



COPY

LAND USE COMMISSION
STATE OF HAWAII
December 11, 2006
459-0100706P-428

State Land Use Commission
State Office Tower
235 So. Beretania Street, 4th Floor
Honolulu, Hawaii 96813

Dear Honorable Chairman and Members:

**Annual Report on Land Use Commission
Docket No. A84-574 / Mauna Kea Properties, Inc.**

In compliance with Condition No. 3 of the Decision and Order dated Dec. 6, 1994 in Docket No. A84-574, we are submitting on behalf of Mauna Kea Properties, Inc. ("Petitioner") this annual report on the status of the project and on progress in complying with the conditions imposed.

I. BACKGROUND AND GENERAL PROGRESS OF THE PROJECT

The property, which is the subject of Land Use Commission (LUC) Docket No. A84-574, consists of approximately 399 acres of land at Ouli 1, South Kohala, Hawaii. The project is a portion of the former 539-acre South Kohala Resort, also formerly known as the Hapuna Beach Resort, and is being developed as a golf course/residential community. The Uplands at Mauna Kea is now part of the overall Mauna Kea Resort.

The property originally consisted of 10 large development parcels. Parcel B is the site of a single-family residential project named Moani Heights at The Uplands. Parcel C includes 'Apa'apa'a Heights at The Uplands, a single-family residential project; and The Kumulani at The Uplands, a condominium project. All three projects have sold out and there have been resales.

Parcel G/H is being developed by Moana Ikena LLC as The Waiula'ula at Mauna Kea Resort. Construction is continuing on the 47-acre parcel project, which will encompass 102 homes. Of the 14 single-family buildings, 16 duplex structures (32 units), and 14 multi-family structures (56 units), 7 duplex structures and 5 multi-family structures have been completed. As part of the project, an amenity center, swimming pool, and spa have also been completed.

Honolulu
Guam
Hong Kong
Philippines
Seattle
Singapore
Thailand

II. PROGRESS IN COMPLYING WITH THE CONDITIONS IMPOSED

According to the Land Use Commission's Decision and Order dated Dec. 6, 1994 ("Decision and Order") and Order Granting Motion for Clarification of Land Use Commission's Findings of Fact, Conclusions of Law and Decision and Order and for Extension of Time, and Motion for Waiver of Hawaii Administrative Rule Section 15-15-92(2), dated February 13, 1995 ("Order Granting Motion"),¹ the Petitioner must comply with six (6) conditions. These conditions are listed below, each numbered as identified in the Decision and Order and Order Granting Motion, and each followed by a status report on the Petitioner's efforts to comply with the condition.

Condition No. 1:

"1. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification."

Status: The Petitioner is following its plan to develop the property, as presented to the Commission. The first part of this report summarizes progress made to date.

Condition No. 2:

"2. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property."

Status: Since the last annual report was submitted in December 2005, Petitioner entered into a sale and purchase agreement with Moana Ikena LLC for Parcel F, which closed in the first quarter of 2006. Petitioner is awaiting submittal of development plans for the parcel.

Petitioner is in negotiations with another developer on Parcels A and E.

¹ The Order amended Condition No. 6 of the LUC's Decision and Order dated December 6, 1994. Order at page 3.

Condition No. 3:

“3. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of State Planning, and the County of Hawaii Planning Department in connection with the status of the subject project and Petitioner’s progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.”

Status: This letter serves as the annual report required under the condition. A copy of this annual report is being submitted to the State Office of Planning and the County of Hawaii Planning Department.

Condition No. 4:

“4. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.”

Status: Petitioner has not filed any motion to date under this condition.

Condition No. 5:

“5. Within 7 days of the issuance of the Commission’s Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Property is subject to conditions imposed herein by the Land Use Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Commission.”

Status: The Commission’s Decision and Order was issued on December 6, 1994. As stated in annual reports filed in previous years, the Petitioner complied with this condition by filing a copy of the Notice with the Commission on December 14, 1994.

Condition No. 6:

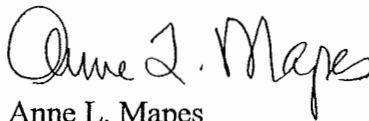
“6. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances within sixty (60) days of the filing of this Decision and Order.”

Status: As stated in our eleven previous annual reports, on April 12, 1995, Petitioner recorded a Declaration of Conditions covering the conditions imposed by the Commission in the Bureau of Conveyances as Document No. 95-049097. By letter dated April 25, 1995, Petitioner submitted a certified copy of the Declaration of Conditions to the Commission.

The above constitutes Petitioner's twelfth annual report for the property, which is the subject of LUC Docket No. A84-574.

Sincerely,

BELT COLLINS HAWAII LTD.



Anne L. Mapes
Chairman and Chief Executive Officer

ALM:lf

cc: Administrator, State Office of Planning
Director, Hawaii County Planning Department
Yoichi Asari, Mauna Kea Properties, Inc.
J. Douglas Ing, Watanabe Ing & Komeiji LLP
Emi L.M. Kaimulua, Watanabe Ing & Komeiji LLP