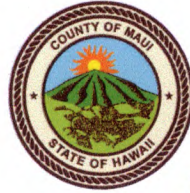


ALAN M. ARAKAWA
Mayor



RECEIVED

DANILO F. AGSALOG
Director

2017 MAR 23 AM 8:49

MARK R. WALKER
Deputy Director

OFFICE OF THE MAYOR

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

March 23, 2017

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Riki Hokama, Chair
Budget & Finance Committee
County of Maui
200 South High Street
Wailuku, Hawaii 96793

2017 MAR 23 PM 12:09
OFFICE OF THE
COUNTY COUNCIL

RECEIVED

APPROVED FOR TRANSMITTAL

Alan Arakawa 3/23/17
Mayor Date

Dear Mr. Hokama:

**SUBJECT: DISPOSITION OF THE LOTS AT THE FAIRWAYS AT
MAUI LANI (BF-41)**

Enclosed please find sixteen copies of the Summary Report of the Task Force of The Fairways at Maui Lani relating to the disposition of real property owned by the County of Maui.

Should you have any questions, please feel free to contact me at Ext. 7475.

Sincerely,


DANILO F. AGSALOG
Director of Finance

SUMMARY REPORT
OF
THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI

March 2017

Background

The Task Force Of The Fairways At Maui Lani (“Task Force”) was formed by Mayor Alan Arakawa to review options and make recommendations to the County Administration and Maui County Council (“Council”) on the most appropriate and economically beneficial disposition of the 58 lots the County of Maui currently owns which were acquired through the \$11,750,000 Mutual Release and Settlement Agreement with VP&PK (ML), LLC in 2011.

Task Force of The Fairways at Maui Lani

Members:

Riki Hokama – Councilmember and Budget & Finance Chair - (Chair)
Sandy Baz – Budget Director/Director of Council Services - (Vice Chair)

Carol Reimann – Director of Housing & Human Concerns
David Goode – Director of Public Works
Jo-Ann Ridao – Retired Director of Housing & Human Concerns

Other Non-Member Participants:

Jeffrey Ueoka and Pat Wong – Department of Corporation Counsel
Michele Yoshimura – Legislative Analyst, Office of Council Services

Department of Finance Staff:

Mark Walker – Deputy Director
Guy Hironaka – Real Property Manager
Dawn Winter – Support Staff
Dulce Butay – Support Staff
Deanna Thyssen – Support Staff

Guest Presenters:

Joe Alueta – Administrative Planning Officer, Department of Planning
Leianne Paci – Maui Lani Partners
Daren Suzuki – Maui Lani Partners
Ted Yamamura – Certified General Appraiser, ACM Consultants, Inc.

Meetings

The Task Force met five times between October 19, 2016 and March 14, 2017. Over the course of this period the Task Force looked at many different scenarios, alternatives and options as it relates to potential uses for the subject lots including: 1) land swap with another entity; 2) applying for a project district amendment in order to allow for multi-family development; and 3) building out both market and affordable housing projects on the parcels. The minutes of these meetings are attached for reference (Exhibit A-E).

The Properties

The subject fifty-eight (58) lots are comprised of the following;

- One drainage lot
- Four roadway lots
- 50 residential lots comprising The Fairways at Maui Lani (“Fairways”) subdivision
- Three – residential lots within the Sandhills Estates (“Sandhills”) subdivision

Maps of both subdivisions are included with this report (Exhibits F & G). All of the fifty-three residential lots are “build ready” with all entitlements in place. All infrastructure is in place (roads, sidewalks, electrical) and all lots have lateral stub outs for water and sewer but none of the lots have water meters installed. The Department of Water Supply in a letter dated February 24, 2017 (Exhibit H) to the Department of Finance, indicated that there are currently two 3/4” irrigation water meters servicing the Fairways lots. One meter services the drainage lot (Lot 51) and the other meter is for roadside irrigation within the subdivision. The Director of Water Supply, David Taylor, has confirmed verbally that there is currently a sufficient supply of water to provide meters for all of the County owned residential lots within the Fairways and Sandhills, however, as always this is subject to continued water availability. The typical water meter size for residential use is 5/8” which would currently cost \$12,200 per meter per lot. In a sale scenario the cost of procuring water meters would not be borne by the County but rather the buyer(s) of the lot(s). Lots within the Fairways range in size from 6,278 to 12,807 square feet and are zoned SF-5 which requires a minimum lot size of 5,000 square. The three Sandhills lots are 10,349, 10,605 and 10,699 square feet and are zoned PD-WK/1 which requires a minimum lot size of 8,000 square feet.

The fifty residential lots at the Fairways would typically be subject to the entirety of the County’s “Residential Workforce Housing” ordinance (MCC 2.96), however, Maui Lani Partners, the original developer of Maui Lani, negotiated a twenty percent “affordable” requirement when they obtained Project District zoning for this property. This requires that ten lots be priced and sold as affordable in conformance with the aforementioned County ordinance. All requirements of Chapter 2.96, Maui County Code, must be adhered to (Exhibit I). In lieu of cash payment, Parks Assessment fees and Department of Education fees have been satisfied by dedication of a park to the County and dedication of land for Pomaika’i Elementary School to the State.

The drainage lot (Lot 51) within the Fairways was designed to accommodate drainage from the subdivision. The existing drainage infrastructure on Lot 51 includes a back-up generator and three submersible pumps and controls. The Department of Public Works is in receipt of a quote of \$8,645 to restore the generator and to remove and inspect the condition of each of the pumps. It should be noted that the drainage system was designed with a larger capacity than required in anticipation of accepting flood water from nearby Palama Street, which is outside of the subdivision. Easement issues with some of the Palama Street homeowners and the subsequent building of a CMU wall spanning a number of the Palama Street lots appears to have eliminated the possibility of including Palama Street drainage infrastructure as part of this

drainage system. It should be noted that it is not a requirement of the Fairways subdivision to provide drainage or drainage infrastructure for the Palama Street area.

It is the Department of Public Works understanding that any excess water from the Fairways drainage system can be pumped onto the Dunes at Maui Lani Golf Course. However, Maui Lani Partners has indicated that they are unable to find any agreement of this nature in their files. It is unclear how the existing drainage system would be impacted if excess drainage is not allowed to be discharged onto the golf course. Public Works will make reasonable efforts to work on this issue. It should be pointed out that upon the conveyance of the Fairways subdivision by the County the responsibility and liability for managing and maintaining this drainage system would be transferred to the buyer.

Both the Fairways and Sandhills lots are governed by the master CC&R's of the Maui Lani Community Association. Additionally, Sandhills is also governed by the more restrictive Sandhills Estates CC&R's. At this time the Fairways has no organized homeowners association and as a result no other governing CC&R's other than the current Maui Lani master CC&R's. The Maui Lani master CC&R's do not allow ohana units and requires a minimum house size of 1,100 square feet.

The lots at the Fairways and at Sandhills were created using a file plan submittal and thus no individual metes and bounds currently exist for the individual lots.

Costs To Date

As of March 1, 2017, the accumulated holding costs/expenses for the Fairways and Sandhills lots is \$252,240. These costs are comprised of the following: 1) Maui Lani Community Association dues, \$154,800; 2) landscape maintenance of the lots, \$95,888.12; and 3) irrigation water costs, \$2,551.88. Total cost to date to the County including the settlement cost for the lots is \$12,003,240.

According to the Real Property Tax Collection Division of the Department of Finance, as of March 1, 2017, there were outstanding delinquent real property taxes on the Fairways lots of \$115,124.08 and on the Sandhills lots of \$3,480.19 for a total accrued real property tax liability of \$118,604.27. Penalties and interest accrue on these parcels at approximately one percent per month.

Appraisal

An appraisal of both the Fairways and Sandhills lots was commissioned by the Department of Finance in November of 2016. Ted Yamamura of ACM Consultants, Inc., provided the appraisal reports dated January 2, 2017 with estimated values as of December 15, 2016. Mr. Yamamura valued the parcels at the Fairways using three different scenarios: 1) individual lot market value; 2) market value assuming a bulk sale of all 55 lots; and 3) the market value of a bulk sale assuming the lots were sold in 10 lot increments. For the Sandhills lots Mr. Yamamura valued the 3 lots individually. The results of the appraisals are as follows:

The Fairways At Maui Lani:

Scenario 1: Market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate.

Total aggregate values for 55 lots:

\$13,050,000 - Low Range Value

\$14,720,000 – High Range Value

\$14,025,000 – Point Value

Scenario 2: Bulk sale value of the 55 lots (as if sold to a one purchaser in a single transaction)

Low Range Value:

\$10,440,000 – 20% discount range

\$ 7,830,000 – 40% discount range

\$ 9,135,000 – 30% concluded discount

High Range Value:

\$11,776,000 - 20% discount range

\$ 8,832,000 - 40% discount range

\$10,304,000 - 30% concluded discount

Point Value:

\$11,220,000 – 20% discount range

\$ 8,415,000 – 40% discount range

\$ 9,817,500 – 30% concluded discount

Scenario 3: Bulk sale of lots sold in 10 lot increments

Low Range Value:

\$ 2,133,454 – 10% discount range

\$ 1,898,182 – 20% discount range

\$ 2,016,818 – 15% concluded discount

High Range Value:

\$ 2,408,728 – 10% discount range

\$ 2,141,091 – 20% discount range

\$ 2,274,909 – 15% concluded discount

Point Value:

\$ 2,295,000 – 10% discount range

\$ 2,040,000 – 20% discount range

\$ 2,167,500 – 15% concluded discount

\$2,167,500 X 5 increments = **\$10,837,500**

Sandhills Estates:

Concluded Market Value

\$215,000	for 10,605 square feet	TMK: (2) 3-8-89-22
\$223,000	for 10,349 square feet	TMK: (2) 3-8-89-74
\$228,000	for 10,699 square feet	TMK: (2) 3-8-89-76

Point value and concluded value are the values that Mr. Yamamura believes are the most appropriate values for the lot(s) given the existing comparable land transaction data and the current economic and financial conditions in the market. The two appraisals are attached (Exhibits J & K).

As can be seen from the appraisal results for the Fairways the highest value, and thus the potential highest return, to the County would be from the sale of individual lots, while the lowest was the 50 lot bulk sale approach. However, there are other factors that were not considered by the ACM appraisals that are germane to the ultimate value of the lots and the potential revenue to the County. They are as follows:

1. The time it would take to absorb 53 individual residential lots could be as long as thirty months according to Mr. Yamamura. The real estate market on Maui is good now but may not be in 18+ months as interest rates continue to rise.
2. The availability for lot only financing remains tight and local institutions are typically requiring down payments of 40% - 50% making it tough for local buyers to qualify.
3. Per lot sales costs (escrow & title fees, commissions) would be higher on an individual lot sale basis than in a bulk sale.
4. The ten lot incremental sales approach could dissuade some of the larger developers because they would not have control of the entire subdivision and would lose the ability to master design the homes and neighborhood.

Options & Alternatives

The Task Force considered a number of options and alternatives as relates to the subject properties, including but not limited to;

1. Swapping the subject properties with another developer or State agency. Unfortunately no acceptable replacement parcel(s) were identified.
2. Building housing units on the lots for either a market or affordable project. It is estimated that the build-out of homes (minimum 1,100 square foot in accordance with governing CC&R's) in either an affordable or market rate project would cost the County in the range of \$11 - \$13.75 million (\$200 - \$250 per square foot) and could take as long as 24 - 30 months to complete and sell.
3. Developing affordable multi-family units on the Fairways property in order to increase the unit count (100 - 150 units) on the 13.4 acre property would require a Project District Phase II approval, which is reviewed by the Maui Planning Commission and would require a public hearing according to the Planning

Department. This process would require an application and analysis to include drainage, infrastructure, grading, architectural design concepts, building elevations and sections, environmental and socioeconomic impacts. This process could take up to one year once an application is completed with no guarantee of approval as it is discretionary. It would also require a consolidation of the existing 50 residential lots into one lot which would be processed through the Development Services Administration of Public Works. Because the existing subdivision lots are all in a row, and aren't particularly deep, it would be a very odd parcel at best in which to develop multi-family units. Additionally, much of the underground utilities currently servicing the various lots would need to be re-worked (sewer/water lines) in order to accommodate the multi-family development scenario. Lastly, the ability to secure a commitment for the increased water needs for this larger project type would need to be fully understood.

Based on the estimated amount of additional funding required to build out the housing units and the additional time it would take to construct and market the units, the Task Force determined that developing individual housing units on the site was not in the best interest of the County. Further, the multi-family development scenario at best would create a parcel whose shape in general does not lend itself to the optimum development of these types of units and would involve a discretionary development approval process with no guarantee of water availability at this juncture. With the information it had gathered the Task Force decided that disposing of the properties was the best alternative for recouping funds for the County. In comments to the Task Force, Ted Yamamura of ACM Consulting, indicated that selling the lots versus building units presented the least amount of market risk and exposure. Further he opined that in his opinion the bulk sale approach was the fastest way and least risky sales method to return funds to the County in a timely manner. It should be mentioned that the Temporary Investigative Group (TIG) of the Maui County Council in its report to the Planning Committee dated October 6, 2016 recommended, "Use money from the sale of these projects (*County-owned properties at Maui Lani Fairways and Sandhills Estate subdivision*) to develop affordable housing."

Task Force Recommendation

After meetings with experts knowledgeable of: 1) the subject properties, 2) the various development processes that could be used, and 3) the current real estate market, and after considerable discussion and a thorough review of all of the various options available for the development of the property, it is the recommendation of the Task Force that the County dispose of the fifty developable Fairways lots and one drainage lot using the bulk sale method. It is believed that this sales approach would present the least amount of market risk to the County. Upon approval by the Maui County Council of the bulk lot sale approach, the Finance Department shall be tasked with working with its Purchasing Division to sell the lots through either a sealed bid or public auction process as soon as is practical. Other proposed sale conditions are:

1. The bulk lot sale upset price shall be equal to \$9,817,500 for the fifty-one Fairways lots inclusive of the drainage lot.

2. All net sales proceeds (i.e. gross sales price less escrow/title costs, delinquent RPT costs and other normal closing costs) are to be deposited to the Affordable Housing Fund and shall not be included in the appropriation of the Affordable Housing Fund Annual Plan. Accounting of the funds shall be separate from the requirements pursuant to Section 9-20 of the Charter of the County of Maui (1983), as amended. All appropriations from the Affordable Housing Fund are subject to Council approval.
3. Department of Public Works to engage Valley Isle Pumping to restore the generator and to remove and inspect the condition of each of the submersible pumps.
4. No courtesy to broker, i.e. no commission to be paid on the sale.

The Task Force is recommending that the County not sell the three Sandhills Estate lots immediately as they could be used in a potential exchange that could be beneficial to the County.

Remaining Issues

- If the discharge of excess drainage onto the Dunes at Maui Lani golf course is not ultimately allowed the impact to the existing system must be understood and contingency plans to deal with the excess drainage must be made.
- Public Works will clean and restore the road right of way to an acceptable standard prior to prospective bidders viewing the lots.
- Fairways has deteriorating fencing that the Maui Lani Community Association will require repaired by the new owner.

Exhibits Attached

**THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI**

INITIAL MEETING - MINUTES (SUMMARY) - AMENDED

October 19, 2016 – 11:00 A.M.

Mayor's Conference Room

200 South High Street

Wailuku, Hawaii 96793

ATTENDEES

Committee:

Riki Hokama (Chair)
Sandy Baz (Vice Chair)
Carol Reimann
David Goode
Jo-Ann Ridao

Finance Staff:

Mark Walker
Guy Hironaka
Dawn Winter
Dulce Butay
Deanna Thyssen

Others:

Jeffrey Ueoka – Corporation Counsel
Michelle Yoshimura – Mr. Hokama's Aide

Administration:

Mayor Alan Arakawa
Danny Agsalog

AGENDA

I. INTRODUCTION (Message from the Administration) – 11:00 A.M.

- **Danny Agsalog introduces the Task Force Staff**
 - Guy Hironaka – Primary contact person for Task Force
 - Dawn Winter – Task Force Administrative Assistant
 - Mark Walker – Supervisor for staffing the Task Force
 - Deanna Thyssen – Task Force Assistant
 - Dulce Butay – Task Force Assistant
- **Mayor Arakawa addresses the Task Force Members**
 - Properties were acquired through the settlement of a lawsuit.
 - Though not in use, the County is responsible for fees.
 - Members have been tasked to determine the best way to utilize the properties in a way that is beneficial for the County. This could include creating housing or liquidating the properties.
 - Suggestion to maintain 2 or 3 houses in the gated community for County of Maui visitor accommodations or coordinate with hospital to use for temporary doctor housing.

- Best return for the investment is anticipated – preferably cash positive.

II. CALL TO ORDER – Chairman Riki Hokama (11:05 a.m.)

III. BACKGROUND

- **Corporation Counsel - Jeffrey Ueoka**

- Guidance to conduct meetings
 - Independent group not subject to the Sunshine Law.
 - Confirmation that no member has ownership or financial interest in the project.
 - Chair is to be informed when/if a member owns a budding property.
 - Recommendations to be made accordingly regarding public input/comments.
 - Chair’s discretion on how to handle outside information submittals.
 - Open meetings on an ‘as needed’ basis with notice to public.

- **Review of booklet - Guy Hironaka**

- A total of 58 lots
 - 1 drainage lot
 - 4 road lots
 - 50 residential lots – Fairways
 - 3 residential lots – Sand Hills
- Costs incurred on 53 lots (50 Fairways/3 Sand Hills)
 - Dues – payable to Maui Lani Community Association in the amount of \$54 per month, per lot for an approximate total of \$3,000.00 per month.
 - Landscape maintenance contract.
 - Water payments (minimum) to maintain two (2) irrigation meters to avoid the difficult process to regain custody.
 - None of the residential lots have water meters. They can be hooked up but have not been acquired/paid for at this time.
- Limited warranty deed
 - Shows how we acquired the property.
 - Reflects all the legal descriptions and anything that has to do with the property when it was acquired.
 - The County agrees to follow the covenants, conditions and restrictions (CC&Rs). It is stated several times in the documentation.
- CC&Rs
 - Currently in compliance with all CC&Rs.

- Compliance will need to be monitored at a later time, depending on the course of action taken. (Ex. design guidelines if County decides to build).
- Following detailed 'standard' master design guidelines.
- Restrictions could impact value.
- Any variation to the master design guidelines will need to be approved by the Maui Lani Association Design and Review Committee.
- We are in custody of the design guidelines for the other subdivisions. The master is supplied in the booklet.
- We have the option to make it a gated community.
- Construction policies and guidelines
 - Everyone needs to follow them.
 - Provided to every home owner.
 - Fine explanation.
- Miscellaneous
 - Policy on rentals.
 - Notification requirement if you are not the owner/occupant.
 - Rental intercept.
 - Child care service limitations.
 - Schedule of fines.
- Market listing data – as of 10/17/16
 - Planned community lots
 - Active and pending.
 - Sold as of 01/01/2015
 - Price per square foot for vacant lots.
 - Annual assessed values from 2011.
 - Current assessed value for 2016 is \$11.5 million.
- Building clock
 - May have to 'phase' completion of lots.
 - Would be a developer concern.
- Delinquent property taxes owed
 - Taxes owed when land was acquired.
 - Never paid by previous owner.
 - Continues to accumulate penalty and interest.
 - In order to provide clear title to anyone buying the property, the taxes would need to be paid.
 - The prior entity is dissolved.
 - The status of the settlement is complete resulting in the County owning the land.
 - Taxes were not cleared because there was a lawsuit settlement involved and did not go through escrow.
 - The actual tax due was initially only about \$60,000.00.

- The amount cannot be taken off the books according to code unless Council takes action or other action is taken.
- There was also outstanding dues owed to the Maui Lani Community Association. These have been paid in full.
- If land is sold, County will need to pay the delinquent taxes on the properties resulting in lower net income.

IV. DISCUSSIONS

- **Develop rules for future meetings**
 - Be civil.
 - Allow everyone to have their say and present their information.
 - Notify Chair or Vice Chair of potential resource presenters.
- **List and discuss resource people to be invited in future meetings**
 - Planning Dept – Land use restrictions/listing of vacant parcels.
 - Maui Lani Community Association – HOA requirements. Receive honorary approval of potential decision.
 - Commercial Properties of Maui – Mary Jane Kramer – HOA requirements.
 - Michael Busch (PW – Departmental Contracts Coordinator) with appraisal experience primarily with single-family lots.
 - Scott Teruya and RPA staff pertaining to appraisals. Already looking at the project.
 - Realtors Association of Maui, Inc. (RAM) Dave DeLeon and Lawrence Carnicelli volunteered to provide any resources necessary.
 - Recommendation of Corp. Counsel – to have all resource presenters provide written documentation of facts.
 - Chair will require documentation and paper trail for all informational resources.
- **Site visit**
 - Recommended to view the current conditions.
 - Work-line crew cleaned up area within the last month due to complaints received.
 - Area is patrolled at least once a night.
 - Road to subdivision is closed and blocked.
 - Chair requests that entire area is patrolled for illegal parking.
 - To be scheduled at a later time.
- **Other topics**
 - Restrictions of property

- Effects the value.
- What are the other height restrictions?
- What is the fill and the grade?
- Where is the starting point of the lots?
- Original grade?
- Finish grade?
- Recommend written information from Planning department.
- Drainage system/lot
 - Status is not functioning at this time.
 - There is no power to the pumps.
 - Existing condition unknown.
 - No one has assessed it in five (5) years.
 - What is the cost to get it operational?
 - It is an electrical and mechanical piece of equipment that needs to be operable.
 - Oversized to accommodate some of the water from other nearby locations.
 - Need to review engineering plans/design specs to verify.
 - It was designed with the intent that an HOA would maintain it.
 - It is the preference of the Chair for the County not to have any administrative role and zero operational responsibility other than the road.
- HOA
 - There is a master HOA – Maui Lani Master Association.
 - As owners, the County pays membership dues.
 - It is the obligation of the association to answer any and all questions in writing.
 - Each subdivision can have a HOA that has meetings and does not collect dues.
 - Should there be a separate HOA to the subdivision?
 - Will an HOA cover the drainage lot as well keeping other things in order?
 - HOA can increase value.
 - Need to verify subdivision plans to see if there are lot requirements - if it should be run by the master HOA.
 - County will need to get it operational.
- County needs
 - No County needs for this area at this time.
 - (CR) Area not suitable for affordable housing. Possibly workforce housing.
 - (JR) Perhaps as the discussion develops – something may come up.

- (SB) – Nothing at this time
- Affordable housing
 - (DG) question: If the County did stuff that met the affordable housing requirements – would that in turn, affect Maui Lani’s overall responsibility to supply affordable housing within their development?
 - If so, it would potentially accrue to their balance.
 - Chair stated that a way would need to be found so it doesn’t - providing a kickback was not received.
 - Recommendation #5 of the Temporary Investigative Group (TIG) addressing the Maui Fairways/Sand Hills lots to be sold for affordable housing money or to develop as affordable housing. Chair to address in upcoming Council meeting that it is being done via the Task Force.
- Market interest/ideas
 - Developer feelers.
 - Package as market homes.
 - Sell land - individually or in bundles – whichever would yield the most return.
 - Potential for land swaps. Not with the State – unless they give us title.
 - Long term leases.
 - Identify ideas that can be removed in favor of less restricted/more profitable ones.
- Goals/Purpose of the Task Force
 - Identify, analyze and assess all potential uses of the properties. Nothing is off the table.
 - Chair expects to get no less than an even return of the monies invested.
 - If possible, to have housing on these lots for people who normally miss the parameter/criteria of the area.
 - If it makes more economical sense, market the lots to reinvest in affordable housing elsewhere.
 - Provide factual and accurate due diligence to defend any recommendation.
 - To agree on a single recommendation to be presented to pertinent parties (Mayor/Council) that addresses the County’s economic and housing needs.

V. SCHEDULE FUTURE MEETING(S)

- Chair envisions meeting length to be between sixty (60) to ninety (90) minutes in length.
- There is no suggested/foreseen time-line to complete this project.

- Next meeting will be held on Monday, November 7, 2016, in the Mayor's lounge, 9th flr at 11:00 a.m.
- Lunch will be provided.

VI. ADJOURNMENT (12:19 p.m.)

RESOURCES/INFORMATION REQUESTS TO BE PROVIDED

1. Financial expenditure detail for 53 residential lots. (GH)
2. Restrictions for all 58 properties. (GH)
 - a. In writing – recommended.
 - b. Joe Alueta (Planning) named as resource person
3. Review/report of subdivision plans for drainage system lot. (DG)
4. Schedule/balances of federal funds – Temporary Assistance for Needy Families (TANF), Home, Affordable Housing. (SB/CR)
5. Settlement costs for all 58 properties. (JU/GH)
6. Breakdown of potential sale of properties per Chpt.2.96 requirement of 50/30/20 for a three (3) bedroom single family home – how much income would the County receive? (JU/CR)
7. Design requirement savings – how much can be saved utilizing an already Maui Lani approved design? (JU/CR)
8. Booklets – To be updated with additional information. (GH)
9. Letter to Temporary Administrator of Maui Memorial Medical Center regarding interest in housing. Contact Hale Makua for traveling physician/nursing housing. (SB)

**THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI**

MEETING #2 - MINUTES (SUMMARY)

November 07, 2016 – 11:00 A.M.
Mayor's Conference Room
200 South High Street
Wailuku, Hawaii 96793

ATTENDEES

Committee:

Riki Hokama (Chair)
Sandy Baz (Vice Chair)
Carol Reimann
David Goode
Jo-Ann Ridao (in at 11:02)

Finance Staff:

Mark Walker
Guy Hironaka
Dawn Winter

Others:

Pat Wong – Corporation Counsel (in at 11:04)
Michele Yoshimura – Mr. Hokama's Aide

Resource Presenter:

Joseph Alueta (Planning Dept)

AGENDA

- I. **CALL TO ORDER – Chairman Riki Hokama (11:04 a.m.)**

- II. **RESOURCE PRESENTATION – Joseph Alueta from Dept. of Planning**
 - **Lot restrictions**
 - No height restriction due to amendments
 - Status is finished grade
 - **Categorized as SF-5 (Single Family sub-district)**
 - Project district
 - Residential
 - Home occupation is allowed
 - Parks/common areas are allowed
 - Front yard has a 15 ft. setback
 - Garage set-back is 20 ft.
 - Standard residential height: 2 stories – not exceeding 30 ft. from finished grade
 - Floor area ration (FAR) of .45 – unusual - standard county code does not currently reflect FAR

- Special uses allowed: Nursing/retirement homes, daycare centers, churches and elementary schools
- Minimum lot size is 5,000 sq. ft., allowing for a 2,200 sq. ft. house (max).
- Noted that this subdivision has larger lots than most that are categorized as SF-5.
- Obtained list of SF-5 specs from J. Alueta (attached)
- **Multi-family/Ohana units**
 - Project district would need to be amended to allow ohana units
 - Sub-district map amendment would require Council approval
 - Chapter 19.35 Accessory dwelling provision
- **Recommendations**
 - Due to larger lot size – could re-subdivide – however this may not meet minimum lot requirements
 - Infrastructure is already in place for each lot
 - County could build it or subsidize the building of lots
 - Ideally, due to the higher market value of properties – sell and invest in more suitable land
- **Listing of property**
 - LRP (Long-Range Planning) created a study identifying ideal locations where properties could be up-zoned into duplex projects
 - In Kahului, near the mall or park would allow for larger sub-lots
 - Mark Walker to obtain list for next meeting

III. DISCUSSIONS/STATUS OF INFORMATION

- **Sub-division issues – Drainage (David Goode)**
 - Handout provided entitled “Fairways at Maui Lani Drainage”
 - Four recommendations for task force to consider
 - Excerpts from drainage report
 - Map depicting flow of water at sub-division (last page)
 - The basin was upsized to facilitate drainage for Palama Street in an effort to address on-going flooding concerns
 - Project was not finished when the easement came to a standstill due to a litigation/judge’s implemented order
 - Some apparent disagreement with the Palama Street residents whether to cooperate with the County in terms of the easements.
 - Public Works is willing to be proactive in the completion of the system with option to hook-up to it
 - Major point to be determined: who will be responsible – County or a new HOA for the sub-division

- Need to get system in place if there is a consideration of a multi-lot proposal
- RFP can define all necessary/agreed upon requirements
- David Goode to initiate working on the Palama easement/system project
- **Schedule of funding – (Carol Reimann)**
 - Handout provided entitled “Sources of Funding for Construction”
 - County Affordable Housing fund balance, \$4,746,476.00 approximately \$4-5 million added each Fiscal Year
 - HOME funds – 3 year rotation - \$3 million
 - County of Maui to receive in FY 2018
 - \$500,000 CHODO (Community Housing Development Organization) for housing projects for 30% and below area median income
 - \$150,000 for administrative costs
 - \$2,350,000 available for housing projects for 60% and below area median income
 - CHODO is a federal program for non-profits that meet specific requirements projects are 30% and below area median income
 - National Housing Trust fund, \$1,500,000 - new fund being acquired this year – on a 3 year rotation – projects 30% and below area median income
 - HHFDC Administered Competitive funds appropriated by the State Legislature for 140% or below area median income
 - Rental Housing Revolving fund, \$80 million, for affordable rentals
 - Dwelling Unit Revolving fund \$25 million, for rental or sale units
 - Affordable and revolving funds are the only usable ones towards the Maui Lani lots
- **Expenditures – Guy Hironaka**
 - Detailed breakdown and summary of expenditures for acquisition and holding costs (MLCA Dues, Irrigation Water Meters, and Landscaping) for Fiscal Years 2013 through 2017
 - Maui Lani Fairways - \$11,980,368.00
 - SandHills Estates - \$1,147,899.70
 - Currently, Maui Lani is not maintaining the road or sidewalks for these lots
 - County provides them proxy at meetings unless it directly affects the properties in our custody
- **Other topics**
 - Maui Lani Association Dues

- What are the funds used for?
 - Decline in landscape maintenance
 - Internal issues with residents pertaining to dues and how they are spent.
- Maui Lani Presentation
 - Suggest a land lease - maintain ownership
- Transfer fee
 - Transfer fee of \$250 for sale of property per transaction
 - If lots are sold individually, then \$250 per sale
 - If all lots are sold as one sale, then \$250 for the transaction
 - The fee may be passed onto the buyer
 - Can this be avoided by doing a transfer of assets instead of a real estate transaction?
- Metes and Bounds
 - Need to research if metes and bounds were identified on the file plan.
 - File plan map is more cost effective than an individual lot survey and acceptable in court
Each lot was not staked out, whoever takes it will have to survey their own. Another issue for the buyer/developer
 - PW Surveyors to spot check corners to verify map
- Appraisal
 - Would be beneficial to have the opinion of an appraiser. Estimated cost between \$5,000.00 - \$10,000.00, need to obtain 3 quotes for appraisal. Would be done as one - with three values - bulk, 5 parcels of 10 lots and individual lots
 - Maui Lani Fairway lots are graded and backfilled.
 - Sand Hill lots are free of burial markers
- Outside interest in Sand Hills
 - Wes Lo has been contacted and will inform of the needs of Hale Makua.
 - Dr. Barry will talk to his staff regarding traveling physician housing needs for the hospital.
- Development costs – Carol Reimann
 - Document entitled “County of Maui, Maui Lani 53 Unit Development.” Project cost projection for 2008 Dowling proposal, includes direct and indirect site and home construction costs of rental and for sale units
 - 3 model home designs
 - The intent of the project was to keep the homes in the affordable range

- Construction cost estimated at \$170/sq. ft. – market price in 2008; currently the approximate cost is
 - \$250/sq.ft.
 - Affordable housing requirement will need to be verified in the conveyance.
 - Chapter 2.96, Maui County Code, requirement 30/50/20 percent
 - Spreadsheet entitled “2016 HUD Guidelines for a 3 Bedroom Single Family Home,” prepared by Jeff Ueoka
 - While it appears that a large sum of money would be earned, it does not take into account the monies already invested in the land, therefore breaking even on the project.
 - Good exercise that eliminated this option from being considered
 - Lot 51
 - What happens to it
 - If bulk sale – not an issue
 - If parcel sales, does it get divided among buyers
 - Corp. Counsel to determine
 - If individual sales – create an HOA
 - Overall
 - This sub-division is ready to build
 - It will save a developer up to 5 years off their time-line
 - Even more if the drainage enhancement is completed

V. SCHEDULE FUTURE MEETING(S)

- Next meeting will be held on Wednesday, November 30, 2016, in the Mayor’s lounge, 9th floor at 11:00 a.m.

VI. ADJOURNMENT (12:07 p.m.)

RESOURCES/INFORMATION REQUESTS TO BE PROVIDED

1. Long-Range Planning listing of ideal residential properties (MW)
2. Review files for drainage system lot/easement for Palama Street (DG)
3. Contact Maui Lani Association - discuss what our dues are paying for and why they are not maintaining the roads/sidewalks (DG)
4. Provide preferences/thoughts on how to handle the properties. One mass/parcels/units? (ALL MEMBERS)
5. Surveyors to spot check corners to verify file map (DG)

6. Identify the affordable housing requirements in the covenant and how it pertains to the sub-division. (CR)
7. Potential land swap information (CR)
8. Obtain response from Dr. Barry & Wes Lo regarding hospital/Hale Makua needs. (CHAIR)

**THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI**

MEETING #3 – MINUTES
November 30, 2016 – 11:00 A.M.
Mayor's Conference Room
200 South High Street
Wailuku, Hawaii 96793

Committee:

Riki Hokama (Chair)
Sandy Baz (Vice Chair) (in @ 11:07)
Carol Reimann
David Goode
Jo-Ann Ridao (not present)

Finance Staff:

Mark Walker
Guy Hironaka
Dawn Winter

Others:

Jeffrey Ueoka – Corporation Counsel (in @ 11:02)
Michele Yoshimura – Mr. Hokama's Aide

Presenters: Maui Lani Partners

Leiane Paci
Daren Suzuki

AGENDA

I. CALL TO ORDER (11:02)

- Minutes from the last meeting – no comments by members regarding any concerns or changes at this time

II. MAUI LANI PARTNERS PRESENTATION (11:02 – 11:47)

- **Three handouts provided by Leiane Paci**
 - Maui Lani Master Site Plan – colored map
 - Fairways 50 Committee Meeting – Maui Lani Summary of Affordable Units
 - A copy of Ordinance No. 1872 - Bill No. 95 (1989) with an effective date of January 22, 1990
- **Background**
 - Bill Mills is still the managing director

- When Maui Lani initially started in 1996, proposing to develop 1370 homes, they did their own development by creating partnerships with developers/investors
- More recently, Maui Lani has been selling properties to developers/investors who will handle their own approvals, land development, homes and sales programs
- Some developers are now doing lead certified projects that integrate photovoltaics in the homes, as well as the infrastructure such as subdivision lighting
- HRT, the developing side of the Weinberg Foundation is a large land owner in Maui Lani – has expressed no development plans for over twenty years
- Maui Lani's current focus is infrastructure: roads, parks, etc.
- One project design has a linear park that runs from the commercial area through the residential and tie into the regional park
- Several business are entering the commercial areas – Oceanic, Walgreens, Jamba, Starbucks, Ace Hardware, physicians, vet clinic – though no interest yet from restaurant owners
- Maui Lani will be dedicating a park to the County – estimate time-line of end of 2016
- Affordable housing percentages vary within Maui Lani - the original project district has a twenty percent affordable requirement whereas Maui Lani committed to a fifty one percent affordable requirement in the Village mix-use residential area
- **Fairways parcel – County owned**
 - Fifty lots zoned as single family SF-5 with a minimum of five thousand square feet in size and fall under a self-managed association with dues at \$64 per lot through 2017
 - There is no park assessment due to the development of a park, there is no DOE assessment due to the land donated for Pomaikai Elementary school and any traffic impact has already been taken care of through roadway improvements
 - No ohana units are allowed in Maui Lani and the minimum house size is 1100 square feet – which can be changed providing a variance is filed with the association
 - There are no architectural or landscaping requirements, however, there is a use restriction to ensure the owners upkeep the property
 - There is an affordable requirement of 20 percent, equating to 10 of the 50 lots which would be up to the owner of the

property to determine which lots and how many, as well as, obtaining the credits

- The Summary of Affordable Units handout reflects a breakdown of affordable units required based on the median family income ranges based on annual housing guidelines: 3 units for the less than 80%, 3 units for the 80% to 120% and 5 units for the 120% to 140% - for a total of 11 units for the 50 lots for the Fairways subdivision – this is due to a rounding issue on their spreadsheet – Leiane Paci has verified that 10 lots would satisfy the 20% affordable requirement

- **Considerations/Options**

- Sell – Raw land can be sold as a bulk, parcel or individual or a home can be built for a package sale of house and lot
- Rent – The County can build homes and rent them out; being the landlord or hiring an agency to manage the properties
- Developers/builders – D.R. Horton, Gentry and Nishikawa were named as potential partners to build quality homes that maximize space and efficiency
- Gated community consideration – This label may add an approximate 15% premium per lot; since this subdivision is in a more isolated area on the golf course, it would be ideal for this option
- Affordable requirement – 20% (10 lots) minimum requirement for this subdivision; however, if requirement can be transferred to a more preferred location, it would yield a high return on investment
- HOA - Typically sub-HOA's are created within gated communities and do not require approval from the master association - if not gated the only potential need for a sub-HOA would be to handle the drainage lot
- Drainage lot – Maui Lani was aware of some discussion of the drainage lot and the possibility of taking the excess water from Palama street to the golf course; depending on the outcome of the sale of properties, the master association may consider managing the lot for a special assessment back on to the 50 lots as well as not taking responsibility for the water off of Palama street

III. DISCUSSIONS/INFORMATION STATUS

- **Listing of properties from Planning Dept. – Mark Walker**

- Provided by Planning Dept to Mark Walker (copies to be provided to members via Guy Hironaka):
 - A summary of residentially zoned parcels on Maui

- Maps showing various zonings for the Hana/Kihei-Makena/Makawao-Pukalani-Kula/Paia-Haiku/Wailuku-Kahului & West Maui (2) districts
- Map showing residential lot by square footage for Lanai
- Affordable accessory dwelling bill
- Unaudited list of entitled projects with affordable components (compiled a year ago)
- Email to DEM,DWS and DPW requesting for info about 8 of these projects
- An aerial imagery showing 5 central Maui sites that could be targeted
- DHHC's Council transmittal of affordable housing project status
- The 5 sites for potential target was
 - Okada Trucking with 4.5 acres
 - Old Maui Pineapple Cannery with 12.8 acres
 - Old MEO baseyard (across from Sears) with 5.50 acres
 - Old swap meet site (also mentioned by Carol Reinmann in her potential land swap handout) with 4.6 acres
 - 5.4 acres in a warehouse area that was cut off on the copy of the map
- In reaching out to the Planning department, Mr. Walker mentioned meeting with Carol Reinmann – no further comment of the meeting or handouts was discussed
- **Status of file review for Palama Street easement/drainage system – David Goode**
 - Public Works collaborated with Peroff to create a design to accommodate the additional water off of Palama Street in an effort to address flooding issues
 - Lot 51 was modified by increasing the depth of the basin and installing a larger pump that could handle the excess water
 - The design has a 6-8 ft. inlet on Palama street to pick up the water – with a drain line pipe between 2 houses to contain the gravitational flow to Lot 51
 - The easement would have to be granted prior to the design's implementation – as well as an agreement between Maui Lani and the County to pump the excess water unto the golf course
- **Spot check survey of corners – David Goode**
 - Status: On-going
 - Member revisited the topic from last meeting regarding metes and bounds - the fact that no pins were found because the

properties were not staked due to cost effective method of using the file plan map to identify property lines

- Mr. Goode assured the members that if there was a sale of individual lots – they would stake and sign each lot
- **Affordable housing requirement verification with the covenant – Carol Reimann**
 - Refer to “Fairways 50 Committee Meeting, Maui Lani Summary of Affordable Units” prepared by Maui Lani Partners
 - A minimum of 20% equaling a total of 10 lots would fulfill the requirement
- **Potential land swap information – Carol Reimann**
 - Handout entitled ‘Maui Lani Task Force – Properties Identified’ (11 pages) was created and available in a limited amount at the meeting – Guy Hironaka to coordinate the transmittal of the documents to the members as requested by the Chair
 - Three potential areas for a land swap and six underutilized parcels that could be considered for multi-family rental projects – as well as maps and parcel information
 - The three locations were identified for potential land swap were:
 - Kehalani (adjacent Pu`u Kukui School) for 4.6 acres
 - Kulamalu (adjacent Maui County project) for 2.2 acres
 - Kehalani Village Center for 3 acres
 - The six underutilized parcels include
 - State Parcel on Kane & Kaahumanu for 5.5 acres
 - State Parcel with the Armory on Puunene for 1.6 acres
 - A & B Shopping Center for 729556 sq. ft
 - A & B old swap meet site for 4.8 acres
 - 24 Hour Fitness for 236360 sq. ft
 - Costco lunch truck lot(s) for 37398sq. ft.
- **Hospital traveling physician program (Dr. Barry) & Hale Makua (Wes Lo)– Chair**
 - Dr. Barry will remain in his position through 2017 until Kaiser takes full operational responsibility and jurisdiction of the hospital - while the lots are within close proximity – no verbal commitment was made
 - Wes Lo concurs that the lots are ideal - however there is an issue with monetary availability

- If either of them have the interest and funding – the County is willing to work with them at the time of sale
- **Preferences/thoughts on how to handle lots – All members**
 - Initial preference is to sell the 50 parcels intact: After crunching the market numbers, the County is not expected to break-even though final assessment will be done upon review of the appraisal done by ACM Consultants
 - Auction land at an upset price – if price is not met – pull from market and wait or package remaining lots
 - Three areas that will impact return on investment
 - Transfer of affordable requirement to a different location
 - Gated community premium – 10% to 15% increase
 - Portion of proceeds/profit-sharing with buyer from sale of home(s)
 - Appraisal requested by Chair and to be coordinated by the Finance department (Mark Walker and Guy Hironaka) for 3 scenarios – bulk sale and parcels of 10 (Fairways lots only) and individual lot pricing (including Sandhills) – estimated time-line is 6 weeks

IV. SCHEDULE FUTURE MEETING

- **Calendar future meeting**
 - No meeting was scheduled
 - Members to review their calendars for the holiday and family commitments
 - Chair will be available for a December meeting to discuss status of information requests – aside from the completion of appraisal
 - Proposal of next meeting to be coordinated with Michele
- **Sandy Baz (Vice Chair)**
 - Noted that his term as Budget Director will end Friday, December 2, 2016
 - It is the Chair's preference that Mr. Baz stay on to maintain consistency and progress made by the Task Force – Chair will submit the request to the Mayor

V. ADJOURNMENT (12:21)

RESOURCES/INFORMATION REQUESTS TO BE PROVIDED

1. Review easement for drainage for the potential excess water from Lot 51 unto the golf course (Maui Lani – Leiane Paci through Guy Hironaka)
2. Contact information for Tracy Nagata (D.R. Horton) for possible building plans (Maui Lani – Leiane Paci through Guy Hironaka)

3. Contact information/plans from Nishikawa Architects for possible building plans (Maui Lani – Daren Suzuki through Guy Hironaka)
4. Verification of gated community premium percentage per lot (Maui Lani – Daren Suzuki through Guy Hironaka)
5. Copy of The Islands budget reflecting the monthly HOA costs (Maui Lani – Leiane Paci through Guy Hironaka)
6. Contact DOE for any housing interest for transient teachers (**Not assigned**)
7. Appraisal of properties: 50 lots at Fairways - bulk, parcel and individual and Sandhills Estates (Lots 22, 74 and 76). ACM Consultants, Inc. won bid at \$5,500.00 with a timeframe of 45 days – completion date approximately January 15, 2017 (Mark Walker/Guy Hironaka)
8. Contact Makani Maeva for plans and building recommendations (Carol Reinmann)
9. Verify the ability to transfer the affordable housing requirements from Maui Lani to other properties within Maui County - review of Ordinance 1872's definition of 'That at least 20% of the residential units for development within the Property.....' (Jeffrey Ueoka)
10. Obtain a copy of the sales agreement for the Fairways from Maui Lani (Guy Hironaka)
11. Contact Scott Teruya (RPT Administrator) regarding the specs for the appraisal (Guy Hironaka)
12. Updated calculations/costs summary for any interest and accumulating costs per lot (Guy Hironaka)
13. Status of spot check survey of corners for Fairways lots (David Goode)

**THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI**

MEETING #4 – MINUTES - **DRAFT**
February 6, 2017 – 11:00 A.M.
Mayor's Conference Room
200 South High Street
Wailuku, Hawaii 96793

Committee:

Riki Hokama (Chair)
Sandy Baz (Vice Chair) (not present)
Carol Reimann
David Goode
Jo-Ann Ridao

Finance Staff:

Mark Walker
Guy Hironaka
Dawn Winter

Others:

Pat Wong – Corporation Counsel
Michele Yoshimura – Mr. Hokama's Aide

Presenter: ACM Consultants, Inc.

Ted Yamamura

I. CALL TO ORDER (11:08)

II. FAIRWAYS & SANDHILLS ESTATES APPRAISALS

- **Vacant lot appraisals at the Fairways at Maui Lani Subdivision report (provided via email dated 1/27/2017)**
 - **Client Scenario 1:** Market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate
 - See handout for individual lot values
 - Total aggregate values for 55 lots:
 - \$13,050,000 - Low Range Value
 - \$14,720,000 – High Range Value
 - \$14,025,000 – Point Value
 - **Client Scenario 2:** Bulk sale value of the 55 lots (as if sold to a one purchaser in a single transaction)
 - Low Range Value:
 - \$10,440,000 – 20% discount range

- \$ 7,830,000 – 40% discount range
 - \$ 9,135,000 – 30% concluded discount
 - High Range Value:
 - \$11,776,000 - 20% discount range
 - \$ 8,832,000 - 40% discount range
 - \$10,304,000 - 30% concluded discount
 - Point Value:
 - \$11,220,000 – 20% discount range
 - \$ 8,415,000 – 40% discount range
 - \$ 9,817,500 – 30% concluded discount
- **Client Scenario 3:** Bulk sale of lots sold in 10 lot increments (to one purchaser in a single transaction)
 - Low Range Value:
 - \$ 2,133,454 – 10% discount range
 - \$ 1,898,182 – 20% discount range
 - \$ 2,016,818 – 15% concluded discount
 - High Range Value:
 - \$ 2,408,728 – 10% discount range
 - \$ 2,141,091 – 20% discount range
 - \$ 2,274,909 – 15% concluded discount
 - Point Value:
 - \$ 2,295,000 – 10% discount range
 - \$ 2,040,000 – 20% discount range
 - \$ 2,167,500 – 15% concluded discount
- **Vacant lot appraisals at the Sandhills Estates Subdivision report (provided via email dated 1/27/2017)**
 - Value estimates are based on the on-site inspection of the subject properties; determination of highest and best use; review of comparable land transactions in the market, and a review of current economic and financial conditions
 - Concluded Market Value
 - \$215,000 for 10,605 square feet
TMK: (2) 3-8-89-22
 - \$223,000 for 10,349 square feet
TMK: (2) 3-8-89-74
 - \$228,000 for 10,699 square feet
TMK: (2) 3-8-89-76
- **Presentation**
 - **Sandhills Estates appraisal overview**
 - Straight-forward specs and appraisal
 - Values for each lot as it stood based primarily on comparable residential finished lots

- **Maui Lani Fairways appraisal overview**
 - The client scenarios were complex since there were several variables including demand for lots and number of eligible buyers
 - There were 50 lots categorized as golf course fronting and non-golf course fronting lots which proved to be a challenge when setting values as there was nothing comparable in the area
 - Wailuku Heights comparable sales were used to set values to the golf course fronting lots, while sales in the Waikapu area were used for the non-golf course lots
 - The roadway and drainage lots (combined total of 5) values were nominally based on the other 50 lots since it was concluded that their values are manifested in the other 50 properties they serve
 - Client scenario of 10 lot bundle was valued as a mixture of lot types versus all interior or all golf course fronting lots
 - Guy Hironaka provided two handouts (market value point and price per square foot) that used the figures from the appraisal to show price distinction between the golf frontage lots versus the Palama street frontage
- **Questions/discussion**
 - No additional costs associated with the drainage lot improvements were applied to any of the value points
 - No affordable unit requirement was factored into the appraisal – all values were at market price - affordable housing requirements, as mentioned in previous meetings, would be the determination of the buyer if they would be incorporated at this location or transferred to another project
 - The County could opt to carry the value of the land for a single entity until time of sale of finished house/lot packages – since the net to the County would be less at the 30% discount, that could be reduced - however the factors of the County’s carrying costs of the land and the developer’s absorption period would make selling the 55 lots in a single transaction preferable since the market is fairly good and inventory is low
 - The County could also entertain the idea to auction specific properties that may yield a higher amount than the appraisal prices - the market may be limited since financing vacant lot acquisitions is limited – the remaining unsold properties would be less appealing

to a developer and the 30% discount may have to be increased

- Point of reference - bulk sale to a single developer is done frequently in Maui Lani – The Na Hoku project was mainly acquired by a single developer when the independent lot sales were stagnant
 - The 30% **concluded discount** is reliable and a good number due to the favorable real estate market – however immediate fluctuation is contingent on Federal fiscal climate
 - If the 55 lots comprising the Fairways at Maui Lani is sold at auction to one entity for approximately \$9.8 million by the Finance Director – the County’s net loss would be around \$3.1 million for settlement, holding and closing costs
 - If the lots were sold in bulk sale increments – there would theoretically be more income and less net loss though the lots would be a lack of interest for developers who would have less control of a master design for the subdivision; a single HOA would manage the subdivision but it could be more problematic with multiple owners
- **Thoughts/Decision of task force members**
 - A unanimous decision was made by all task force members present to sell the 50 lots comprising the Fairways at Maui Lani in a single transaction by auction or bid for no less than the appraised amount of \$9,817,500
 - There was no mention of the disposition for the three lots at Sandhills Estates
 - **Planning/Preparation**
 - Ideally, transaction should be reflected in the current fiscal year’s general ledger
 - Guy Hironaka to draft the resolution in accordance with Section 3.44.020 of the Maui County Code authorizing the disposal of the lots comprising the Fairways at Maui Lani by public auction with the conditions that the proceeds of the sale shall first be used to satisfy outstanding real property taxes with the remainder to be deposited into an affordable housing fund for the Department Housing and Human Concerns future use towards affordable housing projects specifically appropriated by Council
 - Corporation Counsel to review draft of resolution

- Reviewed document proceeds to Council Services for presentation to and approval by the Human Services and Transportation Committee and by full Council

III. DISCUSSIONS/INFORMATION STATUS

- Summary report
 - Finance will provide a summary report of the task force's activities and final recommendations including the mission, topic background, discussions, resources and presentations
- Drainage lot
 - Sub pumps still not functional
 - Valley Isle Pumping chosen to give a proposal – the electrical work has been completed at the site which is needed to assess the situation
 - Can the costs be passed to the next owner?
 - Do we want to spend money to quantify the costs to get the drainage lot operational in order to avoid a developer overstating the same costs?
- Right of subdivision/drainage onto golf course
 - Maui Lani was in discussion with previous developer (Peroff) for the right to discharge excess water to the golf course
 - Public Works collaborated with Peroff to create a design that would address flooding issues for Palama Street
 - Maui Lani was tasked on November 30, 2016, to review their records to see if the right was granted
 - Guy Hironaka to contact Leiane Paci for an update

IV. SCHEDULE FUTURE MEETING

- **Calendar future meeting**
 - No meeting was scheduled
 - Chair recommended a final meeting to review summary report and to officially disband the task force

V. ADJOURNMENT (11:58)

RESOURCES/INFORMATION REQUESTS TO BE PROVIDED

1. Task force summary report (Mark Walker)
2. Drainage lot - right to pump excess water unto golf course (Guy Hironaka to contact Leiane Paci)

3. Drainage lot – update of operational status (Dave Goode)

**THE TASK FORCE
OF THE
FAIRWAYS AT MAUI LANI**

MEETING #5 – MINUTES SUMMARY
March 14, 2017 – 11:30 A.M.
Mayor's Conference Room
200 South High Street
Wailuku, Hawaii 96793

Committee:

Riki Hokama (Chair)
Sandy Baz (Vice Chair)
Carol Reimann (**Excused**)
David Goode
Jo-Ann Ridao

Finance Staff:

Mark Walker
Guy Hironaka
Dawn Winter

Others:

Jeffrey Ueoka – Deputy Corporation Counsel
Michele Yoshimura – Mr. Hokama's Aide
Scott Teruya – County Real Property Tax Administrator

I. CALL TO ORDER (11:42 a.m.)

II. OFFICIAL RECOMMENDATION OF TASK FORCE

• **Summary of Chair's Comments:**

As a Committee, we:

- discussed with real estate professionals and developers to get an assessment of the current market and we understand the projects that are out there and what is moving.
- discussed and understand the pros and cons of the various development options available to the County as relates to these properties.
- concluded that selling the property instead of developing it is in the best interest of the County.
- concluded that selling the lots individually or in ten lot packages, while potentially garnering a higher total gross sales price, would also expose the County to more market risk. Thus, selling the lots in bulk is the most viable option.
- discussed various disposal options and with input from Corporation Counsel have decided that auction with

minimum upset price is, at this point in time, the best option to move this request forward to Council for disposition.

- realized the County will not recoup the full amount of the settlement cost and holding costs but we believe that we have a good asset in a good market and that we should move forward with a sale recommendation to the Council.

- All task force members that were **present** concurred with the Chair's comments.

II. REVIEW FIRST DRAFT OF SUMMARY REPORT

- **Recommendations from Sandy Baz**

- The sentence in the 'Appraisal Section' - 'Ted Yamamura believes that the sales approach with the least amount of market risk and exposure to the County, as it relates to the Fairways, would be the fifty bulk sale approach' – Since that was stipulated in the oral presentation and not reflected in the written appraisal – it should be relocated to the summary portion of the report.
- Incorporate the narrative of the Chair depicting the activities of the task force and how they came to the final recommendation.
- Be clear on the lot numbers – while Fairways is comprised of 55 lots – only 51 are available for sale – The County will be maintaining the 4 road parcels.

- **Recommendations from David Goode/Jeffrey Ueoka**

- Pertaining to the drainage lot (#51) - The phrase, 'We, Public Works, will continue to work on securing the right to discharge the water to the golf course' to change to 'Public Works will make its reasonable best efforts to resolve the issue.'

- **Recommendations from Jo-Ann Ridao**

- The report should reflect that the committee feels that this is the best use for those properties because it benefits the community as a whole while addressing the housing issue.

III. DISCUSSIONS/INFORMATION STATUS

- Roadway conditions – David Goode
 - Make it more presentable by clearing debris/lumber and utilizing the street sweeper.
 - Putting a seal coat over the slurry.
- Drainage lot – David Goode
 - Approximately \$8,000.00 is needed to assess the condition of the equipment on the lot.

- It is a recommended cost to address the ‘unknown’ issues of the equipment for both the County and the potential buyers – possibly resulting in the adjustment of the discount percentage/increasing the upset price of the lots.
- Chair recommended David Goode to speak to Stewart Stant (Director of Environmental Management) to assist him on this project.
- Right of subdivision/drainage unto golf course – David Goode
 - Guy Hironaka in contact with Leiane Paci – no documentation was located to grant the County the right to discharge excess water to their golf course.
 - Corporation Counsel recommended County to obtain this right while the lots are still owned by the County.
 - Chair tasked David Goode with contacting Steve Miller (Manager at Maui Lani Partners) directly to address this potential safety issue.
- Consultation with external auditors – Mark Walker
 - N&K CPAs, Inc., Blake Isobe (Principal), advised that any recognition of monetary loss pertaining to the sale of the Fairway lots will need to be reflected on the financial records of the County in the year in which the sale occurs.
- Real Property taxes
 - Real property tax is owed on the lots – including penalty (same amount) and interest (accumulating).
 - Per Scott Teruya – Council could determine the taxes to be ‘uncollectible’ while it is still owned by the County – it would be zeroed out – which would allow for more of the proceeds of sale to be applied to the housing fund.
 - Mr. Teruya did concur with a task force member that it would be cleaner for the taxes to be included in escrow – this should be made clear to any potential buyer.
- Summary report – Mark Walker
 - Revisions discussed during the meeting will be reflected in the second draft of the report.
 - Draft copy will be sent to members via email for their review and comments – Send any follow-up correspondence directly to Mark Walker with copy to the Chair and Michele Yoshimura.

IV. FUTURE MEETING

- Task Force is on hiatus per Mayor’s request until additional assignments are identified.

V. ADJOURNMENT (12:12 p.m.)

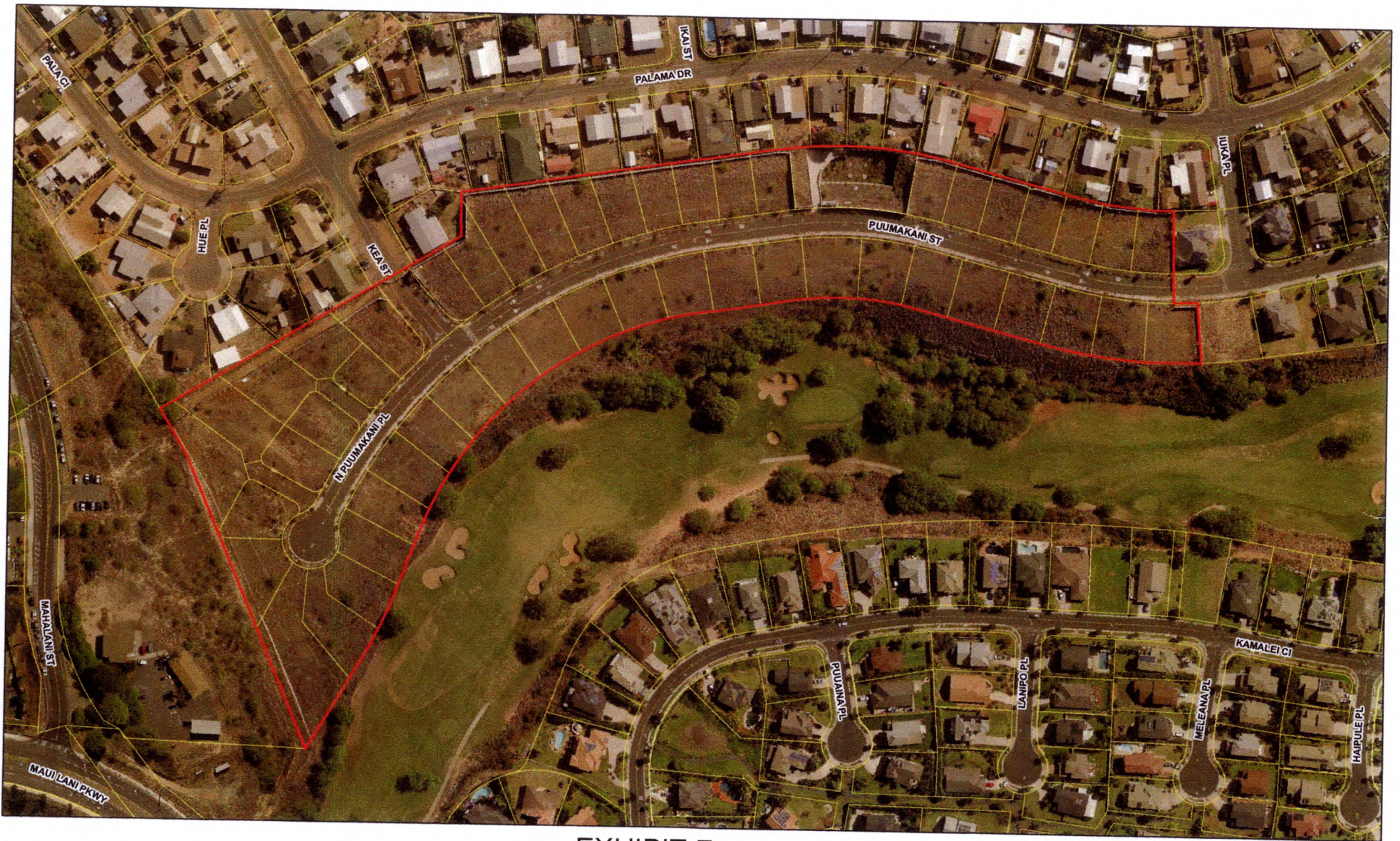


EXHIBIT F
THE FAIRWAYS AT MAUI LANI

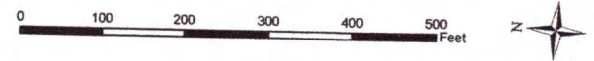
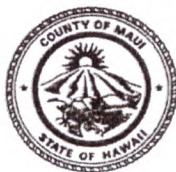




EXHIBIT G
SANDHILLS ESTATES

ALAN M. ARAKAWA
Mayor



DAVID TAYLOR, P.E.
Director

GLADYS C. BAISA
Deputy Director

DEPARTMENT OF WATER SUPPLY
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793-2155
www.mauiwater.org

February 24, 2017

Mr. Danny Agsalog, Director
Department of Finance
County of Maui
200 South High Street
Wailuku, Hawaii 96793

Dear Mr. Agsalog:

Subject: FAIRWAYS AT MAUI LANI SUBDIVISION INFORMATION
TMK: (2) 3-8-096:001 thru 055, DSA File No. 3.2103, DWS SD NO. 04-049

Department of Water Supply (DWS) received an email on February 15, 2017 from Guy Hironaka on behalf of the Fairways at Maui Lani Task Force, the number of meters available at the Fairways at Maui Lani Subdivision and the installation cost. According to our records, there are 55 lots, of which 50 lots are residential. Lot 51 is a drainage lot and Lots 52 thru 55 are roadway lots. There are two (2) existing 3/4-inch irrigation meters. One irrigation meter services Lot 51, the drainage lot and the other is for roadside irrigation. Therefore, there are a total of 50 meters that may be installed.

The cost to install one (1) 5/8-inch meter is \$12,060.00 for the water system development fee and \$160.00 for installation of the meter into the existing meter box, which equates to \$12,220.00 total. If all 50 meters were installed, the total would be \$611,000.00

Please keep in mind that approval of water service will be subject to the availability of water and any rules in effect at the time of application. In addition, the payment for water service shall be the water system development fee in effect at the time the meter is installed.

Should you have any questions, please call Tammy Yeh of our Engineering Division at 270-7835.

Sincerely,

A handwritten signature in black ink, appearing to read "David Taylor".

FOR
DAVID TAYLOR, P.E.
Director

TY/smb

cc: ✓ Guy Hironaka, Real Property Manager, Department of Finance
DWS-Engineering

"By Water All Things Find Life"



DEPARTMENT OF
HOUSING AND HUMAN CONCERNS
COUNTY OF MAUI

ALAN M. ARAKAWA
Mayor

CAROL K. REIMANN
Director

JAN SIHISIIDO
Deputy Director

2200 MAIN STREET • SUITE 546 • WAILUKU, HAWAII 96793 • PHONE (808) 270-7805 • FAX (808) 270-7165
MAILING ADDRESS 200 SOUTH HIGH STREET • WAILUKU, HAWAII 96793 • EMAIL: director.hhc@mauicounty.gov

March 15, 2017

Guy Hironaka
Real Property Manager
Dept. of Finance
200 S. High Street
Wailuku, HI 96793

Dear Guy:

This letter supersedes the letter previously sent by the Department on February 14, 2017. In regard to the sale of the County of Maui's 50 lots at the Fairways, the Department of Housing & Human Concerns has the following comments:

1. The residential workforce housing requirement for the entire Maui Lani Project is 20%, which includes the 50 lots at the Fairways.
2. In addition to providing for residential workforce housing equivalent to 20% of the total number of market units, the developer of the project must comply with all other aspects of Chapter 2.96, Maui County Code.
3. The Housing Division will take responsibility to monitor and ensure the homes remain affordable and owner occupied per the required affordability terms. This includes the review and processing of any refinance requests and requests to sell by the owners.

If there are any questions in regard to the affordable housing requirements, please contact Buddy Almeida, Housing Administrator, at (808) 270-7351.

Sincerely,

A handwritten signature in black ink, appearing to read "CAROL K. REIMANN".

CAROL K. REIMANN
Director of Housing and Human Concerns



A Real Estate Research, Valuation & Advisory Group

January 2, 2017

Mr. Danilo F. Agsalog
Finance Director
County of Maui
200 South High Street
Wailuku, Hawaii 96793

**RE: Vacant Lot Appraisals at the Fairways at Maui Lani Subdivision
Kahului, Maui, Hawaii**

Dear Mr. Agsalog:

In accordance with your request I have prepared the following appraisal report which establishes the market value of vacant lots in the Fairways at Maui Lani subdivision in Kahului, Maui. The final value estimates are based on the on-site inspection of the subject properties; determination of highest and best use; review of comparable land transactions in the market, and a review of current economic and financial conditions.

This appraisal assignment involved market value opinions under the following Client-provided scenarios.

- (1) The market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate.
- (2) The bulk sale value estimate of the 55 lots in the Fairways at Maui Lani if sold to one buyer in a single transaction.
- (3) The bulk sale value estimate of a 10-lot bundle of lots in the Fairways at Maui Lani if sold to one buyer in a single transaction.

Based upon my research and study, the estimated market value of the subject lots under the various scenarios, as of December 15, 2016, subject to the "Certification" and "Assumptions and Limiting Conditions", are as follows:

(1) Market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate.

TMK	Parcel Size In Sq Ft	Indicated Market Value			TMK	Parcel Size In Sq Ft	Indicated Market Value		
		Low	High	Point			Low	High	Point
3-8-096:001	9,122	\$278,768	\$329,122	\$312,064	3-8-096:024	10,027	\$271,732	\$292,387	\$280,054
3-8-096:002	8,580	\$270,356	\$319,176	\$302,617	3-8-096:025	9,109	\$254,688	\$273,999	\$262,430
3-8-096:003	8,680	\$268,038	\$316,473	\$300,068	3-8-096:026	13,322	\$320,394	\$344,640	\$330,119
3-8-096:004	8,543	\$269,190	\$317,800	\$301,312	3-8-096:027	12,807	\$321,584	\$345,917	\$331,317
3-8-096:005	8,590	\$265,259	\$313,191	\$296,956	3-8-096:028	11,477	\$306,895	\$330,193	\$316,191
3-8-096:006	8,574	\$270,167	\$318,953	\$302,405	3-8-096:029	8,260	\$245,157	\$263,742	\$252,591
3-8-096:007	8,571	\$270,072	\$318,841	\$302,299	3-8-096:030	7,884	\$240,935	\$259,068	\$248,267
3-8-096:008	9,634	\$288,346	\$340,466	\$322,835	3-8-096:031	6,914	\$217,445	\$233,831	\$224,014
3-8-096:009	8,481	\$267,236	\$315,493	\$299,125	3-8-096:032	9,525	\$268,700	\$289,084	\$276,892
3-8-096:010	8,394	\$261,809	\$309,151	\$293,118	3-8-096:033	11,994	\$295,052	\$317,481	\$304,048
3-8-096:011	8,381	\$266,767	\$314,958	\$298,615	3-8-096:034	8,017	\$230,890	\$248,447	\$238,025
3-8-096:012	8,313	\$259,282	\$306,168	\$290,290	3-8-096:035	8,858	\$247,670	\$266,449	\$255,288
3-8-096:013	8,377	\$263,959	\$311,624	\$295,457	3-8-096:036	11,558	\$297,041	\$319,579	\$306,171
3-8-096:014	8,318	\$264,762	\$312,590	\$296,370	3-8-096:037	9,733	\$263,862	\$283,814	\$272,037
3-8-096:015	8,342	\$260,187	\$307,236	\$291,303	3-8-096:038	8,480	\$241,934	\$260,251	\$249,312
3-8-096:016	9,215	\$270,276	\$319,115	\$302,528	3-8-096:039	7,591	\$222,948	\$239,876	\$229,780
3-8-096:017	8,533	\$268,875	\$317,428	\$300,959	3-8-096:040	6,989	\$211,208	\$227,212	\$217,707
3-8-096:018	8,908	\$277,841	\$328,082	\$311,067	3-8-096:041	6,862	\$207,370	\$223,084	\$213,751
3-8-096:019	8,953	\$279,244	\$329,739	\$312,639	3-8-096:042	6,728	\$205,204	\$220,746	\$211,528
3-8-096:020	9,042	\$282,020	\$333,017	\$315,747	3-8-096:043	6,757	\$206,089	\$221,697	\$212,440
3-8-096:021	9,018	\$281,271	\$332,133	\$314,909	3-8-096:044	6,755	\$206,028	\$221,632	\$212,377
3-8-096:022	11,305	\$327,506	\$386,631	\$366,508	3-8-096:045	6,728	\$205,204	\$220,746	\$211,528
3-8-096:023	21,844	\$507,655	\$599,181	\$568,162	3-8-096:046	6,728	\$205,204	\$220,746	\$211,528
					3-8-096:047	6,728	\$205,204	\$220,746	\$211,528
					3-8-096:048	6,803	\$207,492	\$223,206	\$213,886
					3-8-096:049	6,936	\$209,606	\$225,489	\$216,056
					3-8-096:050	7,081	\$211,934	\$228,008	\$218,520

Aggregate Lot Values – Lots 1 - 55

	<u>Low Range Value</u>	<u>High Range Value</u>	<u>Point Value</u>
Total Aggregate Values	\$13,050,000	\$14,720,000	\$14,025,000

(2) BULK SALE VALUE OF THE 55 LOTS
(As if Sold to One Purchaser in a Single Transaction)

	Discount Range		Concluded Discount
	20%	40%	30%
Low Range Value	\$10,440,000	\$7,830,000	\$9,135,000
High Range Value	\$11,776,000	\$8,832,000	\$10,304,000
Point Value	\$11,220,000	\$8,415,000	\$9,817,500

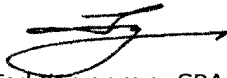
(3) BULK SALE VALUE OF LOTS SOLD IN 10-LOT INCREMENTS
(To One Purchaser in a Single Transaction)

	Discount Range		Concluded Discount
	10%	20%	15%
Low Range Value	\$2,133,454	\$1,898,182	\$2,016,818
High Range Value	\$2,408,728	\$2,141,091	\$2,274,909
Point Value	\$2,295,000	\$2,040,000	\$2,167,500

The following appraisal report summarizes my analysis of data along with other pertinent materials on which the estimates of value are predicated. Thank you for this opportunity to work on this interesting assignment.

Respectfully submitted,

ACM Consultants, Inc.



Ted Yamamura, SRA, R/W-AC
Certified General Appraiser
State of Hawaii, CGA-160
Expires: 12/31/2017

CERTIFICATION

The undersigned does hereby certify that to the best of my knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- (4) I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- (5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (8) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- (9) I have made a personal observation of the property that is the subject of this report.
- (10) No one provided significant real property appraisal assistance to the person signing this certification.
- (11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- (12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (13) As of the date of this report, the undersigned member signing the report has completed the continuing education program of the Appraisal Institute.

ACM Consultants, Inc.



Ted Yamamura, SRA, R/W-AC
Certified General Appraiser
State of Hawaii, CGA-160
Expiration: December 31, 2017

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PART I – INTRODUCTION

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, and statement of assumptions and limiting conditions, extraordinary assumptions and hypothetical conditions, and certifications contained in the appraisal.

SCOPE OF WORK

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report, including the following definition of market value, extraordinary assumptions and hypothetical conditions, statement of assumptions and limiting conditions, and certifications as contained in the report. The appraiser has at a minimum performed a complete visual inspection of the observable areas of the subject properties, considered the neighborhood and its characteristics, viewed each of the comparable sales, and researched, verified and analyzed data from public and/or private sources that were deemed to be reliable. An analysis of Highest and Best Use was conducted as though the sites were vacant and available for development and this conclusion was the basis upon which our valuations were derived. Finally, the analysis, opinions and conclusions were reported in this appraisal report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal, as of December 15, 2016, is to estimate the fee simple market value of the following vacant lots in the Fairways at Maui Lani Subdivision in Kahului, Maui, under the following Client-provided scenarios.

- (1) The market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate.
- (2) The bulk sale value estimate of the 55 lots in the Fairways at Maui Lani if sold to one buyer in a single transaction.
- (3) The bulk sale value estimate of a 10-lot bundle of lots in the Fairways at Maui Lani if sold to one buyer in a single transaction.

THE FAIRWAYS AT MAUI LANI
Identification of the Subject Properties

TMK	Lot No.	Land Area		Street
		Lot No.	Sq Ft	
3-8-096:001	1	9,122	Puumakani Street	
3-8-096:002	2	8,580	Puumakani Street	
3-8-096:003	3	8,680	Puumakani Street	
3-8-096:004	4	8,543	Puumakani Street	
3-8-096:005	5	8,590	Puumakani Street	
3-8-096:006	6	8,574	Puumakani Street	
3-8-096:007	7	8,571	Puumakani Street	
3-8-096:008	8	9,634	Puumakani Street	
3-8-096:009	9	8,481	Puumakani Street	
3-8-096:010	10	8,394	Puumakani Street	
3-8-096:011	11	8,381	Puumakani Street	
3-8-096:012	12	8,313	Puumakani Street	
3-8-096:013	13	8,377	Puumakani Street	
3-8-096:014	14	8,318	Puumakani Street	
3-8-096:015	15	8,342	Puumakani Street	
3-8-096:016	16	9,215	Puumakani Street	
3-8-096:017	17	8,533	Puumakani Street	
3-8-096:018	18	8,908	Puumakani Street	
3-8-096:019	19	8,953	Puumakani Street	
3-8-096:020	20	9,042	Puumakani Street	
3-8-096:021	21	9,018	Puumakani Street	
3-8-096:022	22	11,305	Puumakani Street	
3-8-096:023	23	21,844	Puumakani Street	
3-8-096:024	24	10,027	Puumakani Street	
3-8-096:025	25	9,109	Puumakani Street	
3-8-096:026	26	13,322	Puumakani Street	
3-8-096:027	27	12,807	Puumakani Street	
3-8-096:028	28	11,477	Puumakani Street	
3-8-096:029	29	8,260	Puumakani Street	

TMK	Lot No.	Land Area		Street
		Lot No.	Sq Ft	
3-8-096:030	30	7,884	Puumakani Street	
3-8-096:031	31	6,914	Puumakani Street	
3-8-096:032	32	9,525	Puumakani Street	
3-8-096:033	33	11,994	Puumakani Street	
3-8-096:034	34	8,017	Puumakani Street	
3-8-096:035	35	8,858	Puumakani Street	
3-8-096:036	36	11,558	Puumakani Street	
3-8-096:037	37	9,733	Puumakani Street	
3-8-096:038	38	8,480	Puumakani Street	
3-8-096:039	39	7,591	Puumakani Street	
3-8-096:040	40	6,989	Puumakani Street	
3-8-096:041	41	6,862	Puumakani Street	
3-8-096:042	42	6,728	Puumakani Street	
3-8-096:043	43	6,757	Puumakani Street	
3-8-096:044	44	6,755	Puumakani Street	
3-8-096:045	45	6,728	Puumakani Street	
3-8-096:046	46	6,728	Puumakani Street	
3-8-096:047	47	6,728	Puumakani Street	
3-8-096:048	48	6,803	Puumakani Street	
3-8-096:049	49	6,936	Puumakani Street	
3-8-096:050	50	7,081	Puumakani Street	
3-8-096:051	51	21,004	Drainage Lot	
3-8-096:052	52	89,575	Road Lot	
3-8-096:053	53	3,193	Road Lot	
3-8-096:054	54	4,041	Road Lot	
3-8-096:055	55	8,620	Road Lot	

The intended use of this report is to provide real property information, real estate market data, and informed value conclusions for internal decision making purposes regarding possible disposition of the subject lots.

Definition of Fee Simple¹

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat".

¹ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, 2015

Definition of Market Value²

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress".

INTENDED USER

The County of Maui (Client) and their assigns are the only authorized users of this report. Any other use by any other person or entity for any other purpose, without exception, is explicitly unauthorized.

PROPERTY INSPECTION/DATE OF REPORT/EFFECTIVE DATE

The subject property was physically inspected by Ted Yamamura on December 15, 2016. The date of this appraisal report is January 2, 2017, and the effective date of valuation is December 15, 2016.

SPECIAL ASSUMPTIONS AND CONDITIONS

(1) At the time of inspection of the subject properties, the property pins and boundary markers were not visible to the Appraiser. As such, the approximate boundaries viewed by the Appraiser are assumed to be correct. It is also assumed that there are no encroachments between the subjects and their adjacent properties.

(2) Values estimated in this report are based on the assumption that the properties are not negatively affected by the existence of hazardous substances or detrimental environmental conditions. Since the Appraiser is not an expert in the detection of such substances and conditions, it is possible that tests and inspections made by a qualified environmental expert would reveal the existence of hazardous materials and detrimental environmental conditions on or around the property that would negatively affect its value.

² *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute, 2015

PART II – FACTUAL DATA

NEIGHBORHOOD DESCRIPTION



The geographic area surrounding the subject property is defined by physical and man-made boundaries, and encompasses an area known as Wailuku-Kahului. This region is located on the north shore of the Island of Maui and encompasses the civic and business centers of Wailuku and Kahului. The island's major seaport and primary airport are also contained within the boundaries of this region. The surrounding agricultural land of Central Maui and the eastern half of the West Maui Mountains are also within the Wailuku-Kahului neighborhood.

The boundaries of the Wailuku-Kahului region are the northern shoreline from Poelua Bay to Baldwin Park on the north, Kailua Gulch and Lowrie Ditch on the east, Spanish Road to Waikapu Road to Honoapiilani Highway to Pohakea Gulch on the south, and the Wailuku Judicial District boundary on the west.

Population is concentrated in the urban centers of the region. Wailuku has maintained its role as the civic-financial-cultural center while Kahului has strengthened its role in recent years as the business and industrial center.

In addition to the urban centers of Wailuku-Kahului, the region also includes the more rural settlements of Waihee to the north and Waikapu and Puunene to the southeast. Agricultural lands are adjacent on the lower slopes of the West Maui Mountains and in the central plain south and east of Kahului. This green border is a significant part of the settlement pattern because of its open space and economic value. Kahului Harbor and Airport are major land users along the Kahului shoreline. As major ports of entry for people and goods, they serve as an important center of jobs and economic activity.

The major thoroughfares through Kahului and Wailuku are Kaahumanu Avenue which begins in Kahului and provides primary access to Wailuku as well as Lahaina and Kihei; Hana Highway, which is actually a continuation of Kaahumanu Avenue, leads from Kahului to the eastern or "upcountry" portions of the island; and Puunene Avenue which provides access to all major areas in Kahului and ultimately leads to Kuihelani Highway which provides by-pass access to Lahaina and Kihei. The Kaahumanu Avenue also runs into Main Street, and via secondary access, runs into Waiehu Beach Road and Lower Main Street.

Kahului, adjacent to Wailuku, is situated on the northwest portion of the island of Maui, and is the central commercial, industrial and residential area of Maui. Kahului Town contains Maui's major shopping centers, centralized industrial areas, financial institutions, medical office facilities and business offices. Additionally, the Kahului Airport and Kahului Harbor are located in Kahului proper and centrally provides the majority of firms providing various goods and services throughout the island, as well as to Lanai and Molokai. Consistent with its central location, post office facilities, community library, parks, schools (elementary, intermediate, high school and a community college), churches of various denominations, entertainment facilities, food outlets and a fire station are located in Kahului.

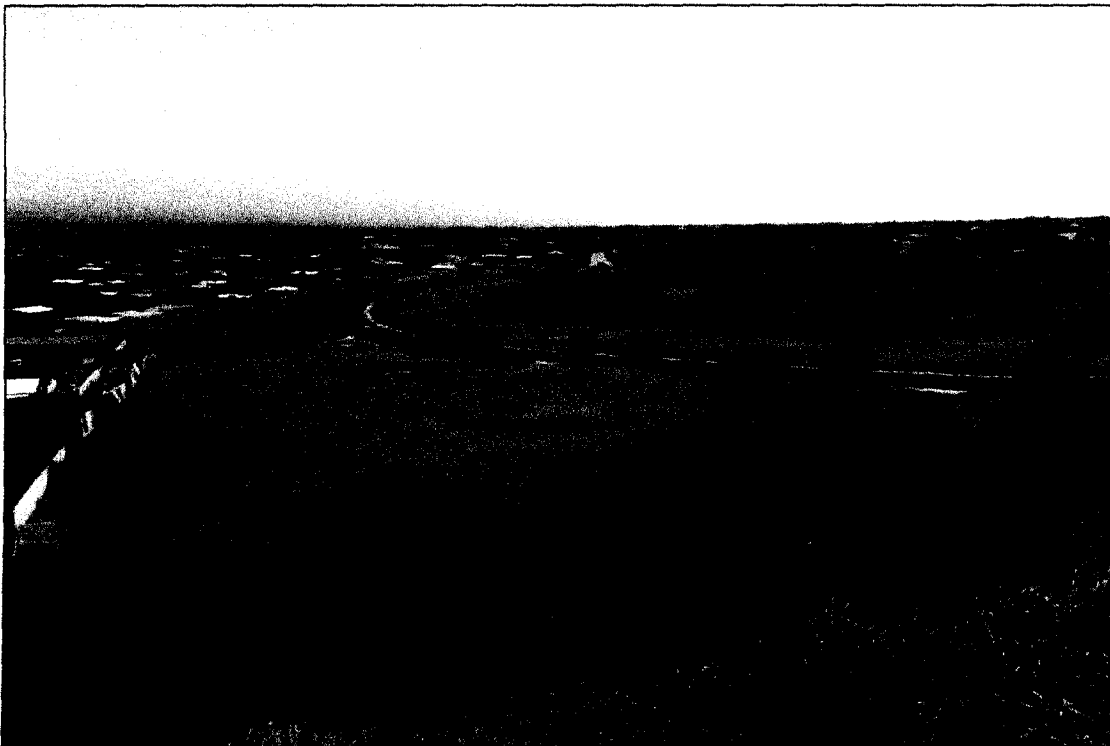
Wailuku, at one time, was the heart of Maui's business activities. Decentralization of business to nearby Kahului and lack of maintenance and modernization of buildings to keep up with the new shopping habits brought about a gradual decline. However, since the creation of the municipal parking area in Wailuku, several new buildings have been built or renovated and a rejuvenation of the Wailuku Town is being experienced. The Kahului-Wailuku Community Plan envisions Wailuku as the "governmental, cultural and professional center of Maui". Located in Wailuku are the various government agencies, courts, hospital, major recreational facilities and police station.

Wailuku Fire Station sits in the heart of Wailuku Town, and until the opening of the Kahului Fire Station, was the only one in Central Maui. Kahului Fire Station is a 21,300 square foot facility that includes two main buildings and is situated on Dairy Road. The Maui Memorial Medical Center, which is Maui's primary facility of medical and emergency service, is located between the connecting boundaries of Kahului and Wailuku. In 2006, work was completed on the newest wing for the hospital. The Wailuku Police Station is also conveniently located nearby. Numerous pre-schools, elementary, grade and high schools are located throughout Kahului and Wailuku, with the University of Hawaii Maui College located on Kaahumanu Avenue.

PROPERTY AND SITE DATA - SUBJECT LOTS

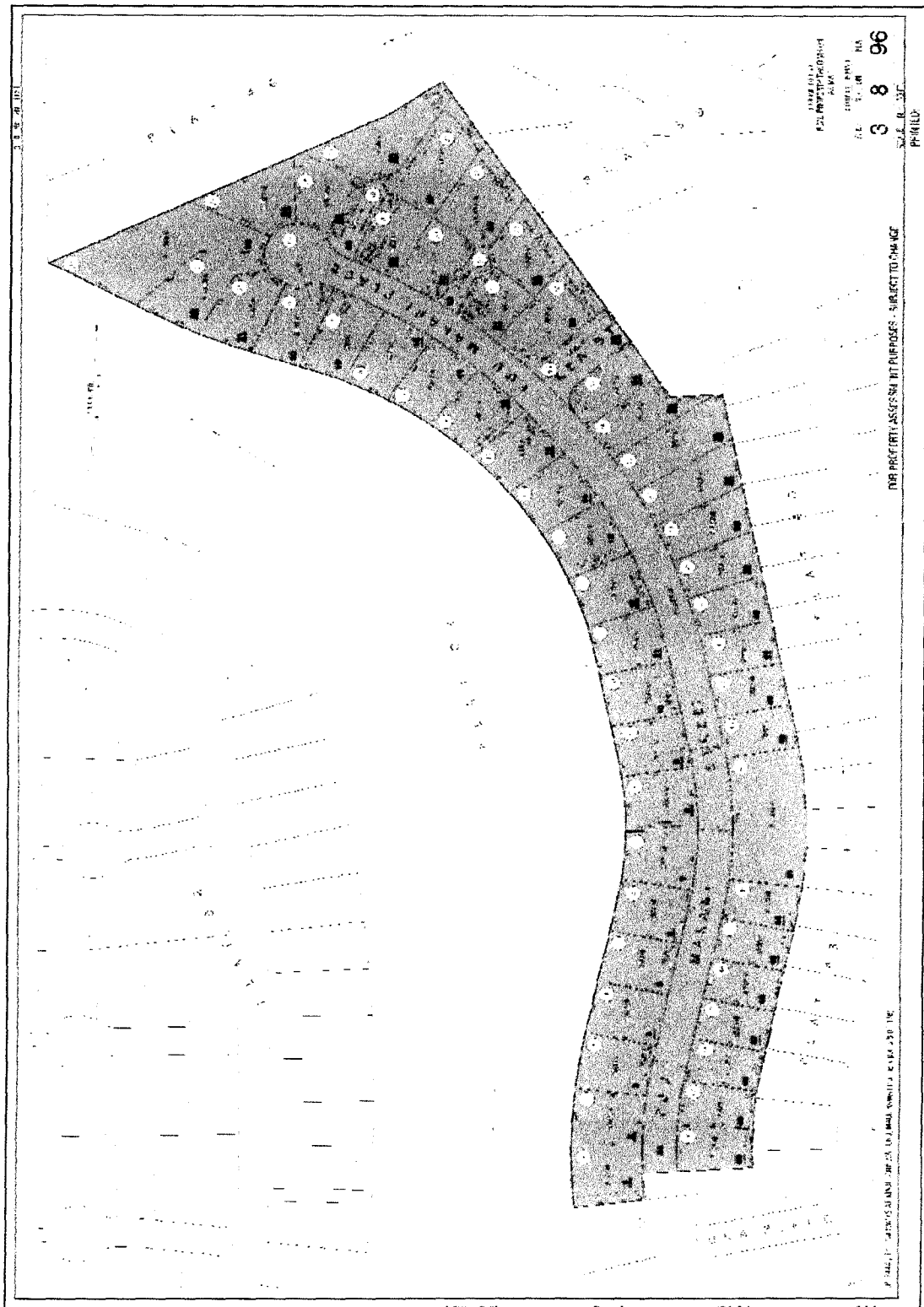
The subject lots are identified and described under the following subheadings.

<i>Subdivision:</i>	Lots 1 through 55 - Fairways at Maui Lan i
<i>Owner of Record:</i>	County of Maui
<i>State Land Use:</i>	Urban District
<i>Community Plan Designation:</i>	Single Family Residential
<i>Zoning:</i>	PD-WK/1SF5
<i>5 Year Transaction History:</i>	August 31, 2011, VP & PK (ML), LLC to County of Maui, Lots 1 through 55, Fairways at Maui Lan i, Deed, \$11,750,000, Doc 11-200595.
<i>Access:</i>	Puumakani Street
<i>Utilities:</i>	All public utilities available
<i>Topography:</i>	Level to gentle sloping
<i>Flood Status:</i>	Based upon the Federal Insurance Rate Maps prepared by the Federal Insurance Administration and Federal Emergency Management Agency, the parcels are located within Map Number 1500030392E, Map dated September 25, 2009, and located within Zone X. Zone X indicates areas determined to be outside the 0.2% annual chance floodplain.



Fairways at Maui Lan i SUBJECT LOTS								
TMK	Lot No.	Land Area in Sq Ft	Street	Assessed Value	Physical Characteristics			
					Shape	Location	Views	Easements
3-8-096:001	1	9,122	Puumakani Street	\$232,300	Rectangular	Golf Course	Golf Course	Landscape
3-8-096:002	2	8,580	Puumakani Street	\$229,900	Rectangular	Golf Course	Golf Course	None
3-8-096:003	3	8,680	Puumakani Street	\$230,300	Rectangular	Golf Course	Golf Course	Electrical
3-8-096:004	4	8,543	Puumakani Street	\$229,700	Rectangular	Golf Course	Golf Course	None
3-8-096:005	5	8,580	Puumakani Street	\$229,900	Rectangular	Golf Course	Golf Course	Electrical
3-8-096:006	6	8,574	Puumakani Street	\$229,800	Rectangular	Golf Course	Golf Course	None
3-8-096:007	7	8,571	Puumakani Street	\$229,800	Rectangular	Golf Course	Golf Course	None
3-8-096:008	8	9,634	Puumakani Street	\$234,600	Rectangular	Golf Course	Golf Course	Drainage
3-8-096:009	9	8,481	Puumakani Street	\$229,400	Rectangular	Golf Course	Golf Course	None
3-8-096:010	10	8,394	Puumakani Street	\$229,000	Rectangular	Golf Course	Golf Course	Electrical
3-8-096:011	11	8,381	Puumakani Street	\$229,000	Rectangular	Golf Course	Golf Course	None
3-8-096:012	12	8,313	Puumakani Street	\$228,700	Rectangular	Golf Course	Golf Course	Electrical
3-8-096:013	13	8,377	Puumakani Street	\$228,900	Rectangular	Golf Course	Golf Course	Drainage
3-8-096:014	14	8,318	Puumakani Street	\$228,700	Rectangular	Golf Course	Golf Course	None
3-8-096:015	15	8,342	Puumakani Street	\$228,800	Rectangular	Golf Course	Golf Course	Electrical
3-8-096:016	16	9,215	Puumakani Street	\$232,700	Rectangular	Golf Course	Golf Course	Sewerline
3-8-096:017	17	8,533	Puumakani Street	\$229,600	Rectangular	Golf Course	GC/PT Ocn	None
3-8-096:018	18	8,908	Puumakani Street	\$231,300	Rectangular	Golf Course	GC/PT Ocn	None
3-8-096:019	19	8,953	Puumakani Street	\$231,500	Rectangular	Golf Course	GC/PT Ocn	None
3-8-096:020	20	9,042	Puumakani Street	\$231,900	Rectangular	Golf Course	GC/PT Ocn	None
3-8-096:021	21	9,018	Puumakani Street	\$231,800	Rectangular	Golf Course	GC/PT Ocn	None
3-8-096:022	22	11,305	Puumakani Street	\$242,100	Irregular	Golf Course	GC/PT Ocn	None
3-8-096:023	23	21,844	Puumakani Street	\$289,500	Irregular	Golf Course	Golf Course	None
3-8-096:024	24	10,027	Puumakani Street	\$236,400	Irregular	Interior	Mountain	None
3-8-096:025	25	9,109	Puumakani Street	\$232,200	Irregular	Interior	Mountain	None
3-8-096:026	26	13,322	Puumakani Street	\$251,200	Irregular	Interior	Mountain	Waterline/Drainage/Landscape
3-8-096:027	27	12,807	Puumakani Street	\$248,900	Rectangular	Interior	Partial Ocn	Waterline/Drainage/Landscape
3-8-096:028	28	11,477	Puumakani Street	\$242,900	Rectangular	Interior	Partial Ocn	Waterline/Drainage/Landscape
3-8-096:029	29	8,260	Puumakani Street	\$228,400	Rectangular	Interior	Partial Ocn	Electrical
3-8-096:030	30	7,884	Puumakani Street	\$226,700	Rectangular	Interior	Partial Ocn	None
3-8-096:031	31	6,914	Puumakani Street	\$222,400	Rectangular	Interior	Partial Ocn	Electrical
3-8-096:032	32	9,525	Puumakani Street	\$234,100	Rectangular	Interior	Partial Ocn	Waterline/Drainage/Landscape
3-8-096:033	33	11,994	Puumakani Street	\$245,200	Rectangular	Interior	Mountain	Waterline/Drainage/Landscape
3-8-096:034	34	8,017	Puumakani Street	\$227,300	Rectangular	Interior	Mountain	Drainage
3-8-096:035	35	8,858	Puumakani Street	\$231,100	Rectangular	Interior	Mountain	Drainage
3-8-096:036	36	11,558	Puumakani Street	\$243,300	Rectangular	Interior	Mountain	Drainage
3-8-096:037	37	9,733	Puumakani Street	\$235,000	Rectangular	Interior	Mountain	Drainage
3-8-096:038	38	8,480	Puumakani Street	\$229,400	Rectangular	Interior	Mountain	Drainage
3-8-096:039	39	7,591	Puumakani Street	\$225,400	Rectangular	Interior	Mountain	Drainage
3-8-096:040	40	6,989	Puumakani Street	\$222,700	Rectangular	Interior	Mountain	Drainage
3-8-096:041	41	6,862	Puumakani Street	\$222,100	Rectangular	Interior	Mountain	Drainage
3-8-096:042	42	6,728	Puumakani Street	\$221,500	Rectangular	Interior	Mountain	Drainage
3-8-096:043	43	6,757	Puumakani Street	\$221,700	Rectangular	Interior	Mountain	Drainage
3-8-096:044	44	6,755	Puumakani Street	\$221,600	Rectangular	Interior	Mountain	Drainage
3-8-096:045	45	6,728	Puumakani Street	\$221,500	Rectangular	Interior	Mountain	Drainage
3-8-096:046	46	6,728	Puumakani Street	\$221,500	Rectangular	Interior	Mountain	Drainage
3-8-096:047	47	6,728	Puumakani Street	\$221,500	Rectangular	Interior	Mountain	Drainage
3-8-096:048	48	6,803	Puumakani Street	\$221,900	Rectangular	Interior	Mountain	Drainage
3-8-096:049	49	6,936	Puumakani Street	\$222,500	Rectangular	Interior	Mountain	Drainage
3-8-096:050	50	7,081	Puumakani Street	\$223,100	Rectangular	Interior	Mountain	Drainage
3-8-096:051	51	21,004	Puumakani Street	\$2,900	Rectangular	Interior	Mountain	None
3-8-096:052	52	4,041	Puumakani Street	\$100	Rectangular	Interior	Mountain	Electrical/Utility
3-8-096:053	53	3,193	Puumakani Street	\$100	Rectangular	Interior	Mountain	Electrical/Utility
3-8-096:054	54	89,575	Puumakani Street	\$100	Rectangular	Interior	Mountain	Drainage
3-8-096:055	55	8,620	Puumakani Street	\$100	Rectangular	Interior	Mountain	None

TAX MAP LOCATION OF THE SUBJECT LOTS

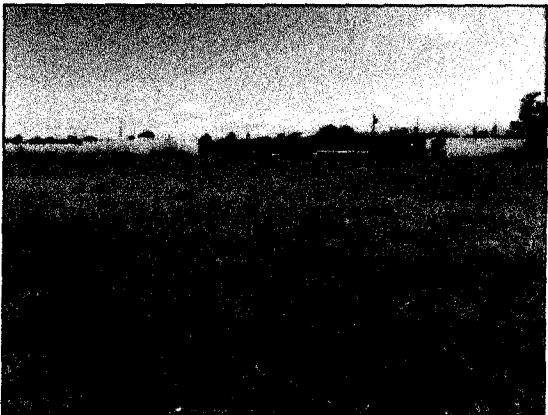
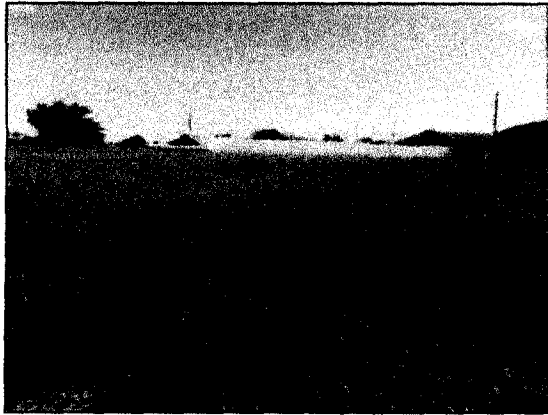


REPRESENTATIVE PHOTOGRAPHS OF THE GOLF COURSE FRONTING LOTS



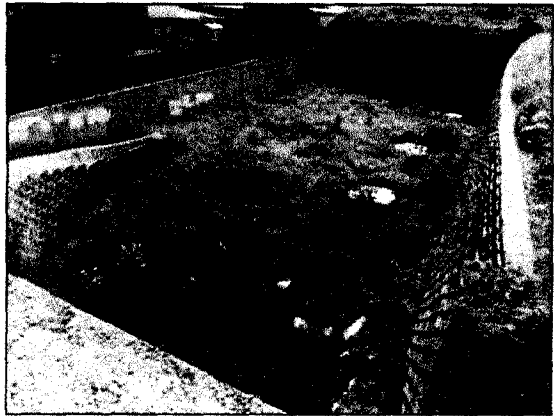
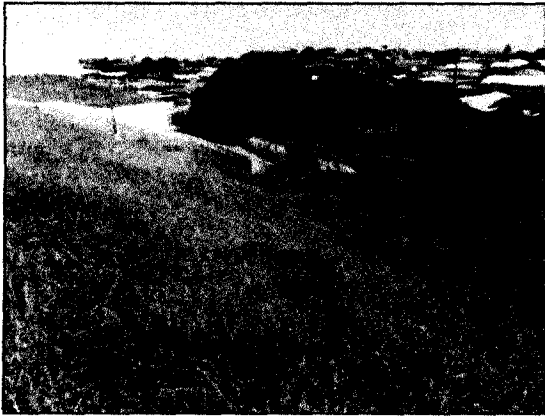
Puumakani Street

REPRESENTATIVE PHOTOGRAPHS OF INTERIOR LOTS



Puumakani Street

REPRESENTATIVE PHOTOGRAPHS OF LOT 51 AND ROADWAY LOTS



Lot 51



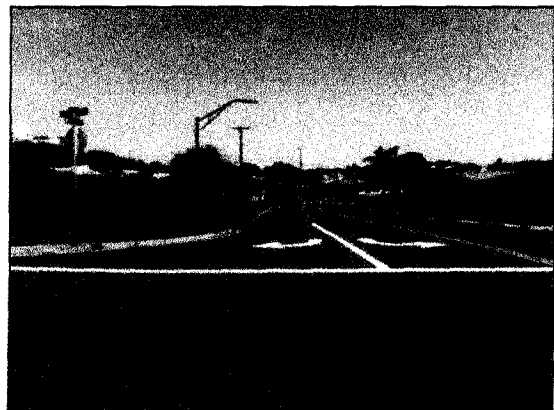
Lot 52



Lot 53



Lot 54 (Puumakani Street)



Lot 55 (Kea Street)

PART III – DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financing feasibility, and maximum productivity.³

Since the appraisal of the subject properties are based on a particular premise of use, the highest and best use analysis determines just what this premise of use should be. The primary consideration in the analysis of the highest and best use of the subject lots is the site as if vacant and available for development

Lots 1 through 50

The subject lots are located in an established residential neighborhood and the surrounding properties are also similarly zoned and utilized predominantly for single family use. There are no anticipated changes in land use, and hence the optimum use of the subject sites would be single family residential use.

Lots 51 - 55

Lot 51 is a drainage catchment and retention lot servicing Lots 1 through 55 of the Fairways at Maui Lani subdivision. It is an integral infrastructural component of the subdivision and also provides water drainage protection to neighboring properties. Within the context of highest and best use, the property rights being considered and valued in this appraisal assignment cannot be further physically or legally developed, there are no anticipated changes in land use, and the shape and physical characteristics of the subject lot precludes any alternate uses other than the current drainage and water retention use. Therefore the highest and best use of the subject parcel is its continued use as a drainage catchment and retention lot.

Lots 52, 53, 54 and 55 are roadway lots improved with asphalt paving, concrete curbs and gutters, concrete sidewalks and street lights. Within the context of highest and best use, the property rights being considered and valued in this appraisal assignment cannot be further physically or legally developed, the fact that there are no anticipated changes in land use and the shape and physical characteristics of the subject parcels precludes any alternate uses other than the current roadway use. Therefore the highest and best use of the subject lots is their continued use as a roadway.

³ *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute, 2015

THE APPRAISAL PROCESS – VALUATION OF VACANT LAND

The generally accepted methods of land valuation include the following:

Sales Comparison Approach

The Sales Comparison Approach involves comparison of similar vacant properties which have recently sold.

Allocation

The Allocation method of estimating land value is based on the development of a typical ratio of site value to total property value through an analysis of sales of improved properties.

Extraction

The extraction method of estimating land value involves the deduction of depreciated improvement costs from the sale prices of improved properties which have recently sold. The contribution of the improvements to the improved property is deducted from the total sale price of value to arrive at an estimated sale price of value of the land.

Capitalization of Ground Rent

Capitalization of Ground Rent is a procedure typically used to estimate the value of a leased fee estate. In estimating land value, the annual ground rent is capitalized at the land capitalization rate resulting in an indication of land value.

Land Residual Technique

The Land Residual Technique involves the application of a land capitalization rate to the estimated residual income attributable to land, for improved income producing properties.

Development Procedure

The Development Procedure involves the estimation of individual lot values, as if the land were subdivided, and subtracting total development costs from the aggregate values of the individual lots.

Conclusion

The most commonly accepted approach for land valuation is the direct comparison of the subject land with sales of other land parcels in the market. When the availability of data permits its use, this analytical method produces an indication of what the purchaser-investor would most probably have to pay for the same rights in existing substitute properties on the same market, as of the effective date of the appraisal. Consequently, the Sales Comparison Approach was concluded to be the most desirable methodology in the valuation of the subject parcels.

(1) INDIVIDUAL LOT VALUES AND AGGREGATE VALUE OF THE 55 LOTS

The scope of work for this appraisal assignment requires a low and high market value range as well as a point market value estimate for each lot.

The 55 subject lots were valued utilizing the Sales Comparison Approach. Since the purpose of this section of the appraisal is to estimate the individual market values of the 55 lots, four steps were necessary in the valuation process:

1. Research recent recorded sales of competing properties within competitive neighborhoods.
2. Select "benchmark" golf course and interior lots that are representative of the subject lots.
3. Value the benchmark lots.
4. Apply and compare the benchmark values to each of the remaining lots to arrive at individual values for each of the 55 subject lots. The aggregate of these individual values represents their potential gross revenue.

VALUATION OF INDIVIDUAL LOTS 1 - 50

Selection of the Benchmark Lots

The Appraiser selected Lot 14 as the benchmark for the golf course lots and Lot 38 as the benchmark for the interior lots.

Application of the Sales Comparison Approach

Proper application of the Sales Comparison Approach requires knowledge of the standards of the local market plus a detailed property inspection and personal observation. The ability to interpret land characteristics are necessary together with knowledge and experience of typical buyer preferences and price reactions in the local market. Finally, the application of sound judgment is required to produce reasonable results.

The Sales Comparison Approach involves the comparison of comparable properties that have recently sold with the subject property. The subject property is the "standard" upon which all comparisons and adjustments are made. Because no two properties are ever truly identical, the prices of the market indicators must be reduced to various units of comparison to reflect the value of the subject property. Typically, the variations in sales prices reflect differences in size, location, zoning, time and terms of sale, and the physical characteristics of the land.

The value indication is developed using a unit of comparison in which the type of site being appraised is typically bought and sold on the market. In this assignment, the price per square foot was considered the most appropriate unit of comparison due to the varying sizes of the comparable land sales as compared to the benchmark lots.

Primary criteria utilized in the market research and selection of vacant land comparables included consideration of the following factors:

- Relatively recent transaction date, location with the same or competing neighborhood, and similar community characteristics
- Similarity in size area and/or zoning and permitted land use/density, topographic features, public utilities, access, and view amenities

Research commenced with a search of similar residential lot sales in the central Maui neighborhoods. Based upon this research and the above criteria, the vacant land comparables selected and utilized in the Site Valuation Worksheets represent the most reasonably recent and competitive transactions of residential lots in competitive residential subdivisions in central Maui. The land comparables and adjustments to reflect any variations in the properties are contained in **Tables 1 and 2**.

Table 1 relates to the valuation of the golf course benchmark lot while **Table 2** relates to the valuation of the interior benchmark lot.

Table 1 - Description of Adjustments

Location: The subject is a golf course fronting lot in the Fairways at Maui Lani Subdivision while the three land comparables are located in the Wailuku Heights Subdivision. Paired sales analysis indicated that lots in the Wailuku Heights subdivision were approximately 5% higher in value than golf course fronting parcels in Maui Lani. Therefore negative 5% adjustments were applied to each comparable.

Access/Utilities: The availability of utilities, specifically electricity and water determines the potential of land development. The subject and comparable land sales are similar in access and utilities and no adjustments were required.

Zoning: Zoning determines land uses and density. The subject parcels and all comparable land sales are competitively zoned and no adjustments were required.

Physical Characteristics: No adjustments were required.

Size: The comparables ranged in parcel sizes and typically, the larger the parcel the lower the price per square foot and the smaller the parcel the higher the price per square foot. Therefore size can affect the purchase price. An adjustment was applied to address the disparity in size between the comparables and the subject.

Comparable Weighting

A weighting process is utilized to acknowledge the most applicable (reliable) of the comparables. Equal weight was placed on each comparable in determining the subject's unit value since no individual transaction was considered to be more representative of the subject than the others.

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective of the appraisal would have been 6 to 9 months.

Table 2 - Description of Adjustments

Location: The subject is an interior (non-golf course fronting) lot in the Fairways at Maui Lani Subdivision while the three land comparables are located in the competitive Waiolani Mauka Subdivision and therefore no adjustments were required.

Access/Utilities: The availability of utilities, specifically electricity and water determines the potential of land development. The subject and comparable land sales are similar in access and utilities and no adjustments were required.

Zoning: Zoning determines land uses and density. The subject parcels and all comparable land sales are competitively zoned and no adjustments were required.

Physical Characteristics: Comparable land sales 1 and 2 have superior partial ocean and mountain views and appropriate negative adjustments were applied.

Size: The comparables ranged in parcel sizes and typically, the larger the parcel the lower the price per square foot and the smaller the parcel the higher the price per square foot. Therefore size can affect the purchase price. An adjustment was applied to address the disparity in size between the comparables and the subject.

Comparable Weighting

A weighting process is utilized to acknowledge the most applicable (reliable) of the comparables. Equal weight was placed on each comparable in determining the subject's unit value since no individual transaction was considered to be more representative of the subject than the others.

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective of the appraisal would have been 6 to 9 months.

Conclusion of the Benchmark Lot Values

The Appraiser selected Lot 14 as the benchmark for the golf course lots and Lot 38 as the benchmark for the interior lots.

After analysis of the vacant land comparables, adjusting for the variations in the properties, and application of a weighted average, a low, high and point estimate of unit value (price/SF) were determined for the benchmark lots and summarized as follows:

Benchmark Lot	Table No.	Low Price/SF	High/SF	Point Price/SF
Golf Course Lot 38	Table 1	\$31.83	\$37.58	\$35.63
Interior Lot 14	Table 2	\$28.25	\$30.68	\$29.40

Valuation of the Remaining Subject Lots

To estimate the market value of the remaining subject lots, each lot was rated based primarily on encumbrances, physical characteristics and size. Positive or negative adjustments were made, depending on how each remaining lot compared to its respective benchmark. Based on the foregoing factors, the aggregate retail value of the subject lots were determined as follows:

Summaries of the valuation of the remaining lots are found in **Tables 3 and 4.**

TABLE 1

SITE VALUATION WORKSHEET				
LAND TRANSACTION ANALYSIS AND ADJUSTMENT SCHEDULE				
GOLF COURSE LOT 14 - BENCHMARK VALUATION				
	Subject	COMPARABLE LAND SALES		
		Land Sale 1	Land Sale 2	Land Sale 3
Tax Map Key (Division 2)	3-8-096:014	3-5-13-11	3-5-13-164	3-5-13-36
Street Address	Puumakani Street	521 Kualau Street	503 Kuikahi Drive	546 Ania Place
Community Location	Kahului	Wailuku	Wailuku	Wailuku
County Zoning	PD-WK/1SF5	R-3 Residential	R-3 Residential	R-3 Residential
Community Plan	SFR	SFR	SFR	SFR
Land Tenure	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Parcel Configuration	Rectangular	Rectangular	Rectangular	Rectangular
Topography/Terrain	Level to gentle slope	Level to gentle slope	Level to gentle slope	Level to gentle slope
Roadway Accessibility	Adequate	Adequate	Adequate	Adequate
Utilities	All public utilities	All public utilities	All public utilities	All public utilities
Predominant Site Views	Golf Course	Ocean	Ocean	Ocean
FEMA Flood Status	Zone X	Zone X	Zone X	Zone X
Site Encumbrances	None Noted	Drainage easement	Drainage easement	None Noted
Gross Land Area in SF	8,318	12,938	11,822	9,120
Recordation Date		12/6/16	8/17/16	8/10/14
Instrumental/Financing		Deed	Deed	Deed
Document Number		61840052	60730323	60080170
Grantor		James Sundin	Gary Meola	Carlos Rivera
Grantee		Kolter Kalberg	Ryo Essig	Christopher Lallo
Transaction Price		\$339,000	\$285,000	\$330,000
Financing/Conditions of Sale Adjustment		\$0	\$0	\$0
Adjusted Transaction Price		\$339,000	\$285,000	\$330,000
Indicated Transaction Price per Square Foot		\$26.20	\$24.11	\$36.18
Market Conditions Adjustment (Time)		1.00	1.00	1.00
Market Conditions Adjusted Unit Price		\$26.20	\$24.11	\$36.18
ADJUSTMENTS				
Location		-5%	-5%	-5%
Access/Utilities		0%	0%	0%
Zoning/Community Plan Designation		0%	0%	0%
Other Physical Characteristics		0%	0%	0%
Net Adjustments		-5%	-5%	-5%
Adjusted Unit Price		\$24.89	\$22.90	\$34.37
Size Adjustment		1.51	1.39	1.09
Final Size Adjusted Unit Price per Square Foot		\$37.58	\$31.83	\$37.46
WEIGHTING FACTOR		33.33%	33.33%	33.33%
Product		\$12.53	\$10.61	\$12.49
Range of final Adjusted Value:	\$31.83 -	\$37.58 Per Square Foot		
Median Unit Value:		\$37.46 Per Square Foot		
Weighted Unit Value:		\$35.63 Per Square Foot		
Estimated Value of the Land, Fee Simple:		\$35.63 Per Square Foot Point Estimate		
Indicated Site Value:	8,318 SF X	\$35.63 = \$296,370		

TABLE 2

SITE VALUATION WORKSHEET				
LAND TRANSACTION ANALYSIS AND ADJUSTMENT SCHEDULE				
INTERIOR LOT 38 - BENCHMARK VALUATION				
	Subject	COMPARABLE LAND SALES		
		Land Sale 4	Land Sale 5	Land Sale 6
Tax Map Key (Division 2)	3-8-096:038	3-5-32-84	3-5-32-4	3-5-32-26
Street Address	Puumakani Street	68 Moolu Street	24 Koani Loop	55 Moolu Street
Community Location	Kahului	Wailuku	Wailuku	Wailuku
County Zoning	PD-WK/1SF5	R-3 Residential	R-3 Residential	R-3 Residential
Community Plan	SFR	SFR	SFR	SFR
Land Tenure	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Parcel Configuration	Rectangular	Rectangular	Rectangular	Rectangular
Topography/Terrain	Level to gentle slope	Level to gentle slope	Level to gentle slope	Level to gentle slope
Roadway Accessibility	Adequate	Adequate	Adequate	Adequate
Utilities	All public utilities	All public utilities	All public utilities	All public utilities
Predominant Site Views	Mountain	Partial Ocean	Partial Ocean	Mountain
FEMA Flood Status	Zone X	Zone X	Zone X	Zone X
Site Encumbrances	None Noted	None Noted	None Noted	None Noted
Gross Land Area in SF	8,480	9,247	8,514	7,933
Recordation Date		10/31/16	9/28/16	5/4/16
Instrumental/Financing		Deed	Deed	Deed
Document Number		61480439	61150004	5968004
Grantor		Alton Watanabe	Neil Hanzawa	Mona Smout
Grantee		Leah Hanada	Eric Brown	Erick Kuniyoshi
Transaction Price		\$275,000	\$275,000	\$230,000
Financing/Conditions of Sale Adjustment		\$0	\$0	\$0
Adjusted Transaction Price		\$275,000	\$275,000	\$230,000
Indicated Transaction Price per Square Foot		\$29.74	\$32.30	\$28.99
Market Conditions Adjustment (Time)		1.00	1.00	1.00
Market Conditions Adjusted Unit Price		\$29.74	\$32.30	\$28.99
ADJUSTMENTS				
Location		0%	0%	0%
Access/Utilities		0%	0%	0%
Zoning/Community Plan Designation		0%	0%	0%
Other Physical Characteristics		-5%	-5%	0%
Net Adjustments		-5%	-5%	0%
Adjusted Unit Price		\$28.25	\$30.69	\$28.99
Size Adjustment		1.01	1.00	1.00
Final Size Adjusted Unit Price per Square Foot		\$28.53	\$30.69	\$28.99
WEIGHTING FACTOR		33.33%	33.33%	33.33%
Product		\$9.51	\$10.23	\$9.66
Range of final Adjusted Value:	\$28.53 -	\$30.69 Per Square Foot		
Median Unit Value:		\$28.99 Per Square Foot		
Weighted Unit Value:		\$29.40 Per Square Foot		
Estimated Value of the Land, Fee Simple:		\$29.40 Per Square Foot Point Estimate		
Indicated Site Value:	8,480 SF X	\$29.40 = \$249,312		

TABLE 3

SUMMARY OF VACANT LOT VALUATIONS

The Fairways at Maui LanI

Golf Course Fronting Lots

TMK	Parcel Size In Sq Ft	Benchmark Price/SF			Adjustments		Net Adjustments	Adjusted Price/SF			Size	Final Adjusted Price/SF			Indicated Market Value		
		Low	High	Point	Encumbrances	Physical		Low	High	Point		Low	High	Point	Low	High	Point
3-8-096:001	9,122	\$31.83	\$37.58	\$35.63	-1.0%	0.0%	-1.0%	\$31.51	\$37.20	\$35.27	0.97	\$30.56	\$36.08	\$34.21	\$278,768	\$329,122	\$312,064
3-8-096:002	8,580	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$270,356	\$319,176	\$302,617
3-8-096:003	8,680	\$31.83	\$37.58	\$35.63	-2.0%	0.0%	-2.0%	\$31.19	\$36.83	\$34.92	0.99	\$30.88	\$36.46	\$34.57	\$268,036	\$316,473	\$300,069
3-8-096:004	8,543	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$269,190	\$317,800	\$301,312
3-8-096:005	8,590	\$31.83	\$37.58	\$35.63	-2.0%	0.0%	-2.0%	\$31.19	\$36.83	\$34.92	0.99	\$30.88	\$36.46	\$34.57	\$285,259	\$313,191	\$296,956
3-8-096:006	8,574	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$270,167	\$318,953	\$302,405
3-8-096:007	8,571	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$270,072	\$318,841	\$302,299
3-8-096:008	9,634	\$31.83	\$37.58	\$35.63	-1.0%	0.0%	-1.0%	\$31.51	\$37.20	\$35.27	0.95	\$29.93	\$35.34	\$33.51	\$288,346	\$340,466	\$322,835
3-8-096:009	8,481	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$267,236	\$315,493	\$299,125
3-8-096:010	8,394	\$31.83	\$37.58	\$35.63	-2.0%	0.0%	-2.0%	\$31.19	\$36.83	\$34.92	1.00	\$31.19	\$36.83	\$34.92	\$261,809	\$309,151	\$293,118
3-8-096:011	8,381	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	1.00	\$31.83	\$37.58	\$35.63	\$266,767	\$314,958	\$298,615
3-8-096:012	8,313	\$31.83	\$37.58	\$35.63	-2.0%	0.0%	-2.0%	\$31.19	\$36.83	\$34.92	1.00	\$31.19	\$36.83	\$34.92	\$259,282	\$306,168	\$290,290
3-8-096:013	8,377	\$31.83	\$37.58	\$35.63	-1.0%	0.0%	-1.0%	\$31.51	\$37.20	\$35.27	1.00	\$31.51	\$37.20	\$35.27	\$263,959	\$311,624	\$295,457
3-8-096:014	8,318	\$31.83	\$37.58	\$35.63	BENCHMARK		0.0%	\$31.83	\$37.58	\$35.63	1.00	\$31.83	\$37.58	\$35.63	\$264,762	\$312,590	\$296,370
3-8-096:015	8,342	\$31.83	\$37.58	\$35.63	-2.0%	0.0%	-2.0%	\$31.19	\$36.83	\$34.92	1.00	\$31.19	\$36.83	\$34.92	\$260,187	\$307,236	\$291,303
3-8-096:016	9,215	\$31.83	\$37.58	\$35.63	-5.0%	0.0%	-5.0%	\$30.24	\$35.70	\$33.85	0.97	\$29.33	\$34.63	\$32.83	\$270,276	\$319,115	\$302,528
3-8-096:017	8,533	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.99	\$31.51	\$37.20	\$35.27	\$268,875	\$317,428	\$300,999
3-8-096:018	8,908	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.98	\$31.19	\$36.83	\$34.92	\$277,841	\$328,082	\$311,067
3-8-096:019	8,953	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.98	\$31.19	\$36.83	\$34.92	\$279,244	\$329,739	\$312,639
3-8-096:020	9,042	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.98	\$31.19	\$36.83	\$34.92	\$282,020	\$333,017	\$315,747
3-8-096:021	9,018	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.98	\$31.19	\$36.83	\$34.92	\$281,271	\$332,133	\$314,909
3-8-096:022	11,305	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.91	\$28.97	\$34.20	\$32.42	\$327,506	\$386,631	\$366,508
3-8-096:023	21,844	\$31.83	\$37.58	\$35.63	0.0%	0.0%	0.0%	\$31.83	\$37.58	\$35.63	0.73	\$23.24	\$27.43	\$26.01	\$507,655	\$599,181	\$568,162

Aggregate Lot Value \$6,518,886 \$7,696,568 \$7,297,353
 Average Lot Value \$283,430 \$334,633 \$317,276



TABLE 4

SUMMARY OF VACANT LOT VALUATIONS

The Fairways at Maui Lan!

Interior Lots

TNE	Parcel Size In Sq Ft	Benchmark Price/SF			Adjustments		Net Adjustments	Adjusted Price/SF				Final Adjusted Price/SF			Indicated Market Value		
		Low	High	Point	Encumbrances	Physical		Low	High	Point	Size	Low	High	Point	Low	High	Point
3-B-096-024	10,027	\$28.53	\$30.69	\$29.40	0.0%	0.0%	0.0%	\$28.53	\$30.69	\$29.40	0.95	\$27.10	\$29.16	\$27.93	\$271,732	\$292,387	\$280,054
3-B-096-025	9,109	\$28.53	\$30.69	\$29.40	0.0%	0.0%	0.0%	\$28.53	\$30.69	\$29.40	0.98	\$27.99	\$29.08	\$28.81	\$289,888	\$273,999	\$282,430
3-B-096-026	13,322	\$28.53	\$30.69	\$29.40	2.0%	0.0%	2.0%	\$27.96	\$30.08	\$28.81	0.86	\$24.05	\$25.87	\$24.78	\$320,394	\$344,640	\$330,119
3-B-096-027	12,807	\$28.53	\$30.69	\$29.40	-5.0%	5.0%	0.0%	\$28.53	\$30.69	\$29.40	0.88	\$25.11	\$27.01	\$25.87	\$321,884	\$345,917	\$331,317
3-B-096-028	11,477	\$28.53	\$30.69	\$29.40	-2.0%	5.0%	3.0%	\$29.39	\$31.61	\$30.28	0.91	\$26.74	\$28.77	\$27.55	\$306,895	\$330,193	\$316,191
3-B-096-029	8,260	\$28.53	\$30.69	\$29.40	2.0%	5.0%	3.0%	\$29.39	\$31.61	\$30.28	1.01	\$29.66	\$31.93	\$30.58	\$248,187	\$263,742	\$252,591
3-B-096-030	7,884	\$28.53	\$30.69	\$29.40	0.0%	5.0%	5.0%	\$29.46	\$32.22	\$30.87	1.02	\$30.56	\$32.86	\$31.49	\$240,935	\$259,068	\$248,267
3-B-096-031	6,914	\$28.53	\$30.69	\$29.40	2.0%	5.0%	3.0%	\$29.39	\$31.61	\$30.28	1.07	\$31.45	\$33.82	\$32.40	\$217,445	\$233,831	\$224,014
3-B-096-032	9,525	\$28.53	\$30.69	\$29.40	-2.0%	5.0%	3.0%	\$29.39	\$31.61	\$30.28	0.96	\$28.21	\$30.35	\$29.07	\$268,700	\$289,084	\$276,892
3-B-096-033	11,994	\$28.53	\$30.69	\$29.40	-2.0%	0.0%	-2.0%	\$27.96	\$30.08	\$28.81	0.88	\$24.60	\$26.47	\$25.35	\$295,052	\$317,481	\$304,048
3-B-096-034	8,017	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.02	\$28.80	\$30.99	\$29.69	\$230,890	\$248,447	\$238,025
3-B-096-035	8,858	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	0.99	\$27.96	\$30.08	\$28.82	\$247,670	\$266,449	\$259,288
3-B-096-036	11,558	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	0.91	\$25.70	\$27.65	\$26.49	\$297,041	\$319,879	\$308,171
3-B-096-037	9,733	\$28.53	\$30.69	\$29.40	1.0%	0.0%	1.0%	\$28.24	\$30.38	\$29.11	0.96	\$27.11	\$29.16	\$27.95	\$283,882	\$283,814	\$272,037
3-B-096-038	8,480	\$28.53	\$30.69	\$29.40	BENCHMARK		0.0%	\$28.53	\$30.69	\$29.40	1.00	\$28.53	\$30.69	\$29.40	\$241,934	\$260,251	\$249,312
3-B-096-039	7,591	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.04	\$29.37	\$31.60	\$30.27	\$232,948	\$239,876	\$229,780
3-B-096-040	6,989	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.07	\$30.22	\$32.51	\$31.15	\$211,208	\$227,212	\$217,707
3-B-096-041	6,862	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.07	\$30.22	\$32.51	\$31.15	\$207,370	\$223,084	\$213,791
3-B-096-042	6,728	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,204	\$220,746	\$211,828
3-B-096-043	6,757	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,089	\$221,697	\$212,440
3-B-096-044	6,755	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,028	\$221,632	\$212,377
3-B-096-045	6,728	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,204	\$220,746	\$211,828
3-B-096-046	6,728	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,204	\$220,746	\$211,828
3-B-096-047	6,728	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$208,204	\$220,746	\$211,828
3-B-096-048	6,803	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.08	\$30.50	\$32.81	\$31.44	\$207,492	\$223,206	\$213,886
3-B-096-049	6,936	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.07	\$30.22	\$32.51	\$31.15	\$209,606	\$225,489	\$216,058
3-B-096-050	7,081	\$28.53	\$30.69	\$29.40	-1.0%	0.0%	-1.0%	\$28.24	\$30.38	\$29.11	1.06	\$29.93	\$32.20	\$30.86	\$211,934	\$228,008	\$218,520
Aggregate Lot Value														\$6,527,470	\$7,022,070	\$6,727,385	
Average Lot Value														\$241,758	\$260,077	\$249,162	

VALUATION OF INDIVIDUAL LOTS 51 - 55

Lot 51 is a drainage catchment and retention lot servicing Lots 1 through 55 of the Fairways at Maui Lani subdivision. It is an integral infrastructural component of the subdivision and also provides water drainage protection to neighboring properties.

Lots 52, 43, 54 and 55 are roadway lots improved with asphalt paving, concrete curbs and gutters, concrete sidewalks and street lights. These lots provide roadway access to lots in the subdivision.

Due to the physical characteristics and land use limitations of Lots 51 through 55, as well as the absence of similar drainage/retention basis and roadway market transactions, the traditional methods of land valuation could not be applied.

Thus, after careful analysis of these subject lots and their physical characteristics, determination of highest and best use, and land use limitations, it was concluded by the appraiser that the market value of Lots 51, 52, 53, 54 and 55 were nominal. Therefore, the estimated market value of these subject lots were concluded as follows:

Lot No.	Current Lot Use	Estimated Market Value
51	Drainage/retention lot	\$1.00
52	Roadway lot	\$1.00
53	Roadway Lot	\$1.00
54	Roadway Lot	\$1.00
55	Roadway Lot	\$1.00

SUMMARY OF THE INDIVIDUAL AND AGGREGATE LOT VALUES - LOTS 1 - 55

	<u>Low Range Value</u>	<u>High Range Value</u>	<u>Point Value</u>
Golf Course Fronting Lots	\$6,518,886	\$7,696,568	\$7,297,353
Interior Lots	\$6,527,470	\$7,022,070	\$6,727,385
Drainage and Street Lots	\$ 5	\$ 5	\$ 5
Total Aggregate Values	\$13,046,361	\$14,718,643	\$14,024,743
Rounded	<u>\$13,050,000</u>	<u>\$14,720,000</u>	<u>\$14,025,000</u>

(2) BULK SALE VALUE OF THE 55 LOTS

(As if Sold to One Purchaser in a Single Transaction)

The purpose of this section is to arrive at a bulk sale value as if the 55 lots were sold to one purchaser in a single transaction. Data from numerous other studies regarding bulk transactions revealed a range of discounts for the bulk sale of lots to one purchaser in a single transaction. The discounts ranged from 20% to 40% depending on a number of variables such as economic and financial conditions, location, supply and demand, absorption, carrying and marketing costs, etc.

The subject 55 lots are finished residential lots with all onsite and offsite infrastructure in place. After considering the current active real estate market, limited supply of residential lots, and favorable interest rates, the concluded discount for the bulk sale of the 55 lots to one purchaser in a single transaction was 30%. The bulk sale value discount is applied to the aggregate retail value of the individual lots. The bulk sale values were determined and concluded as follows:

	Aggregate Retail Lot Value (Rounded)	Bulk Values		
		Discount Range		Concluded Discount
		20%	40%	30%
Low Range Value	\$13,050,000	\$10,440,000	\$7,830,000	\$9,135,000
High Range Value	\$14,720,000	\$11,776,000	\$8,832,000	\$10,304,000
Point Value	\$14,025,000	\$11,220,000	\$8,415,000	\$9,817,500

(3) BULK SALE VALUE OF LOTS IN 10-LOT INCREMENTS

(To One Purchaser in a Single Transaction)

The purpose of this section is to arrive at a bulk sale value as if a 10-lot bundle were sold to one purchaser in a single transaction. Based upon the discount established for the bulk sale of 55 lots, it was concluded by the appraiser that the discount for a 10-lot bundle would be less onerous and a range of 10% to 20% would be adequate.

After considering the current active real estate market, limited supply of residential lots, and favorable interest rates, the concluded discount for the bulk sale of a 10-lot bundle to one purchaser in a single transaction was 15%. The bulk sale value discount is applied to the aggregate retail value of the individual lots. The bulk sale values were determined as follows:

	Aggregate Retail Lot Value (Rounded)	Bulk Values		
		Discount Range		Concluded Discount
		10%	20%	15%
Low Range Value	\$2,372,727	\$2,135,454	\$1,898,182	\$2,016,818
High Range Value	\$2,676,364	\$2,408,728	\$2,141,091	\$2,274,909
Point Value	\$2,550,000	\$2,295,000	\$2,040,000	\$2,167,500

CONCLUSIONS OF VALUE

This appraisal assignment involved market value opinions under the following Client-provided scenarios.

- (1) The market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate;
- (2) The bulk sale value estimate of the 55 lots in the Fairways at Maui Lani if sold to one buyer in a single transaction;
- (3) The bulk sale value estimate of a 10-lot bundle of lots in the Fairways at Maui Lani if sold to one buyer in a single transaction.

(1) Market value of each individual lot; low and high market value range based upon comparable transactions, and a point market value estimate.

TMK	Parcel Size In Sq Ft	Indicated Market Value			TMK	Parcel Size In Sq Ft	Indicated Market Value		
		Low	High	Point			Low	High	Point
3-8-096:001	9,122	\$278,768	\$329,122	\$312,064	3-8-096:024	10,027	\$271,732	\$292,387	\$280,054
3-8-096:002	8,580	\$270,356	\$319,176	\$302,617	3-8-096:025	9,109	\$254,688	\$273,999	\$262,430
3-8-096:003	8,680	\$268,038	\$316,473	\$300,068	3-8-096:026	13,322	\$320,394	\$344,640	\$330,119
3-8-096:004	8,543	\$269,190	\$317,800	\$301,312	3-8-096:027	12,807	\$321,584	\$345,917	\$331,317
3-8-096:005	8,590	\$265,259	\$313,191	\$296,956	3-8-096:028	11,477	\$306,895	\$330,193	\$316,191
3-8-096:006	8,574	\$270,167	\$318,953	\$302,405	3-8-096:029	8,260	\$245,157	\$263,742	\$252,591
3-8-096:007	8,571	\$270,072	\$318,841	\$302,299	3-8-096:030	7,884	\$240,935	\$259,068	\$248,267
3-8-096:008	9,634	\$288,346	\$340,466	\$322,835	3-8-096:031	6,914	\$217,445	\$233,831	\$224,014
3-8-096:009	8,481	\$267,236	\$315,493	\$299,125	3-8-096:032	9,525	\$268,700	\$289,084	\$276,892
3-8-096:010	8,394	\$261,809	\$309,151	\$293,118	3-8-096:033	11,994	\$295,052	\$317,481	\$304,048
3-8-096:011	8,381	\$266,767	\$314,958	\$298,615	3-8-096:034	8,017	\$230,890	\$248,447	\$238,025
3-8-096:012	8,313	\$259,282	\$306,168	\$290,290	3-8-096:035	8,858	\$247,670	\$266,449	\$255,288
3-8-096:013	8,377	\$263,959	\$311,624	\$295,457	3-8-096:036	11,558	\$297,041	\$319,579	\$306,171
3-8-096:014	8,318	\$264,762	\$312,590	\$296,370	3-8-096:037	9,733	\$263,862	\$283,814	\$272,037
3-8-096:015	8,342	\$260,187	\$307,236	\$291,303	3-8-096:038	8,480	\$241,934	\$260,251	\$249,312
3-8-096:016	9,215	\$270,276	\$319,115	\$302,528	3-8-096:039	7,591	\$222,948	\$239,876	\$229,780
3-8-096:017	8,533	\$268,875	\$317,428	\$300,959	3-8-096:040	6,989	\$211,208	\$227,212	\$217,707
3-8-096:018	8,908	\$277,841	\$328,082	\$311,067	3-8-096:041	6,862	\$207,370	\$223,084	\$213,751
3-8-096:019	8,953	\$279,244	\$329,739	\$312,639	3-8-096:042	6,728	\$205,204	\$220,746	\$211,528
3-8-096:020	9,042	\$282,020	\$333,017	\$315,747	3-8-096:043	6,757	\$206,089	\$221,697	\$212,440
3-8-096:021	9,018	\$281,271	\$332,133	\$314,909	3-8-096:044	6,755	\$206,028	\$221,632	\$212,377
3-8-096:022	11,305	\$327,506	\$386,631	\$366,508	3-8-096:045	6,728	\$205,204	\$220,746	\$211,528
3-8-096:023	21,844	\$507,655	\$599,181	\$568,162	3-8-096:046	6,728	\$205,204	\$220,746	\$211,528
					3-8-096:047	6,728	\$205,204	\$220,746	\$211,528
					3-8-096:048	6,803	\$207,492	\$223,206	\$213,886
					3-8-096:049	6,936	\$209,606	\$225,489	\$216,056
					3-8-096:050	7,081	\$211,934	\$228,008	\$218,520

Aggregate Lot Values - Lots 1 - 55

	<u>Low Range Value</u>	<u>High Range Value</u>	<u>Point Value</u>
Total Aggregate Values	\$13,046,361	\$14,718,643	\$14,024,743
Rounded	\$13,050,000	\$14,720,000	\$14,025,000



(2) BULK SALE VALUE OF THE 55 LOTS

(As if Sold to One Purchaser in a Single Transaction)

	Discount Range		Concluded Discount
	20%	40%	30%
Low Range Value	\$10,440,000	\$7,830,000	\$9,135,000
High Range Value	\$11,776,000	\$8,832,000	\$10,304,000
Point Value	\$11,220,000	\$8,415,000	\$9,817,500

(3) BULK SALE VALUE OF LOTS SOLD IN 10-LOT INCREMENTS

(To One Purchaser in a Single Transaction)

	Discount Range		Concluded Discount
	10%	20%	15%
Low Range Value	\$2,133,454	\$1,898,182	\$2,016,818
High Range Value	\$2,408,728	\$2,141,091	\$2,274,909
Point Value	\$2,295,000	\$2,040,000	\$2,167,500

In reporting the above values, the Appraiser has also considered the probable exposure time for the subject property. In the Appraiser's opinion, a reasonable exposure time for the subject lots at the value ranges estimated herein, is 18 to 24 months. The estimated exposure time is based upon an analysis of economic and real estate market conditions that existed prior to the effective date of this appraisal, and does not reflect any adverse marketability conditions of the subject lots.

PART IV – EXHIBITS AND ADDENDA

ASSUMPTIONS AND LIMITING CONDITIONS

The research, analysis, and value conclusions contained in this appraisal are guided and influenced by the following assumptions and conditions, and constitute the framework of our study.

- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- Legal descriptions referenced in the report were obtained from public documents from the State of Hawaii, Bureau of Conveyances, or were furnished by the client or other third-party, and were assumed to be correct.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- The Appraiser has viewed, as far as possible, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structurally or by other components. The appraisal assumes that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures or toxic material which would render it more or less valuable. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist.
- The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
- All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

- Information provided by the client, property owner, owners' representative, or persons designated by the client or owner to supply said information are accurate and correct unless otherwise specially noted in the appraisal report. Additionally, information from third parties including government agencies, financial institutions, realtors, buyers, sellers, and others and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no warranty is assumed for possible misinformation.
- If analysis contained in this appraisal involve partial interests in real estate, the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
- The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
- The appraiser will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- Acceptance of, and/or use of this appraisal report by client or any third party constitutes acceptance of the ACM Consultants, Inc., Certification and Limiting and Contingent Conditions. Appraiser liability extends only to stated client, not subsequent parties or users of any type, and the total liability of Appraiser(s) and firm is limited to the amount of fee received by Appraiser.

LEGAL DESCRIPTION

EXHIBIT "A"

All of that certain parcels of land situate at Wailuku, Island and County of Maui, State of Hawaii, being LOTS 1 to 55, inclusive, of "THE FAIRWAYS AT MAUI LANI", as shown on File Plan No. 2448, filed in the Bureau of Conveyances of the State of Hawaii, described in Schedule 1 attached hereto.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED AND RESERVATION OF RIGHTS AND EASEMENTS from MAUI LANI PARTNERS, a Hawaii general partnership, as Grantor, to VP&PK (ML), LLC, a Hawaii limited liability company, as Grantee, dated June 15, 2004, recorded in said Bureau as Document No. 2004-119618.

SUBJECT, HOWEVER, to the following:

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. ELEVATION AGREEMENT by and between A&B PROPERTIES, INC. and the COUNTY OF MAUI through its DEPARTMENT OF WATER SUPPLY, a political subdivision of the State of Hawaii, dated September 16, 1980, recorded in said Bureau in Liber 15037 at Page 310.
3. CERTIFICATE by A&B PROPERTIES, INC., a Hawaii corporation, dated June 2, 1983, recorded in said Bureau in Liber 17086 at Page 382, re Reclassification of approximately 680 acres from Agricultural District to Urban District.
4. SUBDIVISION AGREEMENT (LARGE LOTS) by and between ALEXANDER & BALDWIN, INC., and the COUNTY OF MAUI, dated February 14, 1989, recorded in said Bureau in Liber 23036 at Page 373.
5. AGREEMENT TO DEFER SUBDIVISION REQUIREMENTS by and between ALEXANDER & BALDWIN, INC., a Hawaii corporation, and the DEPARTMENT OF WATER SUPPLY of the County of Maui, dated September 27, 1989, recorded in said Bureau in Liber 23854 at Page 9.
6. SUBDIVISION AGREEMENT (LARGE LOTS) by and between ALEXANDER & BALDWIN, INC., a Hawaii corporation, and the COUNTY OF MAUI, dated August 29, 1989, recorded in said Bureau in Liber 23899 at Page 689.
7. UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL USE by MAUI LANI PARTNERS, a Hawaii general partnership, dated November 28, 1989, recorded in said Bureau in Liber 23963 at Page 712.
8. DECLARATION OF COVENANTS AND RESTRICTIONS dated as of January 30, 1990, recorded in said Bureau as Document No. 90-014464.

Limited Warranty Deed

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Said Declaration was amended by instruments dated ----, 1990 (acknowledged August 17, 1990 and September 24, 1990), recorded in said Bureau as Document No. 90-197551, and dated May 18, 1994, recorded in said Bureau as Document No. 94-085713.

9. SUBDIVISION AGREEMENT (LARGE LOTS) by and between ALEXANDER & BALDWIN, INC., a Hawaii corporation and MAUI LANI PARTNERS, a Hawaii general partnership, dated March 22, 1991, recorded in said Bureau as Document No. 91-051286

10. SUBDIVISION AGREEMENT (LARGE LOTS) by and between MAUI LANI PARTNERS, a Hawaii general partnership, and the COUNTY OF MAUI, dated June 19, 1991, recorded in said Bureau as Document No. 91-085078.

11. SUBDIVISION AGREEMENT (LARGE LOTS) by and between MAUI LANI PARTNERS, a Hawaii general partnership, and the COUNTY OF MAUI, dated June 19, 1991, recorded in said Bureau as Document No. 91-085079.

12. ACKNOWLEDGMENT dated May 29, 1991, recorded in said Bureau as Document No. 91-085080, by MAUI LANI PARTNERS; re: sewage system capacity.

13. AGREEMENT by and between COUNTY OF MAUI, MAUI LANI PARTNERS, a Hawaii general partnership, and HRT, LTD., a Hawaii corporation, dated July 17, 1995, recorded in said Bureau as Document No. 95-094052, re Drainage and erosion control plan and traffic improvements.

14. HOLD-HARMLESS AGREEMENT by and between COUNTY OF MAUI, and MAUI LANI PARTNERS, a Hawaii general partnership, and HRT, LTD., a Hawaii corporation, dated July 17, 1995, recorded in said Bureau as Document No. 95-094053, re Wastewater treatment capacity.

15. SUBDIVISION AGREEMENT (LARGE LOTS) by and between MAUI LANI PARTNERS (MLP) and HRT, Ltd. (HRT) and the COUNTY OF MAUI, dated July 11, 1995, recorded in said Bureau as Document No. 95-094143.

16. DEFERRAL OF SUBDIVISION REQUIREMENTS AGREEMENT, dated July 3, 1995, recorded in said Bureau as Document No. 95-097157.

17. The terms and provisions contained in the DEED, dated September 6, 1995, recorded in said Bureau as Document No. 95-116076. The foregoing includes, but is not limited to, matters relating to proposed golf course on adjacent property.

18. RECIPROCAL EASEMENT AGREEMENT by and between HRT, LTD., a Hawaii corporation, and MAUI LANI PARTNERS, a Hawaii general partnership, dated September 6, 1995, recorded in said Bureau as Document No. 95-116080.

Said above Agreement was amended by instrument dated July 16, 2010, recorded in said Bureau as Document No. 2010-109450.

Limited Warranty Deed

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DECLARATION TO PARTIALLY RELEASE THE RECIPROCAL EASEMENT AGREEMENT dated June 15, 2004, recorded in said Bureau as Document No. 2004-119615, by MAUI LANI PARTNERS, a Hawaii general partnership, re: upon the conveyance of a subdivided residential lot to a residential lot buyer for his or her use, the Reciprocal Easement Agreement shall be released from and no longer be applicable to such conveyed subdivided residential lot.

AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT dated July 16, 2010, recorded in said Bureau as Document No. 2010-109450.

19. HOLD-HARMLESS AGREEMENT by and between COUNTY OF MAUI and MAUI LANI HOMES, a Hawaii general partnership, dated October 4, 1996, recorded in said Bureau as Document No. 96-149386, re Adequate wastewater treatment.

20. MAUI LANI DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS dated January 22, 1997, recorded in said Bureau as Document No. 97-010578.

The foregoing replaces and restates in its entirety that certain Maui Lani Declaration of Covenants, Conditions and Restrictions dated February 13, 1996, recorded in said Bureau as Document No. 96-020854.

Said Declaration was amended by instruments dated September 17, 1997, recorded in said Bureau as Document No. 97-128719, dated August 3, 2001, recorded in said Bureau as Document No. 2001-131425, dated --- (acknowledged October 18, 2001), recorded in said Bureau as Document No. 2001-171089, dated October 11, 2007, recorded in said Bureau as Document No. 2007-196169, dated June 13, 2008, recorded in said Bureau as Document No. 2008-102293, dated June 13, 2008, recorded in said Bureau as Document No. 2008-102294, dated August 18, 2008, recorded in said Bureau as Document No. 2008-132440, dated December 31, 2007, recorded in said Bureau as Document No. 2008-147256, dated September 18, 2008, recorded in said Bureau as Document No. 2008-147257, dated December 1, 2008, recorded in said Bureau as Document No. 2008-181885, and dated September 21, 2009, recorded in said Bureau as Document No. 2009-156014.

AMENDMENT TO THE BYLAWS OF THE MAUI LANI COMMUNITY ASSOCIATION dated November 16, 2010, recorded in said Bureau as Document No. 2010-179699.

-Note:-Bylaws are not attached to original Declaration or to amended and restated Declaration.

21. HOLD-HARMLESS AGREEMENT by and between COUNTY OF MAUI, MAUI LANI HOMES, a Hawaii General Partnership, and MAUI LANI PARTNERS, a Hawaii general partnership, dated November 10, 1998, recorded in said Bureau as Document No. 98-179083, re Wastewater treatment capacity.

Limited Warranty Deed

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22. HOLD-HARMLESS AGREEMENT by and between COUNTY OF MAUI and MAUI LANI HOMES, a Hawaii general partnership, dated November 8, 1999, recorded in said Bureau as Document No. 2000-014015, re adequate wastewater treatment.

23. -AS TO LOT 1:- DESIGNATION OF EASEMENT "F" for drainage purposes, as shown on File Plan No. 2267.

24. -AS TO LOTS 26, 27, 28, 32, 33 AND 55:- DESIGNATION OF EASEMENT "O" for waterline purposes, as shown on File Plan No. 2194.

25. The terms and provisions contained in the LIMITED WARRANTY DEED AND RESERVATION OF RIGHTS AND EASEMENTS dated June 15, 2004, recorded in said Bureau as Document No. 2004-119618.

The foregoing includes, but is not limited to, matters relating to (i) agricultural activities, including sugar cane burning, on adjacent lands; (ii) "Site Conditions", being more particularly described therein, including the former use of adjacent lands by the County of Maui as a garbage disposal site; and (iii) "Development Activities", being more particularly described therein, on adjacent lands..

26. The following easements as shown on File Plan No. 2448:

(A) EASEMENT "D-1" for drainage purposes affecting Lots 44 to 50, inclusive.

(B) EASEMENT "D-2" for drainage purposes affecting Lots 34 to 43, inclusive.

(C) EASEMENT "D-3" for drainage purposes affecting Lot 8.

(D) EASEMENT "D-3A" for drainage purposes affecting Lot 54.

(E) EASEMENT "D-4" for drainage purposes affecting Lot 13.

(F) EASEMENT "E-1" for electrical purposes affecting Lot 3.

(G) EASEMENT "E-2" for electrical purposes affecting Lot 5.

(H) EASEMENT "E-3" for electrical purposes affecting Lot 10.

(I) EASEMENT "E-4" for electrical purposes affecting Lot 12.

(J) EASEMENT "E-5" for electrical purposes affecting Lot 15.

(K) EASEMENT "E-6" for electrical purposes affecting Lots 29 and 52.

(L) EASEMENT "E-7" for electrical purposes affecting Lots 31 and 53.

(M) EASEMENT "L-1" for landscape purposes affecting Lot 1.

(N) EASEMENT "S-1" for sewerline purposes affecting Lot 16.

(O) EASEMENT "U-1" for utility purposes affecting Lot 52.

(P) EASEMENT "U-2" for utility purposes affecting Lot 53.

(Q) EASEMENT "W-1" for waterline purposes affecting Lot 27.

Lot 26. (R) EASEMENT "W-2" for waterline, drainage and landscape purposes affecting

Lot 27. (S) EASEMENT "W-3" for waterline, drainage and landscape purposes affecting

Lot 28. (T) EASEMENT "W-4" for waterline, drainage and landscape purposes affecting

Lot 32. (U) EASEMENT "W-5" for waterline, drainage and landscape purposes affecting

Lot 33. (V) EASEMENT "W-6" for waterline, drainage and landscape purposes affecting

27. GRANT to the COUNTY OF MAUI, dated October 24, 2006, recorded in said Bureau as Document No. 2006-219398, granting an easement over said Easement "U-1".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

28. GRANT to the COUNTY OF MAUI, dated October 24, 2006, recorded in said Bureau as Document No. 2006-219399, granting an easement for waterline purposes over said Easement "W-1"

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

29. GRANT to the COUNTY OF MAUI, dated October 24, 2006, recorded in said Bureau as Document No. 2006-219400, granting an easement for waterline purposes over Roadway Lots 54 and 55.

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

30. GRANT to the COUNTY OF MAUI, dated November 9, 2006, recorded in said Bureau as Document No. 2006-219401, granting an easement for waterline purposes over said Easement "W-2".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

31. GRANT to the COUNTY OF MAUI, dated November 9, 2006, recorded in said Bureau as Document No. 2006-219402, granting an easement for waterline purposes over said Easement "W-3".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

32. GRANT to the COUNTY OF MAUI, dated November 9, 2006, recorded in said Bureau as Document No. 2006-219403, granting an easement for waterline purposes over said Easement "W-4".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

33. GRANT to the COUNTY OF MAUI, dated November 9, 2006, recorded in said Bureau as Document No. 2006-219404, granting an easement for waterline purposes over said Easement "W-5".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

34. GRANT to the COUNTY OF MAUI, dated November 9, 2006, recorded in said Bureau as Document No. 2006-219405, granting an easement for waterline purposes over said Easement "W-6".

Said Grant was amended by DECLARATION TO CORRECT GRANTOR'S NAME ON EASEMENTS dated May 16, 2007, recorded in said Bureau as Document No. 2007-093186.

35. Pending Civil No. 07-1-0258 filed in the Circuit Court of the Second Circuit, State of Hawaii, on July 18, 2007: KAREN GOO, RON LEINWEBER, SUE LEINWEBER,

Limited Warranty Deed

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NANCY OSHIRO, AMBER TORRECER-PAZ, REYN TATEYAMA, EMERY LEE, DONNA LEE, LARRY OSHIRO, ADRIENNE OWENS, YOSHI SAKUMA, LILLIAN TORRECER, KAHAI SHISHIDO, WENDY SHISHIDO, CLARK NAKAMOTO, SCOTT OSHIRO, JOHN ZANER and JULIE ZANER, "Plaintiff", vs. VP and PK (ML) LLC, KCOM CORP., et al., "Defendant"; re: declaratory and injunctive relief and damages.

36. UTILITY EASEMENT to MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, dated August 13, 2007, recorded as Document No. 2008-127027, granting an easement over said Easements "E-1", "E-2", "E-3", "E-4", "E-5", "E-6", "E-7", "U-1", "U-2", Roadway Lots 54 and 55.

37. UTILITY EASEMENT to MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, dated July 15, 2009, recorded in said Bureau as Document No. 2010-008329, granting an easement over said Easement "E-6A", described therein, affecting Lot 29.

38. UTILITY EASEMENT to MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, dated July 15, 2009, recorded in said Bureau as Document No. 2010-008330, granting an easement over said Easement "E-7A", described therein, affecting Lot 31.

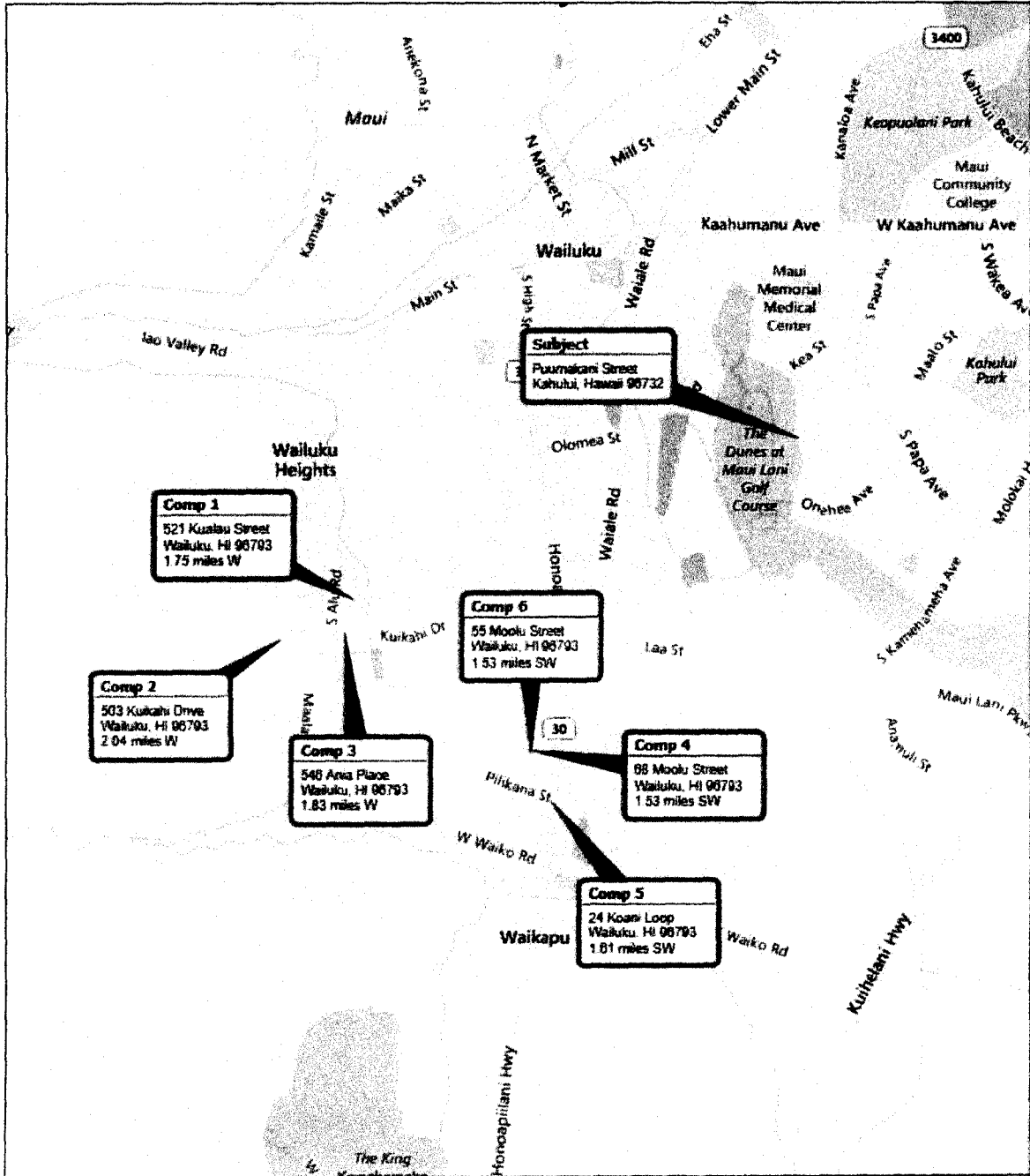
39. UTILITY EASEMENT to MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, dated August 4, 2009, recorded in said Bureau as Document No. 2010-012727, granting an easement over said Easement "E-8", described therein, affecting Lot 33.

40. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

SCHEDULE "F"

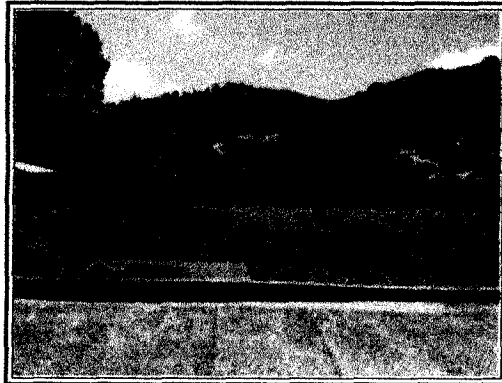
LOT NUMBER	AREA (SQ. FT.)	TAX MAP KEY
1	8,122	(2) 3-8-098-001
2	8,580	(2) 3-8-098-002
3	8,880	(2) 3-8-098-003
4	8,543	(2) 3-8-098-004
5	8,580	(2) 3-8-098-005
6	8,574	(2) 3-8-098-006
7	8,571	(2) 3-8-098-007
8	9,659	(2) 3-8-098-008
9	8,461	(2) 3-8-098-009
10	8,394	(2) 3-8-098-010
11	8,361	(2) 3-8-098-011
12	8,313	(2) 3-8-098-012
13	8,377	(2) 3-8-098-013
14	8,318	(2) 3-8-098-014
15	8,342	(2) 3-8-098-015
16	8,215	(2) 3-8-098-016
17	8,533	(2) 3-8-098-017
18	8,808	(2) 3-8-098-018
19	8,853	(2) 3-8-098-019
20	8,042	(2) 3-8-098-020
21	8,018	(2) 3-8-098-021
22	11,305	(2) 3-8-098-022
23	21,844	(2) 3-8-098-023
24	18,027	(2) 3-8-098-024
25	9,188	(2) 3-8-098-025
26	13,372	(2) 3-8-098-026
27	12,807	(2) 3-8-098-027
28	11,477	(2) 3-8-098-028
29	8,280	(2) 3-8-098-029
30	7,884	(2) 3-8-098-030
31	8,514	(2) 3-8-098-031
32	8,525	(2) 3-8-098-032
33	10,894	(2) 3-8-098-033
34	8,017	(2) 3-8-098-034
35	8,858	(2) 3-8-098-035
36	11,558	(2) 3-8-098-036
37	9,733	(2) 3-8-098-037
38	8,480	(2) 3-8-098-038
39	7,521	(2) 3-8-098-039
40	8,980	(2) 3-8-098-040
41	8,862	(2) 3-8-098-041
42	6,728	(2) 3-8-098-042
43	6,757	(2) 3-8-098-043
44	6,755	(2) 3-8-098-044
45	8,728	(2) 3-8-098-045
46	6,728	(2) 3-8-098-046
47	6,728	(2) 3-8-098-047
48	6,803	(2) 3-8-098-048
49	6,836	(2) 3-8-098-049
50	7,081	(2) 3-8-098-050
51	21,004	(2) 3-8-098-051
52	4,041	(2) 3-8-098-052
53	3,183	(2) 3-8-098-053
54	89,575	(2) 3-8-098-054
55	6,620	(2) 3-8-098-055

COMPARABLE LAND SALES LOCATION AND PHOTOGRAPHS





COMPARABLE LAND SALE 1



COMPARABLE LAND SALE 2



COMPARABLE LAND SALE 3



COMPARABLE LAND SALE 4



COMPARABLE LAND SALE 5



COMPARABLE LAND SALE 6

ZONING

Chapter 19.78 - WAILUKU-KAHULUI PROJECT DISTRICT 1 (MAUI LANI)

Sections:

19.78.010 - Purpose and intent.

- A. The purpose of this project district is to provide for a flexible and creative approach to development which considers physical, environmental, social, and economic factors in a comprehensive manner.
- B. The intent of the Wailuku-Kahului project district 1, referred to in this code as the Maui Lani project district, is to establish a residential community along with an integrated open space and recreation system, future school sites, village mixed use area, and community or regional scale commercial shopping facilities to serve the expanding Wailuku-Kahului population.
(Ord. 3364 § 2, 2006; Ord. 1924 § 1, 1990)

19.78.020 - Residential PD-WK/1.

- A. The designation and boundaries of each subdistrict within the residential PD-WK/1 district shall be reviewed and approved by the appropriate planning commission in conjunction with phase two provisions of the County's project district processing procedures.
This district shall consist of four subdistricts, each of which shall permit specific principal, accessory and special uses and which shall be defined by specific development standards in order to foster the development of various types and densities of residential units within the Maui Lani project district.
- B. The residential subdistricts shall be as follows:
 - 1. Single-family SF-8 subdistrict:
 - a. Permitted Uses. Within the single-family SF-8 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping of a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Home occupations,
 - (E) Recreation centers and facilities,
 - (F) Parks and common areas,
 - (G) Private parking areas for four or more cars, and
 - (H) Utility installations.
 - b. Development requirements in the single-family SF-8 subdistrict shall be:
 - i. Minimum lot area, eight thousand square feet;
 - ii. Minimum average lot width, seventy feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet for houses, twenty feet for garages, carports,
 - (B) Side yard, six feet for single-story, fifteen feet for two stories,
 - (C) Rear yard, six feet for single-story, fifteen feet for two stories;
 - iv. Maximum building height, two stories not exceeding thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.4 FAR;
 - vi. Maximum overall density, four units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.

2. Single-family SF-5 subdistrict:
 - a. Permitted Uses. Within the single-family SF-5 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Recreation centers and facilities,
 - (G) Parks and common areas,
 - (H) Utility installations, and
 - (I) Private parking areas for four or more cars.
 - b. Development requirements in the single-family SF-5 subdistrict shall be:
 - i. Minimum lot area, five thousand square feet;
 - ii. Minimum lot width, fifty feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet for houses, twenty feet for garages, carports,
 - (B) Side yard, six feet, ten feet for second stories,
 - (C) Rear yard, six feet, ten feet for second stories;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.45 FAR;
 - vi. Maximum overall density, six units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.
3. Single-family SF-3 subdistrict:
 - a. Permitted Uses. Within the single-family SF-3 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings, and
 - (B) Single-family semi-attached (on one side only) dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Recreation centers and facilities,
 - (G) Parks and common areas,
 - (H) Utility installations, and
 - (I) Private parking areas for four or more vehicles.
 - b. Development requirements in the single-family SF-3 subdistrict shall be:
 - i. Minimum lot area, three thousand square feet;
 - ii. Minimum average lot width, forty feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, ten feet for houses, twenty feet for carports,
 - (B) Side yard, five feet for any exterior walls with openings for light, air and/or access; the sum of both side yards on any lot must total ten feet; common walls built on property lines must be constructed of masonry or of equal fire and sound retardant material,
 - (C) Rear yard, five feet, ten feet for second stories;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.5 FAR;

- vi. Maximum overall density, ten units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.
4. Multifamily MF subdistrict:
- a. Permitted Uses. Within the multifamily subdistrict, the permitted uses shall be as follows:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings,
 - (B) Single-family attached dwellings, and
 - (C) Apartments;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal uses:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Resident manager's office,
 - (G) Recreation centers and facilities,
 - (H) Parks and common areas, and
 - (I) Utility installations.
 - b. Development requirements in the multifamily MF subdistrict shall be:
 - i. Minimum lot area, ten thousand square feet;
 - ii. Minimum average lot width, seventy feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet,
 - (B) Side yard, ten feet,
 - (C) Rear yard, fifteen feet;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum overall density, twenty-five units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.

(Ord. 1924 § 1, 1990)

PROFESSIONAL QUALIFICATIONS - TED YAMAMURA, SRA, R/W-AC

• **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 160, 9/18/1991
Expiration: December 31, 2017



• **PROFESSIONAL AFFILIATIONS**

Member---Appraisal Institute - Honolulu Chapter #67, **SRA** Designation - 1985
Member---International Right of Way Association (IRWA), **R/W-AC** Certification - 2007

• **PROFESSIONAL AND COMMUNITY INVOLVEMENT**

Past Member -- State of Hawaii, Commission on Water Resource Management - 2012-2014
Past President -- Hawaii Chapter of the Appraisal Institute - 2010
Past Member -- County of Maui, Board of Water Supply - 2008-2012
Past Member -- State of Hawaii, Board of Land & Natural Resources - 2001-2006
Past President -- International Right of Way Association (IRWA), Hawaii Chapter #30 - 2004
Past President -- Maui County Council, Boy Scouts of America - 1987

• **EXPERIENCE AND EDUCATION**

Executive Vice President
ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Vice President - Alexander & Alexander, Ltd. - Maui Division - 1979-1982
Assistant Vice President - Honolulu Federal Savings & Loan Assn. - 1974-1979
Veteran - United States Air Force - 1967-1971
Educated: Maui High School and University of Hawaii

• **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

Appraisal Institute - *National Uniform Standards of Professional Appraisal Practice (USPAP) 2016-2017 Update Course* - Las Vegas, Nevada - 2016
International Right of Way Association - *Course 403, Easement Valuation*, Tucson, Arizona - 2008
International Right of Way Association - *Course 410, Reviewing Appraisals in Eminent Domain*, Tucson, Arizona - 2008
International Right of Way Association - *Course 401, The Appraisal of Partial Acquisitions* Fresno, California - 2007
International Right of Way Association - *Course 409, Integrating Appraisal Standards*, Anaheim, California - 2005
Appraisal Institute - *Business Practices and Ethics*, Honolulu, Hawaii - 2009
Appraisal Institute - *Course 400, Uniform Standards of Professional Appraisal Practice (USPAP)*, Honolulu, Hawaii - 2003
Appraisal Institute - *Standards of Professional Practice Part C*, Honolulu, Hawaii - 1997
Appraisal Institute - *Standards of Professional Practice Part A and Part B*, Honolulu, Hawaii - 1993
International Right of Way Association (IRWA) *Course 214, Skills of Expert Testimony* Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) *Course 102 Examination, "Applied Residential Property Valuation"*, Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) *"Narrative Demonstration Report" Examination*, Wailuku, Maui, Hawaii - 1983
Society of Real Estate Appraisers (SREA) *Course 101 Examination, "Introduction to Appraising Real Property"*, Honolulu, Hawaii - 1979

CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:

Appraisal Institute "The Discounted Cash Flow Model" Honolulu, Hawaii - 2015
Appraisal Institute "Complex Litigation Appraisal Case Studies" Honolulu, Hawaii - 2014
The Seminar Group "Eminent Domain & Condemnation in Hawaii" Honolulu, Hawaii - 2013
University of Hawaii/State of Hawaii Department of Transportation "Federal Highways (FHWA) Highway Noise Policy and Abatement Guidelines Workshop" - 2011
Appraisal Institute "Real Estate Finance, Statistics, and Valuation Modeling" - 2009
Appraisal Institute "Eminent Domain and Condemnation" - 2007
Appraisal Institute "National Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book") Practical Applications for Fee Appraisers" Honolulu, Hawaii - 2006
Lorman Education Services "Law of Easements: Legal Issues and Practical Considerations in Hawaii" Honolulu, Hawaii - 2006
Lorman Education Services "Eminent Domain in Hawaii" Honolulu, Hawaii - 2006
Appraisal Institute "Mini-Series on USPAP Issues" Honolulu, Hawaii - 2006
International Right of Way Association (IRWA) "Uniform Act Symposium", Anaheim, California - 2005
Lorman Education Services "Zoning and Land Use in Hawaii", Honolulu, Hawaii - 2003
The American Society of Farm Managers & Rural Appraisers "Conservation Easements" Honolulu, Hawaii - 2001
The American Society of Farm Managers & Rural Appraisers "Appraising Rural Residential Properties" - Honolulu, Hawaii - 2001
Appraisal Institute "Valuation of Detrimental Conditions in Real Estate" Honolulu, Hawaii - 2000
Appraisal Institute "Case Studies in Residential Highest and Best Use" Honolulu, Hawaii - 2000
Appraisal Institute "Advanced Sales Comparison Approach" Honolulu, Hawaii - 2000
Appraisal Institute "Appraisal of Nonconforming Uses" Honolulu, Hawaii - 2000
Appraisal Institute "Litigation Skills for the Appraiser: An Overview" Honolulu, Hawaii - 1998
Appraisal Institute "Special Purpose Properties" Honolulu, Hawaii - 1997
Appraisal Institute "Appraising for the Secondary Market" Honolulu, Hawaii - 1996
Appraisal Institute "The Employee Relocation Council Form and the Drive-By Form", Anaheim, California - 1995
Appraisal Institute "The Condominium Form and the Small Residential Income Property Appraisal Report Form", Anaheim, California - 1995
Appraisal Institute "Technology Trends for the New Appraisal Office: EDI, GIS, and Digital Imaging" San Francisco, California - 1995
Appraisal Institute "Residential Appraisal Review", Chicago, Illinois - 1994
Appraisal Institute "Understanding Limited Appraisals and Appraisal Reporting Options" Chicago, Illinois - 1994
Appraisal Institute "Accrued Depreciation", Las Vegas, Nevada - 1992
Appraisal Institute "Market Analysis", Las Vegas, Nevada - 1992
American Institute of Real Estate Appraisers (AIREA) "Easement Valuation", Los Angeles, California - 1990
Federal National Mortgage Association (FNMA) "Fannie Mae Appraisals", Seminar, Honolulu, Hawaii - 1990
Society of Real Estate Appraisers (SREA) "Federal Home Loan Bank Board Appraisal Standards", Honolulu, Hawaii - 1989
Society of Real Estate Appraisers (SREA) "Uniform Small Residential Income Appraisal Report", New York - 1989
Society of Real Estate Appraisers (SREA) "Professional Practice", Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) "Appraisers Guide to the Uniform Residential Appraisal Report", Honolulu, Hawaii - 1987
American Institute of Real Estate Appraisers (AIREA) "R-41b and Subdivision Analysis", Honolulu, Hawaii - 1985
International Right of Way Association (IRWA) "Condemnation", Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "Creative Financing and Cash Equivalency", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Appraising Single Family Residences", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Application of Market Extraction's", Honolulu, Hawaii - 1981

• **LEGAL**

Qualified as an expert witness:

First Circuit Court, Honolulu, Hawaii
Second Circuit Court, Maui, Hawaii
Third Circuit Court, Hawaii Island, Hawaii
U.S. District Court, Honolulu, Hawaii
U.S. Bankruptcy Court, Honolulu, Hawaii

Experienced in real estate arbitration assignments in the State of Hawaii



A Real Estate Research, Valuation & Advisory Group

January 2, 2017

Mr. Danilo F. Agsalog
 Finance Director
 County of Maui
 200 South High Street
 Wailuku, Hawaii 96793

**RE: Vacant Lot Appraisals at the Sandhills Estates Subdivision
 Wailuku, Maui, Hawaii**

Dear Mr. Agsalog:


In accordance with your request I have prepared the following appraisal report which establishes the market value of vacant lots in the Sandhills Estates subdivision in Wailuku, Maui. The final value estimates are based on the on-site inspection of the subject properties; determination of highest and best use; review of comparable land transactions in the market, and a review of current economic and financial conditions.

Based upon my research and study, the estimated market value of the subject lots, as of December 15, 2016, subject to the "Certification" and "Assumptions and Limiting Conditions", are as follows:

Tax Map Key	Land Area	Concluded Market Value
(2) 3-8-89-22	10,605 SF	\$215,000
(2) 3-8-89-74	10,349 SF	\$223,000
(2) 3-8-89-76	10,699 SF	\$228,000

The following appraisal report summarizes my analysis of data along with other pertinent materials on which the estimates of value are predicated. Thank you for this opportunity to work on this interesting assignment.

Respectfully submitted,

ACM Consultants, Inc.


Ted Yamamura, SRA, R/W-AC
 Certified General Appraiser
 State of Hawaii, CGA-160
 Expires: 12/31/2017

CERTIFICATION

The undersigned does hereby certify that to the best of my knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- (4) I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- (5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (8) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- (9) I have made a personal observation of the property that is the subject of this report.
- (10) No one provided significant real property appraisal assistance to the person signing this certification.
- (11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- (12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (13) As of the date of this report, the undersigned member signing the report has completed the continuing education program of the Appraisal Institute.

ACM Consultants, Inc.



Ted Yamamura, SRA, R/W-AC
Certified General Appraiser
State of Hawaii, CGA-160
Expiration: December 31, 2017

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PART I – INTRODUCTION

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, and statement of assumptions and limiting conditions, extraordinary assumptions and hypothetical conditions, and certifications contained in the appraisal.

SCOPE OF WORK

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report, including the following definition of market value, extraordinary assumptions and hypothetical conditions, statement of assumptions and limiting conditions, and certifications as contained in the report. The appraiser has at a minimum performed a complete visual inspection of the observable areas of the subject properties, considered the neighborhood and its characteristics, viewed each of the comparable sales, and researched, verified and analyzed data from public and/or private sources that were deemed to be reliable. An analysis of Highest and Best Use was conducted as though the sites were vacant and available for development and this conclusion was the basis upon which our valuations were derived. Finally, the analysis, opinions and conclusions were reported in this appraisal report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal, as of December 15, 2016, is to estimate the fee simple market value of the following vacant lots in the Sandhills Estates Subdivision in Wailuku, Maui.

TMK	Lot No.	Land Area	
		Sq Ft	Street
3-8-089:022	22	10,605	Keonelo Street
3-8-089:074	74	10,349	Keonelo Street
3-8-089:076	76	10,699	Keonelo Street

The intended use of this report is to provide real property information, real estate market data, and informed value conclusions for internal decision making purposes regarding possible disposition of the subject lots.

Definition of Fee Simple¹

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat".

¹ *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute, 2015

Definition of Market Value²

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress".

INTENDED USER

The County of Maui (Client) and their assigns are the only authorized users of this report. Any other use by any other person or entity for any other purpose, without exception, is explicitly unauthorized.

PROPERTY INSPECTION/DATE OF REPORT/EFFECTIVE DATE

The subject property was physically inspected by Ted Yamamura on December 15, 2016. The date of this appraisal report is January 2, 2017, and the effective date of valuation is December 15, 2016.

SPECIAL ASSUMPTIONS AND CONDITIONS

(1) At the time of inspection of the subject properties, the property pins and boundary markers were not visible to the Appraiser. As such, the approximate boundaries viewed by the Appraiser are assumed to be correct. It is also assumed that there are no encroachments between the subjects and their adjacent properties.

(2) Values estimated in this report are based on the assumption that the properties are not negatively affected by the existence of hazardous substances or detrimental environmental conditions. Since the Appraiser is not an expert in the detection of such substances and conditions, it is possible that tests and inspections made by a qualified environmental expert would reveal the existence of hazardous materials and detrimental environmental conditions on or around the property that would negatively affect its value.

² *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute, 2015

PART II – FACTUAL DATA

NEIGHBORHOOD DESCRIPTION



The geographic area surrounding the subject property is defined by physical and man-made boundaries, and encompasses an area known as Wailuku-Kahului. This region is located on the north shore of the Island of Maui and encompasses the civic and business centers of Wailuku and Kahului. The island's major seaport and primary airport are also contained within the boundaries of this region. The surrounding agricultural land of Central Maui and the eastern half of the West Maui Mountains are also within the Wailuku-Kahului neighborhood.

The boundaries of the Wailuku-Kahului region are the northern shoreline from Poelua Bay to Baldwin Park on the north, Kailua Gulch and Lowrie Ditch on the east, Spanish Road to Waikapu Road to Honoapiilani Highway to Pohakea Gulch on the south, and the Wailuku Judicial District boundary on the west.

Population is concentrated in the urban centers of the region. Wailuku has maintained its role as the civic-financial-cultural center while Kahului has strengthened its role in recent years as the business and industrial center.

In addition to the urban centers of Wailuku-Kahului, the region also includes the more rural settlements of Waihee to the north and Waikapu and Puunene to the southeast. Agricultural lands are adjacent on the lower slopes of the West Maui Mountains and in the central plain south and east of Kahului. This green border is a significant part of the settlement pattern because of its open space and economic value. Kahului Harbor and Airport are major land users along the Kahului shoreline. As major ports of entry for people and goods, they serve as an important center of jobs and economic activity.

The major thoroughfares through Kahului and Wailuku are Kaahumanu Avenue which begins in Kahului and provides primary access to Wailuku as well as Lahaina and Kihei; Hana Highway, which is actually a continuation of Kaahumanu Avenue, leads from Kahului to the eastern or "upcountry" portions of the island; and Puunene Avenue which provides access to all major areas in Kahului and ultimately leads to Kuihelani Highway which provides by-pass access to Lahaina and Kihei. The Kaahumanu Avenue also runs into Main Street, and via secondary access, runs into Waiehu Beach Road and Lower Main Street.

Kahului, adjacent to Wailuku, is situated on the northwest portion of the island of Maui, and is the central commercial, industrial and residential area of Maui. Kahului Town contains Maui's major shopping centers, centralized industrial areas, financial institutions, medical office facilities and business offices. Additionally, the Kahului Airport and Kahului Harbor are located in Kahului proper and centrally provides the majority of firms providing various goods and services throughout the island, as well as Lanai and Molokai. Consistent with its central location, post office facilities, community library, parks, schools (elementary, intermediate, high school and a community college), churches of various denominations, entertainment facilities, food outlets and a fire station are located in Kahului.

Wailuku, at one time, was the heart of Maui's business activities. Decentralization of business to nearby Kahului and lack of maintenance and modernization of buildings to keep up with the new shopping habits brought about a gradual decline. However, since the creation of the municipal parking area in Wailuku, several new buildings have been built or renovated and a rejuvenation of the Wailuku Town is being experienced. The Kahului-Wailuku Community Plan envisions Wailuku as the "governmental, cultural and professional center of Maui". Located in Wailuku are the various government agencies, courts, hospital, major recreational facilities and police station.

Wailuku Fire Station sits in the heart of Wailuku Town, and until the opening of the Kahului Fire Station, was the only one in Central Maui. Kahului Fire Station is a 21,300 square foot facility that includes two main buildings and is situated on Dairy Road. The Maui Memorial Medical Center, which is Maui's primary facility of medical and emergency service, is located between the connecting boundaries of Kahului and Wailuku. In 2006, work was completed on the newest wing for the hospital. The Wailuku Police Station is also conveniently located nearby. Numerous pre-schools, elementary, grade and high schools are located throughout Kahului and Wailuku, with the University of Hawaii Maui College located on Kaahumanu Avenue.

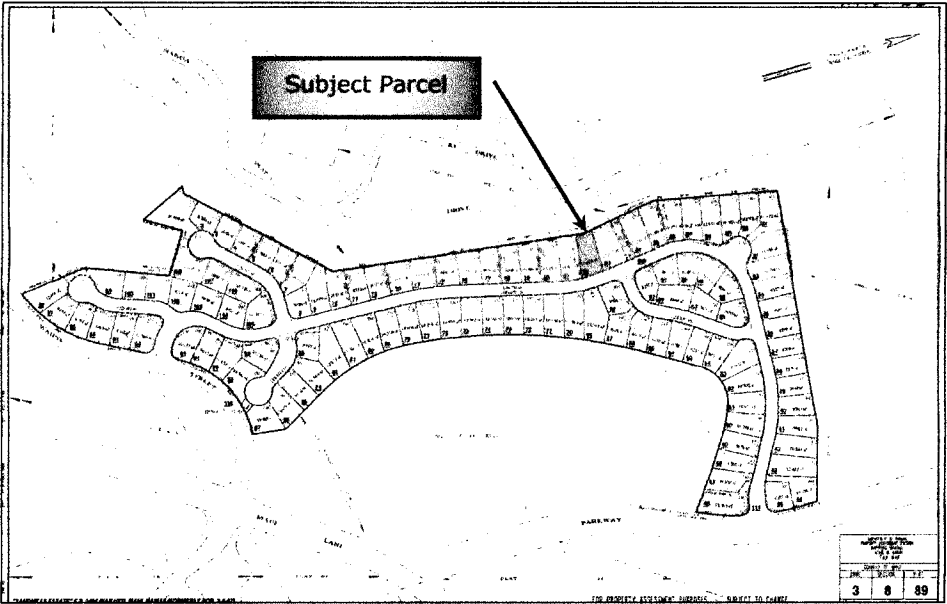
PROPERTY AND SITE DATA - SUBJECT LOTS

The subject lots are described under the following sub-headings.

Tax Map Key (2) 3-8-089:022

<i>Identification and Location</i>	All of that certain parcel of land, being LOT 22 of the "SANDHILLS ESTATES", (being portion of the land(s) described in and covered by Royal Patent 1996, Land Commission Award 420 to Kuihelani) situated at District of Wailuku, Island and County of Maui, State of Hawaii Keonelo Street Wailuku, Maui, Hawaii
<i>Real Estate Assessment and Taxes (2016)</i>	Land: \$191,700 Improvements: \$0.00 Tax: \$0.00
<i>Census Tract</i>	0311.01
<i>Owner of Record</i>	County of Maui
<i>5 Year Transaction History</i>	5/7/2012, Correction Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 45200656. 12/20/2011, Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 43710787. 7/19/2011, Deed, Gerry Ripto to County of Maui, \$333,000, Doc 11-159310.
<i>State Land Use/County Zoning/Community Plan Designation</i>	The State Land Use designation is Urban District.. The present zoning of the subject parcel is PD-WK/1 (Wailuku-Kahului Project District 1) and the present designation in the Wailuku-Kahului Community Plan is Single Family Residential. The purpose of the Community Plan is to provide a relatively detailed scheme for implementing the objectives and policies of the Maui County General Plan relative to the region. Contained in this plan is the desired sequence, patterns and characteristics of future developments for the region as well as statements of standards and principals with respect to development and statements indicating the sequence in which future development is to occur.
<i>Size, Shape, Views</i>	10,605 square feet, rectangular in shape. The eastern front boundary abuts Keonelo Street while the remaining boundaries abut other residential properties. Typical island views.
<i>Topography and Soil Conditions</i>	Mixture of level areas and gentle sloping terrain. Soil is mixed sand, dirt and rock.
<i>Access</i>	Access is via Keonelo Street which is a private subdivision roadway connecting with Maui Lani Parkway and Waiinu Street.
<i>Easements and Restrictions</i>	There were no readily apparent or known adverse conditions or encroachments affecting the subject site. Values estimated in

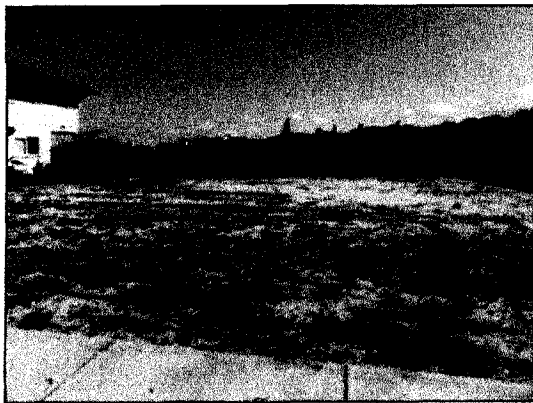
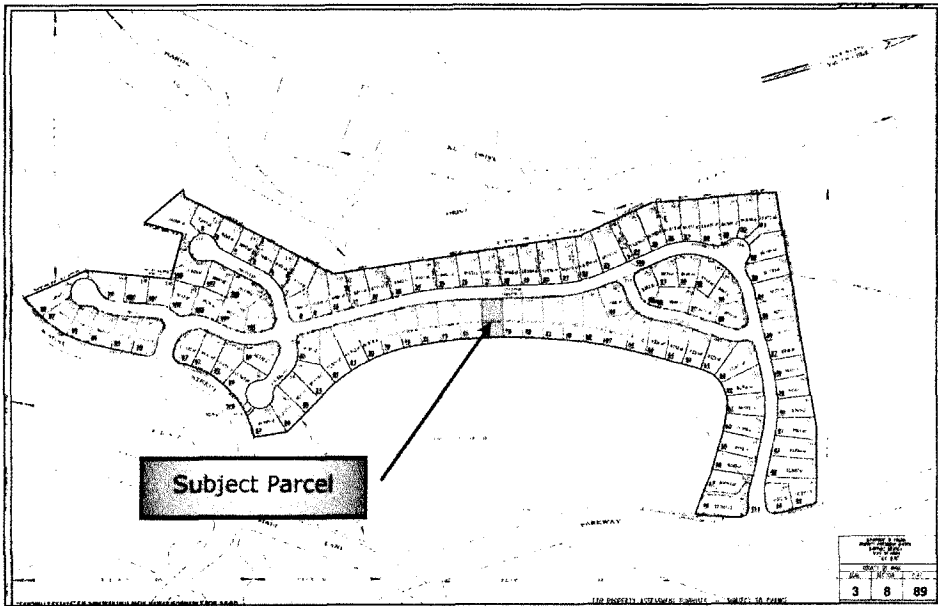
	<p>this report are based on the assumption that the properties are not negatively affected by the existence of hazardous substances or detrimental environmental conditions.</p> <p>No archeological, historical, engineering, soils, topographic, drainage, or wetland studies were provided to the Appraiser which may have an impact on the final value estimate. It is therefore assumed that there are no detrimental conditions concerning these factors which may influence the final value estimate.</p>
<i>Utilities</i>	All public utilities are available to the site.
<i>Flood Status</i>	The parcel is located within Map Number 1500030391F dated September 25, 2009, and is located in Zone X. Zone X indicates areas determined to be outside the 0.2% annual chance floodplain.



Tax Map Key (2) 3-8-089:074

<i>Identification and Location</i>	<p>All of that certain parcel of land, being LOT 74 of the "SANDHILLS ESTATES", (being portion of the land(s) described in and covered by Royal Patent 1996, Land Commission Award 420 to Kuihelani) situated at District of Wailuku, Island and County of Maui, State of Hawaii</p> <p>Keonelo Street Wailuku, Maui, Hawaii</p>
<i>Real Estate Assessment and Taxes (2016)</i>	<p>Land: \$219,600 Improvements: \$0.00 Tax: \$0.00</p>
<i>Census Tract</i>	0311.01
<i>Owner of Record</i>	County of Maui
<i>5 Year Transaction History</i>	<p>5/7/2012, Correction Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 45200656.</p> <p>12/20/2011, Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 43710787.</p> <p>7/19/2011, Deed, Gerry Riopta to County of Maui, \$333,000, Doc 11-159310.</p>
<i>State Land Use/County Zoning/Community Plan Designation</i>	<p>The State Land Use designation is Urban District..</p> <p>The present zoning of the subject parcel is PD-WK/1 (Wailuku-Kahului Project District 1) and the present designation in the Wailuku-Kahului Community Plan is Single Family Residential. The purpose of the Community Plan is to provide a relatively detailed scheme for implementing the objectives and policies of the Maui County General Plan relative to the region. Contained in this plan is the desired sequence, patterns and characteristics of future developments for the region as well as statements of standards and principals with respect to development and statements indicating the sequence in which future development is to occur.</p>
<i>Size, Shape, Views</i>	<p>10,349 square feet, rectangular in shape. The western front boundary abuts Keonelo Street, the eastern rear boundary abuts the golf course, and the remaining boundaries abut other residential properties. Typical golf course and island views.</p>
<i>Topography and Soil Conditions</i>	<p>Mixture of level areas and gentle sloping terrain. Soil is mixed sand, dirt and rock.</p>
<i>Access</i>	<p>Access is via Keonelo Street which is a private subdivision roadway connecting with Maui Lani Parkway and Waiinu Street.</p>
<i>Easements and Restrictions</i>	<p>There were no readily apparent or known adverse conditions or encroachments affecting the subject site. Values estimated in this report are based on the assumption that the properties are</p>

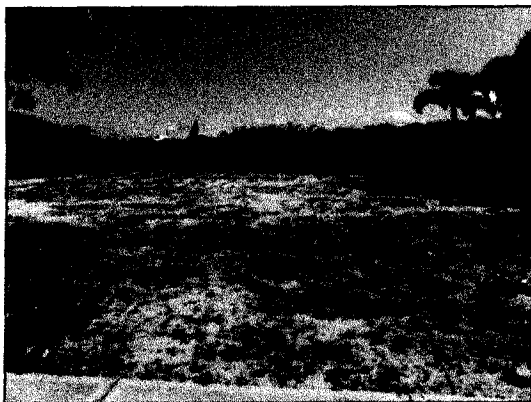
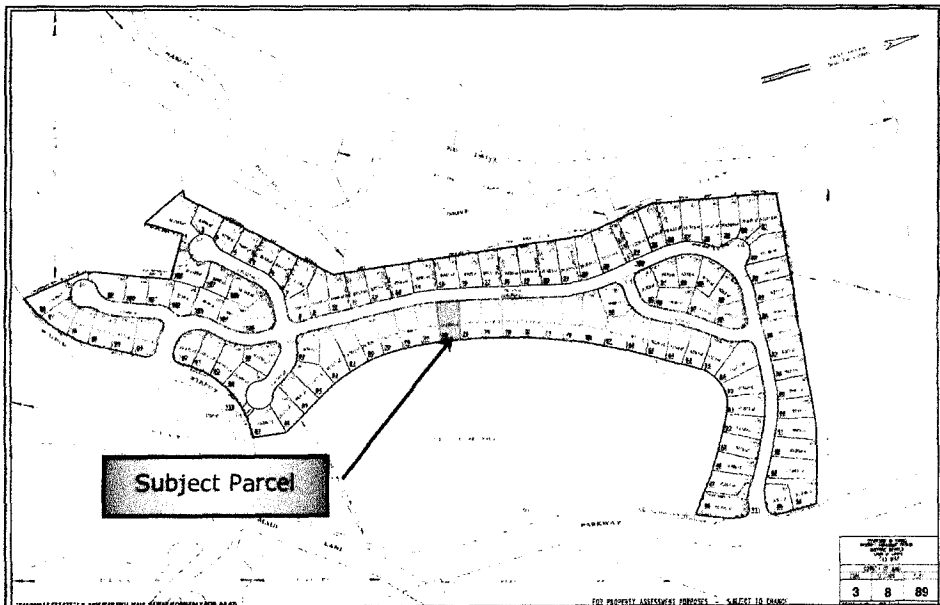
	<p>not negatively affected by the existence of hazardous substances or detrimental environmental conditions.</p> <p>No archeological, historical, engineering, soils, topographic, drainage, or wetland studies were provided to the Appraiser which may have an impact on the final value estimate. It is therefore assumed that there are no detrimental conditions concerning these factors which may influence the final value estimate.</p>
<i>Utilities</i>	All public utilities are available to the site.
<i>Flood Status</i>	The parcel is located within Map Number 1500030391F dated September 25, 2009, and is located in Zone X. Zone X indicates areas determined to be outside the 0.2% annual chance floodplain.



Tax Map Key (2) 3-8-089:076

<i>Identification and Location</i>	All of that certain parcel of land, being LOT 76 of the "SANDHILLS ESTATES", (being portion of the land(s) described in and covered by Royal Patent 1996, Land Commission Award 420 to Kuihelani) situated at District of Wailuku, Island and County of Maui, State of Hawaii Keonelo Street Wailuku, Maui, Hawaii
<i>Real Estate Assessment and Taxes (2016)</i>	Land: \$220,800 Improvements: \$0.00 Tax: \$0.00
<i>Census Tract</i>	0311.01
<i>Owner of Record</i>	County of Maui
<i>5 Year Transaction History</i>	5/7/2012, Correction Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 45200656. 12/20/2011, Quit Claim Deed, Maui Lani Partners, Etal., to New Sand Hills LLC etal., \$1,000, Doc 43710787. 7/19/2011, Deed, Gerry Riopta to County of Maui, \$333,000, Doc 11-159310.
<i>State Land Use/County Zoning/Community Plan Designation</i>	The State Land Use designation is Urban District.. The present zoning of the subject parcel is PD-WK/1 (Wailuku-Kahului Project District 1) and the present designation in the Wailuku-Kahului Community Plan is Single Family Residential. The purpose of the Community Plan is to provide a relatively detailed scheme for implementing the objectives and policies of the Maui County General Plan relative to the region. Contained in this plan is the desired sequence, patterns and characteristics of future developments for the region as well as statements of standards and principals with respect to development and statements indicating the sequence in which future development is to occur.
<i>Size, Shape, Views</i>	10,699 square feet, rectangular in shape. The western front boundary abuts Keonelo Street, the eastern rear boundary abuts the golf course, and the remaining boundaries abut other residential properties. Typical golf course and island views.
<i>Topography and Soil Conditions</i>	Mixture of level areas and gentle sloping terrain. Soil is mixed sand, dirt and rock.
<i>Access</i>	Access is via Keonelo Street which is a private subdivision roadway connecting with Maui Lani Parkway and Waiinu Street.
<i>Easements and Restrictions</i>	There were no readily apparent or known adverse conditions or encroachments affecting the subject site. Values estimated in this report are based on the assumption that the properties are

	<p>not negatively affected by the existence of hazardous substances or detrimental environmental conditions.</p> <p>No archeological, historical, engineering, soils, topographic, drainage, or wetland studies were provided to the Appraiser which may have an impact on the final value estimate. It is therefore assumed that there are no detrimental conditions concerning these factors which may influence the final value estimate.</p>
<i>Utilities</i>	All public utilities are available to the site.
<i>Flood Status</i>	The parcel is located within Map Number 1500030391F dated September 25, 2009, and is located in Zone X. Zone X indicates areas determined to be outside the 0.2% annual chance floodplain.



PART III – DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financing feasibility, and maximum productivity.³

The subject lots are located in an established residential neighborhood and the surrounding properties are also similarly zoned and utilized predominantly for single family use. There are no anticipated changes in land use, and hence the optimum use of the subject sites would be single family residential use.

THE APPRAISAL PROCESS – VALUATION OF VACANT LAND

The generally accepted methods of land valuation include the following:

Sales Comparison Approach

The Sales Comparison Approach involves comparison of similar vacant properties which have recently sold.

Allocation

The Allocation method of estimating land value is based on the development of a typical ratio of site value to total property value through an analysis of sales of improved properties.

Extraction

The extraction method of estimating land value involves the deduction of depreciated improvement costs from the sale prices of improved properties which have recently sold. The contribution of the improvements to the improved property is deducted from the total sale price of value to arrive at an estimated sale price of value of the land.

Capitalization of Ground Rent

Capitalization of Ground Rent is a procedure typically used to estimate the value of a leased fee estate. In estimating land value, the annual ground rent is capitalized at the land capitalization rate resulting in an indication of land value.

Land Residual Technique

The Land Residual Technique involves the application of a land capitalization rate to the estimated residual income attributable to land, for improved income producing properties.

³ *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute, 2015

Development Procedure

The Development Procedure involves the estimation of individual lot values, as if the land were subdivided, and subtracting total development costs from the aggregate values of the individual lots.

Conclusion

The most commonly accepted approach for land valuation is the direct comparison of the subject land with sales of other land parcels in the market. When the availability of data permits its use, this analytical method produces an indication of what the purchaser-investor would most probably have to pay for the same rights in existing substitute properties on the same market, as of the effective date of the appraisal. Consequently, the Sales Comparison Approach was concluded to be the most desirable methodology in the valuation of the subject parcels.

Application of the Sales Comparison Approach

Proper application of the Sales Comparison Approach requires knowledge of the standards of the local market plus a detailed property inspection and personal observation. The ability to interpret land characteristics are necessary together with knowledge and experience of typical buyer preferences and price reactions in the local market. Finally, the application of sound judgment is required to produce reasonable results.

The Sales Comparison Approach involves the comparison of comparable properties that have recently sold with the subject property. The subject property is the "standard" upon which all comparisons and adjustments are made. Because no two properties are ever truly identical, the prices of the market indicators must be reduced to various units of comparison to reflect the value of the subject property. Typically, the variations in sales prices reflect differences in size, location, zoning, time and terms of sale, and the physical characteristics of the land.

The value indication is developed using a unit of comparison in which the type of site being appraised is typically bought and sold on the market. In this assignment, the price per square foot was considered the most appropriate unit of comparison due to the varying sizes of the comparable land sales as compared to the benchmark lots.

Primary criteria utilized in the market research and selection of vacant land comparables included consideration of the following factors:

- Relatively recent transaction date, location with the same or competing neighborhood, and similar community characteristics
- Similarity in size area and/or zoning and permitted land use/density, topographic features, public utilities, access, and view amenities

Research commenced with a search of similar residential lot sales in the Sandhills Estates subdivision and three reasonably recent lot transactions were discovered and utilized in the Site Valuation Worksheets (Tables 1 through 3). The land comparables and adjustments to reflect any variations in the properties are contained in **Tables 1 - 3**.

Description of Adjustments

Location: The subject parcels and all comparable land sales are located within the Sandhills Estates subdivision; however, land sale 1 is a golf course fronting lot and land sales 2 and 3 are interior lots. Golf course fronting lots typically command higher sale prices. Adjustments were applied as appropriate to reflect golf course and interior locational differences.

Access/Utilities: The availability of utilities, specifically electricity and water determines the potential of land development. The subject and comparable land sales are similar in access and utilities and no adjustments were required.

Zoning: Zoning determines land uses and density. The subject parcels and all comparable land sales are similarly zoned and no adjustments were required.

Physical Characteristics: No adjustments were required.

Size: The comparables ranged in parcel sizes and typically, the larger the parcel the lower the price per square foot and the smaller the parcel the higher the price per square foot. Therefore size can affect the purchase price. An adjustment was applied to address the disparity in size between the comparables and the subject.

Comparable Weighting

A weighting process is utilized to acknowledge the most applicable (reliable) of the comparables. Equal weight was placed on each comparable in determining the subject's unit value since no individual transaction was considered to be more representative of the subject than the others.

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective of the appraisal would have been 6 to 9 months.

TABLE 1

SITE VALUATION WORKSHEET				
LAND TRANSACTION ANALYSIS AND ADJUSTMENT SCHEDULE				
	Subject	COMPARABLE LAND SALES		
		Land Sale 1	Land Sale 2	Land Sale 3
Tax Map Key (Division 2)	3-8-89-22	3-8-89-49	3-8-89-102	3-8-89-31
Street Address	Keoneloa Street	23 Keoneloa Street	182 Keoneloa Street	68 Keoneloa Street
Community Location	Wailuku	Wailuku	Wailuku	Wailuku
County Zoning	PD-WK/1	PD-WK/1	PD-WK/1	PD-WK/1
Community Plan	SFR	SFR	SFR	SFR
Land Tenure	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Parcel Configuration	Rectangular	Rectangular	Rectangular	Rectangular
Topography/Terrain	Level to gentle slope	Level to gentle slope	Level to gentle slope	Level to gentle slope
Roadway Accessibility	Adequate	Adequate	Adequate	Adequate
Utilities	All public utilities	All public utilities	All public utilities	All public utilities
Predominant Site Views	Mountain	Golf Course	Mountain	Mountain
FEMA Flood Status	Zone X	Zone X	Zone X	Zone X
Site Encumbrances	None Noted	None Noted	None Noted	None Noted
Gross Land Area in SF	10,605	9,978	9,216	11,472
Recordation Date		3/31/15	12/1/15	10/2/15
Instrumental/Financing		Deed	Deed	Deed
Document Number		55680014	58130010	57530028
Grantor		New Sand Hills, LLC	New Sand Hills, LLC	Tenir LLC
Grantee		Harwick LLC	Kevin Fiori	Warrant Suzuki
Transaction Price		\$215,000	\$215,000	\$210,000
Financing/Conditions of Sale Adjustment		\$0	\$0	\$0
Adjusted Transaction Price		\$215,000	\$215,000	\$210,000
Indicated Transaction Price per Square Foot		\$21.55	\$23.33	\$18.31
Market Conditions Adjustment (Time)		1.00	1.00	1.00
Market Conditions Adjusted Unit Price		\$21.55	\$23.33	\$18.31
ADJUSTMENTS				
Location		-5%	0%	0%
Access/Utilities		0%	0%	0%
Zoning/Community Plan Designation		0%	0%	0%
Other Physical Characteristics		0%	0%	0%
Net Adjustments		-5%	0%	0%
Adjusted Unit Price		\$20.47	\$23.33	\$18.31
Size Adjustment		0.98	0.95	1.02
Final Size Adjusted Unit Price per Square Foot		\$20.06	\$22.16	\$18.67
WEIGHTING FACTOR				
Product		33.33%	33.33%	33.33%
		\$6.69	\$7.39	\$6.22
Range of final Adjusted Value:	\$18.67 - \$22.16	Per Square Foot		
Median Unit Value:	\$20.06	Per Square Foot		
Weighted Unit Value:	\$20.30	Per Square Foot		
Estimated Value of the Land, Fee Simple:	\$20.30	Per Square Foot		
Indicated Site Value:	10,605 SF X \$20.30 = \$215,241			
	Rounded to \$215,000			

TABLE 2

SITE VALUATION WORKSHEET				
LAND TRANSACTION ANALYSIS AND ADJUSTMENT SCHEDULE				
	Subject	COMPARABLE LAND SALES		
		Land Sale 1	Land Sale 2	Land Sale 3
Tax Map Key (Division 2)	3-8-89-74	3-8-89-49	3-8-89-102	3-8-89-31
Street Address	Keoneloā Street	23 Keoneloā Street	182 Keoneloā Street	68 Keoneloā Street
Community Location	Wailuku	Wailuku	Wailuku	Wailuku
County Zoning	PD-WK/1	PD-WK/1	PD-WK/1	PD-WK/1
Community Plan	SFR	SFR	SFR	SFR
Land Tenure	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Parcel Configuration	Rectangular	Rectangular	Rectangular	Rectangular
Topography/Terrain	Level to gentle slope	Level to gentle slope	Level to gentle slope	Level to gentle slope
Roadway Accessibility	Adequate	Adequate	Adequate	Adequate
Utilities	All public utilities	All public utilities	All public utilities	All public utilities
Predominant Site Views	Golf Course	Golf Course	Mountain	Mountain
FEMA Flood Status	Zone X	Zone X	Zone X	Zone X
Site Encumbrances	None Noted	None Noted	None Noted	None Noted
Gross Land Area in SF	10,349	9,978	9,216	11,472
Recordation Date		3/31/15	12/1/15	10/2/15
Instrumental/Financing		Deed	Deed	Deed
Document Number		55680014	58130010	57530028
Grantor		New Sand Hills, LLC	New Sand Hills, LLC	Tenir LLC
Grantee		Harwick LLC	Kevin Fiori	Warrant Suzuki
Transaction Price		\$215,000	\$215,000	\$210,000
Financing/Conditions of Sale Adjustment		\$0	\$0	\$0
Adjusted Transaction Price		\$215,000	\$215,000	\$210,000
Indicated Transaction Price per Square Foot		\$21.55	\$23.33	\$18.31
Market Conditions Adjustment (Time)		1.00	1.00	1.00
Market Conditions Adjusted Unit Price		\$21.55	\$23.33	\$18.31
ADJUSTMENTS				
Location		0%	5%	5%
Access/Utilities		0%	0%	0%
Zoning/Community Plan Designation		0%	0%	0%
Other Physical Characteristics		0%	0%	0%
Net Adjustments		0%	5%	5%
Adjusted Unit Price		\$21.55	\$24.50	\$19.22
Size Adjustment		0.99	0.96	1.03
Final Size Adjusted Unit Price per Square Foot		\$21.33	\$23.52	\$19.80
WEIGHTING FACTOR		33.33%	33.33%	33.33%
Product		\$7.11	\$7.84	\$6.60
Range of final Adjusted Value:	\$19.80 - \$23.52 Per Square Foot			
Median Unit Value:	\$21.33 Per Square Foot			
Weighted Unit Value:	\$21.55 Per Square Foot			
Estimated Value of the Land, Fee Simple:	\$21.55 Per Square Foot			
Indicated Site Value:	10,349 SF X \$21.55 = \$222,981			
	Rounded to \$223,000			

TABLE 3

SITE VALUATION WORKSHEET				
LAND TRANSACTION ANALYSIS AND ADJUSTMENT SCHEDULE				
	Subject	COMPARABLE LAND SALES		
		Land Sale 1	Land Sale 2	Land Sale 3
Tax Map Key (Division 2)	3-8-89-76	3-8-89-49	3-8-89-102	3-8-89-31
Street Address	Keonelo Street	23 Keonelo Street	182 Keonelo Street	68 Keonelo Street
Community Location	Wailuku	Wailuku	Wailuku	Wailuku
County Zoning	PD-WK/1	PD-WK/1	PD-WK/1	PD-WK/1
Community Plan	SFR	SFR	SFR	SFR
Land Tenure	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Parcel Configuration	Rectangular	Rectangular	Rectangular	Rectangular
Topography/Terrain	Level to gentle slope	Level to gentle slope	Level to gentle slope	Level to gentle slope
Roadway Accessibility	Adequate	Adequate	Adequate	Adequate
Utilities	All public utilities	All public utilities	All public utilities	All public utilities
Predominant Site Views	Golf Course	Golf Course	Mountain	Mountain
FEMA Flood Status	Zone X	Zone X	Zone X	Zone X
Site Encumbrances	None Noted	None Noted	None Noted	None Noted
Gross Land Area in SF	10,699	9,978	9,216	11,472
Recordation Date		3/31/15	12/1/15	10/2/15
Instrumental/Financing		Deed	Deed	Deed
Document Number		55680014	58130010	57530028
Grantor		New Sand Hills, LLC	New Sand Hills, LLC	Tenir LLC
Grantee		Harwick LLC	Kevin Fiori	Warrant Suzuki
Transaction Price		\$215,000	\$215,000	\$210,000
Financing/Conditions of Sale Adjustment		\$0	\$0	\$0
Adjusted Transaction Price		\$215,000	\$215,000	\$210,000
Indicated Transaction Price per Square Foot		\$21.55	\$23.33	\$18.31
Market Conditions Adjustment (Time)		1.00	1.00	1.00
Market Conditions Adjusted Unit Price		\$21.55	\$23.33	\$18.31
ADJUSTMENTS				
Location		0%	5%	5%
Access/Utilities		0%	0%	0%
Zoning/Community Plan Designation		0%	0%	0%
Other Physical Characteristics		0%	0%	0%
Net Adjustments		0%	5%	5%
Adjusted Unit Price		\$21.55	\$24.50	\$19.22
Size Adjustment		0.98	0.95	1.02
Final Size Adjusted Unit Price per Square Foot		\$21.12	\$23.27	\$19.61
WEIGHTING FACTOR		33.33%	33.33%	33.33%
Product		\$7.04	\$7.76	\$6.53
Range of final Adjusted Value:	\$19.61 - \$23.27 Per Square Foot			
Median Unit Value:	\$21.12 Per Square Foot			
Weighted Unit Value:	\$21.33 Per Square Foot			
Estimated Value of the Land, Fee Simple:	\$21.33 Per Square Foot			
Indicated Site Value:	10,699 SF X \$21.33 = \$228,195			
	Rounded to \$228,000			

CONCLUSIONS OF VALUE

After analysis of the vacant land comparables, adjusting for the variations in the properties, and application of a weighted average, the estimated market value of the subject lots were concluded as follows:

Tax Map Key	Price per Sq Ft	Land Area	Concluded Market Value
(2) 3-8-89-22	\$20.30	10,605 SF	\$215,000
(2) 3-8-89-74	\$21.55	10,349 SF	\$223,000
(2) 3-8-89-76	\$21.33	10,699 SF	\$228,000

PART IV – EXHIBITS AND ADDENDA

ASSUMPTIONS AND LIMITING CONDITIONS

The research, analysis, and value conclusions contained in this appraisal are guided and influenced by the following assumptions and conditions, and constitute the framework of our study.

- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- Legal descriptions referenced in the report were obtained from public documents from the State of Hawaii, Bureau of Conveyances, or were furnished by the client or other third-party, and were assumed to be correct.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- The Appraiser has viewed, as far as possible, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structurally or by other components. The appraisal assumes that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures or toxic material which would render it more or less valuable. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist.
- The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
- All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- Information provided by the client, property owner, owners' representative, or persons designated by the client or owner to supply said information are accurate and correct unless otherwise specially noted in the appraisal report. Additionally, information from third parties including government agencies, financial institutions, realtors, buyers, sellers, and others and contained in this report were obtained

from sources considered reliable and believed to be true and correct. However, no warranty is assumed for possible misinformation.

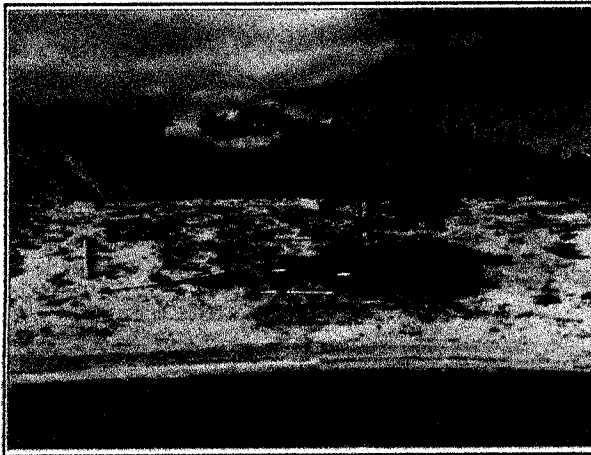
- If analysis contained in this appraisal involve partial interests in real estate, the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
- The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
- The appraiser will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- Acceptance of, and/or use of this appraisal report by client or any third party constitutes acceptance of the ACM Consultants, Inc., Certification and Limiting and Contingent Conditions. Appraiser liability extends only to stated client, not subsequent parties or users of any type, and the total liability of Appraiser(s) and firm is limited to the amount of fee received by Appraiser.



COMPARABLE SALE # 1
23 Keonooa Street
Waialua, HI 96793



COMPARABLE SALE # 2
182 Keonooa Street
Waialua, HI 96793



COMPARABLE SALE # 3
68 Keonooa Street
Waialua, HI 96793

ZONING

Chapter 19.78 - WAILUKU-KAHULUI PROJECT DISTRICT 1 (MAUI LANI)

Sections:

19.78.010 - Purpose and intent.

- A. The purpose of this project district is to provide for a flexible and creative approach to development which considers physical, environmental, social, and economic factors in a comprehensive manner.
- B. The intent of the Wailuku-Kahului project district 1, referred to in this code as the Maui Lani project district, is to establish a residential community along with an integrated open space and recreation system, future school sites, village mixed use area, and community or regional scale commercial shopping facilities to serve the expanding Wailuku-Kahului population.
(Ord. 3364 § 2, 2006; Ord. 1924 § 1, 1990)

19.78.020 - Residential PD-WK/1.

- A. The designation and boundaries of each subdistrict within the residential PD-WK/1 district shall be reviewed and approved by the appropriate planning commission in conjunction with phase two provisions of the County's project district processing procedures.
This district shall consist of four subdistricts, each of which shall permit specific principal, accessory and special uses and which shall be defined by specific development standards in order to foster the development of various types and densities of residential units within the Maui Lani project district.
- B. The residential subdistricts shall be as follows:
 - 1. Single-family SF-8 subdistrict:
 - a. Permitted Uses. Within the single-family SF-8 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping of a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Home occupations,
 - (E) Recreation centers and facilities,
 - (F) Parks and common areas,
 - (G) Private parking areas for four or more cars, and
 - (H) Utility installations.
 - b. Development requirements in the single-family SF-8 subdistrict shall be:
 - i. Minimum lot area, eight thousand square feet;
 - ii. Minimum average lot width, seventy feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet for houses, twenty feet for garages, carports,
 - (B) Side yard, six feet for single-story, fifteen feet for two stories,
 - (C) Rear yard, six feet for single-story, fifteen feet for two stories;
 - iv. Maximum building height, two stories not exceeding thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.4 FAR;
 - vi. Maximum overall density, four units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.
 - 2. Single-family SF-5 subdistrict:

- a. Permitted Uses. Within the single-family SF-5 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Recreation centers and facilities,
 - (G) Parks and common areas,
 - (H) Utility installations, and
 - (I) Private parking areas for four or more cars.
 - b. Development requirements in the single-family SF-5 subdistrict shall be:
 - i. Minimum lot area, five thousand square feet;
 - ii. Minimum lot width, fifty feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet for houses, twenty feet for garages, carports,
 - (B) Side yard, six feet, ten feet for second stories,
 - (C) Rear yard, six feet, ten feet for second stories;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.45 FAR;
 - vi. Maximum overall density, six units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.
3. Single-family SF-3 subdistrict:
- a. Permitted Uses. Within the single-family SF-3 subdistrict, the following uses shall be permitted:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings, and
 - (B) Single-family semi-attached (on one side only) dwellings;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal use:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Recreation centers and facilities,
 - (G) Parks and common areas,
 - (H) Utility installations, and
 - (I) Private parking areas for four or more vehicles.
 - b. Development requirements in the single-family SF-3 subdistrict shall be:
 - i. Minimum lot area, three thousand square feet;
 - ii. Minimum average lot width, forty feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, ten feet for houses, twenty feet for carports,
 - (B) Side yard, five feet for any exterior walls with openings for light, air and/or access; the sum of both side yards on any lot must total ten feet; common walls built on property lines must be constructed of masonry or of equal fire and sound retardant material,
 - (C) Rear yard, five feet, ten feet for second stories;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum floor area ratio (FAR) (not to include carport or garage), 0.5 FAR;
 - vi. Maximum overall density, ten units per acre.

- c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.

- 4. Multifamily MF subdistrict:
 - a. Permitted Uses. Within the multifamily subdistrict, the permitted uses shall be as follows:
 - i. Principal uses and structures:
 - (A) Single-family detached dwellings,
 - (B) Single-family attached dwellings, and
 - (C) Apartments;
 - ii. Accessory Uses and Structures. The following uses shall be clearly incidental to and customarily found in connection with the principal uses:
 - (A) Antennae dish; provided, that ground dish antennae shall be screened by walls, earth berms, and/or landscaping a minimum of four feet in height,
 - (B) Boarders, up to three boarders in a dwelling unit,
 - (C) Maintenance and storage structures,
 - (D) Resident parking facilities,
 - (E) Home occupations,
 - (F) Resident manager's office,
 - (G) Recreation centers and facilities,
 - (H) Parks and common areas, and
 - (I) Utility installations.
 - b. Development requirements in the multifamily MF subdistrict shall be:
 - i. Minimum lot area, ten thousand square feet;
 - ii. Minimum average lot width, seventy feet;
 - iii. Minimum building setbacks:
 - (A) Front yard, fifteen feet,
 - (B) Side yard, ten feet,
 - (C) Rear yard, fifteen feet;
 - iv. Maximum building height, two stories, not to exceed thirty feet;
 - v. Maximum overall density, twenty-five units per acre.
 - c. Special Uses. The following uses shall be permitted subject to the approval of the planning commission:
 - i. Elementary schools;
 - ii. Churches;
 - iii. Day care centers;
 - iv. Residential group living quarters;
 - v. Nursing and retirement homes; and
 - vi. Other recreational or institutional uses as deemed to be appropriate and compatible with the principal uses of this subdistrict by the planning commission.

(Ord. 1924 § 1, 1990)

PROFESSIONAL QUALIFICATIONS - TED YAMAMURA, SRA, R/W-AC

• **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 160, 9/18/1991
Expiration: December 31, 2017



• **PROFESSIONAL AFFILIATIONS**

Member---Appraisal Institute - Honolulu Chapter #67, **SRA** Designation - 1985
Member---International Right of Way Association (IRWA), **R/W-AC** Certification - 2007

• **PROFESSIONAL AND COMMUNITY INVOLVEMENT**

Past Member -- State of Hawaii, Commission on Water Resource Management - 2012-2014
Past President -- Hawaii Chapter of the Appraisal Institute - 2010
Past Member -- County of Maui, Board of Water Supply - 2008-2012
Past Member -- State of Hawaii, Board of Land & Natural Resources - 2001-2006
Past President -- International Right of Way Association (IRWA), Hawaii Chapter #30 - 2004
Past President -- Maui County Council, Boy Scouts of America - 1987

• **EXPERIENCE AND EDUCATION**

Executive Vice President
ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Vice President - Alexander & Alexander, Ltd. - Maui Division - 1979-1982
Assistant Vice President - Honolulu Federal Savings & Loan Assn. - 1974-1979
Veteran - United States Air Force - 1967-1971
Educated: Maui High School and University of Hawaii

• **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

Appraisal Institute - *National Uniform Standards of Professional Appraisal Practice (USPAP) 2016-2017 Update Course* - Las Vegas, Nevada - 2016
International Right of Way Association - *Course 403, Easement Valuation*, Tucson, Arizona - 2008
International Right of Way Association - *Course 410, Reviewing Appraisals in Eminent Domain*, Tucson, Arizona - 2008
International Right of Way Association - *Course 401, The Appraisal of Partial Acquisitions* Fresno, California - 2007
International Right of Way Association - *Course 409, Integrating Appraisal Standards*, Anaheim, California - 2005
Appraisal Institute - *Business Practices and Ethics*, Honolulu, Hawaii - 2009
Appraisal Institute - *Course 400, Uniform Standards of Professional Appraisal Practice (USPAP)*, Honolulu, Hawaii - 2003
Appraisal Institute - *Standards of Professional Practice Part C*, Honolulu, Hawaii - 1997
Appraisal Institute - *Standards of Professional Practice Part A and Part B*, Honolulu, Hawaii - 1993
International Right of Way Association (IRWA) *Course 214, Skills of Expert Testimony* Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) *Course 102 Examination, "Applied Residential Property Valuation"*, Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) *"Narrative Demonstration Report" Examination*, Wailuku, Maui, Hawaii - 1983
Society of Real Estate Appraisers (SREA) *Course 101 Examination, "Introduction to Appraising Real Property"*, Honolulu, Hawaii - 1979

CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:

Appraisal Institute "The Discounted Cash Flow Model" Honolulu, Hawaii - 2015
Appraisal Institute "Complex Litigation Appraisal Case Studies" Honolulu, Hawaii - 2014
The Seminar Group "Eminent Domain & Condemnation in Hawaii" Honolulu, Hawaii - 2013
University of Hawaii/State of Hawaii Department of Transportation "Federal Highways (FHWA) Highway Noise Policy and Abatement Guidelines Workshop" - 2011
Appraisal Institute "Real Estate Finance, Statistics, and Valuation Modeling" - 2009
Appraisal Institute "Eminent Domain and Condemnation" - 2007
Appraisal Institute "National Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book") Practical Applications for Fee Appraisers" Honolulu, Hawaii - 2006
Lorman Education Services "Law of Easements: Legal Issues and Practical Considerations in Hawaii" Honolulu, Hawaii - 2006
Lorman Education Services "Eminent Domain in Hawaii" Honolulu, Hawaii - 2006
Appraisal Institute "Mini-Series on USPAP Issues" Honolulu, Hawaii - 2006
International Right of Way Association (IRWA) "Uniform Act Symposium", Anaheim, California - 2005
Lorman Education Services "Zoning and Land Use in Hawaii", Honolulu, Hawaii - 2003
The American Society of Farm Managers & Rural Appraisers "Conservation Easements" Honolulu, Hawaii - 2001
The American Society of Farm Managers & Rural Appraisers "Appraising Rural Residential Properties" - Honolulu, Hawaii - 2001
Appraisal Institute "Valuation of Detrimental Conditions in Real Estate" Honolulu, Hawaii - 2000
Appraisal Institute "Case Studies in Residential Highest and Best Use" Honolulu, Hawaii - 2000
Appraisal Institute "Advanced Sales Comparison Approach" Honolulu, Hawaii - 2000
Appraisal Institute "Appraisal of Nonconforming Uses" Honolulu, Hawaii - 2000
Appraisal Institute "Litigation Skills for the Appraiser: An Overview" Honolulu, Hawaii - 1998
Appraisal Institute "Special Purpose Properties" Honolulu, Hawaii - 1997
Appraisal Institute "Appraising for the Secondary Market" Honolulu, Hawaii - 1996
Appraisal Institute "The Employee Relocation Council Form and the Drive-By Form", Anaheim, California - 1995
Appraisal Institute "The Condominium Form and the Small Residential Income Property Appraisal Report Form", Anaheim, California - 1995
Appraisal Institute "Technology Trends for the New Appraisal Office: EDI, GIS, and Digital Imaging" San Francisco, California - 1995
Appraisal Institute "Residential Appraisal Review", Chicago, Illinois - 1994
Appraisal Institute "Understanding Limited Appraisals and Appraisal Reporting Options" Chicago, Illinois - 1994
Appraisal Institute "Accrued Depreciation", Las Vegas, Nevada - 1992
Appraisal Institute "Market Analysis", Las Vegas, Nevada - 1992
American Institute of Real Estate Appraisers (AIREA) "Easement Valuation", Los Angeles, California - 1990
Federal National Mortgage Association (FNMA) "Fannie Mae Appraisals", Seminar, Honolulu, Hawaii - 1990
Society of Real Estate Appraisers (SREA) "Federal Home Loan Bank Board Appraisal Standards", Honolulu, Hawaii - 1989
Society of Real Estate Appraisers (SREA) "Uniform Small Residential Income Appraisal Report", New York - 1989
Society of Real Estate Appraisers (SREA) "Professional Practice", Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) "Appraisers Guide to the Uniform Residential Appraisal Report", Honolulu, Hawaii - 1987
American Institute of Real Estate Appraisers (AIREA) "R-41b and Subdivision Analysis", Honolulu, Hawaii - 1985
International Right of Way Association (IRWA) "Condemnation", Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "Creative Financing and Cash Equivalency", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Appraising Single Family Residences", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Application of Market Extractions", Honolulu, Hawaii - 1981

• **LEGAL**

Qualified as an expert witness:

First Circuit Court, Honolulu, Hawaii
Second Circuit Court, Maui, Hawaii
Third Circuit Court, Hawaii Island, Hawaii
U.S. District Court, Honolulu, Hawaii
U.S. Bankruptcy Court, Honolulu, Hawaii

Experienced in real estate arbitration assignments in the State of Hawaii