

ALAN M. ARAKAWA
Mayor



DAVID TAYLOR, P.E.
Director

PAUL J. MEYER
Deputy Director

**DEPARTMENT OF WATER SUPPLY
COUNTY OF MAUI**

200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793-2155
www.mauiwater.org

April 19, 2016

RECEIVED
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COUNTY MANAGER
APR 20 2016 2:47

Mr. Sananda K. Baz *SKB*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

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

APPROVED FOR TRANSMITTAL
[Signature]
Date 4/20/16

For Transmittal to:

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

Dear Chair Hokama:

SUBJECT: REQUESTS FROM APRIL 14, 2016 MEETING (WS-2) (BF-1)

Thank you for your April 15, 2016 letter regarding the above-referenced subject. The Department of Water Supply ("DWS") is transmitting for your review and offers the following responses to the Committee's questions:

Question:

- 1. Provide a copy of the land acquisition assessment report for the Maluhia Tank site. (RH)

Answer: See Exhibit 1 & 2.

Question:

- 2. Provide an aerial diagram depicting the site for the proposed Mahinahina Well 1 facility and future expansion for Well 2. Identify the proposed locations of Well 1 and Well 2 on the site. Further identify the location of the transmission lines that will service both wells. (RH)

"By Water All Things Find Life"

Honorable Riki Hokama
Chair, Budget and Finance Committee
April 19, 2016
Page 2

Answer: See Exhibit 3.

We hope you find this information useful. Should further clarification be necessary, please contact me at Ext. 7514.

Sincerely,

A handwritten signature in black ink, appearing to read 'DT', with a horizontal line extending to the right.

DAVID TAYLOR, P.E.
Director of Water Supply

Attachments

xc: Sananda K. Baz, Budget Director
Paul J. Meyer, Deputy, Department of Water Supply
Holly Ho, Waterworks Fiscal Officer

DT:atn
P:\DOCS\Council\041916_Hokama(WS-2).doc

APPRAISAL REPORT

of

Property at

677 Olinda Road

Makawao, HI 96768

As Of:

07/15/2014

Prepared For:

DEPARTMENT OF WATER SUPPLY

COUNTY OF MAUI

200 South High Street

5th Floor Wailuku, HI 96793

Prepared By:

Allan T. Shishido, CGA #143

Island Appraisals

1806-B Kaohu Street

Wailuku, HI 96793

EXHIBIT 1

RESTRICTED APPRAISAL REPORT

Restriction on Use of this Appraisal: This is a Restricted Appraisal Report as defined and permitted by the Uniform Standards of Professional Appraisal Practice (USPAP). This Restricted Appraisal Report is intended for use only by the client for the stated use. The client understands the limited utility of the Restricted Appraisal Report and its limited application to only the specified use. This report cannot be properly understood without additional information contained in the appraiser's work file. Use by anyone other than the client is prohibited.

CLIENT AND PROPERTY IDENTIFICATION

Client COUNTY OF MAUI
Client's Address 200 South High Street, 5th Floor Wailuku, HI 96793

Identification of Property being Appraised
[X] Address 677 Olinda Road City Makawao St HI Zip 96788
Legal Description Plat Map and Easement Map
Property Survey (See Attached)
Property Sketch (See Attached)

Statement of the Real Property Interest being Appraised
[X] Fee Simple [] Leasehold [] Other

APPRAISAL APPROACH

Statement of Purpose of Appraisal
[] To estimate the market value of the subject property.
[X] To estimate the fair market value of non-exclusive easement for access and pipe and exclusive easement

Statement of Intended Use of Appraisal
Provide real property information, real estate market data and an informed value conclusion

Statement of the Appraisal Procedures followed
[] This is a Complete Appraisal assignment. All of the procedures of the Valuation Process as required by the Uniform Standards of Professional Appraisal Practice (USPAP) specific guidelines for a Complete Appraisal were performed. This Restricted Appraisal Report is made based on client instructions.
[] This is a Limited Appraisal assignment. All of the procedures of the Valuation Process as required by the Uniform Standards of Professional Appraisal Practice (USPAP) specific guidelines for a Complete Appraisal were performed except for those departures permitted by USPAP and requested by the client. The client understands the limitations of this appraisal and agrees that the performance of this limited appraisal is appropriate.

Statement of All Assumptions and Limiting Conditions that Affect the Analyses, Opinion, and Conclusion
[X] A statement of typical or ordinary assumptions and limiting conditions is attached to this report.
[] Extraordinary assumptions or limiting conditions are disclosed with statements of each opinion and value conclusion that is affected.

Description of the Extent of the Process of Collecting, Confirmation and Reporting Data Refer to Addendum

Statement of the Exclusion of any of the Usual Approaches to Value Refer to Addendum

VALUE CONCLUSIONS

Statement of the Appraiser's Opinion of the Highest and Best Use of Subject Property
[X] Present Use [] Other

Statement of Definition of the Value to be Estimated
[X] A definition of value being estimated is attached to this report.
[] A definition of value estimated is

Table with columns for Cost Approach, Income Approach, Sales Comparison Approach, and Reconciliation. Values include N/Ap, N/Ap, 80,000, and Estimated Value as of the Date of Appraisal July 15, 2014 is \$ 80,000.

Supporting Documentation
[X] Supporting documentation for this appraisal is maintained on file by the appraiser. The file is available for inspection by the client, such third parties as may be authorized by due process of law, and as required by USPAP Guidelines.

Report Attachments
[X] Sales Comp. Approach [] Limited Appraisal Disclosure [] Comparable Photos [] Property Survey
[] Cost Approach [X] Definition of Value & Cert. [] Location Map [] Environmental Addendum
[] Income Approach [X] Subject Photos [] Property Sketch [X] Maps

The analyses, opinions and conclusions used to prepare this Restricted Appraisal Report were developed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Standards Committee of the Appraisal Foundation.

APPRaiser Signature Allan T. Shishido, CGA #143 Date Report Signed 08/27/2014
SUPERVISORY APPRAISER Signature Name Date Report Signed
[X] Did [] Did not inspect subject property. [] Did [] Did not inspect subject property.
Cert./Lic. # CGA #143 St HI Exp: 12/31/2015 Cert./Lic. # St Exp:

Island Appraisals
COMMENT ADDENDUM

File No. RC-14-317710

| | | | | | | | |
|------------------|----------------------------|--------|--|-------|----|----------|-------|
| Borrower | DEPARTMENT OF WATER SUPPLY | | | | | | |
| Property Address | 677 Olinda Road | | | | | | |
| City | Makawao | County | MauI | State | HI | Zip Code | 96768 |
| Lender/Client | COUNTY OF MAUI | | Address 200 South High Street, 5th Floor Wailuku, HI 96793 | | | | |

EFFECTIVE DATE OF REPORT: July 15, 2014

DATE OF APPRAISAL INSPECTION: June 12, 2014

INTENDED USE/USER OF REPORT

The Intended User of this appraisal report is The County of Maui, Department of Water Supply. No additional intended users are identified by the appraiser. This report contains sufficient information to enable the lender/client to understand the report. Any other party receiving a copy of this report for any reason is not an intended user; nor does receiving a copy of this report result in an appraiser-client relationship. Use of this report by any other party(ies) is not intended by the appraiser.

The intended use of this report is to provide the client with real property information, real estate market data and an informed value conclusion to enable the County of Maui, Department of Water Supply to present to property owner.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to determine the fair market value of an 0.367 exclusive easement and a 0.941 non-exclusive easement as depicted on the Easement Map included in this appraisal report.

SCOPE OF THE APPRAISAL

The appraisal report contains data gathered in our investigations and is complete with exhibits describing the theory and calculations of our valuation methodology. In the process, we gathered pertinent data with respect to economic, social and environmental factors, along with other regional data that would have direct or indirect influence upon the subject. A physical inspection was conducted on June 12, 2014, and provided the basis for the site description. Additionally, research was conducted into primary and secondary data sources in compiling factual information on the subject and of the market. Based on this information, an analysis of Highest and Best Use was conducted as though the sites were vacant and available for development. This conclusion was the basis upon which our valuations were derived.

This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.

WRITTEN APPRAISALS & FORMS

This appraisal report has been completed in writing on a form accompanied by addenda, photographs, and sketches (where applicable) that together satisfy requirements of this section. It is our opinion that this report is sufficiently descriptive and contains enough information to enable the reader to understand the reasoning behind the Market Value Estimate and Value Conclusion arrived at for the subject property.

PROPERTY RIGHTS APPRAISED

The property rights appraised is Fee Simple and Easement Interest.

EASEMENT DEFINED

A property easement is the right to use the land of another without having an ownership interest. There are two types of easements granted to the benefited party - easement in gross (exclusive easement) and appurtenant easement (non-exclusive easement). An easement in gross is granted exclusively to an individual or entity. The owner of an exclusive easement has a limited interest in land that someone else owns or possesses. The easement is often limited to the use or enjoyment of the property that only the holder of the exclusive easement is entitled to. It does not give the holder a right to possess the land. When the owner sells the property, the future owner does not benefit from the easement.

An appurtenant easement is usually a perpetual easement that runs with the land and can be used by others. When the owner sells the property, the future owner still enjoys benefits from the easement.

Island Appraisals
COMMENT ADDENDUM

File No. RC-14-317710

Borrower DEPARTMENT OF WATER SUPPLY

Property Address 677 Olinda Road

City Makawao County Maui State HI Zip Code 96768

Lender/Client COUNTY OF MAUI Address 200 South High Street, 5th Floor Wailuku, HI 96793

The land which receives the benefit of the easement is called the "dominant" property or estate. The property which has an easement imposed upon it or giving usage is called the "servient" estate.

ZONING

The subject property is zoned Agriculture within the County's Agricultural District and located within the State's Agricultural District.

HIGHEST AND BEST USE ANALYSIS

In the highest and best use analysis of the subject property, the appraiser has considered its permissible (legal) uses or those uses which are permitted by zoning and deed restrictions (if any); its possible uses or those uses which are physically possible for the site; and its feasible use or those possible uses which will produce the highest net return to the owner of the site under current and projected market conditions.

The subject property is zoned Agriculture. The subject's present use is one of the permissible uses in the Agricultural zoning classification and is the highest and best use of the property as improved. The structures were designed for residential/agricultural purposes, and no other use would be considered legally and financially feasible.

The subject's highest and best use as though vacant is a site available for agricultural purposes.

COMMENTS REGARDING THE SITE

Physical inspection of the subject property did not reveal any apparent forms of external obsolescence.

USE OF RECOGNIZED APPRAISAL APPROACHES

All three approaches to value, including the direct sales comparison, income, and cost approaches have been utilized in this report, or an explanation of why a particular approach was not utilized has been included.

THE APPRAISAL PROCESS

The starting point in estimating the fair market value of the easements is to determine the market value of the servient property. Thus, the subject was examined and analyzed utilizing the Appraisal Process, which involves three generally recognized valuation methods; namely, the Cost Approach, the Income Approach, and the Direct Sales Comparison Approach. Each valuation method is briefly discussed and finally correlated into a final value estimate.

COST APPROACH

The Cost Approach to estimated value is based on the principle that a prudent purchaser would pay no more than the cost of producing a similar property with the same utility. It is a process of estimating the cost to reproduce an identical improvement or improvements on the property, deduct any observed depreciation from the reproduction cost, and arrive at a depreciated cost. This depreciated cost is then added to the land value found by market comparison of competitive vacant property sales to arrive at market value. Building costs are gleaned from builder's cost handbooks and local construction cost estimates. The depreciation estimate was based primarily on the age/life method.

The Cost Approach was not utilized in this appraisal assignment since no consideration was given to any improvements on the subject site and the value is based on the site as though vacant.

INCOME APPROACH

The Income Approach to value estimate is based on the principle of anticipation which affirms that an informed investor would not pay more for a property than the anticipated net income and/or benefits during the remainder of its economic life. It involves the conversion of net income from the property to a capital value at a rate of return sufficient to provide a market return on the land and improvements over their economic life.

The Income Approach was not utilized in this appraisal assignment since the value is based on the subject site as though vacant.

Island Appraisals
COMMENT ADDENDUM

File No. RC-14-317710

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DIRECT SALES COMPARISON APPROACH

The Direct Sales Comparison Approach is based on the principle of substitution whereby a potential purchaser would pay no more than to acquire an existing property with the same utility as the subject. It is a process of comparing the subject property with recent or recent-past sales of similar type properties in the same or competitive market area. In analyzing the market data of the comparables, it is imperative that the sales prices be reduced to a common units of comparison to relate the degree of comparability to the property being appraised.

This appraisal assignment involves the valuation of bulk, undeveloped acreage land, and after analysis of the significance and applicability of the three generally recognized approaches to value, it is the Appraiser's opinion that the Sales Comparison Approach most closely represents what the typically informed, rational purchaser would pay for bulk acreage property if it were available for sale on the open market as of the date of the appraisal, given all of the data available to and utilized by the Appraiser.

COMMENTS REGARDING THE MARKET DATA

The primary criteria in the research and selection of comparables included:

1. Fee simple tenure
2. Location in Makawao or competitive market areas
3. Similar site area and zoning
5. Recent transaction date

Extensive research of the subject's market area revealed eight relatively recent comparable market sales. In addition, one active listing was identified.

The eight recent sales and one active listing is displayed on the following Vacant Land Transactions worksheet.

DESCRIPTION OF THE COMPARABLES

Comparable #1. Grantor: JONES, Dana Howard/Grantee: RUETER, Marc and Amy. Property is located on Olinda Road in Makawao. Property is gently sloping with good ocean views. Property has a County water meter and other public utilities are readily available. There were no easements or other apparent adverse effects on the site.

Comparable One was listed for \$2,750,000 on 12/17/13, and the property went under contract on 06/25/14. Comparable One sold on 07/07/14 for \$2,400,000. Days on the market is 202 days, and the sale is recorded as Doc #53010177. There were no prior sales in the previous 12 months.

Comparable #2. Grantor: VOLWIEDER, Jon/Grantee: ASTAIRE LLC. Property is located on Pauwela Road in neighboring Haiku. Property is level to gently sloping with average ocean views. The property does not have a County water meter. Other public utilities are readily available. There were no easements or other apparent adverse effects on the site.

Comparable Two was listed for \$1,500,000 on 01/13/14, and the property went under contract on 01/13/14. Comparable Two sold on 03/14/14 for \$1,500,000. Days on the market is 60 days, and the sale is recorded as Doc #51860266. There were no prior sales in the previous 12 months.

Comparable #3. Grantor: LOFTON, Craig & SCHULTHEIS, Karen/Grantee: HERSTUS, Cestmir & Mary C 1999 Tr. The property is located off Olinda Road in Makawao with good ocean views. The property has a County water meter. Pipeline, drainage and utility easements on the property have no apparent adverse effects on the site. Access appears to be by easement. According to the listing, the property has two lot credits and may have subdivision potential. According to tax records, 3 acres are designated for pasture and 3.09 acres are designated as wasteland. Based on information in MLS and a drive-by inspection, there appears to be minimal agricultural activity on the property.

Comparable Three was listed on 04/04/13 for \$1,100,000. The status was Pending on 05/30/13 but Active on 07/01/13. The property went under contract on 11/08/13 and sold on 12/12/13 for \$900,000. Days on the Market is 252 days, and the sale is recorded as Doc #50940539. There were no prior sales/transfers in the previous 12 months.

Comparable #4. Grantor: CHUNG, Abel Trst et al/Grantee: HUBER, Hans. The property is located on Middle Road in neighboring Kula with good ocean views. The property has a County water meter and all other public utilities are readily available. Property is accessed by easement. There were no apparent easements or other apparent adverse conditions affecting the site.

Comparable Four was listed on 06/04/12 for \$995,000 and went under contract on 09/10/13. The property sold on 12/11/13 for \$815,000. Days on the Market is 555 days, and the sale is recorded as Doc #50930076. There were no prior sales/transfers in the previous 12 months.

Island Appraisals
COMMENT ADDENDUM

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Comparable #5. Grantor: 96 Makena Surf LLC/Grantee: BENTLY, Diana. Property is located on Polipoli road in neighboring Kula with good ocean views. The property has a County water meter and all other public utilities are readily available. There were no apparent easements or other apparent adverse conditions affecting the site.

Comparable Five was listed for \$979,500 on 05/11/13. The list price was lowered to \$890,000 on 07/17/13, and went under contract on 10/27/13. The sold on 12/09/13 for \$880,000. Days on the Market is 212 days, and the sale is recorded as Doc #50910300. There were no prior sales/transfers in the previous 12 months.

Comparable #6. Grantor: MANUEL, Ronald & Meri-Jo/Grantee: HOROVITZ, Peter & Liana. The property is located on Ehu Road in Makawao and has good mountain views. The property has a County water meter and other public utilities are readily available. There were no easements or other apparent adverse effects on the site.

Comparable Six was listed on 02/04/13 for \$600,000. The property went under contract on 06/14/13, and the property sold on 08/30/13 for \$575,000. Days on the Market is 207 days, and the sale is recorded as Doc #49900504. There were no prior sales/transfers in the previous 12 months.

Comparable #7. Grantor: COOKE, Charles et al./Grantee: KAPLAN, Robert & Margaret. The property is located on Maud's Place in neighboring Kula and has average ocean views. The property has a County water meter and other public utilities are readily available. No apparent easements or other apparent adverse conditions affecting the property.

Comparable Seven was listed on 12/05/12 for \$750,000. The property went under contract on 12/17/12 and sold on 01/16/13 for \$675,000. Days on the Market is 42 days, and the sale is recorded as Doc #47640265. There were no prior sales in the previous 12 months. However, there was an internal transfer on 11/16/12.

Comparable #8 Grantor: WALKER, Richard & CLARK, Warren/ Grantee: PACIFIC PRODUCE INC. Property is located on Waipoli Road, is gently sloping and has good ocean views. According to the listing, the property has 3 County water meters, and other public utilities are readily available. There were no easements or other apparent adverse conditions affecting the site.

Comparable Eight was listed on 11/02/12 for \$1,400,000. The property went into contract on 11/12/12 and sold on 12/20/12 for \$1,300,000. Days on the Market is 48 days, and the sale is recorded as LCD #8389183. There were no prior sales in the previous 12 months.

Comparable #9 is an active listing on Olinda Road in Makawao. Water is supplied by a private water system, and all other public utilities are readily available. Ownership benefits include deeded access to equestrian/hiking trails through an adjacent 300+ acre property.

Comparable Nine was listed on 05/20/14 for \$2,250,000. The property was previously purchased for \$2,500,000 on 07/15/08.

VALUE CONCLUSION

After adjustments, the eight closed sales indicated a value range of \$74,165 - \$116,200 per acre. In concluding a value estimate for the subject via the Direct Sales Comparison Approach, the indicated value of each comparable was weighted based upon their comparability and reliability. The value of the parcel as though vacant was estimated to be \$93,000 per acre based upon the weight distribution on the Vacant Land Transactions Worksheet, or for 14.95 acres, rounded, \$1,400,000.

EASEMENT VALUATION

As stated earlier, the purpose of this appraisal report is to determine the fair market value of a 0.367 acre exclusive easement and a 0.941 acre non-exclusive easement.

The typical appraisal method for valuing partial interests is the *before and after* method. In this method, the appraiser values the larger parcel before the taking (or easement) is applied, and then again after the easement is assumed to be in place. The difference (if any) is the amount attributed to the easement and is the value due to the owner. However, when the lesser takings are involved, where such a before and after value would likely be nominal (due to impact, location, etc.) another approach and formula is often applied.

In this appraisal assignment, an "across-the-fence" (ATF) valuation method was considered more appropriate. The ATF valuation method involves determining a unit value of the servient property and applying that value to the amount of the taking (easement). In the valuation of an exclusive easement, the unit value is equal to 100% of the unit value of the servient property. However, in the valuation of a non-exclusive easement, the unit value is discounted to reflect the partial usage by the servient property owner. In this particular assignment, a 50% discount was considered appropriate.

Based on the analysis of comparable vacant land transactions, the appropriate unit value was concluded at \$93,000 per acre.

Island Appraisals
COMMENT ADDENDUM

File No. RC-14-317710

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Lender/Client COUNTY OF MAUI Address 200 South High Street, 5th Floor Wailuku, HI 96793

Therefore, the FAIR MARKET VALUE of the easements was determined as follows:

Exclusive easement:

| <u>Unit Value</u> | <u>Area</u> | <u>Discount</u> | <u>Indicated Value</u> |
|-------------------|-------------|-----------------|------------------------|
| \$93,000 | 0.367 Acres | 0 | \$34,131 |

Non-exclusive easement:

| <u>Unit Value</u> | <u>Area</u> | <u>Discount</u> | <u>Indicated Value</u> |
|-------------------|-------------|-----------------|------------------------|
| \$93,000 | 0.941 Acres | 50% | \$43,757 |
| | | Total | \$77,888 |
| | | Rounded | \$80,000 |

**VACANT LAND TRANACTIONS
OLINDA ACREAGE**

| TMK | Sale Date | Contract Date | Instrument | Area In Acres | Sales Price | Price Per Acre | ADJUSTMENTS | | | | | | ADJUSTED | |
|---------------|-----------|---------------|------------|---------------|-------------|----------------|-------------|-----------|-------|-----------|----------|------------|----------|------------|
| | | | | | | | Time | Financing | Views | Utilities | Location | Phy. Char. | Size* | Price/Acre |
| 1) 2-4-26-001 | 7/14 | 6/14 | Cash | 26.52 | \$2,400,000 | \$90,498 | 0 | 0 | 0 | 0 | 0 | 0 | 1.14 | \$103,167 |
| 2) 2-7-08-042 | 3/14 | 1/14 | Cash | 25.35 | \$1,500,000 | \$59,172 | 0 | 0 | 0 | 20710 | 0 | 0 | 1.13 | \$90,266 |
| 3) 2-4-12-037 | 12/13 | 11/13 | Cash | 6.12 | \$900,000 | \$147,059 | 0 | 0 | 0 | 0 | 0 | -22059 | 0.81 | \$101,250 |
| 4) 2-2-04-022 | 12/13 | 9/13 | Cash | 10.00 | \$815,000 | \$81,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0.91 | \$74,165 |
| 5) 2-2-16-119 | 12/13 | 10/13 | Cash | 6.21 | \$880,000 | \$141,707 | 0 | 0 | 0 | 0 | 0 | 0 | 0.82 | \$116,200 |
| 6) 2-4-13-070 | 8/13 | 6/13 | Conv | 6.00 | \$575,000 | \$95,833 | 0 | 0 | 0 | 0 | 0 | 0 | 0.81 | \$77,625 |
| 7) 2-2-06-065 | 1/13 | 12/12 | Cash | 6.90 | \$675,000 | \$97,826 | 0 | 0 | 0 | 0 | 0 | 0 | 0.83 | \$81,196 |
| 8) 2-2-06-022 | 12/12 | 11/12 | Conv | 11.53 | \$1,300,000 | \$112,749 | 0 | 0 | 0 | -16912 | 0 | 0 | 0.94 | \$90,087 |
| 9) 2-4-12-048 | Listing | Listing | Listing | 25.01 | \$2,250,000 | \$89,964 | 0 | 0 | 0 | 0 | 0 | 0 | 1.13 | \$101,659 |

* Adj. based on Dilmore Size Adjustment Tables

RANGE OF FINAL ADJUSTED VALUES:

\$74,165 - \$116,200

The value of the subject was estimated to be \$1,400,000 based upon the following weight distribution:

MEDIAN OF FINAL ADJUSTED VALUES:

\$90,177

MEAN OF FINAL ADJUSTED VALUES:

\$91,744

WEIGHTED AVERAGE OF FINAL ADJUSTED VALUES:

\$93,000

| | Indicated Value | Weight | Weighted Value |
|--|-----------------|--------|----------------|
|--|-----------------|--------|----------------|

ESTIMATED VALUE OF SUBJECT, FEE SIMPLE:

\$93,000

| | | | |
|------------------|-----------|-----|----------|
| Comparable One | \$103,167 | 20% | \$20,633 |
| Comparable Two | \$90,266 | 10% | \$9,027 |
| Comparable Three | \$101,250 | 20% | \$20,250 |
| Comparable Four | \$74,165 | 10% | \$7,417 |
| Comparable Five | \$116,200 | 10% | \$11,620 |
| Comparable Six | \$77,625 | 20% | \$15,525 |
| Comparable Seven | \$81,196 | 5% | \$4,060 |
| Comparable Eight | \$90,087 | 5% | \$4,504 |

| | | |
|--|---------|----------|
| | 100% | \$93,036 |
| | Rounded | \$93,000 |

\$93,000 X 14.95 Acres =

\$1,390,350

Rounded:

\$1,400,000

ADJUSTMENTS

TIME: No time adjustment was deemed necessary.

FINANCING: No financing adjustment was deemed necessary.

UTILITIES: A positive 35% adjustment was applied to Comp 2 to reflect its lack of a County water meter.

A negative 15% adjustment was applied to Comparable #8 since it included 3 County water meters.

PHYSICAL CHARACTERISTICS: A negative 15% adjustment was applied to Comp #3 which sold with subdivision potential due to a two lot credit.

Greatest weight was placed on Comps #1, #3 & #6 due to their proximity to the subject.

No weight was placed on Comp #9 which is an active listing only.

No other adjustments were deemed necessary.

RESTRICTED APPRAISAL REPORT

File No. RC-14-317710

**Definition of Market Value
Ordinary Assumptions and Limiting Conditions
Certification**

DEFINITION OF MARKET VALUE:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

ORDINARY ASSUMPTIONS AND LIMITING CONDITIONS:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. If the appraiser has provided a sketch in the appraisal report, the sketch shows approximate dimensions and is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. If the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report that the subject site is (or is not) located in an identified Special Flood Hazard Area, as the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless required to do so by a court.
5. The appraiser has noted in the appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. 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. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
7. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
9. I have agreed to enter into this assignment as requested by the client named in the report for the use specified by the client which is stated in the report, which calls for things that are different from the work that would otherwise be required by the specific guidelines of the USPAP. The client has agreed that the performance of this limited appraisal service is appropriate for their intended use.

Other:

CERTIFICATION:

I 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, unbiased professional analyses, opinions, and conclusions.
3. I have no (or the specified) present or prospective interest in this property that is the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice.
6. I have (or have not) as indicated on the report made a personal inspection of the property that is the subject of this report. If more than one person has signed the report, each person has indicated on the report whether they did or did not make an inspection of the appraisal property.
7. Unless otherwise indicated below, no one provided me with significant professional assistance in the completion of this appraisal assignment.

SUPERVISORY APPRAISER'S CERTIFICATION:

If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER

Signature 
 Name Allan T. Shishido, CGA #143
 Date Report Signed 08/27/2014
 Did Did Not Inspect Property
 Cert./Lic. # CGA #143 St HI Exp: 12/31/2015

SUPERVISORY APPRAISER

Signature _____
 Name _____
 Date Report Signed _____
 Did Did Not Inspect Property
 Cert./Lic. # _____ St _____ Exp: _____

APPRAISAL COMPLIANCE ADDENDUM

| | | | |
|---|-----------------|-----------------------|--|
| Borrower/Client DEPARTMENT OF WATER SUPPLY | | Unit No. | |
| Address 677 Olinda Road | | City Makawao | |
| County Maui | State HI | Zip Code 96768 | |
| Lender/Client COUNTY OF MAUI | | | |

This Appraisal Compliance Addendum is included to ensure this appraisal report meets all USPAP 2014 requirements.

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

Appraisal Report This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).

Restricted Appraisal Report This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- Unless otherwise indicated, 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.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification (if there are exceptions, the name of each individual providing significant real property appraisal assistance is stated elsewhere in this report).
- This report has been prepared in accordance with Title XI of FIRREA as amended, and any implementing regulations.

PRIOR SERVICES

I have NOT performed services, as an appraiser or in another other capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.

I HAVE performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

I HAVE made a personal inspection of the property that is the subject of this report.

I have NOT made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

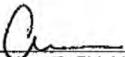
ADDITIONAL COMMENTS

Additional USPAP related issues requiring disclosure and/or any state mandated requirements: **As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.**

MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

A reasonable marketing time for the subject property is _____ day(s) utilizing market conditions pertinent to the appraisal assignment.

A reasonable exposure time for the subject property is _____ day(s).

| APPRAISER | SUPERVISORY APPRAISER (ONLY IF REQUIRED) |
|---|--|
| Signature  | Signature _____ |
| Name Alan T. Shishido, CGA #143 | Name _____ |
| Date of Signature 08/27/2014 | Date of Signature _____ |
| State Certification # CGA 0000143 | State Certification # _____ |
| or State License # _____ | or State License # _____ |
| State HI | State _____ |
| Expiration Date of Certification or License 12/31/2015 | Expiration Date of Certification or License _____ |
| Effective Date of Appraisal 07/15/2014 | Supervisory Appraiser Inspection of Subject Property: |
| | <input type="checkbox"/> Did Not <input type="checkbox"/> Exterior Only from street <input type="checkbox"/> Interior and Exterior |

Borrower DEPARTMENT OF WATER SUPPLY

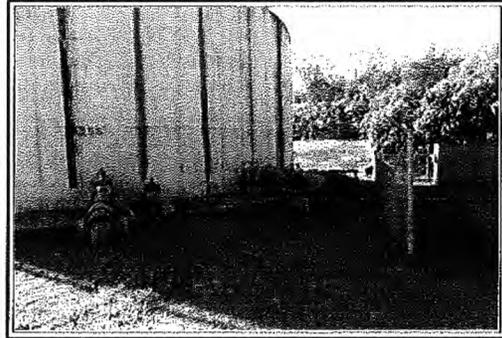
Property Address 677 Olinda Road

City Makawao County Maui State HI Zip Code 96768

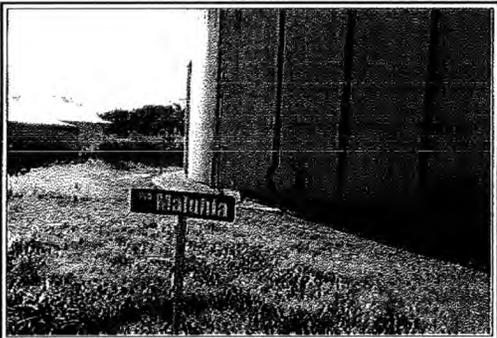
Lender/Client COUNTY OF MAUI Address 200 South High Street, 5th Floor Wailuku, HI 96793



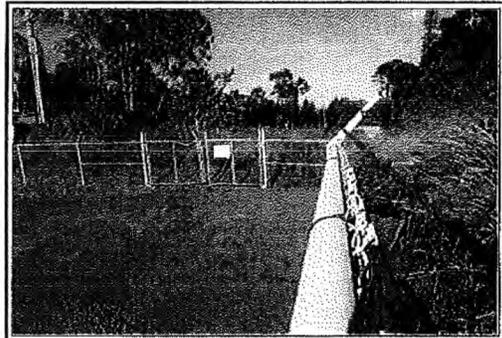
VIEW OF EXCLUSIVE EASEMENT



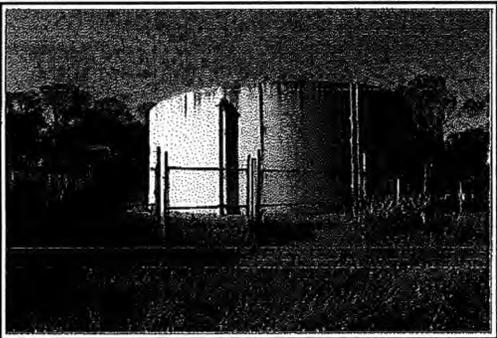
VIEW OF EXCLUSIVE EASEMENT



VIEW OF EXCLUSIVE EASEMENT



VIEW OF EXCLUSIVE EASEMENT



VIEW OF EXCLUSIVE EASEMENT



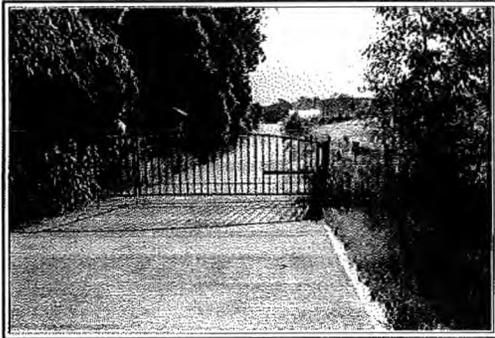
VIEW OF NON-EXCLUSIVE EASEMENT

Borrower DEPARTMENT OF WATER SUPPLY

Property Address 677 Olinda Road

City Makawao County Maui State HI Zip Code 96768

Lender/Client COUNTY OF MAUI Address 200 South High Street, 5th Floor Wailuku, HI 96793



VIEW OF NON-EXCLUSIVE EASEMENT



VIEW OF NON-EXCLUSIVE EASEMENT



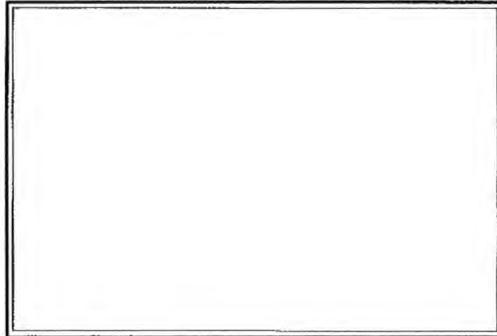
VIEW OF SERVIENT PROPERTY



VIEW OF SERVIENT PROPERTY



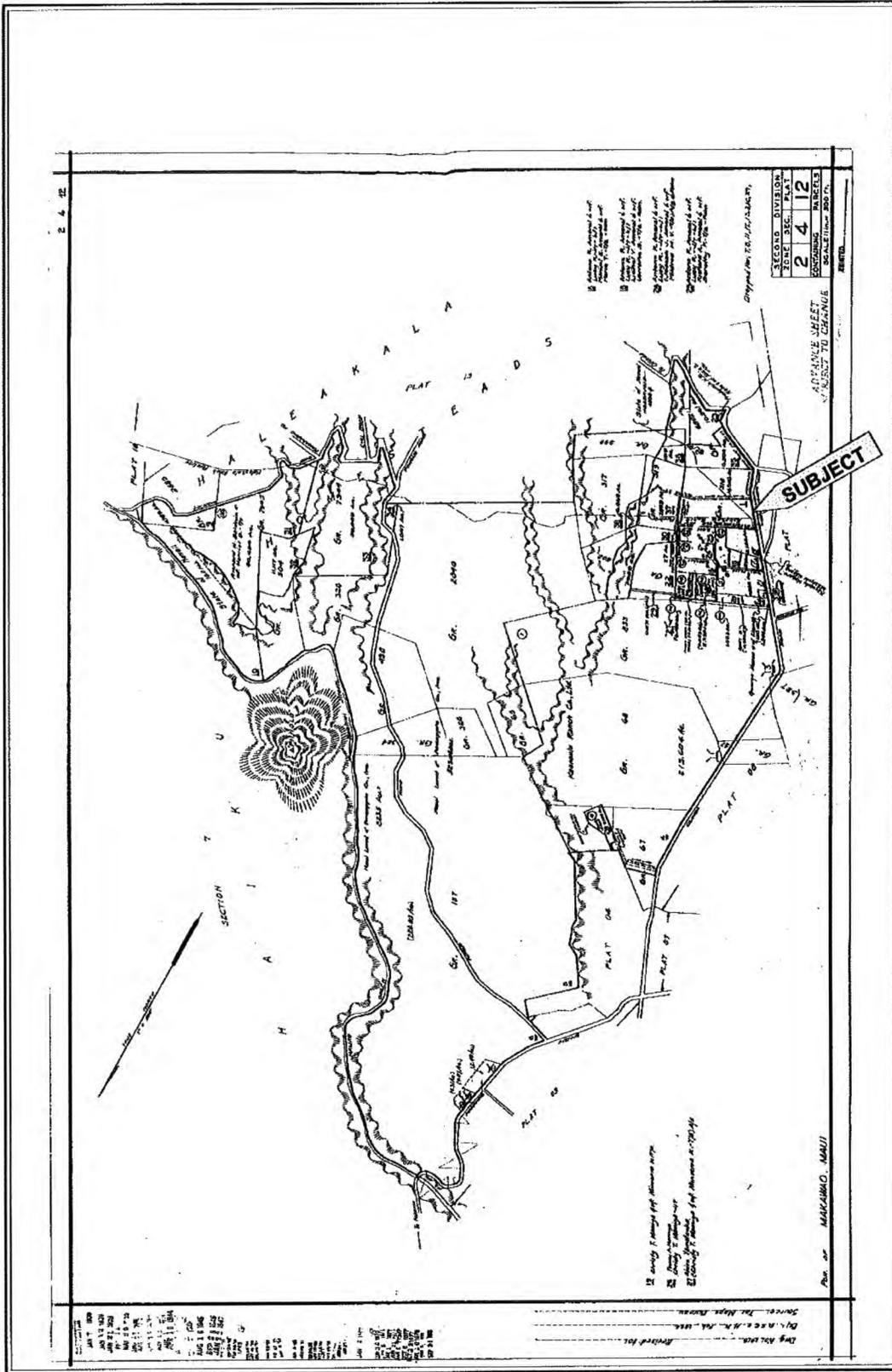
VIEW OF SERVIENT PROPERTY



Island Appraisals
PLAT MAP

File No. RC-14-317710

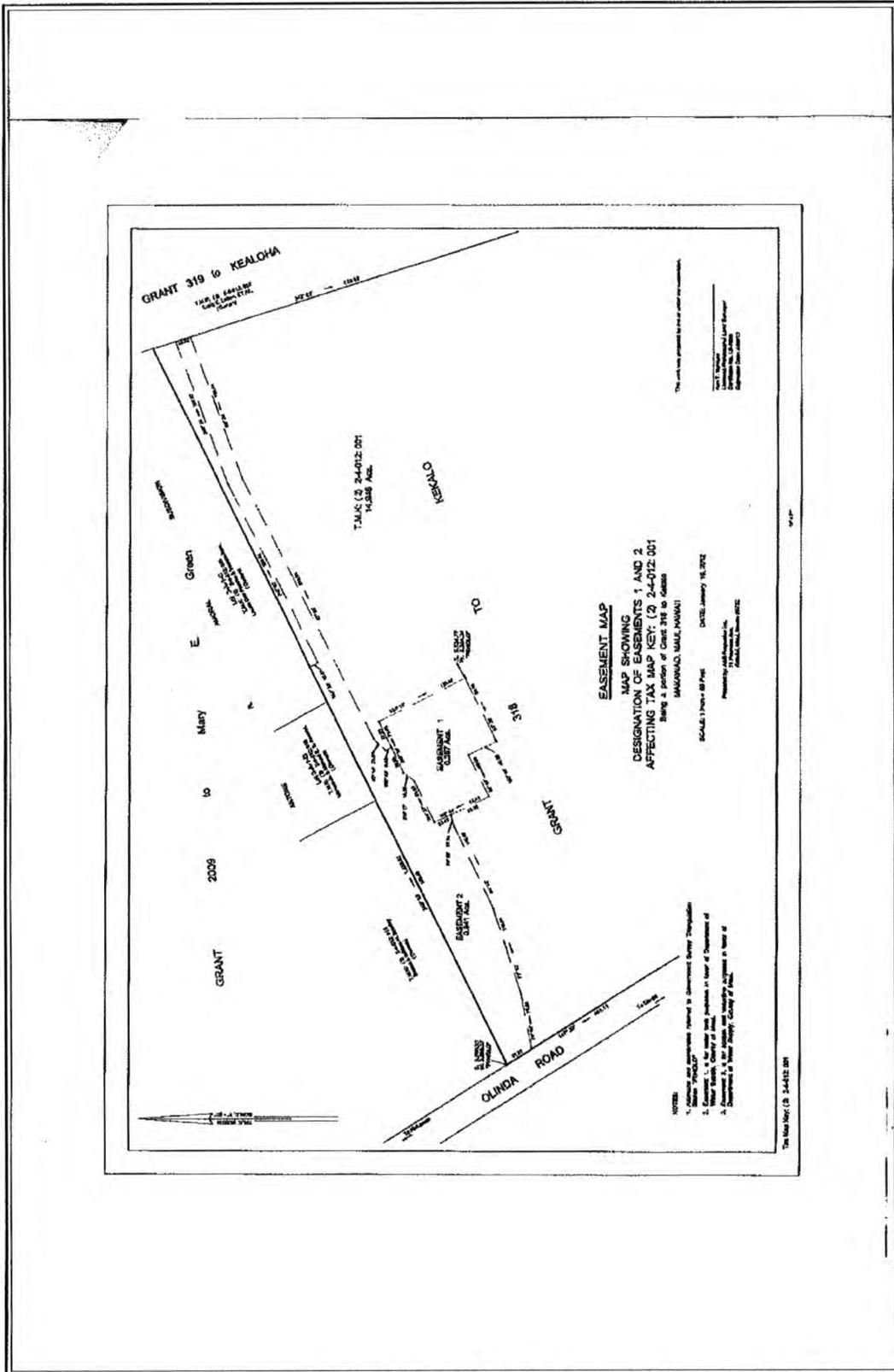
Borrower **DEPARTMENT OF WATER SUPPLY**
 Property Address **677 Olinda Road**
 City **Makawao** County **Maui** State **HI** Zip Code **96768**
 Lender/Client **COUNTY OF MAUI** Address **200 South High Street, 5th Floor Wailuku, HI 96793**



Island Appraisals
EASEMENT MAP

File No. RC-14-317710

| | | | | | | | |
|------------------|----------------------------|--------|---------|-------|----|----------|--|
| Borrower | DEPARTMENT OF WATER SUPPLY | | | | | | |
| Property Address | 677 Olinda Road | | | | | | |
| City | Makawao | County | Maui | State | HI | Zip Code | 96768 |
| Lender/Client | COUNTY OF MAUI | | Address | | | | 200 South High Street, 5th Floor Wailuku, HI 96793 |



Island Appraisals
FLOOD MAP ADDENDUM

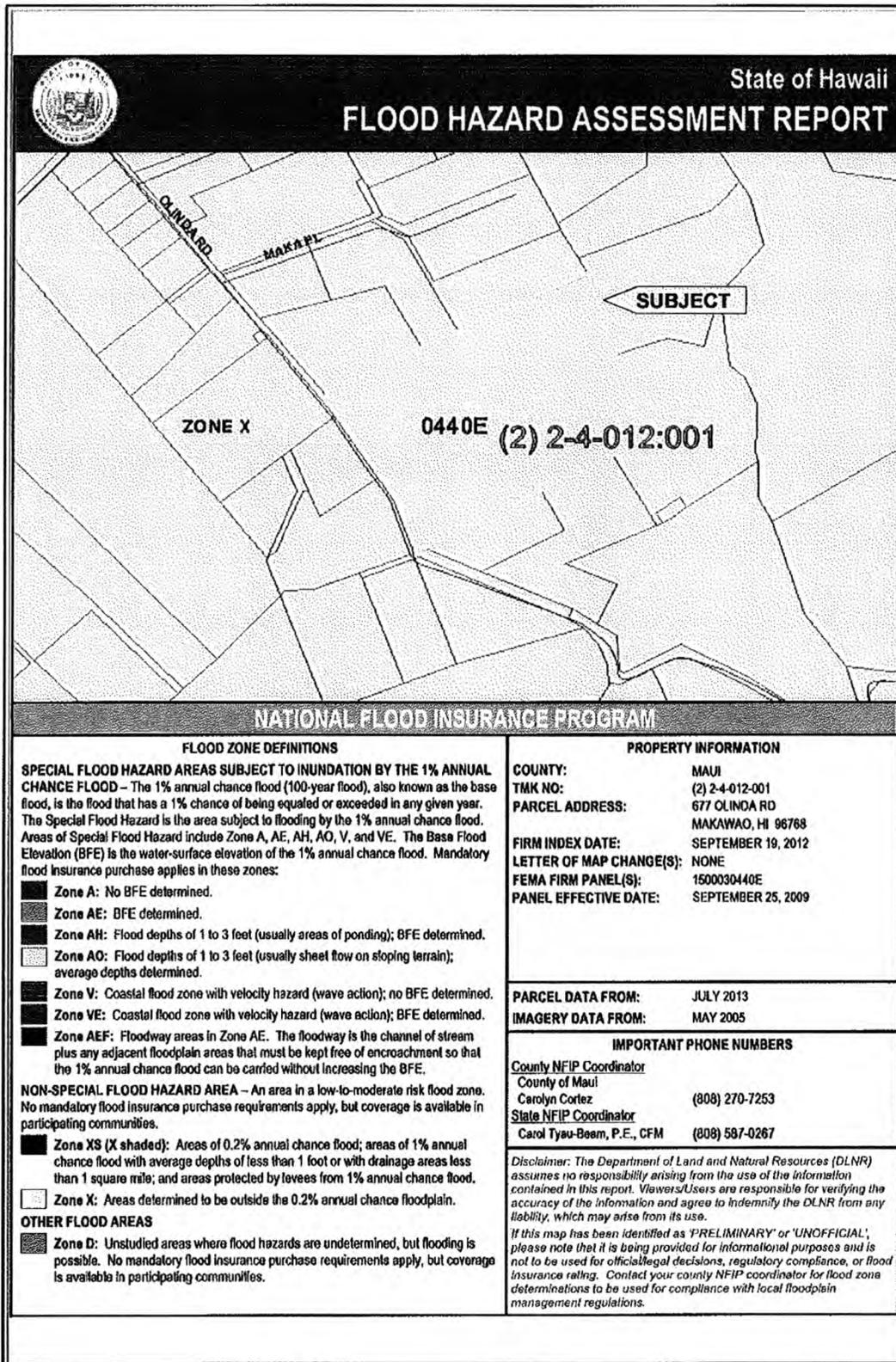
File No. RC-14-317710

Borrower DEPARTMENT OF WATER SUPPLY

Property Address 677 Olinda Road

City Makawao County Maui State HI Zip Code 96768

Lender/Client COUNTY OF MAUI Address 200 South High Street, 5th Floor Wailuku, HI 96793





This is to certify that MARK J. BOWEN
 has been duly licensed as a CERTIFIED GENERAL APPRAISER
 in the State of Hawaii on DECEMBER 18, 2010
 The license shall be in full force and effect only as long as it is supported by
 a current license identification card

License Number: 143 *Mark J. Bowen*
Commissioner

STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES
 DIVISION OF LAND MANAGEMENT
 1555 KALANIANAʻOHE AVENUE, SUITE 200
 HONOLULU, HAWAII 96813

4144 7 1811-010
 4144 7 1811-010
 4144 7 1811-010

DATE: 12/18/10

Medusky & Co., Inc.

REAL ESTATE CONSULTANTS

QUEEN'S COURT, SUITE 404 • 800 BETHEL STREET
HONOLULU, HAWAII 96813
PHONE (808) 531-2765 • FAX (808) 599-3736
EMAIL - medusky@meduskyandco.com

Jan R. Medusky, MAI, CRE

February 29, 2016

Evan Ryan
Pono Grown Farm Center
677 Olinda Road
Makawao, Hawaii 96768

Dear Mr. Ryan:

Subject: Restricted Use Appraisal Report Regarding Three Easements at Makawao, Maui, Hawaii, TMK 2-4-12-Por. 1, Second Division

In response to your request, we have prepared this Restricted Use Appraisal Report regarding the above referenced property.

Olinda Road LLC owns the fee simple interest in agricultural zoned land located at Olinda Road, Makawao, Maui, Hawaii and identified by Hawaii State Tax Maps as TMK 2-4-12-1, Second Division. The property contains 14.946 acres of land area improved with a two bedroom, two bathroom dwelling and a barn structure.

The County of Maui intends to acquire certain easement rights associated with portions of the landholding associated with an existing water tank and pump system.

In this regard, you have retained Medusky & Co., Inc. to prepare this Restricted Use Appraisal Report regarding the property rights to be acquired by the County of Maui.

ASSIGNMENT

Our assignment has been to prepare a Restricted Use Appraisal Report estimating the market value of the property rights to be acquired and damages (if any) to the remainder property.

The intended use of this appraisal report is for decision making regarding the pending disposition of the property.

The intended user of this report is you (our client).

The effective date of value for this report is July 16, 2015.

This report is subject to the Limiting Conditions and Assumptions included in Exhibit 1 in the Addenda of this report. The reader's attention is particularly directed to the Special Limiting Condition and Assumption regarding Restricted Use Appraisal Report.

EXHIBIT 2

Restricted Use Appraisal Report – As this is a Restricted Use Appraisal Report, it has been prepared for the sole and exclusive use of the client and is not intended for use by any other party. Additional information regarding the appraisal is retained in the appraisers' work file. The opinions and conclusions set forth in the report may not be properly understood without additional information in the work file.

DEFINITION OF TERMS

Market Value¹ – The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Damages² – In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as *consequential damages* and *severance damages* differently.

SCOPE OF WORK

Scope of Work included the following.

- Researched and analyzed economic background data regarding the State of Hawaii and County of Maui.
- Researched and analyzed geographic and demographic trends affecting the market in which the subject property competes.
- Researched and analyzed subject property data including history, ownership, zoning, etc.

¹ 12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994.

² The Dictionary of Real Estate Appraisal, Fifth Ed. (Chicago, Illinois: Appraisal Institute, 2010).

Evan Ryan
February 29, 2016

- Inspected the subject property.
- Researched and analyzed transactions involving properties having characteristics similar to the subject property. The comparables were inspected and the transactions were verified with individuals knowledgeable of the transactions.
- Completed valuation analyses as described herein.
- Prepared this Appraisal Report in a Restricted Use format.

ECONOMIC BACKGROUND DATA

Hawaii's economy improved from 2000 to 2006, with stabilization in 2007 and modest decline in early and mid 2008 associated with commencement of the worldwide financial crisis. Late 2008 and 2009 were characterized by uncertainty as the financial crisis worsened. Figures for 2010 through 2013 demonstrate improvement in the economy, indicating that the economy hit bottom 2009 with potential for continued improvement going forward.

Hawaii's improving economic conditions have resulted in increasing commercial land values in the recent past.

Further details regarding economic background data are retained the appraisers' files and available for review upon request.

ENVIRONS

The subject property is located in Makawao on Maui, a rural/agricultural community, approximately 10 miles to the southeast of Kahului/Wailuku.

The subject property has a good location along Olinda Road about 1.5 miles from Makawao Town.

SUBJECT PROPERTY DATA/DESCRIPTION

A table summarizing Subject Property Data is included on a following page.

Maps and photographs are included in Exhibit 2 in the Addenda of this report.

Larger Parcel – In appraisal theory regarding condemnation acquisitions, the Larger Parcel is a tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use.

For purposes of this appraisal, the Larger Parcel is defined as TMK 2-4-12-1, Second Division containing 14.946 acres in the before condition. A Legal Description of the Larger Parcel is included in Exhibit 3 in the Addenda of this report.

SUBJECT PROPERTY
 TMK 2-4-12-01 (Second Division)
Makawao, Maui, Hawaii

Larger Parcel Tax Map Key: 2-4-12-01 (Second Division)

Larger Parcel Land Area: 14.946 acres (651,048 sq. ft.)

Easement Land:

| | |
|---------------------------|---------------------------------|
| Easement 1 | 19,449 sq. ft. (0.446 acre) |
| Easement 2 | 27,700 ± sq. ft. (0.636 acre) |
| Easement 2 (severed land) | 6,800 ± sq. ft. (0.156 acre) |
| Powerline | 6,600 ± sq. ft. (0.152 acre) |

Location: 677 Olinda Road, Makawao, Maui Hawaii

Larger Parcel Land Improvements: 2 bedroom/2 bath dwelling (1,101 sq. ft.) built in 2012 and a barn structure.

Easement Land Improvements: Paved access driveway, 0.5 million gallon water tank and pump system.

Fee Simple Property Owner: Olinda Road LLC

Easement Grantee: County of Maui

Ordinances Affecting Land Use and Development:

| | |
|---|--|
| State Land Use: | Agricultural District |
| County Community Plan: | Agriculture |
| County Zoning: | Agriculture |
| Federal Flood Insurance Rate Map (FIRM) Panel No. 1500030440E, dated 09/25/2009: | Zone X (unshaded): Areas determined to be outside the 0.2% annual chance floodplain. |
| Special Management Area (SMA): | Not located in Special Management Area. |
| Census Tract: | 304.01 |

Real Property Tax Assessed Values and Estimated Taxes:

| Year | Assessed Values @ 100% | | | | Tax Rate/\$1,000 | | Approximate R.P. Taxes |
|------|------------------------|----------|-----------|-------------|------------------|--------|------------------------|
| | Land | | Building | Total | Land | Bldg. | |
| | \$ | \$/acre | | | | | |
| 2015 | \$1,200 | \$80 | \$307,900 | \$309,100 | \$5.75 | \$6.06 | \$1,873 |
| 2014 | \$1,200 | \$80 | \$281,300 | \$282,500 | \$5.86 | \$6.06 | \$1,712 |
| 2013 | \$1,200 | \$80 | \$0 | \$1,200 | \$6.05 | \$6.25 | \$7 |
| 2012 | \$1,219,800 | \$81,614 | \$0 | \$1,219,800 | \$6.00 | \$6.20 | \$7,319 |
| 2011 | \$2,900 | \$194 | \$0 | \$2,900 | \$5.80 | \$5.60 | \$17 |

Evan Ryan
February 29, 2016

Olinda Road LLC owns the fee simple interest in the Larger Parcel.

The Larger Parcel is improved with a two bedroom/two bath dwelling, a barn structure and a paved driveway.

The property is zoned Agriculture.

Property To Be Acquired – The property to be acquired by the County of Maui includes three easements summarized as follows.

Easements:

| | |
|-------------------------------------|---------------------------------------|
| Easement 1 (Water Tank Easement): | 19,449 sq. ft. (0.446 acre) |
| Easement 2 (Paved Access Easement): | 27,700 ± sq. ft. (0.363 acre) |
| Powerline Easement (Overhead): | <u>6,600</u> ± sq. ft. (0.152 acre) |
| Total | 53,749 sq. ft. (1.234 acres) |

There is an additional 6,800± sq. ft. of the Larger Parcel (severed land) that will be alienated by the access easement (Easement 2).

RIGHTS APPRAISED

Property rights appraised herein are summarized below.

Easement 1

- Land Area: 19,449 sq. ft.
- Easement for water tank and pump site purposes
- Perpetual
- Exclusive

Easement 2

- Land Area: 27,700± sq. ft.
- Easement for access purposes over paved driveway across portion of the Larger Parcel
- Perpetual
- Non-Exclusive
- Easement 2 also alienates a portion of the Larger Parcel resulting in 6,800± sq. ft. of severed land

Powerline Easement

- Land Area: 6,600 sq. ft.
- Easement for overhead electrical line purposes (20 feet wide) from Olinda Road serving Easement 1
- Perpetual
- Non-Exclusive

It is noted that use of water pumps associated with Easement 1 results in noise that adversely affects the remainder of the Larger Parcel.

HIGHEST AND BEST USE

The highest and best use of the Larger Parcel in both the before and after conditions is for agricultural use, to include low density residential use.

APPRAISAL METHODOLOGY

The market value of the fee simple interest in the Larger Parcel was estimated employing the market comparison approach.

The market value of the easement rights to be acquired was estimated employing disutility analysis, taking into consideration the contributory value of the pavement employing the cost approach.

The market value of the severed land was also estimated employing disutility analysis.

Damages to the Larger Parcel involving noise from water pumps associated with Easement 1 in the after condition was estimated employing the market comparison approach.

LARGER PARCEL FEE SIMPLE LAND VALUE ANALYSIS

The market value of the Larger Parcel in the before condition was estimated employing the market comparison approach. The appraisers researched and analyzed transactions involving agricultural zoned land having characteristics similar to the subject.

A table with an accompanying map on following pages summarizes the most pertinent transactions disclosed by the research. Details to the transactions are included in Exhibit 4 in the Addenda of this report.

Market comparison analysis of the Larger Parcel in the before condition is summarized on a following page. The analysis reflects an unencumbered fee simple land value for the Larger Parcel in the before condition of \$1,600,000 reflecting \$2.46 per sq. ft.

Exposure and Marketing Times are estimated at 12± months.

VALUATION ANALYSES OF PROPERTY TO BE ACQUIRED

A summary of the appraisers' valuation analyses of the property to be acquired is included on a following page.

Item 1 involves an exclusive use easement for water tank and pump site purposes encumbering 19,449 sq. ft.

Item 2 involves a non-exclusive paved easement and severed land.

Item 3 involves a non-exclusive overhead electrical line easement.



LAND TRANSACTIONS MAP

LAND TRANSACTIONS
Island of Maui, Hawaii

| Trans. No. | Location (Tax Map Key) | Land Area | | Zoning | Transaction | | Transaction Price/ Indicated Land Value | | Comments | |
|-------------------------|----------------------------|-----------|--------|--------|-------------|----------|--|-------------|----------|---|
| | | sq. ft. | acres | | Type | Date | \$ | \$/sq. ft. | | |
| Current Listings | | | | | | | | | | |
| A | Olinda Road (2-4-12-48) | 1,089,261 | 25.006 | Ag | Listing | | | \$1,700,000 | \$1.56 | Rolling/gently sloping topography with some gulch land. Ocean views. The property is served by a private water system. Listed for sale in May 2014 at \$2,250,000 (\$2.07/sq. ft.). Relisted for sale in December 2015 at \$1,700,000 (\$1.56/sq. ft.). Previously sold in July 2008 for \$2,500,000 (\$2.30/sq. ft.). |
| B | Olinda Road (2-4-12-47) | 1,782,040 | 40.910 | Ag | Listing | | | \$2,195,000 | \$1.23 | Rolling/gently sloping topography with some gulch land. Ocean views. The property is served by a private water system. Originally listed for sale in April 2015 at \$2,375,000 (\$1.33/sq. ft.). Asking price was subsequently lowered to \$2,300,000 (\$1.29/sq. ft.). Relisted for sale in December 2015 at \$2,195,000 (\$1.23/sq. ft.). Previously sold in October 2010 for \$2,000,000 (\$1.12/sq. ft.). |
| Transactions | | | | | | | | | | |
| 1 | Olinda Road (2-4-26-01) | 1,155,342 | 26.523 | Ag | Deed | 07/01/14 | | \$2,400,000 | \$2.08 | Rolling/gently sloping topography with some gulch land. Ocean views. County water meter installed. Listed for sale in December 2013 at \$2,750,000 (\$2.38/sq. ft.) and sold after 202 days on market. Previously sold in June 2008 for \$2,400,000 (\$2.08/sq. ft.). |
| 2 | Olinda Road (2-4-12-37) | 266,631 | 6.121 | Ag | Deed | 12/05/13 | | \$900,000 | \$3.38 | Rolling/gently sloping topography with some gulch land. Ocean views. County water meter and underground utilities installed. Listed for sale in April 2013 at \$1,100,000 (\$4.13/sq. ft.) and sold after 252 days on market. Previously sold in January 2008 for \$1,700,000 (\$6.38/sq. ft.). |
| 3 | Olinda Road (2-4-12-01) | 651,048 | 14.946 | Ag | Deed | 12/10/10 | | \$1,418,000 | \$2.18 | Subject property. Rolling/gently sloping topography. Ocean views. The property is not served by county water meter. Originally listed for sale in November 2007 at \$2,995,000 (\$4.60/sq. ft.). Asking price was subsequently lowered to \$1,495,000 (\$2.30/sq. ft.). The property was taken off the market in July 2010 after 964 days on market. The property sold prior to being relisted for sale. |
| 4 | Olinda Road (2-4-12-38) | 217,887 | 5.002 | Ag | Deed | 04/06/10 | | \$700,000 | \$3.21 | Rolling/gently sloping topography. Ocean views. County water meter installed. Originally listed for sale in November 2007 at \$1,495,000 (\$6.86/sq. ft.). Asking price was subsequently lowered to \$795,000 (\$3.65/sq. ft.). The property sold after 877 days on market. |

LAND VALUE ANALYSIS [1]
 TMK 2-4-12-01 (Second Division)
Makawao, Maui, Hawaii

| DESCRIPTION | Subject | Trans No 1 | Trans No 2 | Trans No 3 | Trans No 4 |
|--|-------------|--------------------|-------------|-------------------------------------|-------------|
| PROPERTY DATA | | | | | |
| Tax Map Key | 2-4-12-01 | 2-4-26-01 | 2-4-12-37 | 2-4-12-01 | 2-4-12-38 |
| Location | Olinda Road | Olinda Road | Olinda Road | Olinda Road | Olinda Road |
| Transaction Type | - | Deed | Deed | Deed | Deed |
| Transaction Date | - | 07/01/14 | 12/05/13 | 12/10/10 | 04/06/10 |
| Zoning | Ag | Ag | Ag | Ag | Ag |
| Land Area (sq. ft.) | 651,048 | 1,155,342 | 266,631 | 651,048 | 217,887 |
| Land Area (acres) | 14.946 | 26.523 | 6.121 | 14.946 | 5.002 |
| TRANSACTION ANALYSIS | | | | | |
| Transaction Price | | \$2,400,000 | \$900,000 | \$1,418,000 | \$700,000 |
| \$/sq. ft. of Land Area | | \$2.08 | \$3.38 | \$2.18 | \$3.21 |
| ADJUSTMENT FOR FINANCING | | | | | |
| Financing Adjustment | x | <u>1.00</u> | x | <u>1.00</u> | x |
| Adjusted Unit Rate (\$/sq. ft. of Land Area) | | \$2.08 | \$3.38 | \$2.18 | \$3.21 |
| ADJUSTMENT FOR CONDITIONS OF SALE | | | | | |
| Conditions of Sale Adjustment | x | <u>1.00</u> | x | <u>1.00</u> | x |
| Adjusted Unit Rate (\$/sq. ft. of Land Area) | | \$2.08 | \$3.38 | \$2.18 | \$3.21 |
| ADJUSTMENT FOR TIME | | | | | |
| Time Adjustment | x | <u>1.00</u> | x | <u>1.10</u> | x |
| Adjusted Unit Rate (\$/sq. ft. of Land Area) | | \$2.08 | \$3.38 | \$2.40 | \$3.53 |
| OTHER ADJUSTMENTS | | | | | |
| Utilities | | -5% | -5% | 0% | -5% |
| Topography | | <u>5%</u> | <u>5%</u> | <u>0%</u> | <u>5%</u> |
| Net Adjustments | | \$0.00 0% | \$0.00 0% | \$0.00 0% | \$0.00 0% |
| Subtotal | | \$2.08 | \$3.38 | \$2.40 | \$3.53 |
| Size Adjustment [2] | x | <u>1.20</u> | x | <u>0.75</u> | x |
| Adjusted Unit Rate Per Sq. Ft. | | \$2.50 | \$2.54 | \$2.40 | \$2.47 |
| INDICATED SUBJECT VALUE | | | | | |
| | | \$1,627,620 | \$1,653,662 | \$1,562,515 | \$1,608,089 |
| WEIGHTED AVERAGE | | | | | |
| Weighting Factor: | x | <u>0.30</u> | x | <u>0.20</u> | x |
| | | \$488,286 | \$330,732 | \$468,755 | \$321,618 |
| Weighted Average: | | \$1,609,391 | | | |
| | Say, | <u>\$1,600,000</u> | or | <u>\$2.46</u> /Sq. Ft. of Land Area | |
| UNWEIGHTED SUMMARY | | | | | |
| | | <u>Total</u> | | <u>Unit Value</u> | |
| Range: | | \$1,562,515 to | \$1,653,662 | \$2.40 to | \$2.54 |
| Median: | | | \$1,617,854 | | \$2.49 |
| Average: | | | \$1,612,971 | | \$2.48 |

[1] The effective date of this analysis is:

07/16/15

[2] Based on the Dilmore Size Adjustment Tables, 80% curve.

VALUATION ANALYSIS OF PROPERTY TO BE ACQUIRED
 TMK 2-4-12-01 (Second Division)
Makawao, Maui, Hawaii

1. EASEMENT 1 (Water Tank & Pump Site Easement)

| | | | | | |
|----------------------|---|------------------------|---|-------------|---------------|
| Easement 1 Land Area | | 19,449 sq. ft. | | | |
| Unit Rate Land Value | x | <u>\$2.46</u> /sq. ft. | | | |
| Easement Land Value | | | | \$47,845 | |
| Disutility Factor | | | x | <u>100%</u> | |
| Conclusion | | | | \$47,845 | Say, \$48,000 |

2. EASEMENT 2 (Access Easement)

| | | | | | |
|--|---|------------------------|---|-----------------|---------------|
| Easement 2 Land Area | | 27,700 ± sq. ft. | | | |
| Unit Rate Land Value | x | <u>\$2.46</u> /sq. ft. | | | |
| Easement Land Value | | | | \$68,142 | |
| Driveway Paving Value (27,700± sq. ft. x \$5/sq. ft.) | | | | \$138,500 | |
| Severed Land Area | | 6,800 ± sq. ft. | | | |
| Unit Rate Land Value | x | <u>\$2.46</u> /sq. ft. | | | |
| Severed Land Value | | | | <u>\$16,728</u> | |
| Subtotal | | | | \$223,370 | |
| Disutility Factor | | | x | <u>30%</u> | |
| Conclusion | | | | \$67,011 | Say, \$67,000 |

3. POWERLINE EASEMENT

| | | | | | |
|--------------------------|---|------------------------|---|------------|--------------|
| Easement Length | | 330 ± feet | | | |
| Easement Width | | 20 feet | | | |
| Powerline Easement Area | | 6,600 ± sq. ft. | | | |
| Unit Rate Land Value | x | <u>\$2.46</u> /sq. ft. | | | |
| Easement Land Value | | | | \$16,236 | |
| Disutility Factor | | | x | <u>50%</u> | |
| Powerline Easement Total | | | | \$8,118 | Say, \$8,000 |

5. WATER PUMP NOISE

| | | | | | |
|-----------------------------|---|--|--|-------------|------------------|
| Land Value | | | | | |
| Water Pump Noise Adjustment | x | | | \$1,600,000 | |
| Water Pump Noise Total | | | | | <u>\$160,000</u> |

TOTAL COMPENSATION \$283,000

Evan Ryan
February 29, 2016

Item 4 involves damages to the Larger Parcel in the after condition resulting from water pump noise associated with Item 1.

MARKET VALUE/DAMAGES CONCLUSION

Based upon the research and analyses completed, subject to the Limiting Conditions and Assumptions contained in this report, we estimate that the market value of the property to be acquired and damages to the Larger Parcel in the after condition, as described herein, as of July 16, 2015, was:

**TWO HUNDRED EIGHTY THREE THOUSAND DOLLARS
(\$283,000)**

The reader's attention is directed to the Special Limiting Condition and Assumption regarding Restricted Use Appraisal Report.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- 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.
- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.

Evan Ryan
February 29, 2016

- My analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review.
- No one provided significant appraisal or appraisal review assistance to the person signing this certification.
- 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 and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Edward W. Becker, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

We appreciate the opportunity of completing this assignment for you.

Sincerely,

Medusky & Co., Inc.



Edward W. Becker, MAI
Real Estate Appraiser

Hawaii State Certified General Appraiser
CGA-581
Certificate Expires 12/31/17

ADDENDA

LIMITING CONDITIONS AND ASSUMPTIONS

The conduct of any study is necessarily guided by, and its results influenced by, the terms of the assignment and the assumptions forming the basis of the study. The following conditions and assumptions, together with other assumptions embodied in the study, constitute the framework of our analysis and conclusions.

STANDARD LIMITING CONDITIONS AND ASSUMPTIONS

1. **The conclusions and opinions** are based upon the purchasing power of the dollar and economic conditions as of the effective appraisal date. This study expresses the opinion of the appraisers as of February 29, 2016 with an effective date of July 16, 2015 and in no way was contingent upon the reporting of specified conclusions.
2. **It is assumed that the subject property is free and clear** of any and all encumbrances, except for those noted herein; no responsibility is assumed for matters of a legal nature; nor is the report to be construed as rendering any opinion of title, which is assumed to be good and salable.
3. **Soil Conditions and Land Areas** – A soils report was not furnished to the appraisers. We assume soil conditions to be satisfactory for existing and potential development of the subject and assume no responsibility in this respect. Land areas are based on information provided by Tax Office records and other sources and are assumed to be correct.
4. **Relied Upon Information** – Information provided by informed local sources, such as governmental agencies, financial institutions, Realtors, buyers, sellers, property owners and others, was weighed in the light in which it was supplied and checked by secondary means when appropriate. It is believed that the information obtained from these and other sources is true and correct.
5. **Maps** – Any maps or plans reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not necessarily measured surveys or measured maps and we are not responsible for cartographic or surveying errors.
6. **Possession of this report**, or a copy thereof, does not carry with it the right of publication, and the report may not be used by any person or organization except the client without the previous written consent of the appraisers and then only in its entirety.
7. **The report does not imply** the right of court testimony on the part of the appraisers, without additional arrangements.
8. **Disclosure of the contents** of this study is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this study (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior consent and approval of the appraisers.

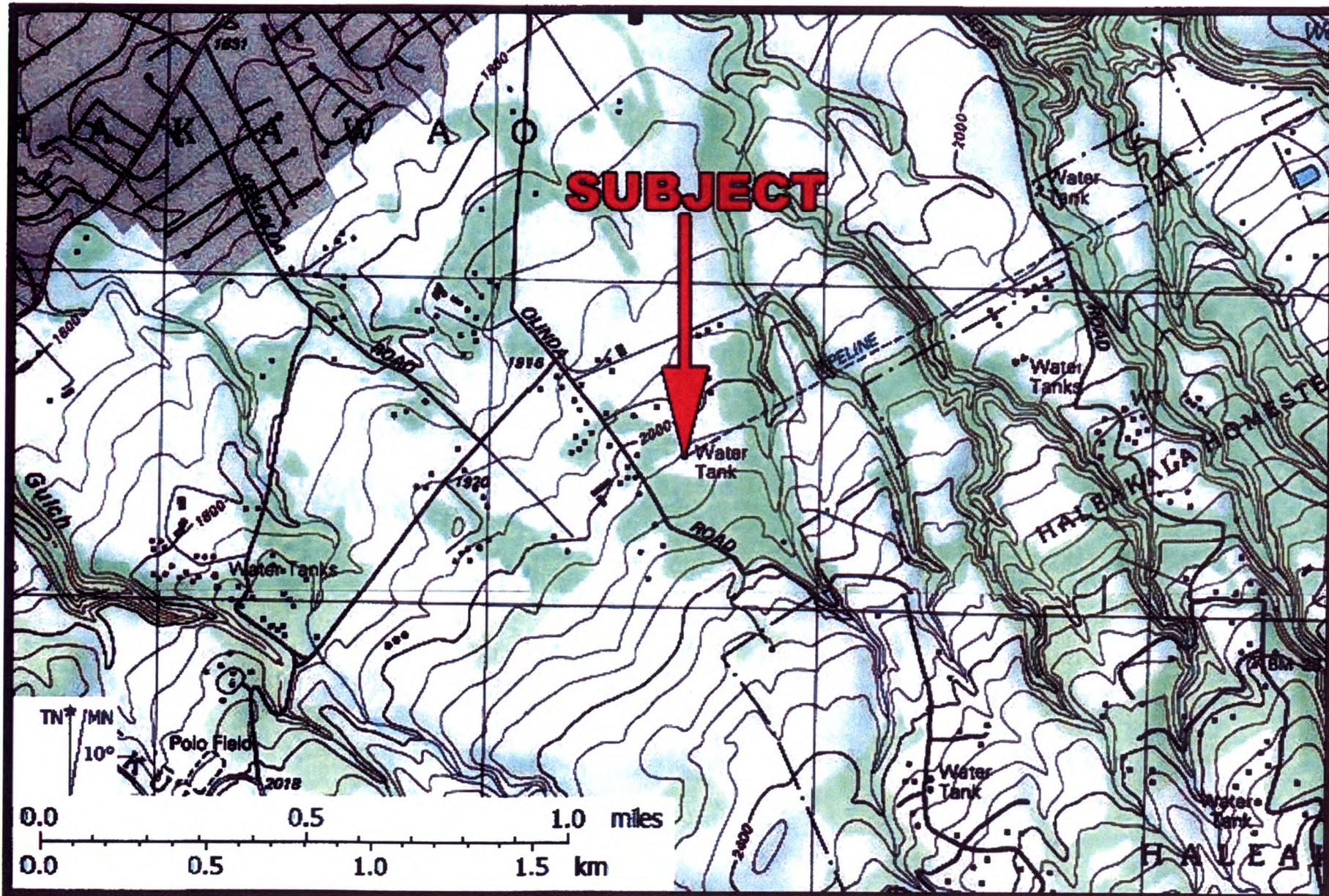
9. **Disclosure to Institute** – The contents of this report are subject to the review, upon request of the Appraisal Institute, by duly constituted committees of the Institute or individual members thereof when such committees or members are acting within the scope of their authority under the By-Laws and Regulations of the Institute. This requirement was adopted by the Institute to facilitate the Institute's efforts to maintain the high standards of professional practice and ethical conduct that have been the hallmark of the Institute since its creation.
10. **Toxic Wastes and Hazardous Materials** – The existence of toxic wastes and/or other hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as toxic wastes, asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. The value conclusion shown in this report assumes that there are no toxic wastes and/or hazardous materials affecting the subject property.
11. **Partial Interests** – It is noted that analyses contained in this report involve a partial interest in the real estate involved. The value of this partial interest plus the value of all other partial interests may or may not equal the value of the entire fee simple interest considered as a whole.

SPECIAL LIMITING CONDITION AND ASSUMPTION

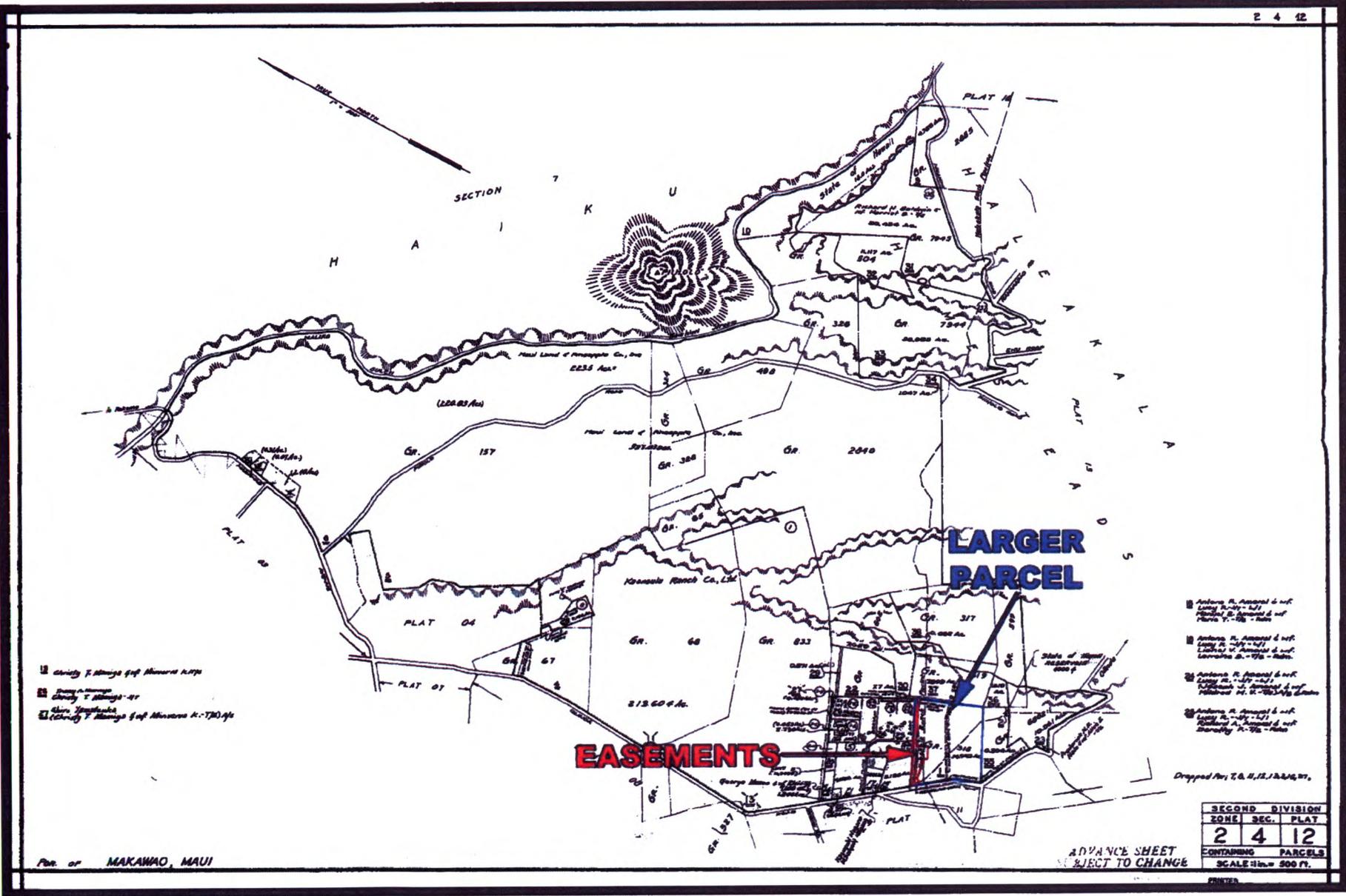
12. **Restricted Use Appraisal Report** – As this is a Restricted Use Appraisal Report, it has been prepared for the sole and exclusive use of the client and is not intended for use by any other party. Additional information regarding the appraisal is retained in the appraisers' work file. The opinions and conclusions set forth in the report may not be properly understood without additional information in the work file.



STATE OF HAWAII MAP



ENVIRONS MAP



- 1. County of Hawaii of Makawao 1975
- 2. County of Hawaii of Makawao 1975
- 3. County of Hawaii of Makawao 1975

- 4. Anthony R. Amoski & wife
Loring R. Amoski & wife
Richard R. Amoski & wife
Plats 1, 2, 3 - 1976 - 1978
- 5. Anthony R. Amoski & wife
Loring R. Amoski & wife
Richard R. Amoski & wife
Plats 1, 2, 3 - 1976 - 1978
- 6. Anthony R. Amoski & wife
Loring R. Amoski & wife
Richard R. Amoski & wife
Plats 1, 2, 3 - 1976 - 1978

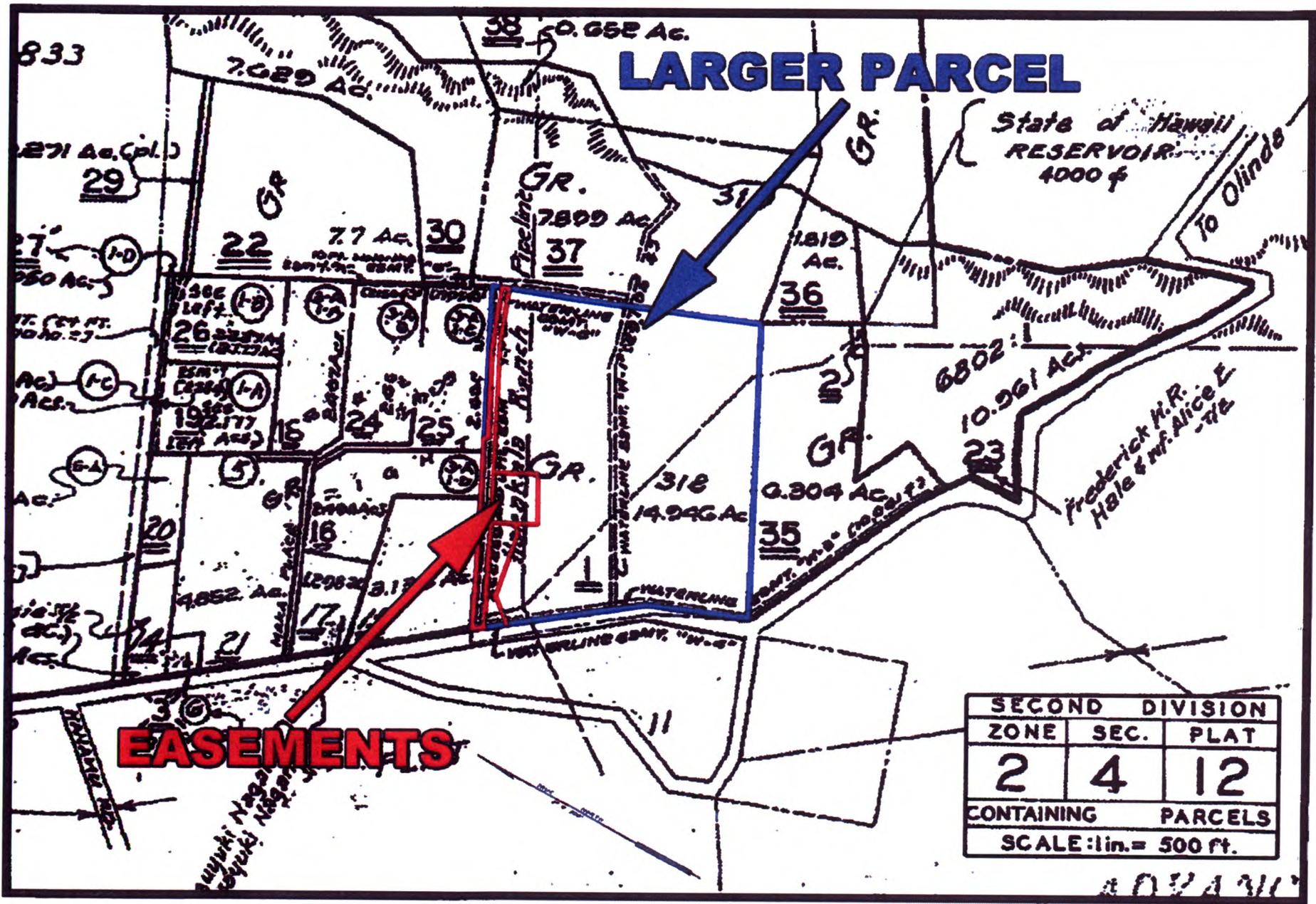
Dropped for T.O. 11, 12, 13, 14, 15, 16, 17.

| SECOND DIVISION | |
|--------------------|-----------|
| ZONE | SEC. PLAT |
| 2 | 4 12 |
| CONTAINING PARCELS | |
| SCALE 1" = 500 FT. | |

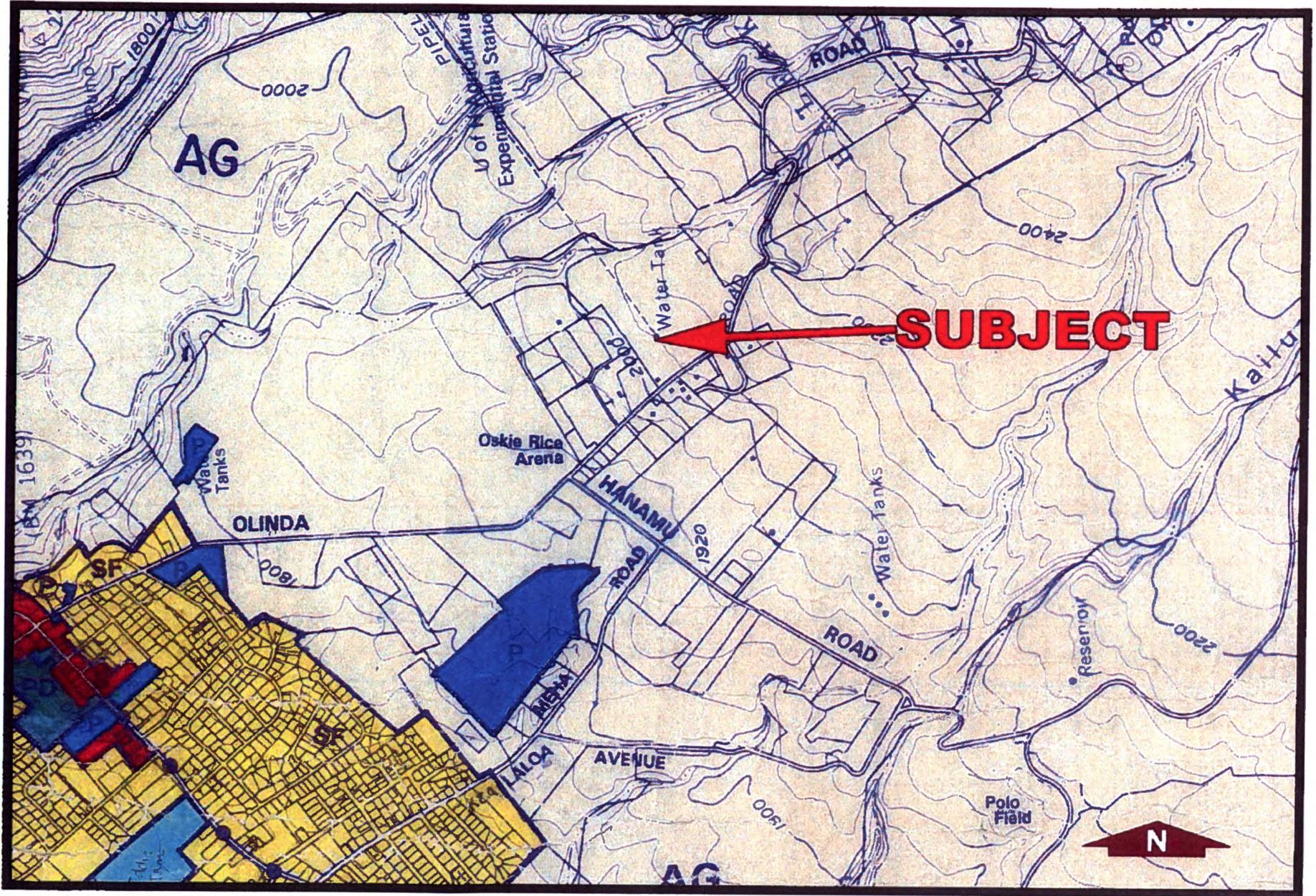
ADVANCE SHEET
SUBJECT TO CHANGE

Part of MAKAWAO, MAUI

TAX MAP



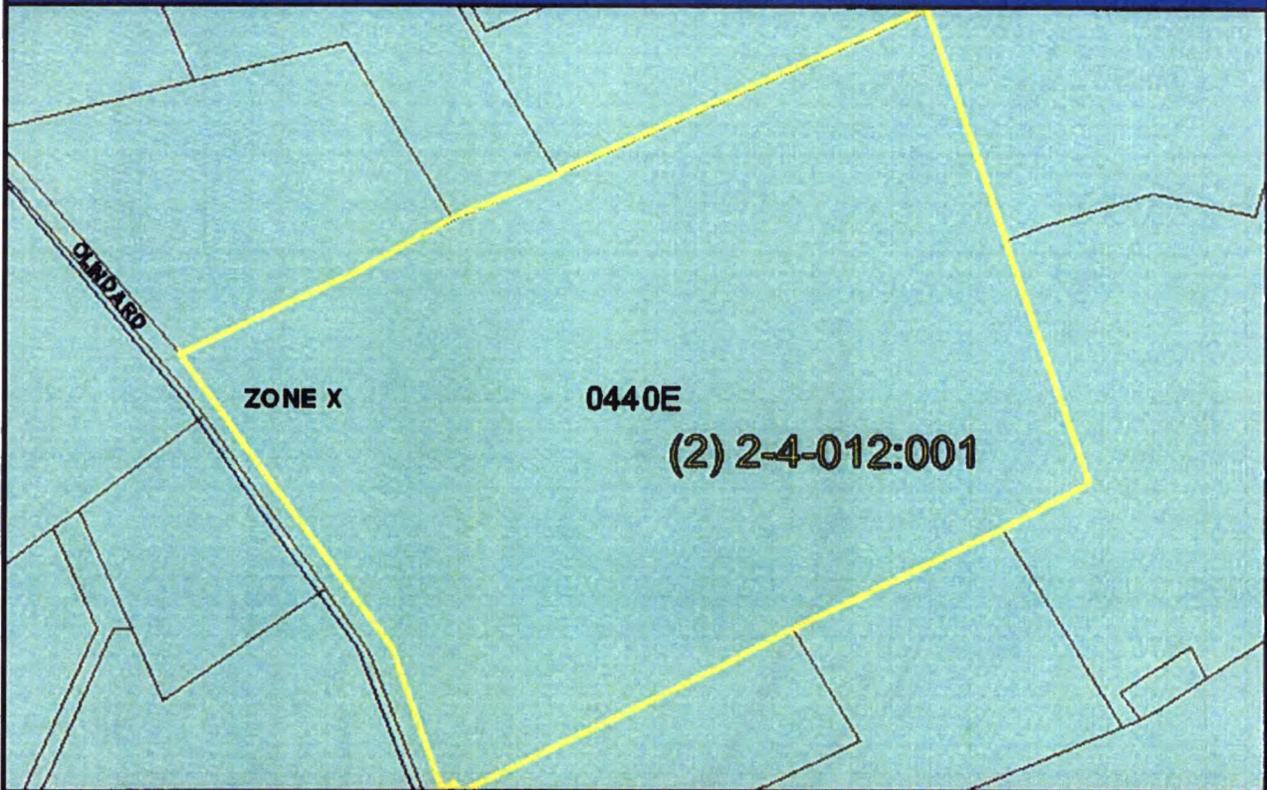
TAX MAP



COMMUNITY PLAN MAP



State of Hawaii FLOOD HAZARD ASSESSMENT REPORT



NATIONAL FLOOD INSURANCE PROGRAM

FLOOD ZONE DEFINITIONS

SPECIAL FLOOD HAZARD AREAS SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD – The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water-surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

- Zone A:** No BFE determined.
- Zone AE:** BFE determined.
- Zone AH:** Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
- Zone AO:** Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
- Zone V:** Coastal flood zone with velocity hazard (wave action); no BFE determined.
- Zone VE:** Coastal flood zone with velocity hazard (wave action); BFE determined.
- Zone AEF:** Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON-SPECIAL FLOOD HAZARD AREA – An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

- Zone XS (X shaded):** Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
- Zone X:** Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

- Zone D:** Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

PROPERTY INFORMATION

| | |
|---------------------------------|------------------------------------|
| COUNTY: | MAUI |
| TMK NO: | (2) 2-4-012-001 |
| PARCEL ADDRESS: | 677 OLINDA RD MAKAWAO, HI 96768 |
| FIRM INDEX DATE: | SEPTEMBER 19, 2012 |
| LETTER OF MAP CHANGE(S): | NONE |
| FEMA FIRM PANEL(S): | 1500030440E |
| PANEL EFFECTIVE DATE: | SEPTEMBER 25, 2009 |

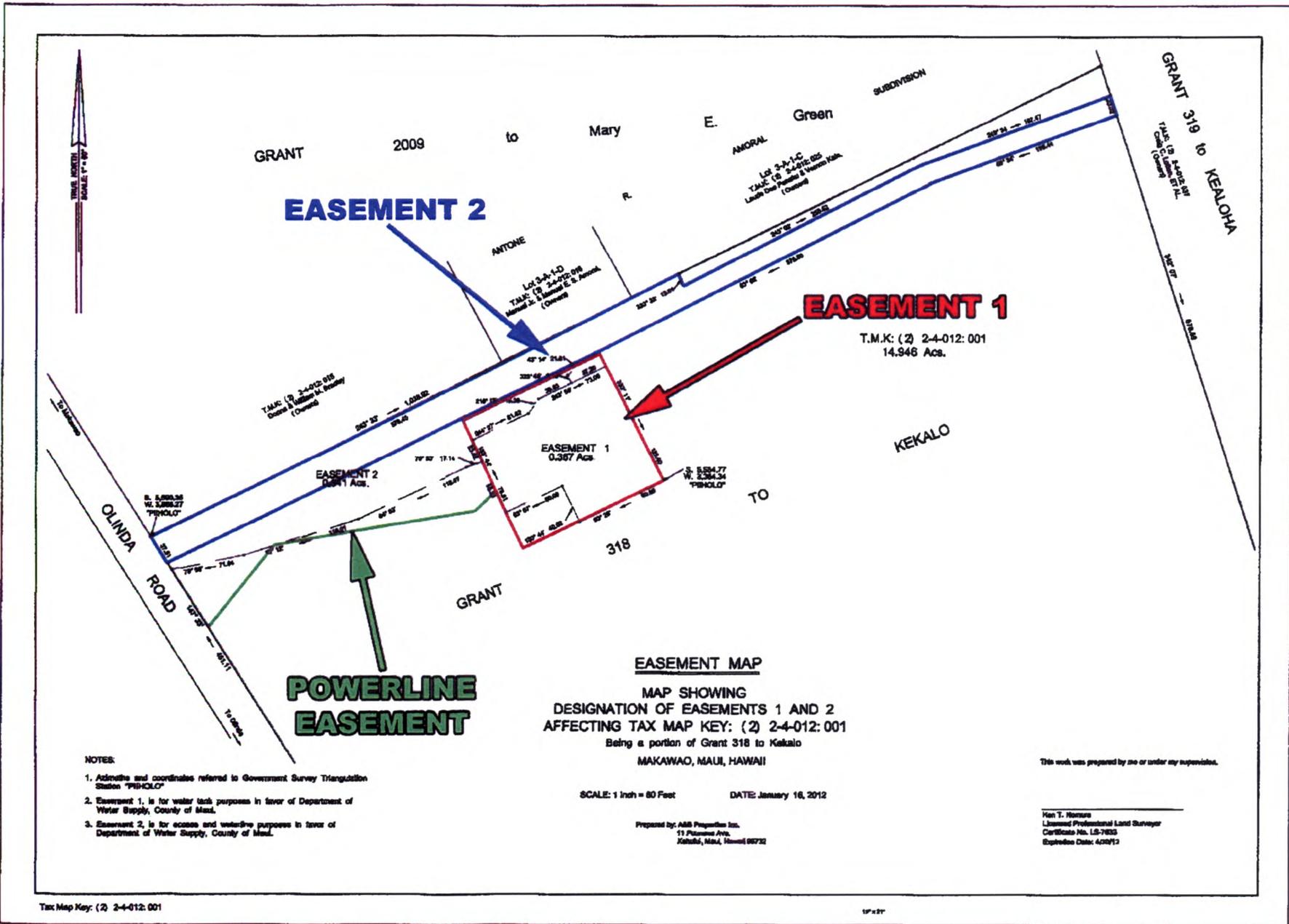
| | |
|---------------------------|-----------|
| PARCEL DATA FROM: | JULY 2013 |
| IMAGERY DATA FROM: | MAY 2005 |

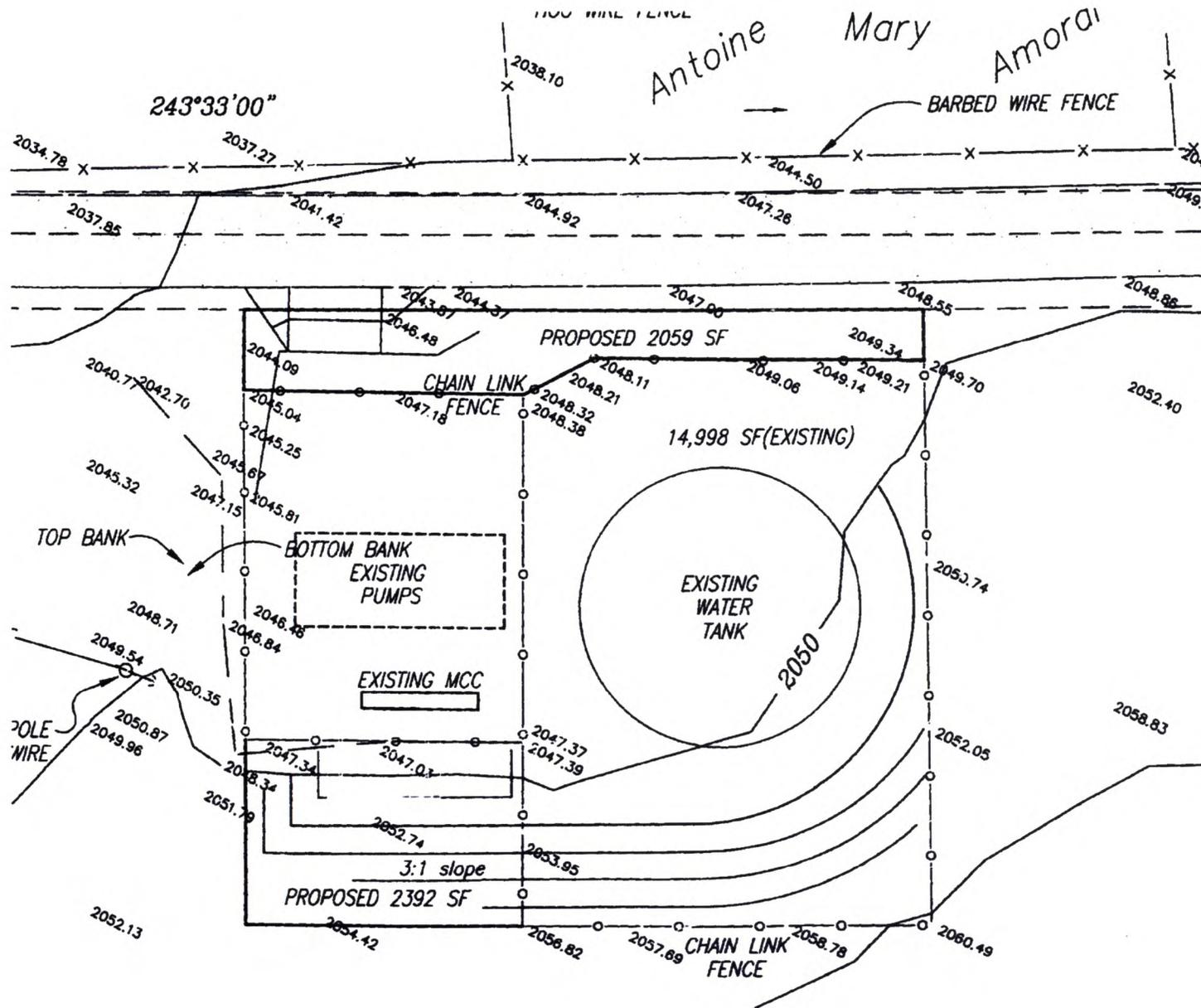
IMPORTANT PHONE NUMBERS

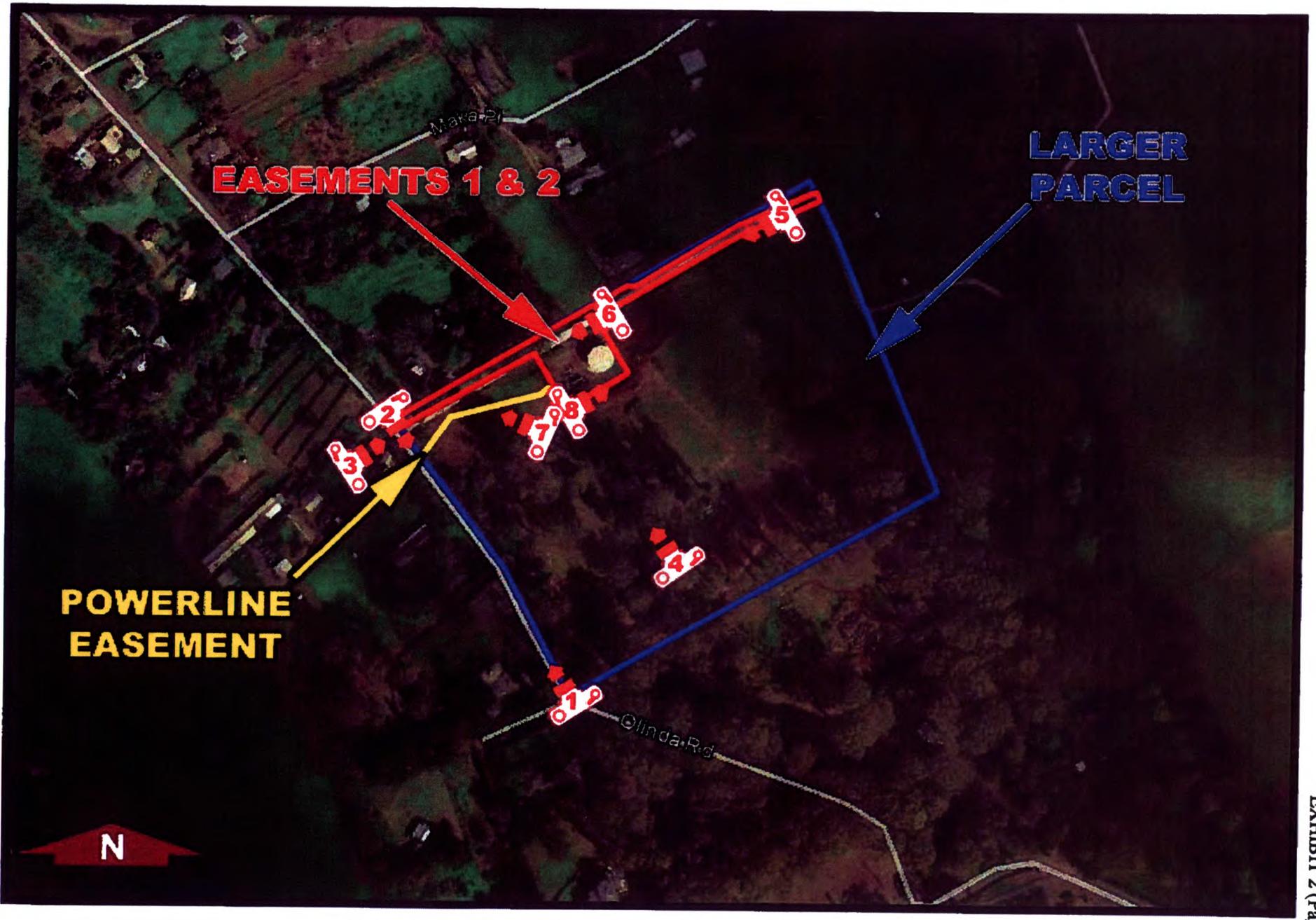
| | |
|--------------------------------|----------------|
| <u>County NFIP Coordinator</u> | |
| County of Maui | |
| Carolyn Cortez | (808) 270-7253 |
| <u>State NFIP Coordinator</u> | |
| Carol Tyau-Beam, P.E., CFM | (808) 587-0267 |

Disclaimer: The Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use of the information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR from any liability, which may arise from its use.

If this map has been identified as 'PRELIMINARY' or 'UNOFFICIAL', please note that it is being provided for informational purposes and is not to be used for official/legal decisions, regulatory compliance, or flood insurance rating. Contact your county NFIP coordinator for flood zone determinations to be used for compliance with local floodplain management regulations.







AERIAL PHOTOGRAPH



PHOTO NO. 1: Northwesterly view along Olinda Road. The Larger Parcel is to the right.



PHOTO NO. 2: Southeasterly view along Olinda Road. The Larger Parcel is to the left.



PHOTO NO. 3: Northeasterly view along the northwesterly boundary of the Larger Parcel. Portions of Easement 2 involve the driveway and land to the right of the driveway.



PHOTO NO. 4: Northwesterly view from the mauka portion of the Larger Parcel. Easement 1 involves the area near the water tank (left of center).



PHOTO NO. 5: Southwesterly view along the driveway which involves portions of Easement 2.



PHOTO NO. 6: Southwesterly view along the driveway which involves portions of Easement 2. Easement 1 is to the left.



PHOTO NO. 7: Westerly view of non-driveway portions of Easement 2.



PHOTO NO. 8: Northeasterly view of the water tank and pump improvements involved with Easement 1.

LEGAL DESCRIPTION OF SUBJECT PROPERTY
Taken From Warranty Deed Dated December 10, 2010

EXHIBIT "A"

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by a portion of Royal Patent Grant 318 to Kekalo) situate, lying and being at Makawao, Island and County of Hawaii, State of Hawaii, and thus bounded and described:

Beginning at a point at the southwesterly corner of this parcel of land, on the easterly side of Olinda Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PIIHOLO" being 6,191.86 feet south and 3,536.21 feet west and running by azimuth measured clockwise from true South:

1. 157° 49' 35" 238.47 feet along the easterly side of Olinda Road to a point;
2. 147° 33' 451.11 feet along same to a point;
3. 243° 33' 1,038.92 feet along Grant 2009 to Mary E. Green (being along T.M.K. (2) 2-4-12:15, 16 and 25) to a point;
4. 342° 07' 678.69 feet along Grant 319 to Kealoha to a point;
5. 62° 35' 908.58 feet along same to the point of beginning and containing an area of 14.946 acres, more or less.

Said above described parcel of land having been acquired as follows:

1. By JOHN CLEVELAND LAWRENCE and ROBERTA JOAN MORRIS, Co-Trustees of The Lawrence and Morris Family Trust, dated August 15, 2000, with full powers to buy, lease, sell or otherwise deal with the land, as to an undivided 14.8% interest, ANDREW D. FESHBACH, Trustee of The Feshbach Living Trust, dated July 26, 1995, with full powers to buy, lease, sell or otherwise deal with the land, as to an undivided 22.3% interest, CYNTHIA LOUIS WARNER, unmarried, as Tenant in Severalty, as to an undivided 20.4% interest, and NAOMI FUJIOKA, wife of Avery.

Bernard Juan, as Tenant in Severalty, as to an undivided 1.7% interest, by WARRANTY DEED WITH RESERVATIONS AND COVENANTS of HALEAKALA RANCH COMPANY, a Hawaii corporation, dated July 22, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-157612; and

2. By ROBERT H. SCHNELL and RENEE SCHNELL, Trustees of The R. and R. Schnell Living Trust, dated December 6, 1991, as amended, with full powers to buy, lease, sell or otherwise deal with the land, as to an undivided 22.3% interest, by DEED of FRED KAYNE, Trustee of The Schnell Irrevocable Trust, dated November 20, 1995; and ROBERT H. SCHNELL, individually and as erroneously named Trustee of The Schnell Irrevocable Trust, dated November 20, 1995, dated April 4, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-073835; and

3. By BOBBIE DEAN WESSON and LEAH WILLIAMS WESSON, husband and wife, as Tenants by the Entirety, as to an undivided 18.5% interest, by (a) WARRANTY DEED of JOHN CLEVELAND LAWRENCE and ROBERTA JOAN MORRIS, Co-Trustees of The Lawrence and Morris Family Trust, dated August 15, 2000, dated April 4, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-074765, and (b) WARRANTY DEED of NAOMI FUJIOKA, wife of Avery Bernard Juan, dated June 6, 2006, recorded as Document No. 2006-106667.

Together with an irrevocable, non-exclusive, perpetual easement over and across Easement A-4 and Piiholo Trail for recreational hiking on foot and for recreational horseback riding, as granted by DECLARATION OF EASEMENTS FOR HIKING AND EQUESTRIAN TRAILS, dated January 24, 2008, recorded in the said Bureau of Conveyances as Document No. 2008-014338, as supplemented by instruments dated July 10, 2008, recorded as Document No. 2008-113024, and dated April 6, 2010, recorded as Document No. 2010-047442; and subject to the terms and provisions, including the failure to comply with any covenants conditions and reservations, contained therein.

Together with an irrevocable, non-exclusive and perpetual easement over, under and across Easement A-3 located on Lot 1, for landscaping, vehicular ingress and egress, driveway and underground utilities, as granted by DECLARATION OF ADDITIONAL EASEMENT FOR ACCESS, UTILITIES AND LANDSCAPING dated April 6, 2010, recorded in the said Bureau of Conveyances as Document No. 2010-047441; and subject to the terms and

provisions, including the failure to comply with any covenants conditions and reservations, contained therein.

SUBJECT, HOWEVER, to the following:

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Haleakala Ranch pipeline as shown on tax map.
3. Pipe line easement in favor of the State of Hawaii set forth in DEED dated February 1, 1917, recorded in the said Bureau of Conveyances in Liber 465 on Page 82, with the right to inspect, repair and renew said pipeline, as may be required, over, through and across a strip of land six (6) feet wide, three (3) feet on each side of and parallel to a center line over and across Grant 318.
4. The terms and provisions contained in the PARTIAL SUMMARY JUDGMENT dated March 24, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-064142.

The foregoing includes, but is not limited to, matters relating to State of Hawaii claims to certain reservations, and the County of Maui to certain water improvements.

5. The terms and provisions contained in the DECLARATION OF EASEMENTS AND RESERVATION OF RIGHTS (Kaili'ili Water System) dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157609.
6. The terms and provisions contained in the DECLARATION OF EASEMENTS AND RESERVATION OF RIGHTS (HRC Water Meters and Waterlines) dated August 3, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157610.
7. The terms and provisions contained in the WARRANTY DEED WITH RESERVATIONS AND COVENANTS dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157612.

The foregoing includes, but is not limited to, matters relating to reservation of water rights

8. Easement "W-1", as contained in said Deed dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157612; said easement being more particularly described therein.

9. Easement "W-3", as contained in said Deed dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157612; said easement being more particularly described therein.

10. Easement "W-4", as contained in said Deed dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157612; said easement being more particularly described therein.

11. Easement "A-1", for access and utility purposes, as contained in said Deed dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157612; said easement being more particularly described therein.

12. GRANT to MIGUEL ALFONSO RAMIREZ and VALERIE SHAFFER DE-RAMIREZ, husband and wife, as Tenants by the Entirety, dated July 22, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-157611, granting Easement "A-1" for access and utility purposes.

13. The terms and provisions contained in the DECLARATION OF EASEMENTS FOR HIKING AND EQUESTRIAN TRAILS dated January 24, 2008, recorded in the said Bureau of Conveyances as Document No. 2008-014338, as supplemented by instruments dated July 10, 2008, recorded as Document No. 2008-113024 and dated April 6, 2010, recorded as Document No. 2010-047442.

14. The terms and provisions contained in the DECLARATION OF EASEMENTS FOR ACCESS, UTILITIES AND LANDSCAPING dated January 24, 2008, recorded in the said Bureau of Conveyances as Document No. 2008-014339, as amended by DECLARATION OF ADDITIONAL EASEMENT FOR ACCESS, UTILITIES AND LANDSCAPING dated April 6, 2010, recorded as Document No. 2010-047441.

15. The terms and provisions contained in the DECLARATION OF WATERLINE AND WATER METER EASEMENTS dated January 24, 2008, recorded in the said Bureau of Conveyances as Document No. 2008-014341.

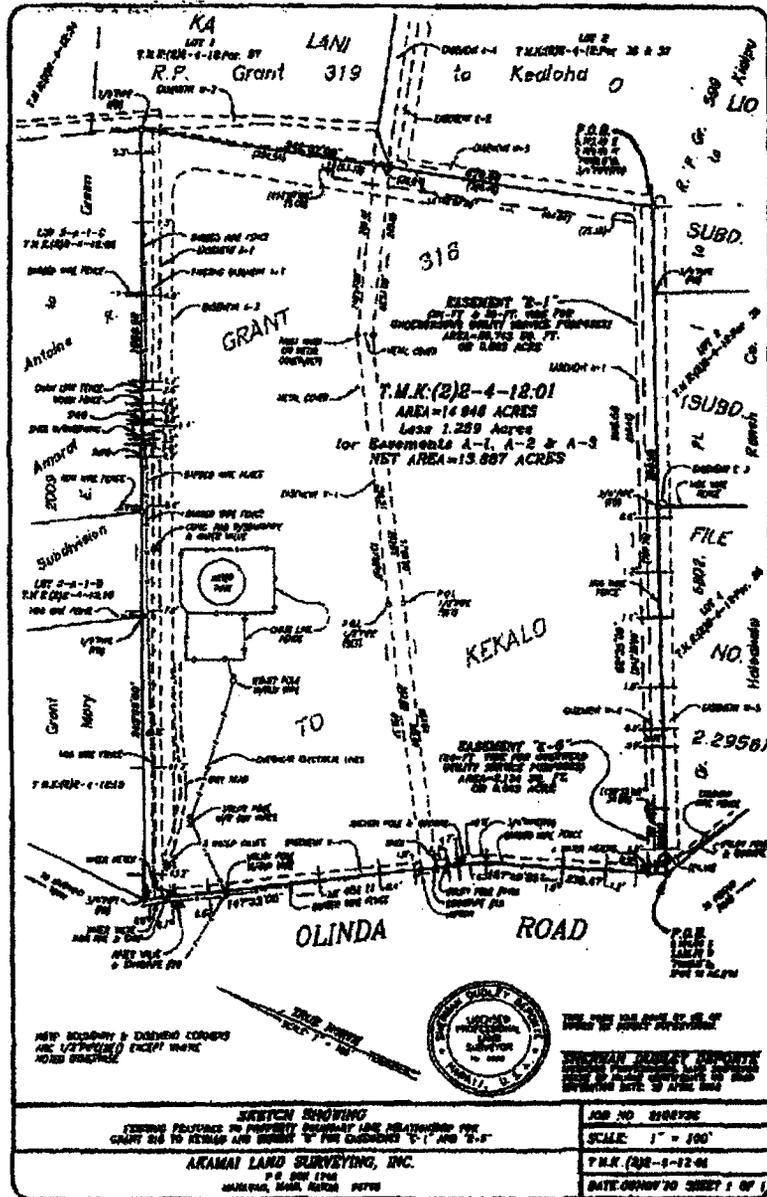
16. Designation of Easement "A-2", 24 feet wide, for access, electrical, telephone and cable telephone purposes, as shown on survey map prepared by Ken T. Nomura dated February 9, 2006, last revised September 10, 2007 and approved by Department of Public Works on September 25, 2007, Subdivision File Number 2.2956.

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

END OF EXHIBIT "A"

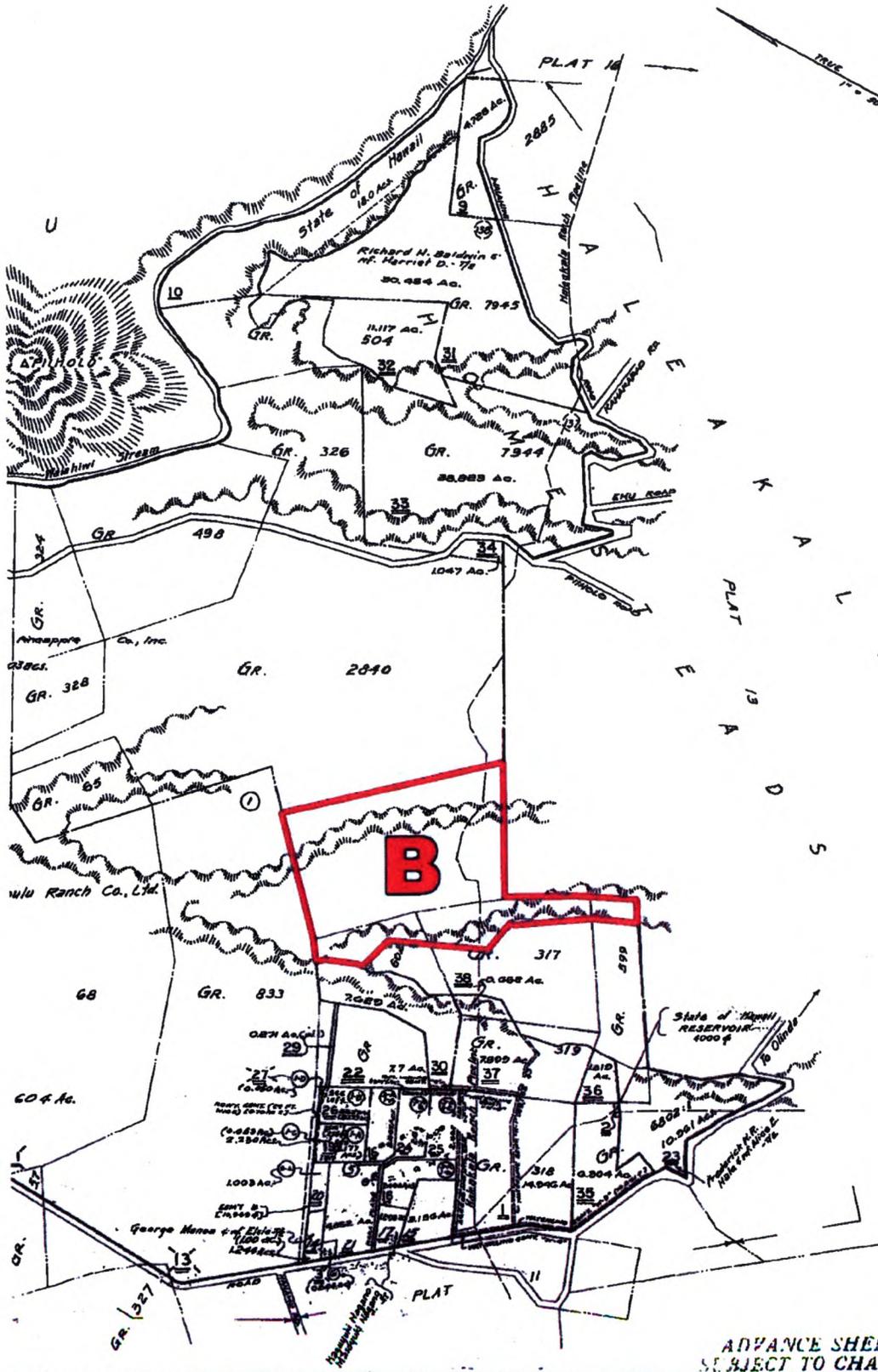
Tax Key: (2) 2-4-012-001

EXHIBIT "B"



12-29-82
 12-29-82
 Mary Rose





- 18 Antone R. Amoral & wf.
Lucy R. - 1/4 - L/1
Margaret E. Amoral & wf.
Marie T. - 7/8 - R/2m
- 19 Antone R. Amoral & wf.
Lucy R. - 1/4 - L/1
Lionel V. Amoral & wf.
Lorraine S. - 7/8 - R/2m
- 24 Antone R. Amoral & wf.
Lucy R. - 1/4 - L/1
Lionel V. Amoral & wf.
Mildred M. V. - 7/8 - R/2m
- 25 Antone R. Amoral & wf.
Lucy R. - 1/4 - L/1
Richard A. Amoral & wf.
Dorothy R. - 7/8 - R/2m

Dropped Parc. 7, 8, 11, 12, 13, 21, 27,

| SECOND DIVISION | | |
|------------------------|------|---------|
| ZONE | SEC. | PLAT |
| 2 | 4 | 12 |
| CONTAINING | | PARCELS |
| SCALE: 1 in. = 500 ft. | | |

ADVANCE SHEET
SUBJECT TO CHANGE



Maluhia Pl

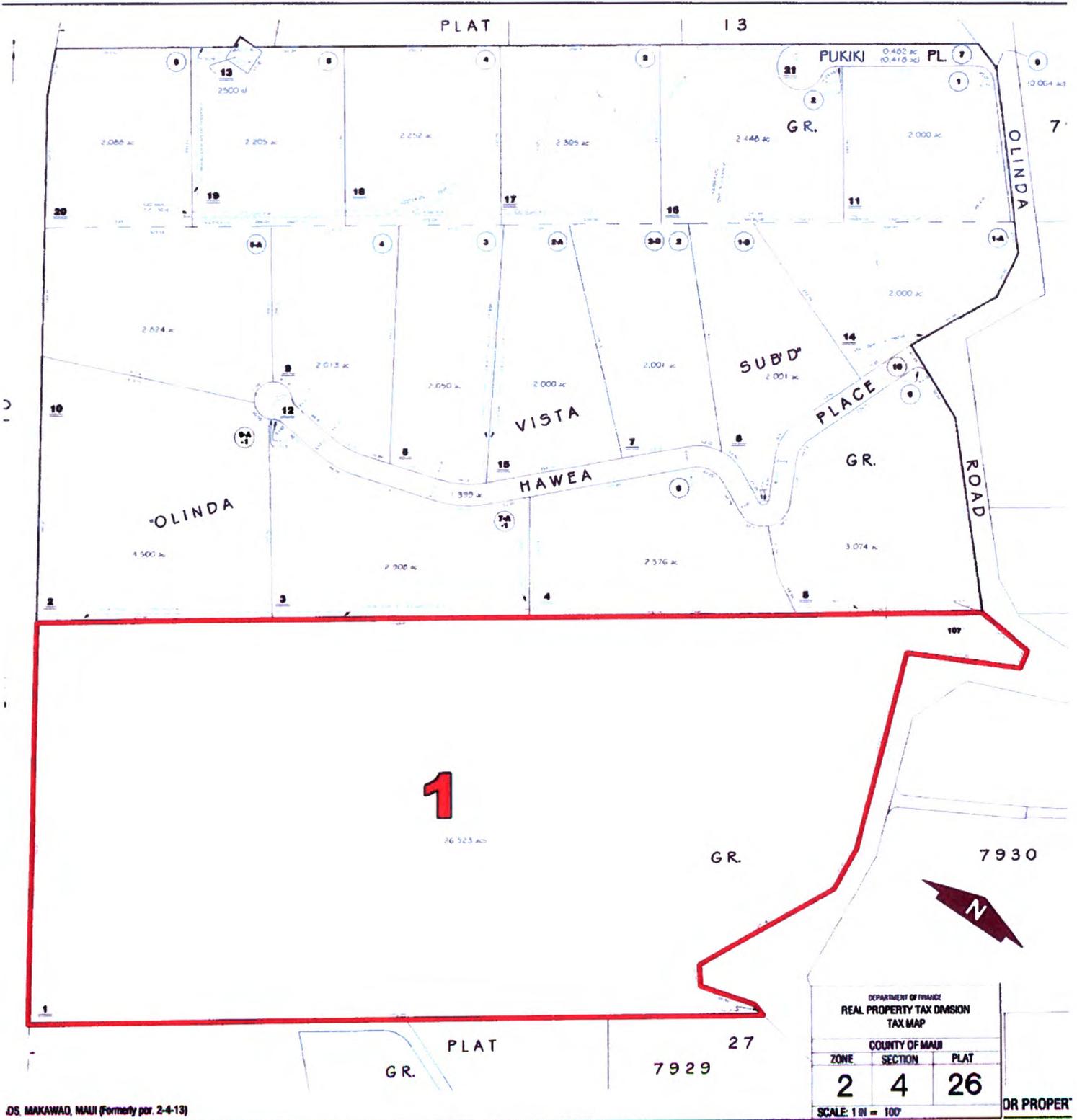
Maka Pl

B

inda Rd

nda Rd

N



LAND TRANSACTIONSTransaction No. 1

Property Data:

Tax Map Key: 2-4-26-01 (Second Division)
Land Area: 26.523 acres (1,155,342 sq. ft.)
Location: Olinda Road, Makawao, Maui, Hawaii
Improvements: Vacant
County Zoning: Ag, Agricultural District

Transaction Data:

Transaction Type: Warranty Deed
Transaction Date: July 1, 2014
Recorded: Doc. No. A-53010177
Grantor: Dana Howard Jones
Grantee: Marc Latrace Rueter and Amy Creta Cox Rueter

Transaction Price: \$2,400,000 (cash to seller)
Indicated Unit Rate: \$2.08 per sq. ft.
(\$2,400,000 ÷ 1,155,342 sq. ft.)

Comments:

Details of this transaction were verified with Debra Merle, the agent representing the seller. According to Ms. Merle, this was an arm's length transaction involving cash to the seller.

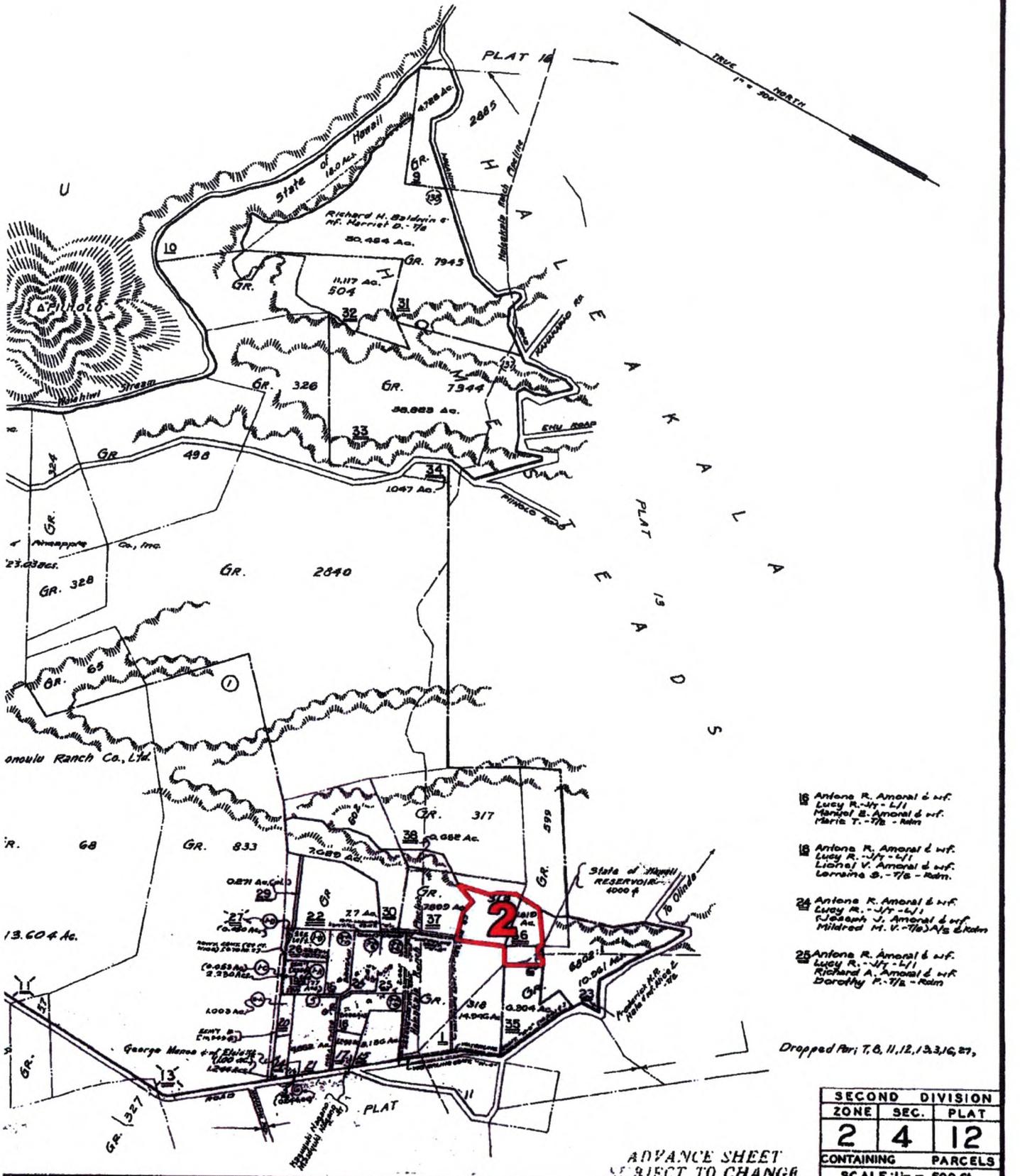
Fairly level to gently sloping/rolling topography. Two swales cross the property, with a gulch at the rear of the property. Ocean views. Served by County water.

Previously sold in June 2008 for \$2,400,000 (2.08/sq. ft.).



1





- 15 Antone R. Amoral & wf. Lucy R. - 1/4 - L/1
Margaret E. Amoral & wf. Marie T. - 7/8 - R/2
- 16 Antone R. Amoral & wf. Lucy R. - 1/4 - L/1
Lichee V. Amoral & wf. Lorraine S. - 7/8 - R/2
- 24 Antone R. Amoral & wf. Lucy R. - 1/4 - L/1
Joseph J. Amoral & wf. Mildred M. V. - 7/8 - R/2
- 25 Antone R. Amoral & wf. Lucy R. - 1/4 - L/1
Richard A. Amoral & wf. Dorothy K. - 7/8 - R/2

Dropped Parc: 7, 8, 11, 12, 13, 3, 16, 27,

| SECOND DIVISION | | |
|------------------------|------|---------|
| ZONE | SEC. | PLAT |
| 2 | 4 | 12 |
| CONTAINING | | PARCELS |
| SCALE: 1 in. = 500 ft. | | |

ADVANCE SHEET
SUBJECT TO CHANGE

PRINTED

Transaction No. 2

Property Data:

Tax Map Key: 2-4-12-37 (Second Division)
 Land Area: 6.121 acres (266,631 sq. ft.)
 Location: 675 Olinda Road, Makawao, Maui, Hawaii
 Improvements: Vacant
 County Zoning: Ag, Agricultural District

Transaction Data:

Transaction Type: Warranty Deed
 Transaction Date: December 5, 2013
 Recorded: Doc. No. A-50940439
 Grantor: Craig C. Lofton and Karen R. Schultheis
 Grantee: Cestmir Herstus and Mary Catherine McGinley, Trustees

Transaction Price: \$900,000 (cash to seller)
 Indicated Unit Rate: \$3.38 per sq. ft.
 (\$900,000 ÷ 266,631 sq. ft.)

Comments:

Details of this transaction were verified with Cynthia Warner, the agent involved with the transaction. According to Ms. Warner, this was an arm's length transaction involving cash to the seller.

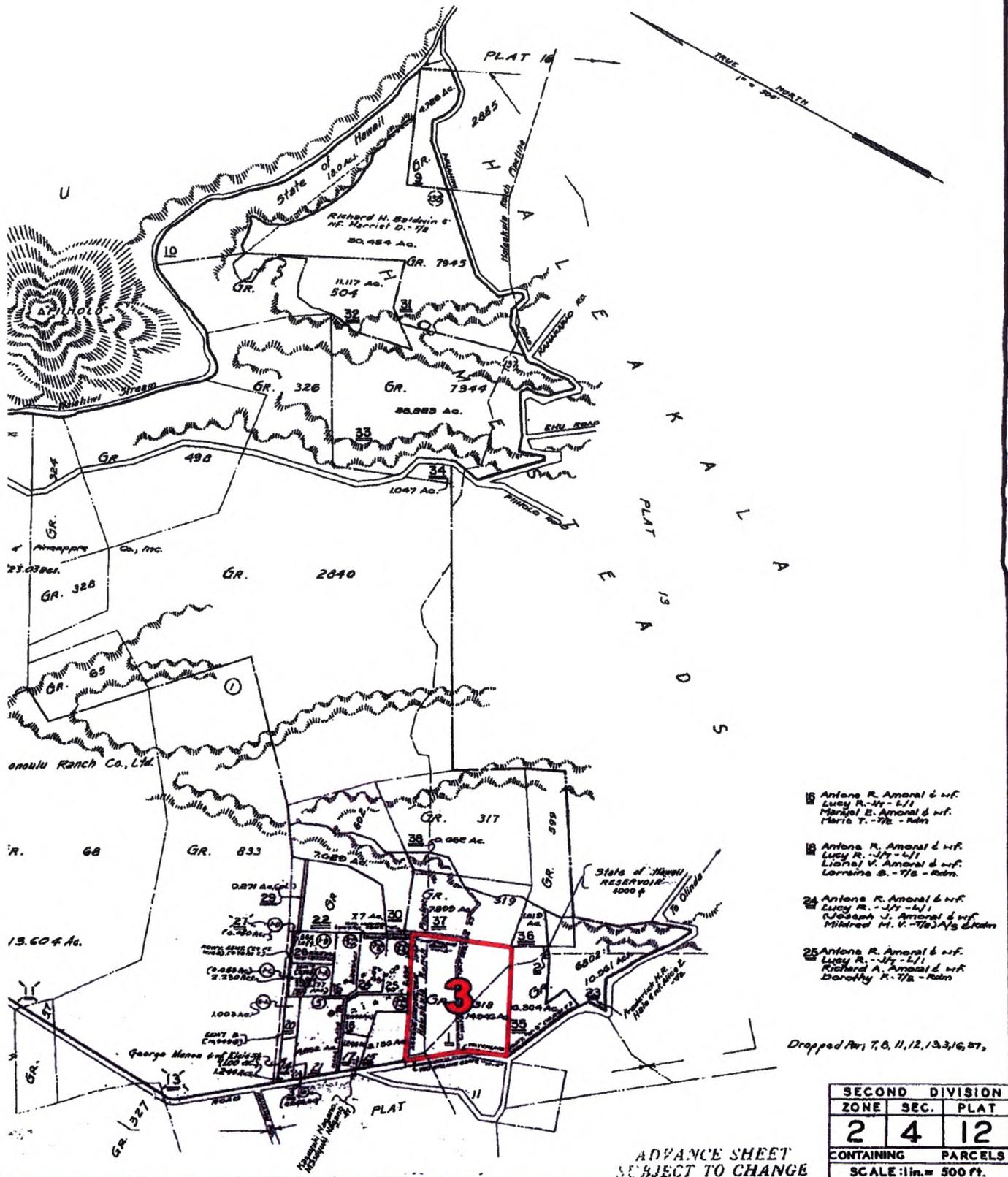
Fairly level to gently sloping/rolling topography with some gulch land. Ocean views. Served by County water.

Previously sold in January 2008 for \$1,700,000 (6.38/sq. ft.).



Olinda Rd





- 16 Antone R. Amoral & w/f
Lucy R. - 3/7 - 4/1
Maribel E. Amoral & w/f
Marie T. - 7/2 - Adm
- 17 Antone R. Amoral & w/f
Lucy R. - 3/7 - 4/1
Lionel V. Amoral & w/f
Lorraine S. - 7/2 - Adm
- 24 Antone R. Amoral & w/f
Lucy R. - 3/7 - 4/1
Joseph J. Amoral & w/f
Mildred M. V. - 7/2 A/S & Adm
- 25 Antone R. Amoral & w/f
Lucy R. - 3/7 - 4/1
Richard A. Amoral & w/f
Dorothy R. - 7/2 - Adm

Dropped Par: 7, 8, 11, 12, 13, 16, 27,

| SECOND DIVISION | | |
|------------------------|------|---------|
| ZONE | SEC. | PLAT |
| 2 | 4 | 12 |
| CONTAINING | | PARCELS |
| SCALE: 1 in. = 500 ft. | | |

ADVANCE SHEET
SUBJECT TO CHANGE

PRINTED

Transaction No. 3

Property Data:

Tax Map Key: 2-4-12-01 (Second Division)
Land Area: 14.946 acres (651,048 sq. ft.)
Location: 677 Olinda Road, Makawao, Maui, Hawaii
Improvements: Vacant
County Zoning: Ag, Agricultural District

Transaction Data:

Transaction Type: Warranty Deed
Transaction Date: December 10, 2010
Recorded: Doc. No. 2010-195728
Grantor: Robert H. Schnell and Renee Schnell, Trustees et al.
Grantee: Olinda Road LLC

Transaction Price: \$1,418,000 (cash to seller)
Indicated Unit Rate: \$94,875 per acre
(\$1,418,000 ÷ 14.946 acre)

Comments:

Details of this transaction were verified with Cynthia Warner, the agent involved with the transaction. According to Ms. Warner, this was an arm's length transaction involving cash to the seller.

Fairly level to gently sloping/rolling topography. Ocean views. Served by a private water system.





- 18 Antonio R. Amoral & w/f
Lucy R. - 1/4 - L/1
Margarit E. Amoral & w/f
Mario T. - 7/8 - Adm.
- 19 Antonio R. Amoral & w/f
Lucy R. - 1/4 - L/1
Lionel V. Amoral & w/f
Lorraine S. - 7/8 - Adm.
- 24 Antonio R. Amoral & w/f
Lucy R. - 1/4 - L/1
Wladimir J. Amoral & w/f
Mildred M. V. - 7/8 - Adm.
- 25 Antonio R. Amoral & w/f
Lucy R. - 1/4 - L/1
Richard A. Amoral & w/f
Dorothy R. - 7/8 - Adm.

Dropped Parcels 7, 8, 11, 12, 13, 16, 27,

| SECOND DIVISION | | |
|------------------------|------|---------|
| ZONE | SEC. | PLAT |
| 2 | 4 | 12 |
| CONTAINING | | PARCELS |
| SCALE: 1 in. = 500 ft. | | |

ADVANCE SHEET
SUBJECT TO CHANGE

PRINTED

Transaction No. 4

Property Data:

Tax Map Key: 2-4-12-38 (Second Division)
 Land Area: 5.002 acres (217,887 sq. ft.)
 Location: Olinda Road, Makawao, Maui, Hawaii
 Improvements: Vacant
 County Zoning: Ag, Agricultural District

Transaction Data:

Transaction Type: Warranty Deed
 Transaction Date: April 6, 2010
 Recorded: Doc. No. 2010-047443
 Grantor: John Clevelnad Lawrence and Roberta Joan Morris, Co-Trustees et al.
 Grantee: Ralph E. Carpenter, III and Kimberly D. Carpenter

Transaction Price: \$388,200 (cash to seller)
 Indicated Unit Rate: \$77,609 per acre
 (\$388,200 ÷ 5.002 acre)

Comments:

Details of this transaction were verified with Cynthia Warner, the agent representing the buyer. According to Ms. Warner, this was an arm's length transaction involving cash to the seller.

Fairly level to gently sloping/rolling topography with some pulch land. Ocean views. Served by County water.



QUALIFICATIONS OF EDWARD W. BECKER, MAI

Real Estate Appraiser, Medusky & Co., Inc., Real Estate Consultants
Queen's Court, Suite 404, 800 Bethel Street, Honolulu, Hawaii

EDUCATION

Bachelor of Arts Degree
University of Hawaii at Manoa, Honolulu, Hawaii
Political Science Major

SPECIAL COURSES

State Certification Courses

Appraising the Single Family Residence
Foundations of Real Estate Appraisal
Real Estate Appraisal Methods
Uniform Standards of Professional Appraisal Practice

Appraisal Institute Courses

550 – Advanced Applications
540 – Report Writing and Valuation Analysis
530 – Advanced Sales Comparison and Cost Approaches
520 – Highest & Best Use and Market Analysis
510 – Advanced Income Capitalization
430 – Standards of Professional Practice, Part C
420 – Standards of Professional Practice, Part B
410 – Standards of Professional Practice, Part A

Appraisal Institute Seminars/Programs

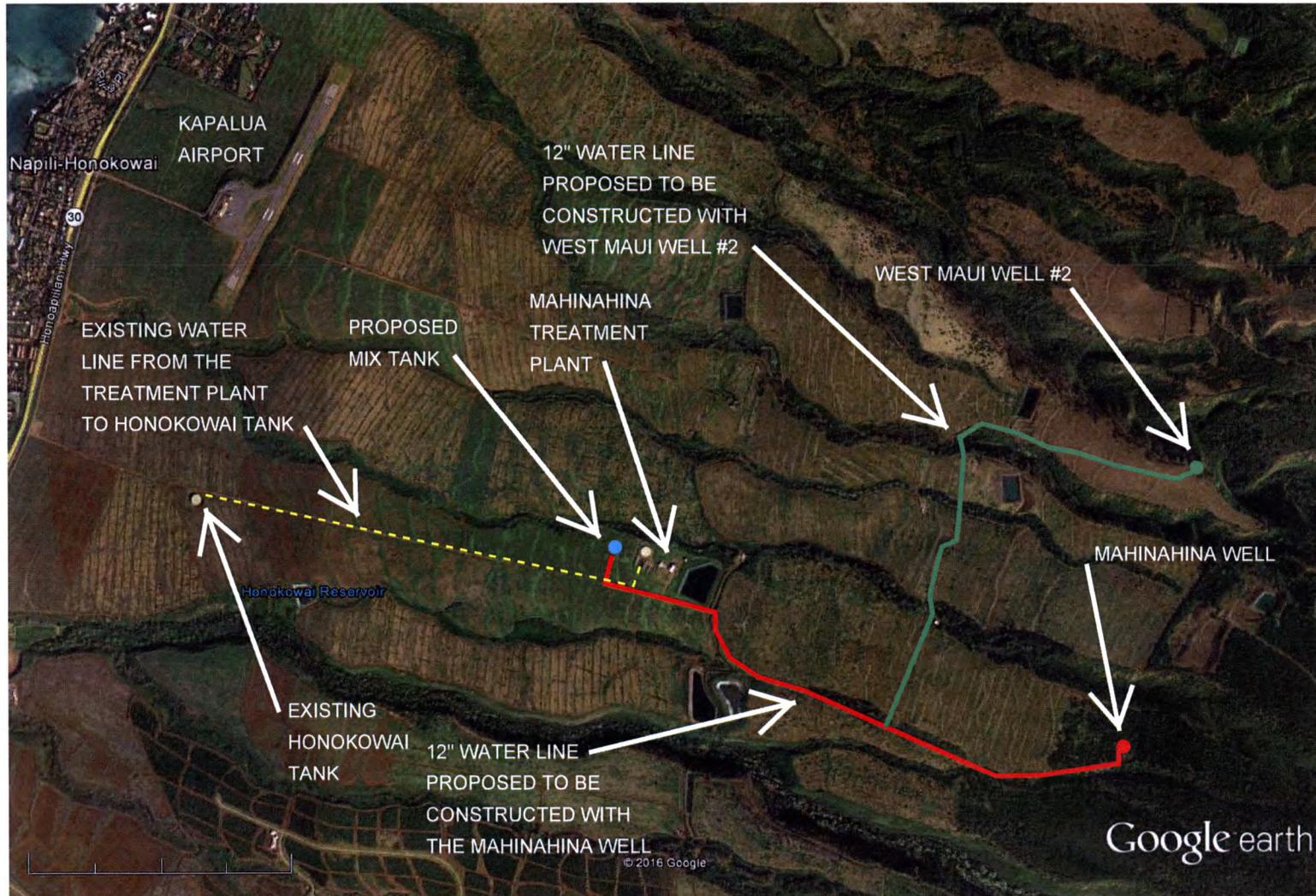
An Introduction to Valuing Commercial Green Buildings
Business Practices and Ethics
Eminent Domain and Condemnation Appraising
Feasibility, Market Value, Investment Timing: Option Value
FHA and the Appraisal Process
New Industrial Valuation
Review Theory – General
Site Use and Valuation Analysis
Small Hotel/Motel Valuation
The Appraiser as an Expert Witness: Preparation and Testimony
Uniform Appraisal Standards for Federal Land Acquisitions

University of Hawaii at Manoa, Small Business Management Program, Real Estate Licensing Course

EXPERIENCE

Engaged in real estate consultation and valuation since 1993. Geographic areas covered include the four counties of the State of Hawaii, the Republic of the Marshall Islands, Republic of Korea and American Samoa. Property types include agricultural, industrial, office, preservation, residential, resort, shopping center, subdivision and various other property types.

EXHIBIT 3



Google earth



AERIAL DIAGRAM DEPICTING THE LOCATION OF MAHINAHINA WELL 1 FACILITY AND FUTURE EXPANSION FOR WEST MAUI WELL #2.