payment of the purchase price as agreed between Seller and Buyer, the Seller sells and transfers the Property described in Exhibit "A" to the Buyer.

**SALE AND TRANSFER OF OTHER RIGHTS:**

Seller also sells and transfers to the Buyer the following:

- (A) All improvements located on the property;
- (B) All rights the Seller has in other property because of the Seller's ownership of the property being sold (these rights are known as "easements and appurtenances");
- (C) All rents or royalties from the property;
- (D) Any mineral and metallic rights owned by the Seller in the property; and
- (E) All other rights or privileges that the Seller owns because of the Seller's ownership of the property.

**BUYER'S TENANCY:**

The Buyer will take and own the property as a **TENANT IN SEVERALTY**. The Buyer will also own the other rights described above in the same tenancy.

**SELLER'S WARRANTIES:**

By signing this Warranty Deed, Seller gives Buyer a general warranty of title. This means that Seller guarantees:

- (A) That the Seller lawfully owns the property and other rights being sold to Buyer;
- (B) That the Seller has the right to sell and transfer the property and other rights described in Exhibit "A" and this Deed;
- (C) That there are no other claims by any person against the property or the other rights being sold and no other person has any rights in the property unless those claims or rights are described in Exhibit "A"; and
- (D) That if any other person makes any lawful claim against the property or the other rights being sold, or has any rights in the property, and those claims or rights are



not described in Exhibit "A", then the Seller will defend the Buyer's ownership against those lawful claims and rights. The Seller does not have any obligation to defend the Buyer's ownership against any claims or rights described in Exhibit "A".

**DEFINITIONS:**

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business;

The words "Seller" and "Buyer" include the persons named in this Deed and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

**DATE:**

This Deed is being signed by the Seller on the 11<sup>th</sup> day of May, 2006.

**S & A PARTNERSHIP, a California  
general partnership**

By: *Susan Clark*  
[Signature]

Print Name: SUSAN CLARK

Its General Partner  
[Title]

30.2

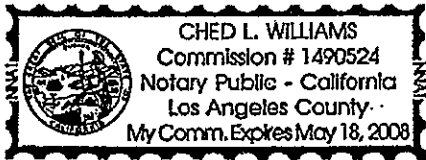
Seller

APPROVED AS TO FORM:  
By  
WALLACE H. GALLUP, JR.  
Attorney at Law

STATE OF CALIFORNIA )  
COUNTY OF Los Angeles )

SS.

On May 11<sup>th</sup>, 2006, before me personally appeared Susan Clark, to me personally known or by satisfactory identification proven, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



[Signature]  
Susan Clark  
Print Name: SUSAN CLARK  
Ched L Williams  
NOTARY PUBLIC, State and County Aforesaid

My commission expires: May 18<sup>th</sup> 2008

EXHIBIT "A"

-ITEM I:-

All of that certain parcel of land (being all of the land(s) described in and covered by Land Patent Grant Number 9468 issued to Hattie Kinoulu) situate, lying and being at Ooma 2nd, Kohanaiki, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 59 and thus bounded and described as per survey dated December 14, 1992, to-wit:

Beginning at a 1/2" pipe in concrete at the southwest corner of this parcel of land, being also the southeast corner of the Government Land of Ooma 2nd, said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,658.45 feet south and 15,157.33 feet west and thence running by azimuths measured clockwise from true south:

- |    |      |         |         |  |
|----|------|---------|---------|--|
| 1. | 164° | 30'     | 1116.92 | feet along the Government Land of Ooma 2nd to a 1/2" pipe;   |
| 2. | 255° | 36'     | 1856.90 | feet along a Homestead Road to a 1/2" pipe;  |
| 3. | 344° | 30'     | 1008.06 | feet along Lot 57 of Ooma Homesteads, Akahipuu Section, same being all of Grant 5912 to John Broad to a "-->" on set stone in wall (found);  |
| 4. | 72°  | 14' 32" | 1858.00 | feet along Lots 5 and 7-C-1, being portions of Grant 2942 to Hulikoa to the point of beginning and passing over a spike found at 936.85 feet and containing an area of 45.285 acres, more or less: |

BEING THE PREMISES ACQUIRED BY WARRANTY DEED

GRANTOR : GEORGE KINOULU KAHANANUI, formerly known as George Kinoulu Ako, husband of Mary Coelho Kahananui

GRANTEE : S & A PARTNERSHIP, a California general partnership

DATED : December 28, 1990

RECORDED : Document No. 91-000956

-Item II:-

Together with an easement over and across the property described in Exhibit "A" attached thereto ("Grantor's Land") for vehicle access purposes, 15 feet wide, for the property described in Exhibit "B" attached thereto, including any subdivision lots thereof ("Benefited Land") to and from Kohanaiki Road, as granted by GRANT OF EASEMENT, dated October 19, 1994, recorded as Document No. 94-178070; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein; more particularly described therein.

Together with also a perpetual easement over and across the property described in Exhibit "A" attached thereto ("Grantor's Land") for utility purposes, including, without limitation, water, telephone, cable, electricity, and sewer, and roadway and vehicle access as a "primary arterial highway" as defined in "Standard Details for Public Works Construction, Department of Public Works for Maui, Kauai, Honolulu, Island of Hawaii Counties, State of Hawaii," but having a minimum width of 60 feet, for access to and from the future extension of Kealakaha Street ("Extension"), as depicted in the Keahole to Keahou Master Plan for the property described in Exhibit "B" attached thereto, including any subdivision lots thereof ("Benefited Land"), as granted by GRANT OF EASEMENT, dated October 19, 1994, recorded as Document No. 94-178203; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein; more particularly described therein.

**SUBJECT, HOWEVER, TO:**

1. The land has no recorded access to a public roadway.
2. -ITEM II:-
  - (A) Easements do not connect to a public road.
  - (B) Any claim or boundary dispute which may exist or arise by reason of the failure of the Grants referred to above to locate with certainty the boundaries of the Easements described in said instrument.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
4. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

5. Water rights, claims or title to water, whether or not shown by the public records.

**END EXHIBIT "A"**

*TSG O'oma, L.P.*  
*8951 Research Drive*  
*Irvine, CA 92618*  
*Telephone: 949.417.1396 Fax: 949.417.1399*

November 20, 2006

Land Use Commission  
State of Hawai'i  
P. O. Box 2359  
Honolulu, Hawai'i 96804-2359

**Re: Petition by The Shopoff Group for Land Use District Boundary Amendment,  
Reclassifying Approximately 128 Acres, Situated in the 'O'oma, North Kona  
District, Island of Hawai'i**

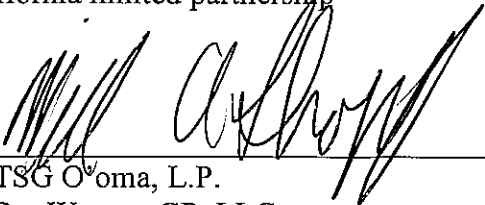
Dear Chairperson Judge and Commissioners:

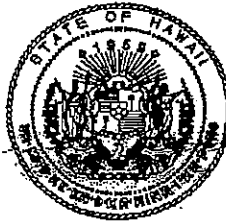
TSG O'oma, L.P., a California limited partnership ("TSG O'oma"), is the fee owner of the real property identified as tax map key ("TMK") parcel number (3) 7-3-07:38 and TMK parcel number (3) 7-3-07:39, both situated in 'O'oma, North Kona District, County of Hawai'i, Island of Hawai'i, State of Hawai'i, more particularly described in Exhibit "2" attached to the Petition in Docket No. A06-770, (collectively referred to as the "Property"). TSG O'oma's ownership of the Property is evidenced by the deed attached hereto as Exhibit "10".

TSG O'oma hereby authorizes The Shopoff Group, L.P., a California limited partnership, its attorneys and/or its respective representatives to submit a petition to reclassify the said Property from agricultural to urban under Chapter 205 of the Hawai'i Revised Statutes and to do all things necessary thereunder to effect the purpose of said petition.

Dated: November 20, 2006

TSG O'oma, L.P.,  
a California limited partnership

By:   
\_\_\_\_\_  
TSG O'oma, L.P.  
By: Wasson GP, LLC  
By: William A. Shopoff, Member/Manager



R-981 STATE OF HAWAII  
 BUREAU OF CONVEYANCES  
 RECORDED  
 DEC 16, 2005 08:02 AM  
 Doc No(s) 2005-257565



/s/ CARL T. WATANABE  
 REGISTRAR OF CONVEYANCES

20 1/3 Z9

CTax (30): \$8250.00

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY:  MAIL  PICKUP

THIS DOCUMENT CONTAINS 6 PAGES

TSG O'OMA, L.P.  
 114 Pacifica, Suite 245  
 Irvine, California 92618



First Hawaii Title Corporation  
 Escrow No.: 21105025-011 TB  
 Order No.: 168535  
 Tanya Bannister

mydocs/deeds/05-942

AFFECTS TAX MAP KEY: (3) 7-3-007-038

**WARRANTY DEED**

**PARTIES:**

**SELLER:** GEORGE K. KAHANANUI, SR., Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, possessing full power to acquire, hold, grant, bargain, sell, convey, mortgage, lease, encumber and hypothecate real and personal property, and whose mailing address is 73-4413 B Hawaii Belt Road, Kailua-Kona, Hawaii 96740.

**BUYER:** TSG O'OMA, L.P., a California limited partnership, with its mailing address at 114 Pacifica, Suite 245, Irvine, California 92618.

**DESCRIPTION OF PROPERTY:**

The property covered by this Warranty Deed is described in Exhibit "A" attached to this document.

**1031 EXCHANGE:**

This Deed is part of an Internal Revenue Code Section 1031 tax-deferred exchange by the Buyer herein.

Exhibit "10"

**SALE AND TRANSFER OF PROPERTY:**

In return for the Buyer's payment of the purchase price as agreed between Seller and Buyer, the Seller sells and transfers the property described in Exhibit "A" to the Buyer.

**SALE AND TRANSFER OF OTHER RIGHTS:**

Seller also sells and transfers to the Buyer the following:

- (A) All improvements located on the property;
- (B) All rights the Seller has in other property because of the Seller's ownership of the property being sold (these rights are known as "easements and appurtenances");
- (C) All rents or royalties from the property;
- (D) Any mineral and metallic rights owned by the Seller in the property; and
- (E) All other rights or privileges that the Seller owns because of the Seller's ownership of the property.

**BUYER'S TENANCY:**

The Buyer will take and own the property as **TENANT IN SEVERALTY**. The Buyer will also own the other rights described above in the same tenancy.

**SELLER'S WARRANTIES:**

By signing this Warranty Deed, Seller gives Buyer a general warranty of title. This means that Seller guarantees:

- (A) That the Seller lawfully owns the property and other rights being sold to Buyer;
- (B) That the Seller has the right to sell and transfer the property and other rights described in Exhibit "A" and this Deed;
- (C) That there are no other claims by any person against the property or the other rights being sold and no other person has any rights in the property unless those claims or rights are described in Exhibit "A"; and
- (D) That if any other person makes any lawful claim against the property or the other rights being sold, or has any rights in the property, and those claims or rights are not described in Exhibit "A", then the Seller will defend the Buyer's ownership against those lawful claims and rights. The Seller does not have any obligation to defend the Buyer's ownership against any claims or rights described in Exhibit "A".



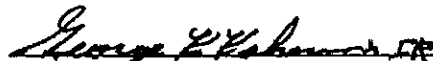
**DEFINITIONS:**

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business;

The words "Seller" and "Buyer" include the persons named in this Deed and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

**DATE:**

This Deed is being signed by the Seller on the 14 day of December, 2005.

  
\_\_\_\_\_  
GEORGE K. KAHANANUI, SR., Trustee under  
that certain unrecorded George K. Kahananui, Sr.  
Revocable Living Trust dated April 18, 2001

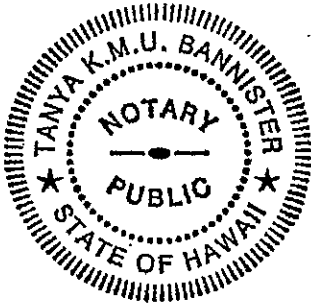
"Seller"

STATE OF HAWAII

COUNTY OF HAWAII

)  
) SS.  
)

On this 14 day of December, 2005, before me personally appeared **GEORGE K. KAHANANUI, SR.**, Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.



*[Handwritten Signature]*  
Print Name: Tanya Kmu Bannister  
Notary Public, State of Hawaii

My Commission Expires: 11/24/06

EXHIBIT "A"

All of that certain parcel of land (being all of the land(s) described in and covered by Grant 5912 to John Broad) situate, lying and being at Ooma 2nd, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 57 and thus bounded and described as per survey of Russell Figueiroa, Registered Professional Surveyor, Certificate No. 4729, dated December 11, 1992 to wit:

Beginning at a "→" on set stone in wall (found) at the Southwest corner of the parcel of land, being also the Southwest corner of Lot 59 of Ooma Homesteads, Akahipuu Section, same being all of Grant 9468 to Mrs. Hattie Kiloulu, the coordinates of said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,091.78 feet South and 13,387.86 feet West and running by azimuths measured clockwise from true South:

- |    |             |          |   |
|----|-------------|----------|---|
| 1. | 164° 30'    | 1008.06  | feet along Lot 59 of Ooma Homesteads, Akahipuu Section, same being all of Grant 9468 to Mrs. Hattie Kiloulu to a 1/2" pipe;                           |
| 2. | 255° 56'    | 2027.71  | feet along a Homestead Road to a 1/2" pipe in concrete (found);   |
| 3. | 336° 30'    | 657.35   | feet along Lots 39, 11, 10 and 9 of Kona Hills Estates Subdivision Unit II, same being also portions of Grant 2027 to Kameheu to a 1/2" pipe (found); |
| 4. | 54° 45' 20" | 514.16   | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to a pipe (found);   |
| 5. | 61° 10'     | 408.91   | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to a spike (found);  |
| 6. | 72° 43' 20" | 1,237.33 | feet along Lot 5, being a portion of Grant 2942 to Hulikoa to the point of beginning and containing an area of 43.292 acres, more or less.            |

Being all of the land conveyed by the following:

**QUITCLAIM DEED**

Grantor:	GEORGE KINOULU KAHANANUI, husband of Mary Coelho Kahananui
Grantee:	GEORGE K. KAHANANUI, SR., as Trustee under that certain unrecorded George K. Kahananui, Sr. Revocable Living Trust dated April 18, 2001, with full powers and authority to buy, lease, mortgage and sell the property herein described, and other powers more fully set forth therein
Dated:	April 18, 2001
Document No.	2001-089491

SUBJECT, HOWEVER, TO:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. GRANT

In Favor Of: S & A PARTNERSHIP, a California general partnership  
Dated: October 19, 1994  
Document No. 94-178070  
Purpose: granting an easement for vehicle access and incidental purposes

3. GRANT

In Favor Of: S & A PARTNERSHIP, a California general partnership  
Dated: October 19, 1994  
Book: 94-178203  
Purpose: granting an easement for utility purposes, including, without limitation, water, telephone, cable, electricity, and sewer, and roadway and vehicle access as a "primary arterial highway" as defined in "Standard Details for Public Works Construction, Department of Public Works for Maui, Kauai, Honolulu, Island of Hawaii Counties, State of Hawaii, but having a minimum width of 60 feet, for access to and from the future extension of Kealakaha Street ("Extension"), as depicted in the Keahole to Keahou Master Plan.

4. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.
5. Lack of recorded access, to and from a public road.

**END OF EXHIBIT "A"**

*Springbrook Investments, LP*  
*8951 Research Drive*  
*Irvine, CA 92618*  
*Telephone: 949.417.1396 Fax: 949.417.1399*

November 20, 2006

Land Use Commission  
State of Hawai'i  
P. O. Box 2359  
Honolulu, Hawai'i 96804-2359

**Re: Petition by The Shopoff Group for Land Use District Boundary Amendment,  
Reclassifying Approximately 128 Acres, Situated in 'O'oma, North Kona  
District, Island of Hawai'i**

Dear Chairperson Judge and Commissioners:

Springbrook Investments, L.P., a California limited partnership ("Springbrook Investments"), is the fee owner of the real property identified as tax map key ("TMK") parcel number (3) 7-3-09:07 situated in 'O'oma, North Kona District, County of Hawai'i, Island of Hawai'i, State of Hawai'i, more particularly described in Exhibit "3" attached to the Petition in Docket No. A06-770, (hereinafter referred to as the "Property"). Springbrook Investments' ownership of the Property is evidenced by the deed attached hereto as Exhibit "12".

Springbrook Investments hereby authorizes The Shopoff Group, L.P., a California limited partnership, its attorneys and/or its respective representatives to submit a petition to reclassify the said Property from agricultural to urban under Chapter 205 of the Hawai'i Revised Statutes and to do all things necessary thereunder to effect the purpose of said petition.

Dated: November 20, 2006

Springbrook Investments, L.P.,  
a California limited partnership

By: 

Springbrook Investments, LP, a California limited partnership

By: Highgrove, Inc. Its General Partner

By: William A. Shopoff, Vice President



R-1111 STATE OF HAWAII  
 BUREAU OF CONVEYANCES  
 RECORDED  
 MAY 17, 2006 08:02 AM  
 Doc No(s) 2006-093099



Is/ CARL T. WATANABE  
 REGISTRAR OF CONVEYANCES  
 CTax (30): \$9000.00

20 2/5 Z9

LAND COURT SYSTEM

*Kh* REGULAR SYSTEM

AFTER RECORDATION, RETURN BY: [ X ] MAIL [ ] PICKUP

Mr. William A. Shopoff  
 Springbrook Investments, L.P.  
 8951 Research Drive  
 Irvine, CA 92618

TG: 200602744 - 5  
 TGE: A6-301-0038  
 Marlene Elisaga  
 This document has 7 pages.

AFFECTS TAX MAP KEY: (3) 7-3-009-007

**WARRANTY DEED**

**PARTIES:**

SELLER: S & A PARTNERSHIP, a California general partnership, whose mailing address is 13400 Riverside Dr., Ste. 308, Sherman Oaks, CA 91423.

BUYER: SPRINGBROOK INVESTMENTS, L.P., a California limited partnership, whose mailing address is 8951 Research Drive, Irvine, CA 92618.

**DESCRIPTION OF PROPERTY:**

The property covered by this Warranty Deed is described in Exhibit "A" attached to this document.

**SECTION 1031 EXCHANGE:**

This conveyance is being made in connection with an exchange under Section 1031 of the Internal Revenue Code of 1986, as amended, for the benefit of the Buyer, pursuant to an Exchange Agreement that has been entered into by the Buyer and is made by Seller pursuant to the instructions of the Buyer's Qualified Intermediary to directly deed the Property to the Buyer.

**SALE AND TRANSFER OF PROPERTY:**

In return for the Buyer's Qualified Intermediary's payment of the purchase price as agreed between Seller and Buyer, the Seller sells and transfers the Property described in Exhibit "A" to the Buyer.

**SALE AND TRANSFER OF OTHER RIGHTS:**

Seller also sells and transfers to the Buyer the following:

- (A) All improvements located on the property;
- (B) All rights the Seller has in other property because of the Seller's ownership of the property being sold (these rights are known as "easements and appurtenances");
- (C) All rents or royalties from the property;
- (D) Any mineral and metallic rights owned by the Seller in the property; and
- (E) All other rights or privileges that the Seller owns because of the Seller's ownership of the property.

**BUYER'S TENANCY:**

The Buyer will take and own the property as a **TENANT IN SEVERALTY**. The Buyer will also own the other rights described above in the same tenancy.

**SELLER'S WARRANTIES:**

By signing this Warranty Deed, Seller gives Buyer a general warranty of title. This means that Seller guarantees:

- (A) That the Seller lawfully owns the property and other rights being sold to Buyer;
- (B) That the Seller has the right to sell and transfer the property and other rights described in Exhibit "A" and this Deed;
- (C) That there are no other claims by any person against the property or the other rights being sold and no other person has any rights in the property unless those claims or rights are described in Exhibit "A"; and
- (D) That if any other person makes any lawful claim against the property or the other rights being sold, or has any rights in the property, and those claims or rights are

not described in Exhibit "A", then the Seller will defend the Buyer's ownership against those lawful claims and rights. The Seller does not have any obligation to defend the Buyer's ownership against any claims or rights described in Exhibit "A".

**DEFINITIONS:**

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business;

The words "Seller" and "Buyer" include the persons named in this Deed and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

**DATE:**

This Deed is being signed by the Seller on the 11<sup>th</sup> day of May,  
2006.

**S & A PARTNERSHIP, a California  
general partnership**

By: Susan Clark  
[Signature]

Print Name: SUSAN CLARK

Its General Partner  
[Title]

Seller

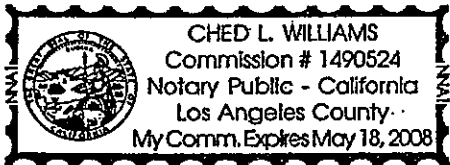
APPROVED AS TO FORM:  
By  
WALLACE H. GALLUP, JR.  
Attorney at Law



STATE OF CALIFORNIA )  
 )  
COUNTY OF Los Angeles )

SS.

On May 11<sup>th</sup>, 2006, before me personally appeared Susan Clark, to me personally known or by satisfactory identification proven, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



[Signature]  
Susan Clark  
Print Name: SUSAN CLARK  
Ched L Williams  
NOTARY PUBLIC, State and County Aforesaid

My commission expires: May 18<sup>th</sup> 2008

EXHIBIT "A"

-ITEM I:-

All of that certain parcel of land (being all of the land(s) described in and covered by Land Patent Grant Number 9468 issued to Hattie Kinoulu) situate, lying and being at Ooma 2nd, Kohanaiki, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT 59 and thus bounded and described as per survey dated December 14, 1992, to-wit:

Beginning at a 1/2" pipe in concrete at the southwest corner of this parcel of land, being also the southeast corner of the Government Land of Ooma 2nd, said point of beginning referred to Government Survey Triangulation Station "MOANUIAHEA" being 12,658.45 feet south and 15,157.33 feet west and thence running by azimuths measured clockwise from true south:

- |    |      |         |         |  |
|----|------|---------|---------|--|
| 1. | 164° | 30'     | 1116.92 | feet along the Government Land of Ooma 2nd to a 1/2" pipe;   |
| 2. | 255° | 36'     | 1856.90 | feet along a Homestead Road to a 1/2" pipe;  |
| 3. | 344° | 30'     | 1008.06 | feet along Lot 57 of Ooma Homesteads, Akahipuu Section, same being all of Grant 5912 to John Broad to a "-->" on set stone in wall (found);  |
| 4. | 72°  | 14' 32" | 1858.00 | feet along Lots 5 and 7-C-1, being portions of Grant 2942 to Hulikoa to the point of beginning and passing over a spike found at 936.85 feet and containing an area of 45.285 acres, more or less: |

BEING THE PREMISES ACQUIRED BY WARRANTY DEED

GRANTOR : GEORGE KINOULU KAHANANUI, formerly known as George Kinoulu Ako, husband of Mary Coelho Kahananui

GRANTEE : S & A PARTNERSHIP, a California general partnership

DATED : December 28, 1990

RECORDED : Document No. 91-000956

-Item II:-

Together with an easement over and across the property described in Exhibit "A" attached thereto ("Grantor's Land") for vehicle access purposes, 15 feet wide, for the property described in Exhibit "B" attached thereto, including any subdivision lots thereof ("Benefited Land") to and from Kohanaiki Road, as granted by GRANT OF EASEMENT, dated October 19, 1994, recorded as Document No. 94-178070; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein; more particularly described therein.

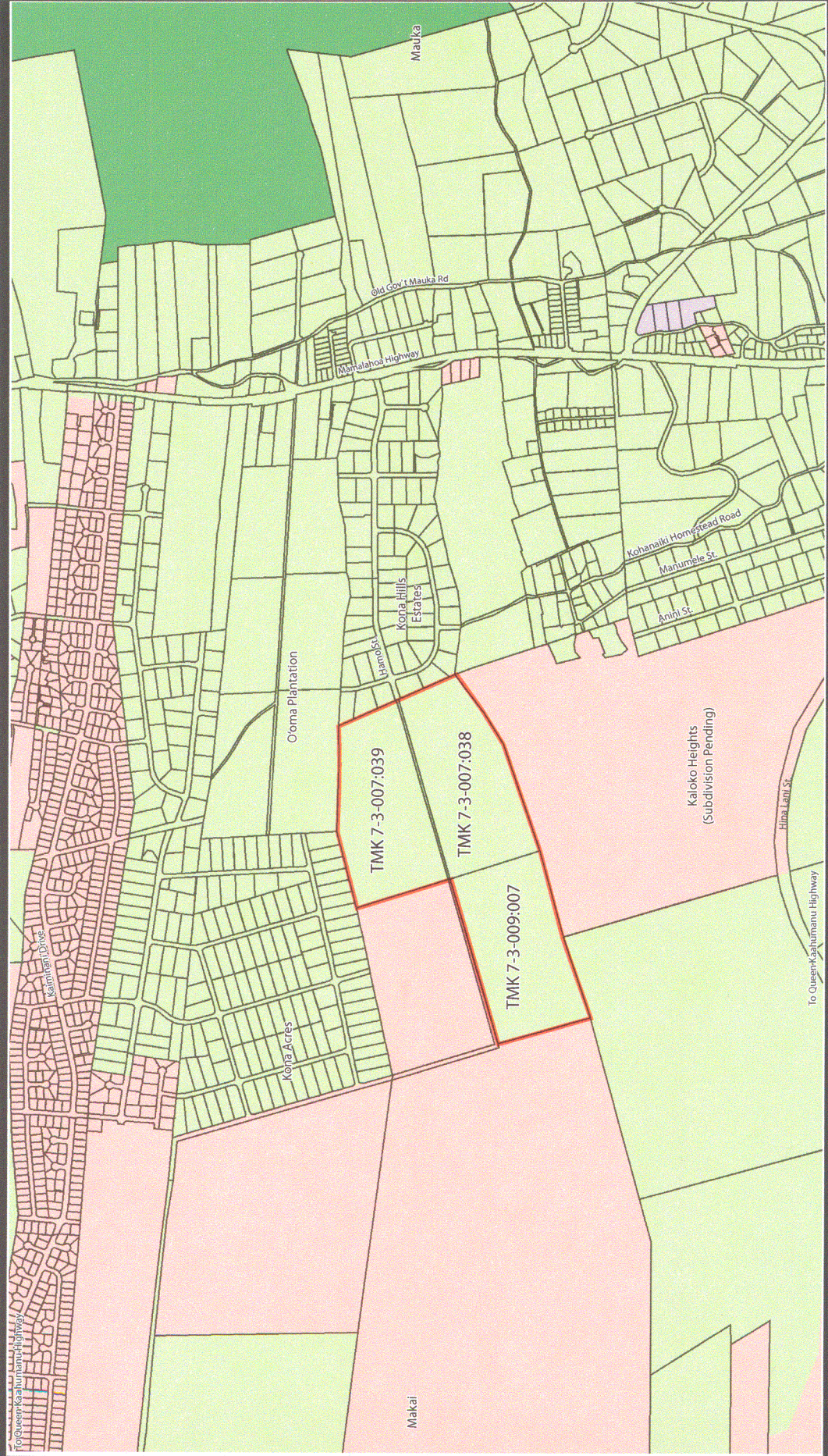
Together with also a perpetual easement over and across the property described in Exhibit "A" attached thereto ("Grantor's Land") for utility purposes, including, without limitation, water, telephone, cable, electricity, and sewer, and roadway and vehicle access as a "primary arterial highway" as defined in "Standard Details for Public Works Construction, Department of Public Works for Maui, Kauai, Honolulu, Island of Hawaii Counties, State of Hawaii," but having a minimum width of 60 feet, for access to and from the future extension of Kealakaha Street ("Extension"), as depicted in the Keahole to Keahou Master Plan for the property described in Exhibit "B" attached thereto, including any subdivision lots thereof ("Benefited Land"), as granted by GRANT OF EASEMENT, dated October 19, 1994, recorded as Document No. 94-178203; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein; more particularly described therein.

**SUBJECT, HOWEVER, TO:**

1. The land has no recorded access to a public roadway.
2. -ITEM II:-
  - (A) Easements do not connect to a public road.
  - (B) Any claim or boundary dispute which may exist or arise by reason of the failure of the Grants referred to above to locate with certainty the boundaries of the Easements described in said instrument.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
4. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

5. Water rights, claims or title to water, whether or not shown by the public records.

**END EXHIBIT "A"**



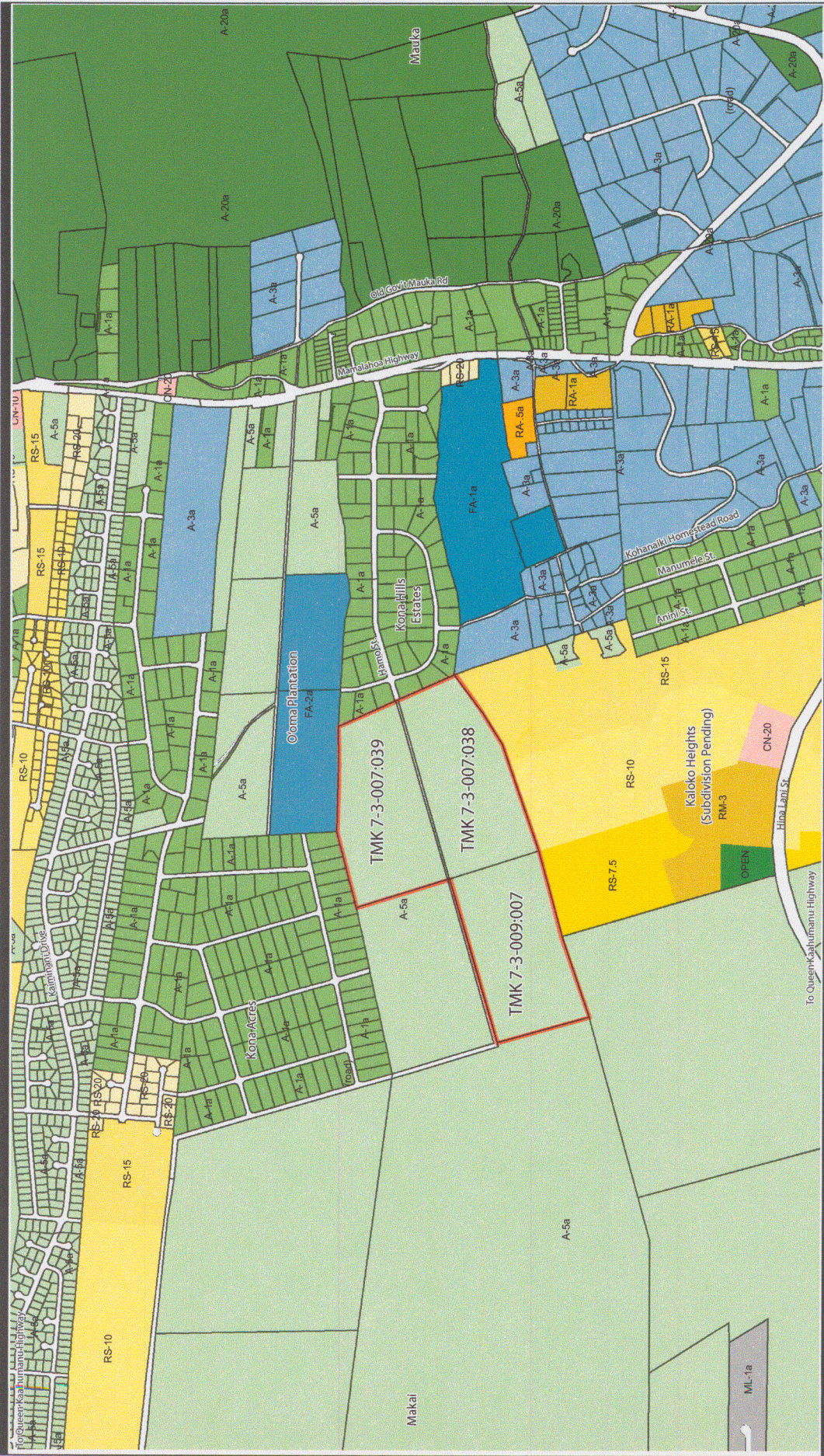
Source: State Land Use Commission, 2006.



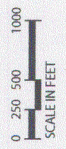
**LEGEND**  
 Agricultural District  
 Conservation District  
 Urban District

Rural District  
 Petition Area (127.98 acres)

**STATE LAND USE DISTRICT**  
 The Kula Neel Project  
 Prepared for The Shopoff Group  
 October 2006

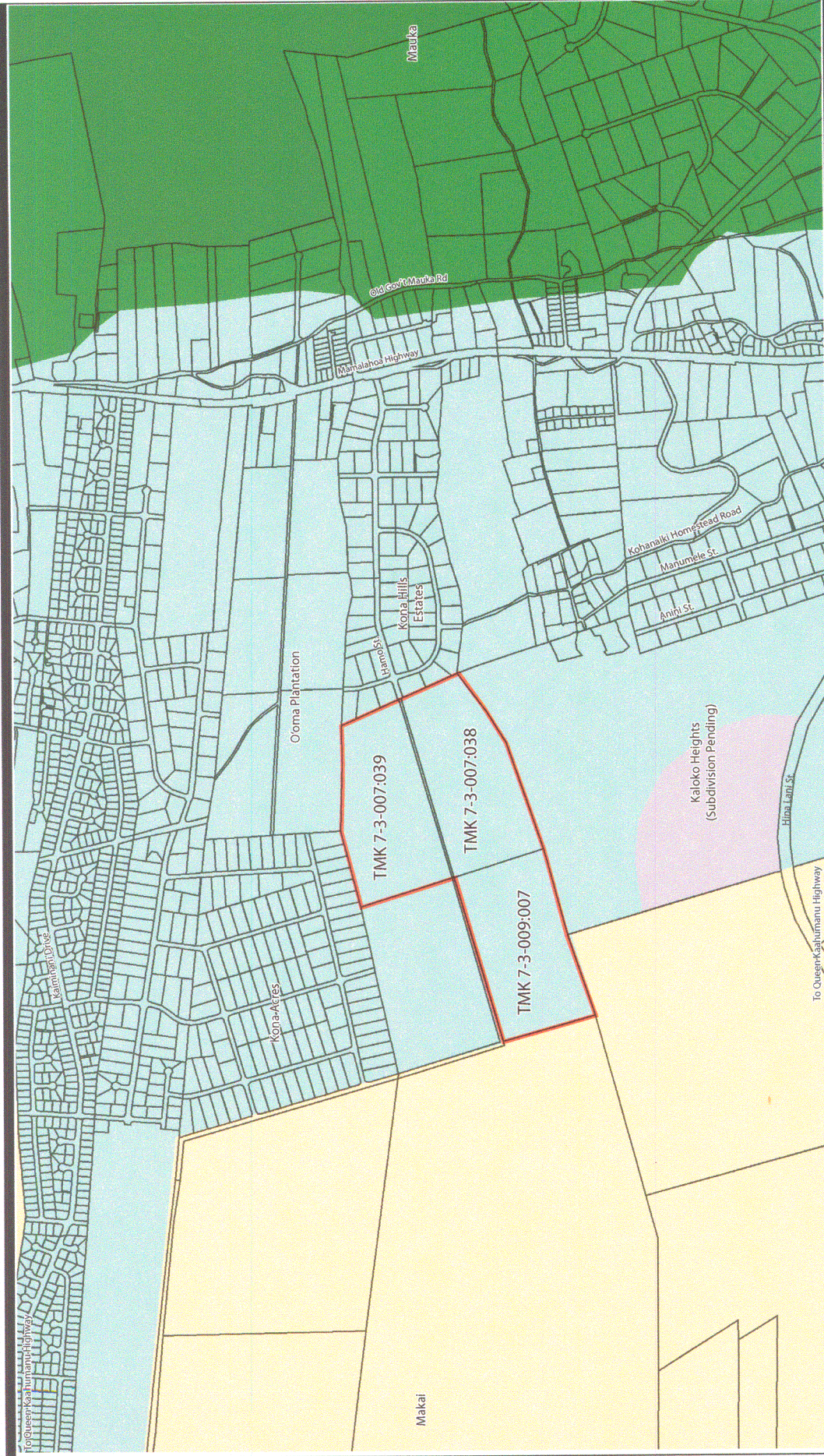


Source: Hawaii State Office of Planning



**HAWAII COUNTY ZONING**  
 The Kula Net Project  
 Prepared for The Shopoff Group  
 October 2006

**Exhibit "16"**



Source: Hawaii State Office of Planning



0 250 500 1000  
SCALE IN FEET

**LEGEND**

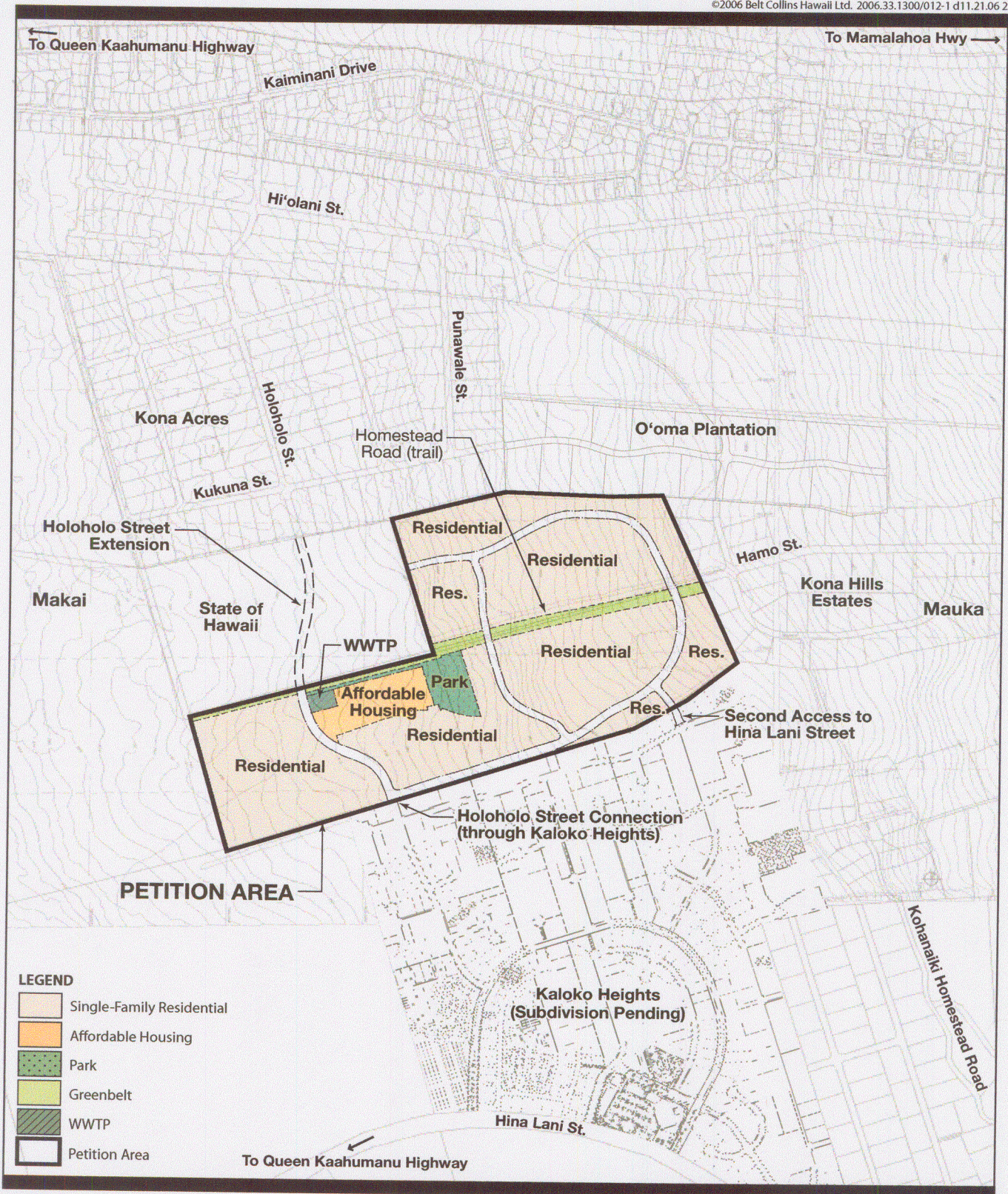
- Urban Expansion
- Low Density Urban
- Medium Density Urban

- Important Agricultural Lands
- Conservation

- Petition Area (17.98 acres)

**LAND USE PATTERN ALLOCATION GUIDE (LUPAG)**  
**Hawaii County General Plan**  
 The Kula Net Project  
 Prepared for The Shopoff Group  
 October 2006

**Exhibit "17"**



**PROPOSED LAND USE MAP**

The Kula Nei Project  
Prepared for The Shopoff Group  
October 2006

Exhibit "18"



10:34 AM  
 07/17/06  
 Cash Basis

TSG O'OMA, LP  
 Balance Sheet  
 As of June 30, 2006

	<u>Jun 30, 06</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1010 · Wells Fargo - General	897,361.27
Total Checking/Savings	<u>897,361.27</u>
Other Current Assets	
1150 · A/R Other	3,300.00
1350 · Escrow Deposit	100,000.00
1360 · Interest Reserve	389,195.09
Total Other Current Assets	<u>492,495.09</u>
Total Current Assets	1,389,856.36
Other Assets	
1500 · REO - Land	6,667,086.35
1800 · Organization Costs	5,848.55
1805 · Accum Amortization - Org Costs	-3,298.43
1810 · Loan Fees	53,600.00
1815 · Accum Amortization - Loan Fees	-13,399.99
1990 · Liquidation (Premium) Discount	8,148,049.33
Total Other Assets	<u>14,857,885.81</u>
<b>TOTAL ASSETS</b>	<u><u>16,247,742.17</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3010 · Accounts Payable - Trade	55,758.61
Total Accounts Payable	<u>55,758.61</u>
Other Current Liabilities	
3470 · N/P - Cental Pacific Bank	2,680,000.00
Total Other Current Liabilities	<u>2,680,000.00</u>
Total Current Liabilities	2,735,758.61
Long Term Liabilities	
3710 · Equity Loan - O'oma	275,000.00
3890 · Deferred Gain on Sale	4,801,425.01
Total Long Term Liabilities	<u>5,076,425.01</u>
Total Liabilities	7,812,183.62
Equity	
4000 · Partners' Capital	
4010 · Capital	25,000.00
4011 · Draws - <span style="border: 1px solid black; padding: 0 2px;">2</span> <span style="border: 1px solid black; padding: 0 2px;">1</span>	-25,000.00
4011.1 · P&L -	34,029.00
4012 · Capital	125,000.00
4013.1 · P&L - <span style="border: 1px solid black; padding: 0 2px;">3</span>	45,442.00
4014 · Capital	100,000.00
4015.1 · P&L -	253.00
4016 · Capital	125,000.00
4017.1 · P&L -	45,938.00
4030 · Capital	70,000.00
4031 · Draws -	-76,725.99
4031.1 · P&L -	75,468.99
4038 · Capital	185,000.00
4039 · Draws -	-269,979.06
4039.1 · P&L -	337,530.06
4040 · Capital	250,000.00
4041.1 · P&L -	92,189.00
4042 · Capital	25,000.00
4043.1 · P&L -	9,089.00

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07/17/06  
Cash Basis

TSG O'OMA, LP  
Balance Sheet  
As of June 30, 2006

	Jun 30, 06
4046 · Capital ·	1,000.00
4047 · Draws ·	-114,761.92
4047.1 · P&L ·	111,604.31
4056 · Capital ·	38,000.00
4057.1 · P&L ·	13,898.00
4062 · Capital ·	25,000.00
4063.1 · P&L ·	9,091.00
4064 · Capital ·	22,327.43
4065.1 · P&L ·	7,272.57
4072 · Capital ·	200,000.00
4073.1 · P&L ·	73,315.00
4074 · Capital ·	40,000.00
4075.1 · P&L ·	14,629.00
4076 · Capital ·	100,000.00
4077.1 · P&L ·	37,082.00
4080 · Capital ·	100,000.00
4081.1 · P&L ·	37,001.00
4082 · Capital ·	75,000.00
4083.1 · P&L ·	27,751.00
4088 · Capital ·	199,000.32
4089 · Draws ·	-133,281.50
4089.1 · P&L ·	207,023.18
4091.1 · P&L ·	136,272.00
4093 · Draws ·	340,917.80
4093.1 · P&L ·	-0.80
4097 · Draws ·	-4,139,150.78
4097.1 · P&L ·	8,010,386.78
4098 · Capital ·	100,000.00
4099.1 · P&L ·	253.00
4100 · Capital ·	50,000.00
4101.1 · P&L ·	127.00
4102 · Capital ·	25,000.00
4103.1 · P&L ·	63.00
4104 · Capital ·	25,000.00
4105.1 · P&L ·	63.00
4106 · Capital ·	25,000.00
4107.1 · P&L ·	63.00
4108 · Capital ·	100,000.00
4109.1 · P&L ·	253.00
4110 · Capital ·	50,000.00
4111.1 · P&L ·	127.00
4112 · Capital ·	10,000.00
4113.1 · P&L ·	25.00
4114 · Capital ·	25,000.00
4115.1 · P&L ·	63.00
4116 · Capital ·	25,000.00
4117.1 · P&L ·	63.00
4118 · Capital ·	25,000.00
4119.1 · P&L ·	63.00
4120 · Capital ·	25,000.00
4121.1 · P&L ·	63.00
4122 · Capital ·	100,000.00
4123.1 · P&L ·	253.00
4124 · Capital ·	200,000.00
4125.1 · P&L ·	506.00
4126 · Capital ·	25,000.00
4127.1 · P&L ·	63.00
4128 · Capital ·	25,000.00
4129.1 · P&L ·	63.00
4130 · Capital ·	50,000.00
4131.1 · P&L ·	127.00
4132 · Capital ·	25,000.00
4133.1 · P&L ·	63.00
4134 · Capital ·	100,000.00
4135.1 · P&L ·	253.00
4136 · Capital ·	20,000.00

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Cash Basis

TSG O'OMA, LP  
Balance Sheet  
As of June 30, 2006

	Jun 30, 06
4137.1 · P&L -	51.00
4138 · Capital	30,000.00
4139.1 · P&L -	76.00
4140 · Capital	50,000.00
4141.1 · P&L -	127.00
4142 · Capital	25,000.00
4143.1 · P&L -	63.00
4144 · Capital	25,000.00
4145.1 · P&L -	63.00
4146 · Capital	25,000.00
4147.1 · P&L -	63.00
4148 · Capital	25,000.00
4149.1 · P&L -	63.00
4150 · Capital	25,000.00
4151.1 · P&L -	63.00
4152 · Capital	25,000.00
4153.1 · P&L -	63.00
4154 · Capital	50,000.00
4155.1 · P&L -	127.50
4156 · Capital	20,000.00
4157.1 · P&L -	51.00
4158 · Capital	50,000.00
4160 · Capital	25,000.00
4162 · Capital	200,000.00
4163.1 · P&L -	506.00
4164 · Capital	50,000.00
4166 · Capital	100,000.00
4168 · Capital	60,000.00
4169.1 · P&L -	152.00
Total 4000 · Partners' Capital	8,431,632.89
Net Income	3,925.66
Total Equity	8,435,558.55
TOTAL LIABILITIES & EQUITY	16,247,742.17

3:08 PM  
 08/01/06  
 Cash Basis

The Shopoff Group, LP  
**Balance Sheet**  
 As of June 30, 2006

	<u>Jun 30, 06</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
1000 · Cash	
1010 · Wells Fargo - General	371,539.34
Total 1000 · Cash	371,539.34
1012 · Vineyard - Reserve	2,041.00
Total Checking/Savings	373,580.34
<b>Other Current Assets</b>	
1101 · Due from(to) Affiliates	
1101.01 · Due from(to) TSG Little Val	109.69
1101.02 · Due from(to) TSG O'Oma	5,647.67
1101.03 · Due from(to) Carbon Canyon	30,778.49
1101.05 · Due from(to) White Rock	157.40
1101.09 · Due from(to) WR Little Val	80.00
1101.10 · Due from(to) Springbrook	2,255.38
1101.12 · Due from(to) TSG Cherry Val	70,000.00
1101.13 · Due from(to) Groves	120.00
1101.16 · Due from(to) Wasson West	80.00
1101.17 · Due from(to) TSG Canyon Vista	174.00
1101.18 · Due from(to) Tanglewood & Two	1,673.55
1101.19 · Due from(to) Spring Mt Inv	83.83
1101.20 · Due from (to) Eastbridge LP	128,776.67
1101.21 · Due from(to) Sky Harbor	120,000.00
1101.31 · Due from (to) Opportunity fund	28,829.15
Total 1101 · Due from(to) Affiliates	388,765.83
1150 · A/R Other	1,962.31
1210 · Prepaid Insurance	31,132.02
Total Other Current Assets	421,860.16
<b>Total Current Assets</b>	<b>795,440.50</b>
<b>Fixed Assets</b>	
2110 · Office Equipment	19,931.30
2115 · Accum Depr- Office Equipment	-1,076.35
2120 · Furniture & Fixtures	3,965.22
2125 · Accum Depr ·Furniture & Fixture	-165.20
2130 · Computers	57,461.97
2135 · Accum Depr - Computers	-5,732.47
Total Fixed Assets	74,384.47
<b>Other Assets</b>	
1300 · Deposits	100,000.00
1800 · Organization Costs	3,462.30
1805 · Accum Amortization Org Costs	-1,385.01
2150 · Automobiles	28,816.03
Total Other Assets	130,893.32
<b>TOTAL ASSETS</b>	<b><u>1,000,718.29</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
3010 · Accounts Payable Trade	19,521.66
Total Accounts Payable	19,521.66

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08/01/06  
Cash Basis

The Shopoff Group, LP  
**Balance Sheet**  
As of June 30, 2006

	<u>Jun 30, 06</u>
Other Current Liabilities	
3030 · Due to Related Party	111,012.14
3100 · Payroll Liabilities	241.57
3450 · Note Payable - Wells Fargo	406,111.06
3451 · Note Payable Premium Finance	21,103.68
<b>Total Other Current Liabilities</b>	<u>538,468.45</u>
<b>Total Current Liabilities</b>	557,990.11
Long Term Liabilities	
3452 · Nlp Wells Fargo - Auto	29,454.17
<b>Total Long Term Liabilities</b>	<u>29,454.17</u>
<b>Total Liabilities</b>	587,444.28
Equity	
4030 · Capital - TSG GP, LLC	10.00
4040 · Capital - Shopoff Revoc Trust	1,990.00
4045 · Drawings - Shopoff Revoc Trust	-5,275.00
4900 · Retained Earnings	-927.26
Net Income	417,476.27
<b>Total Equity</b>	<u>413,274.01</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,000,718.29</u></u>

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08/01/06  
Cash Basis

The Shopoff Group, LP  
Profit & Loss  
January through June 2006

	<u>Jan - Jun 06</u>
Ordinary Income/Expense	
Income	
5005 · Acquisition Fees	450,000.00
5010 · Consulting Commissions	353,000.00
5035 · Management Fee	
5035.01 · Mgt Fee- TSG Little Valley	90,000.00
5035.03 · Mgt Fee - O'oma Plantation	90,000.00
5035.04 · Mgt Fee - Carbon Canyon	73,973.91
5035.06 · Mgt Fee - White Rock	49,000.02
5035.09 · Mgt Fee - WR Little Valley	50,000.00
5035.10 · Mgt Fee - Springbrook	651,881.52
5035.12 · Mgt Fee - Cherry Valley	180,000.00
5035.13 · Mgt Fee - Groves Dev	30,451.50
5035.16 · Mgt Fee - Wasson West	120,000.00
5035.17 · Mgt Fee- Canyon Vista	68,847.10
5035.18 · Mgt Fee - Springbrook South	15,000.00
Total 5035 · Management Fee	<u>1,419,154.05</u>
5080 · Other Income (Loss)	17,468.49
Total Income	<u>2,239,622.54</u>
Expense	
4001 · Reconciliation Discrepancies	0.00
7000 · Accounting	3,990.50
7025 · Advertising & Marketing	381.25
7100 · Bank Charges	25.00
7125 · Contract Labor	17,432.81
7150 · Consulting & Commission Exp	8,115.74
7175 · Contributions - Charitable	33,028.50
7180 · Contributions - Political	5,710.00
7225 · Delivery & Postage	5,774.03
7270 · Due Diligence	236,331.46
7275 · Dues & Subscriptions	24,939.17
7285 · Education & Training	16,690.33
7286 · Equipment Lease	7,193.99
7300 · Filing Fees	2,800.00
7375 · Insurance - Prop\Casualty	17,201.69
7376 · Insurance - Employee Health	47,430.00
7378 · Insurance - Workers' Comp	15,786.00
7379 · Insurance -Other	842.73
7400 · Legal	120,297.25
7500 · Operating Expense	151.78
7600 · Office Expense	55,376.93
7601 · Office Supplies	15,941.57
7615 · Payroll Taxes	61,095.45
7625 · Printing	172.45
7645 · Professional Fees	18,431.18
7650 · Property Taxes	20,390.40
7670 · Rent	111,600.00
7675 · Repairs & Maintenance	53,146.98
7700 · Salaries & Wages	695,647.62
7720 · Storage	7,314.58
7800 · Telephone	20,632.30
7850 · Travel & Lodging	118,895.66
7855 · Meals & Entertainment	34,966.33
7900 · Utilities	11,848.18
Total Expense	<u>1,789,581.86</u>
Net Ordinary Income	450,040.68

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Cash Basis

The Shopoff Group, LP  
Profit & Loss  
January through June 2006

	<u>Jan - Jun 06</u>
Other Income/Expense	
Other Expense	
8000 · Amortization Expense	346.26
8100 · Depreciation Expense	6,974.02
8200 · Interest Expense	17,644.13
8400 · Partnership Taxes	7,600.00
Total Other Expense	<u>32,564.41</u>
Net Other Income	<u>-32,564.41</u>
Net Income	<u><u>417,476.27</u></u>

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 07/17/06  
 Cash Basis

**Springbrook Investments**  
**Balance Sheet**  
 As of June 30, 2006

	Jun 30, 06
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
1010 · SBI Checking-1st Cent	3,309,715.91
<b>Total Checking/Savings</b>	<b>3,309,715.91</b>
<b>Other Current Assets</b>	
1102 · A/R-Escrow	234.25
1124 · A/R-Springbrook II	6,000.00
<b>Total Other Current Assets</b>	<b>6,234.25</b>
<b>Total Current Assets</b>	<b>3,315,950.16</b>
<b>Other Assets</b>	
1505 · Land-Meadowbrook	5,979,959.28
1510 · Land-3rd St. (Coffman)	1,871,479.99
1515 · Land-O'oma	3,227,597.32
1600 · Prepayments	
1610 · Prepaid Fees	386,881.52
<b>Total 1600 · Prepayments</b>	<b>386,881.52</b>
1810 · Loan Fees	106,238.00
1815 · Amort-Loan Fees	-15,372.99
1990 · SEC 754 Step-Up	8,002,455.02
<b>Total Other Assets</b>	<b>19,559,238.14</b>
<b>TOTAL ASSETS</b>	<b>22,875,188.30</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
3000 · Accts Payable	50,503.72
<b>Total Accounts Payable</b>	<b>50,503.72</b>
<b>Other Current Liabilities</b>	
3300 · Security Deposits	
3305 · Security Deposit-Coffman	100.00
<b>Total 3300 · Security Deposits</b>	<b>100.00</b>
<b>Total Other Current Liabilities</b>	<b>100.00</b>
<b>Total Current Liabilities</b>	<b>50,603.72</b>
<b>Long Term Liabilities</b>	
3600 · Notes Payable	
3630 · N/P-Vineyard Bank (Meadowbrook)	3,020,818.93
3632 · N/P-Vineyard Bank (Coffman)	934,681.67
3634 · N/P-Central Pacific Bnk (O'oma)	1,145,751.56
<b>Total 3600 · Notes Payable</b>	<b>5,101,252.16</b>
<b>Total Long Term Liabilities</b>	<b>5,101,252.16</b>
<b>Total Liabilities</b>	<b>5,151,855.88</b>
<b>Equity</b>	
4000 · Capital	
4002 · Capital-	
4002.1 · Contrib-	1,000.00
<b>Total 4002 ·</b>	<b>1,000.00</b>
4004 · Capital-	
4004.1 · Contrib-	300,000.00
<b>Total 4004 · Capital-</b>	<b>300,000.00</b>



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07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4008 · Capital	
4008.1 · Contrib-	558,664.34
Total 4008 · Capital-	558,664.34
4010 · Capital-	
4010.1 · Contrib-	2,359,000.00
Total 4010 · Capital-	2,359,000.00
4012 · Capital-	
4012.1 · Contrib-	50,000.00
Total 4012 · Capital-	50,000.00
4014 · Capital-	
4014.1 · Contrib-	343,411.72
Total 4014 · Capital	343,411.72
4018 · Capital-	
4018.1 · Contrib-	25,000.00
Total 4018 · Capital-	25,000.00
4020 · Cap-	
4020.1 · Contrib	50,000.00
Total 4020 · Cap-	50,000.00
4026 · Capital-	
4026.1 · Contrib-	293,118.02
Total 4026 · Capital-	293,118.02
4028 · Capital-	
4028.1 · Contrib-	84,222.22
Total 4028 · Capital-	84,222.22
4030 · Capital-	
4030.1 · Contrib-	84,401.49
Total 4030 · Capital	84,401.49
4032 · Capital-	
4032.1 · Contrib-	75,000.00
Total 4032 · Capital-	75,000.00
4034 · Capital-	
4034.1 · Contrib-	46,000.00
Total 4034 · Capital-	46,000.00
4036 · Capital-	
4036.1 · Contrib-	100,000.00
Total 4036 · Capital-	100,000.00
4040 · Cap-	
4040.1 · Contri-	351,785.15
Total 4040 · Cap-	351,785.15
4042 · Capital-	
4042.1 · Contrib-	25,000.00
Total 4042 · Capital	25,000.00
4046 · Capital-	
4046.1 · Contrib-	200,000.00
Total 4046 · Capital	200,000.00
4056 · Capital-	
4056.1 · Contrib	35,000.00
Total 4056 · Capita	35,000.00

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07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4058 · Capital-	
4058.1 · Contrib-	57,580.00
Total 4058 · Capital	57,580.00
4060 · Capital-	
4060.1 · Contrib-	74,359.22
Total 4060 · Capital	74,359.22
4062 · Capital-	
4062.1 · Contrib-	158,642.23
Total 4062 · Capital	158,642.23
4064 · Cap-	
4064.1 · Contr-	200,000.00
Total 4064 · Cap-l	200,000.00
4066 · Cap-	
4066.1 · Contrib-	50,000.00
Total 4066 · Cap-	50,000.00
4068 · Cap-	
4068.1 · Contrib-	111,580.54
Total 4068 · Cap-	111,580.54
4076 · Capital-	
4076.1 · Contrib-	56,219.70
Total 4076 · Capital	56,219.70
4102 · Capital-	
4102.1 · Contribution-	500,000.00
Total 4102 · Capital-	500,000.00
4104 · Capital-	
4104.1 · Contribution-	50,000.00
Total 4104 · Capital-	50,000.00
4106 · Capital-	
4106.1 · Contribution-	30,000.00
Total 4106 · Capital-	30,000.00
4108 · Cap-l	
4108.1 · Contrib-	50,000.00
Total 4108 · Cap-	50,000.00
4110 · Capital-	
4110.1 · Contrib-	50,000.00
Total 4110 · Capital-	50,000.00
4112 · Cap-	
4112.1 · Contr-	200,000.00
Total 4112 · Cap-l	200,000.00
4114 · Capital-	
4114.1 · Contribution-	25,000.00
Total 4114 · Capital-	25,000.00
4116 · Capital-	
4116.1 · Contrib-l	50,000.00
Total 4116 · Capital	50,000.00
4118 · Capital-	
4118.1 · Contrib-	35,000.00
Total 4118 · Capital-	35,000.00

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07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4120 - Capital-	
4120.1 - Contribution-	25,000.00
Total 4120 - Capital-	25,000.00
4122 - Cap-	
4122.1 - Contr-	68,000.00
Total 4122 - Cap-l	68,000.00
4124 - Capital-	
4124.1 - Contribution	24,980.00
Total 4124 - Capital-	24,980.00
4126 - Capital-	
4126.1 - Contribution-	25,000.00
Total 4126 - Capital-	25,000.00
4128 - Capital-	
4128.1 - Contrib-	25,000.00
Total 4128 - Capital-	25,000.00
4130 - Capital-	
4130.1 - Contribution-l	25,000.00
Total 4130 - Capital-	25,000.00
4132 - Capital-	
4132.1 - Contribution-	25,000.00
Total 4132 - Capital-	25,000.00
4134 - Cap-	
4134.1 - Contr-	100,000.00
Total 4134 - Cap-	100,000.00
4136 - Cap	
4136.1 - Contr-	24,908.58
Total 4136 - Cap-	24,908.58
4138 - Cap-	
4138.1 - Contrib	4,100.18
Total 4138 - Cap-	4,100.18
4140 - Capital-	
4140.1 - Contribution-	25,000.00
Total 4140 - Capital-	25,000.00
4142 - Capital-	
4142.1 - Contribution-	100,000.00
Total 4142 - Capital-	100,000.00
4144 - Capital-	
4144.1 - Contrib-	50,000.00
Total 4144 - Capital	50,000.00
4146 - Capital-	
4146.1 - Contribution-	60,000.00
Total 4146 - Capital-	60,000.00
4148 - Capital-	
4148.1 - Contribution-	30,000.00
Total 4148 - Capital-	30,000.00
4150 - Capital-	
4150.1 - Contribution-	30,000.00
Total 4150 - Capital-	30,000.00

9:43 AM  
07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4152 · Capital-	
4152.1 · Contribution	65,000.00
Total 4152 · Capital-	65,000.00
4154 · Capital-	
4154.1 · Contribution	50,000.00
Total 4154 · Capital-	50,000.00
4156 · Capital	
4156.1 · Contrib-	16,000.00
Total 4156 · Capital-	16,000.00
4158 · Capital-	
4158.1 · Contrib	34,000.00
Total 4158 · Capital-	34,000.00
4160 · Capital-	
4160.1 · Contrib-	60,000.00
Total 4160 · Capital	60,000.00
4162 · Cap-	
4162.1 · Contr-	111,000.00
Total 4162 · Cap-	111,000.00
4164 · Cap-	
4164.1 · Cont-	45,000.00
Total 4164 · Cap-	45,000.00
4166 · Capital-	
4166.1 · Contribution-	100,000.00
Total 4166 · Capital-	100,000.00
4168 · Capital-	
4168.1 · Contribution	100,000.00
Total 4168 · Capital-	100,000.00
4170 · Capital-	
4170.1 · Contrib	25,000.00
Total 4170 · Capital-	25,000.00
4172 · Capital-	
4172.1 · Contrib-	25,000.00
Total 4172 · Capital-	25,000.00
4174 · Cap-	
4174.1 · Contr	25,000.00
Total 4174 · Cap-	25,000.00
4176 · Cap-	
4176.1 · Contrib-	50,000.00
Total 4176 · Cap- ..	50,000.00
4178 · Cap-.....	
4178.1 · Contrib	25,000.00
Total 4178 · Cap-	25,000.00
4180 · Capital-	
4180.1 · Contribution-	25,000.00
Total 4180 · Capital-	25,000.00
4182 · Capital-	
4182.1 · Contribution-	50,000.00
Total 4182 · Capital-	50,000.00

9:43 AM  
07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4184 · Capital-	
4184.1 · Contrib-	100,000.00
Total 4184 · Capital	100,000.00
4186 · Cap- 4186.1 · Contr-	100,000.00
Total 4186 · Cap-	100,000.00
4188 · Cap- 4188.1 · Contrib-	100,000.00
Total 4188 · Cap-	100,000.00
4190 · Capital 4190.1 · Contrib-	142,022.70
Total 4190 · Capital	142,022.70
4192 · Capital 4192.1 · Capital-	40,000.00
Total 4192 · Capital	40,000.00
4194 · Capital 4194.1 · Contribution-	25,000.00
Total 4194 · Capital	25,000.00
4196 · Cap- 4196.1 · Cont-	50,000.00
Total 4196 · Cap-	50,000.00
4198 · Cap- 4198.1 · Contr-	100,000.00
Total 4198 · Cap-	100,000.00
4200 · Capital- 4200.1 · Contribution-	200,000.00
Total 4200 · Capital	200,000.00
4202 · Cap- 4202.1 · Contri-	25,000.00
Total 4202 · Cap-	25,000.00
4204 · Capital- 4204.1 · Contrib	50,000.00
Total 4204 · Capita	50,000.00
4206 · Cap- 4206.1 · Co	25,000.00
Total 4206 · Cap-	25,000.00
4208 · Capital 4208.1 · Contribution-	25,000.00
Total 4208 · Capital	25,000.00
4210 · Cap- 4210.1 · Contr-	50,000.00
Total 4210 · Cap	50,000.00
4212 · Capital- 4212.1 · Contrib-	100,000.00
Total 4212 · Capital	100,000.00
4214 · Cap 4214.1 · Contr-	50,000.00
Total 4214 · Cap	50,000.00

9:43 AM  
07/17/06  
Cash Basis

Springbrook Investments  
Balance Sheet  
As of June 30, 2006

	<u>Jun 30, 06</u>
4216 · Capital	
4216.1 · Contribution	25,000.00
Total 4216 · Capital	25,000.00
4218 · Capital	
4218.1 · Contribution	100,000.00
Total 4218 · Capital	100,000.00
4220 · Capital	
4220.1 · Contribution	100,000.00
Total 4220 · Capital	100,000.00
4222 · Capital	
4222.1 · Contribution	25,000.00
Total 4222 · Capital	25,000.00
4224 · Capital	
4224.1 · Contribution	25,000.00
Total 4224 · Capital	25,000.00
4226 · Capital	
4226.1 · Contribution	25,000.00
Total 4226 · Capital	25,000.00
4228 · Capital	
4228.1 · Contribution	50,000.00
Total 4228 · Capital	50,000.00
4230 · Capital	
4230.1 · Contribution	25,000.00
Total 4230 · Capital	25,000.00
4232 · Capital	
4232.1 · Contribution	100,000.00
Total 4232 · Capital	100,000.00
4234 · Capital	
4234.1 · Contribution	50,000.00
Total 4234 · Capital	50,000.00
4236 · Capital	
4236.1 · Contribution	25,000.00
Total 4236 · Capital	25,000.00
4238 · Capital	
4238.1 · Contribution	100,000.00
Total 4238 · Capital	100,000.00
Total 4000 · Capital	9,959,996.09
4500 · Retained Earnings	7,730,965.52
Net Income	32,370.81
Total Equity	<u>17,723,332.42</u>
TOTAL LIABILITIES & EQUITY	<u><u>22,875,188.30</u></u>

9:44 AM  
07/17/06  
Cash Basis

Springbrook Investments  
Profit & Loss Quarterly YTD Comparison  
April through June 2006

	<u>Apr - Jun 06</u>	<u>Jan - Jun 06</u>
Ordinary Income/Expense		
Income		
5047 · Interest Income	35,918.56	39,130.82
5070 · Rental Income	1,500.00	2,000.00
Total Income	<u>37,418.56</u>	<u>41,130.82</u>
Gross Profit	37,418.56	41,130.82
Expense		
7175 · Political Contr.	2,500.00	6,960.00
7180 · Donations	1,000.00	1,000.00
Total Expense	<u>3,500.00</u>	<u>7,960.00</u>
Net Ordinary Income	33,918.56	33,170.82
Other Income/Expense		
Other Expense		
8400 · Partn. Taxes	800.00	800.00
8900 · Misc. Exp.	0.00	0.01
Total Other Expense	<u>800.00</u>	<u>800.01</u>
Net Other Income	<u>-800.00</u>	<u>-800.01</u>
Net Income	<u><u>33,118.56</u></u>	<u><u>32,370.81</u></u>

November 27, 2006

### Notification of Petition Filing

This is to advise you that a petition to amend the State Land Use District Boundaries with the following general information has been submitted to the State of Hawaii Land Use Commission:

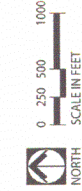
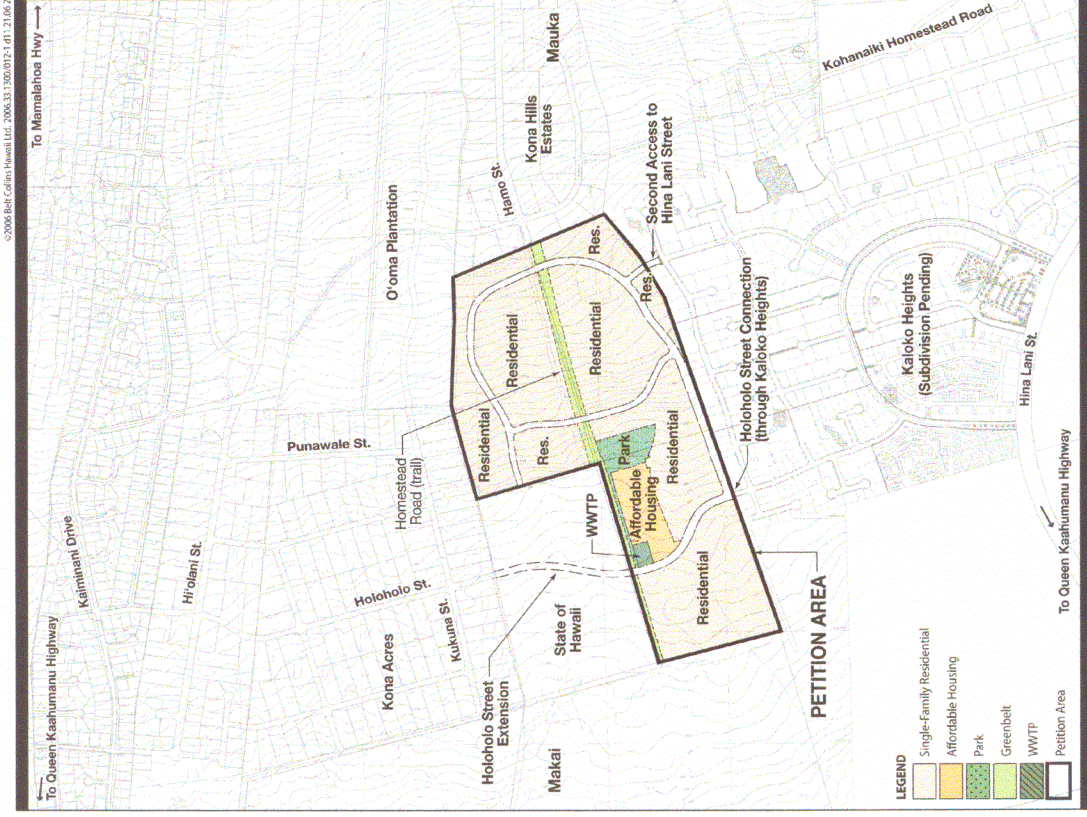
**Docket No:** A06-770  
**Petitioner/Address:** The Shopoff Group, L.P.  
8951 Research Drive  
Irvine, California 92618  
**Landowners:** TSG O'oma, L.P.  
Springbrook Investments, L.P.  
**Tax Map Key Numbers:** (3) 7-3-007: 038 and 039  
(3) 7-3-009: 007  
**Location:** O'oma, North Kona District, Island of Hawaii  
**Request Reclassification:** Agricultural to Urban  
**Acreage:** Approximately 127.94 acres  
**Proposed Uses:** Low-density residential development

You may review detailed information regarding the petition at the Land Use Commission ("Commission") office or the County of Hawaii Planning Department.

The Commission's office is located at 235 S. Beretania Street, Room 406, Honolulu, Hawaii. Office hours are from 7:45 a.m. to 4:30 p.m., Mondays through Fridays.

A hearing on this petition will be scheduled at a future date. If you are interested in participating in the hearing as a public witness, please write or call the Commission office at P.O. Box 2359, Honolulu, Hawaii 96804-2359; telephone (808) 587-3822.

If you intend to participate in the hearing as an intervenor, pursuant to § 15-15-52, Hawaii Administrative Rules, you should file a Notice of Intent to Intervene with the Commission within 30 days of the date of this notice. Please contact the Commission office for further information.



**PROPOSED LAND USE MAP**  
The Kala Nei Project  
Prepared for The Shopoff Group  
October 2006



418111\_1

Of Counsel:

IMANAKA KUDO & FUJIMOTO

A Limited Liability Law Company

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NAOMI U. KUWAYE 6648-0

JESSE K. SOUKI 8213-0

745 Fort Street, 17<sup>th</sup> Floor

Honolulu, Hawaii 96813

Telephone: (808) 521-9500

Attorneys for Petitioner

THE SHOPOFF GROUP, L.P., a

California limited partnership

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of

DOCKET NO. A06-770

THE SHOPOFF GROUP, L.P.

To Amend the Agricultural Land Use District Boundaries into the Urban Land Use District for Approximately 127.94 Acres in North Kona District, Island of Hawaii, Tax Map Key Nos. (3) 7-3-007:038, 039, and (3) 7-3-009:007

AFFIDAVIT OF NAOMI U. KUWAYE ATTESTING TO SENDING OF THE NOTIFICATION OF PETITION FILING

AFFIDAVIT OF NAOMI U. KUWAYE ATTESTING TO SENDING OF THE NOTIFICATION OF PETITION FILING

STATE OF HAWAII )

) SS:

CITY AND COUNTY OF HONOLULU )

NAOMI U. KUWAYE, being first sworn on oath, deposes and says that:

1. Affiant is one of the attorneys for, THE SHOPOFF GROUP, L.P., a California limited partnership, ("Petitioner"),

is licensed to practice law in the State of Hawaii, is duly authorized to make this affidavit, and does so upon personal knowledge and belief.

2. This affidavit is made to comply with section 15-15-50(d), Hawaii Administrative Rules ("HAR") for the State of Hawaii, Land Use Commission ("Commission").

3. On November 27, 2006, Petitioner filed with the Commission a petition for a boundary amendment ("Petition") in Docket No. A06-770.

4. On November 27, 2006, the same day that the Petition was submitted to the Commission and pursuant to HAR § 15-15-50(d), Petitioner sent a Notification of Petition Filing to persons included on the statewide and County of Hawaii mailing lists provided to Petitioner by the Commission on or about November 20, 2006 (attached hereto as Attachments "A" and "B", respectively).

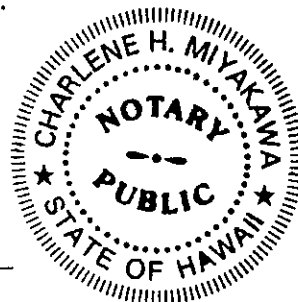
Further affiant sayeth naught.

Naomi U. Kuwaye  
NAOMI U. KUWAYE

Subscribed and sworn to before me  
this 27th day of November, 2006.

Charlene H. Miyakawa  
Notary Public, State of Hawaii

Charlene H Miyakawa  
Printed Name  
My commission expires: 09.03.2010



UH Director of Capital Improvements  
1951 East West Road  
Honolulu, Hawaii 96822

Mr. Carroll Cox  
PO Box 89-3062  
Millilani, HI 96789

STATEWIDE LIST 2006  
Last Updated: 11/20/06

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Austin Building, Suite 400  
223 South King Street  
Honolulu HI 96813

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Hawaii Operating Engineers  
95 Lono Avenue, Suite 104  
Kahului HI 96732-1610

Ashford & Wriston-Library  
P. O. Box 131  
Honolulu HI 96810.

Associated Press  
500 Ala Moana Boulevard, Suite 7-590  
Honolulu, Hawaii 96813

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Alu Like, Inc., Maui Island Center  
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Paia, Hawaii 96779-9609

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Young Brothers, Ltd.  
Pier 40 – P. O. Box 3288  
Honolulu, HI 96801

Building Industry Association of Hawaii  
1727 Dillingham Blvd.  
Honolulu HI 96819

Building Trades Council  
Gentry Pacific Design Ctr. Ste. 215A  
560 N. Nimitz Hwy. #50  
Honolulu HI 96817

Attn: Roy A. Vitousek III  
Cades Schutte Fleming & Wright  
75-170 Hualalai Road, Ste. B-303  
Kailua-Kona HI 96740

Ms. Phyllis Cayan  
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Lihue HI 96766

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Hawi HI 96719

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Kauai County Council  
4396 Rice Street, #206  
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Ms. K. Chun  
P. O. Box 3705  
Honolulu HI 96811

City Desk Clerk-Public Hearings  
Honolulu Star Bulletin  
500 Ala Moana Boulevard, Unit 210  
Honolulu, Hawaii 96813-4914

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c/o Waikoloa Land Co.  
150 Waikoloa Beach Drive  
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The Estate of James Campbell  
1001 Kamokila Boulevard  
Kapolei HI 96707

United States Marine Corps  
Commander, Marine Forces Pacific  
Attn: G4. Box 64118  
Camp H.M. Smith, Hawaii 96861-4118

David Kimo Frankel  
Chair, Sierra Club, Hawai'i Chapter  
P. O. Box 1185  
Volcano HI 96785

U.S. Fish and Wildlife Service  
300 Ala Moana Blvd., Rm. 3-122  
Honolulu HI 96813

Department of the Army  
Directorate of Public Works  
Attn: Planning Division  
Schofield Barracks, Hawaii 96857-5013

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Pearl City HI 96782

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County of Kauai  
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C&C Department of Planning & Permitting  
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Honolulu HI 96813

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Hawaii Leeward Planning Conference  
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Commander in Chief, U.S. Pacific Fleet  
Commander in Chief  
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801 S. King Street  
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West Hawaii Today  
Attn: Reed Flickinger  
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Chairman - Planning Commission  
County of Kauai  
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Real Property Tax Division  
Department of Finance - County of Hawaii  
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Mililani HI 96789

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Lihue HI 96766

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Lihue HI 96766

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P. O. Box 3440  
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Attorneys for Petitioner

THE SHOPOFF GROUP, L.P., a

California limited partnership

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of

DOCKET NO. A06-770

THE SHOPOFF GROUP, L.P.

To Amend the Agricultural Land Use District Boundaries into the Urban Land Use District for Approximately 127.94 Acres in North Kona District, Island of Hawaii, Tax Map Key Nos. (3) 7-3-007:038, 039, and (3) 7-3-009:007

AFFIDAVIT OF NAOMI U. KUWAYE ATTESTING TO SERVICE OF PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT

AFFIDAVIT OF NAOMI U. KUWAYE ATTESTING TO SERVICE OF PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT

STATE OF HAWAII )  
 )  
CITY AND COUNTY OF HONOLULU )

SS.

NAOMI U. KUWAYE, being first sworn on oath, deposes and says that:

1. Affiant is one of the attorneys for Petitioner, THE SHOPOFF GROUP, L.P., a California limited partnership,

("Petitioner"), is licensed to practice law in the State of Hawaii, is duly authorized to make this affidavit, and does so upon personal knowledge and belief.

2. This affidavit is made to comply with section 15-15-50 (c)(5)(C), Hawaii Administrative Rules ("HAR") for the State of Hawaii, Land Use Commission ("Commission").

3. On November 27, 2006, Petitioner filed with the Commission a petition for a boundary amendment ("Petition") in Docket No. A06-770.

4. The foregoing Petition and Exhibits "1" to "22", pursuant to HAR § 15-15-48(a), were duly served by certified mail to each of the following persons on November 27, 2006, addressed as follows:

State of Hawaii  
Department of Business, Economic  
Development and Tourism  
OFFICE OF PLANNING  
Attn: Ms. Laura Thielen, Director  
P.O. Box 2359  
Honolulu, Hawaii 96804

CERTIFIED MAIL

Department of Business, Economic  
Development and Tourism  
OFFICE OF PLANNING  
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Further affiant sayeth naught.

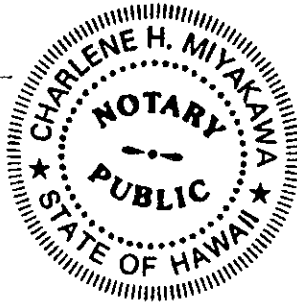
Naomi U. Kuwaye  
NAOMI U. KUWAYE

Subscribed and sworn to before me  
this 27th day of November, 2006.

Charlene H. Miyakawa  
Notary Public, State of Hawaii

Charlene H Miyakawa  
Printed Name

My commission expires: 09.03.2010



BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of  
THE SHOPOFF GROUP, L.P.

DOCKET NO. A06-770

To Amend the Agricultural Land  
Use District Boundaries into the  
Urban Land Use District for  
Approximately 127.94 Acres in  
North Kona District, Island of  
Hawaii, Tax Map Key Nos. (3) 7-3-  
007:038, 039, and (3) 7-3-009:007

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that the foregoing PETITION FOR A LAND USE  
DISTRICT BOUNDARY AMENDMENT; VERIFICATION; EXHIBITS "1" TO "22";  
CERTIFICATE OF SERVICE were duly served by certified mail to  
each of the following persons on the 27<sup>th</sup> day of November, 2006,  
addressed as follows:

State of Hawaii  
Department of Business, Economic  
Development and Tourism  
OFFICE OF PLANNING  
Attn: Ms. Laura Thielen, Director  
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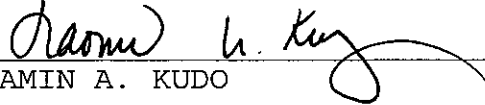
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A handwritten signature in cursive script, appearing to read "Naomi U. Kuwaye", is written over a horizontal line.

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