STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

May 27, 2022

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Ref. No.: GLS-4257

Kauai

(1) Amend Prior Board Action of July 26, 2019, Item D-3, Approval of 15-Year Term Extension of General Lease No. S-4257, aFein Holdings, LLC, Lessee; Kapaa Town, Kauai, Tax Map Key: (4) 4-5-009:008.

The purpose of the amendment is to change the type of sewer system Lessee will install at the lease premises from a cesspool/septic conversion to an Aerobic Individual Waste System or other Wastewater System, provide an estimated cost thereof, change the deadline for closing the cesspools from July 25, 2022 to June 30, 2022 to be consistent with a Consent Agreement and Final Order entered into with the Environmental Protection Agency and delete some building improvements listed in the prior Board action.

(2) Request for Approval of Special Installment Agreement for Lessee to Pay a Fine Levied by the Environmental Protection Agency for Large Capacity Cesspools on the Lease Premises.

BACKGROUND:

The Board of Land and Natural Resources’ (Board) action July 26, 2019, Item D-3, approved a 15-year term extension of General Lease No. S-4257 for aFein Holdings, LLC (AFH) in exchange for AFH making substantial improvements to the leasehold premises including, but not limited to, the installation of a new septic system and abandonment of the existing cesspools. The Board allowed until July 25, 2022, for AFH to make the improvements. As of May 5, 2022, the existing cesspools have not been abandoned nor has a new septic system been installed.1 AFH retained consultants to explore options for wastewater disposal from the property and they have determined that a gravity flow connection to the county sewer system is cost prohibitive. Lessee has proposed an alternate Aerobic Individual Waste System (AIWS) connection that requires some maintenance for which the lessee is responsible.

LEGAL AUTHORITY:

1 AFH did, however, stop using the toilets and sinks on the property and placed portable toilets and handwashing stations at the premises for use by tenants and their customers instead. See details below.
Sections 171-6, -36 and other relevant sections of Chapter 171, Hawaii Revised Statutes (HRS), as amended.

Lessee has made some progress on the substantial improvements to the premises during its tenancy required to qualify for a 15-year lease extension that the Board approved in 2019, including $23,100 in repairs and renovations and will make additional investments in improvements if the Board approves the changes requested by the present submittal.

CHAPTER 343 ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-16 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the improvements proposed by AFH, which include a change in the proposed sewer system from septic to an Aerobic Individual Waste System, are exempt from the preparation of an environmental assessment pursuant to General Exemption Type 3 that states:

“Construction and location of single new, small facilities or structures and the alteration and modification of the facilities or structures and installation of new, small, equipment and facilities and the alteration and modification of the equipment or facilities, including but not limited to: (A) Single family residences less than 3,500 square feet, as measured by the controlling law under which the proposed action is being considered, if not in conjunction with the building of two or more such units; (B) Multi-unit structures, designed for not more than four dwelling units if not in conjunction with the building of two or more such structures; (C) Stores, offices and restaurants designed for total occupant load of twenty individuals or fewer per structure, if not in conjunction with the building of two or more such structures; and (D) Water, sewage, electrical, gas, telephone, and other essential public utility services extensions to serve such structures or facilities; accessory or appurtenant structures including garages, carports, patios, swimming pools, and fences; and acquisition of utility easements.”

Part 1, Item 14 that states, “Construction or placement of utilities (telecommunications, electrical, solar panels, drainage, waterlines, sewers) and related equipment (such as transformers, poles, cables, wires, pipes) accessory to existing facilities.”

Part 1, Item 22 that states, “Interior alterations and renovations to offices, buildings or structures that do not increase the floor area or change the maximum occupancy to include: a. installation of office partitions, utility outlets or connections, air conditioning, lighting, and security systems; b. renovations required to bring existing structures into compliance with
current building codes and applicable health, safety, and access regulations; c. renovations that will result in energy or other operational/cost savings; or d. other similar interior alterations.”

The proposed improvements are de minimis actions that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

REMARKS:

General Lease No. S-4257 (GL S-4257) was originally awarded to Hiroshi Azeka and Patsy T. Azeka. The lease was for fifty years commencing on August 12, 1969 and expiring on August 11, 2019.

At its meeting held on February 26, 1988, item F-1-a, the Board granted consent to the assignment of GL S-4257 to Martin J. Kahn and Carole Ann Kahn.

At its meeting held on March 27, 1997, the Board granted consent to the assignment of GL S-4257 to Kahnahan, Inc., which consisted of Martin J. Kahn as president and William R. Hancock.

At its meeting held on July 22, 2016, the Board consented to the assignment of GL S-4257 to AFH.

At its meeting on July 26, 2019, under agenda Item D-3, the Board approved a 15-year term extension of GL S-4257 and a consent to sublease for AFH as well as an after-the-fact consent to sublease to (i) Dorland and Associates, Inc., CPAs, a Hawaii corporation, (ii) Island Rental Cars, LLC, a Hawaii limited liability company, (iii) Julian M. Martinez dba Kukui Street Tattoo, (iv) Eat Chef George, LLC, a Hawaii limited liability company, (v) Hannah Finazzo-Krueger, LLC, a Hawaii limited liability company, (vi) Christopher Mario Ragsdale Jr, an individual, (vii) Adam Lang, an individual, and (viii) Max Lemaire, an individual. See attached Exhibit 1.

The Board approved the 15-year extension of the lease in exchange for AFH making substantial improvements to the leasehold premises including, but not limited to, the installation of a new Wastewater System (WWS) and abandonment of the existing cesspools. AFH had proposed improvements to the leasehold property financed by AFH pursuant to Act 207, Session Laws of Hawaii 2011 and Section 171-36, HRS, as amended, in an amount of approximately $274,114.69. The Board allowed until July 25, 2022 for AFH to make the improvements.²

² The actual lease extension document has not been prepared or executed to date due to ongoing issues with the type and dollar amount of improvements that will be required to address the cesspool issue. If the Board approves the subject requests, staff should be able to work with the Department of the Attorney General to finalize the lease extension document.
Subsequently, the Department entered into a Consent Agreement and Final Order (Consent Agreement) with the Environmental Protection Agency (EPA) filed May 4, 2021 that requires the closure of the cesspools by June 30, 2022. The Consent Agreement deadline controls over the date set in the Board approval with respect to the cesspool conversion. As of April 28, 2022, the existing cesspools have not been abandoned nor has a new septic system been installed. AFH has made improvements to the buildings over the last five years including roof repair, fascia! replacement, and electrical upgrades totaling approximately $23,100.00.

The lessee currently pays $34,300 a year for rent and collects approximately $100,400 a year in sublease rentals (based on 2019 sublease rates). When AFH was assigned this lease, the prior tenant was $21,528.00 behind in back rent and $15,600.00 behind in County property taxes. AFH brought both accounts current and has continued to pay both in a timely manner. AFH has also maintained liability insurance and paid property taxes for the leased land. During AFH’s five-year tenancy, AFH has paid approximately $7,500 to date for the rental of portable toilets and portable sinks. AFH has a reasonably good history of lease compliance over the past five years, apart from its inability thus far to install a new WWS and close the cesspools and pay the EPA fine (as discussed below).

General Lease No. S-4257 was set to expire on August 11, 2019. An appraisal report was prepared for the property to determine the fair market rental values as of August 12, 2019 and 2029 for a 15-year extension. The fair market rent for the period August 12, 2019 through August 11, 2029 is $34,300/annum and on August 12, 2029 will increase to $41,812/annum.

AFH was notified via a letter dated June 24, 2020 (Exhibit 2) that in the event the EPA determined that a Large Capacity Cesspool (LCC) existed on the lease premises and issued a fine or imposed administrative action or other penalties as a result, AFH would be required to provide the Department with a formal plan of action for the removal or backfill of the LCCs and pay all fines and penalties assessed by the EPA.

The Department directed AFH to stop using the LCCs. In an email dated July 29, 2020, AFH agreed to provide portable toilets for the property to that end. A site inspection conducted by the Kauai District Land Agent on February 9, 2022 confirmed that the bathrooms were locked, plumbed toilets and sinks were rendered unusable, and portable toilets and a hand wash station were in place and in use on the premises. AFH’s contractor, Cushnie Construction Company, Inc., has confirmed that they have been contracted to decommission the cesspools the second week in June at a cost of approximately $30,000 and have already submitted permit applications (Exhibit 3).

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3 Due to staff oversight, there was a period where AFH continued to pay the prior rent under the lease ($31,200/annum) after an appraisal had been conducted for the rent for the extension period ($34,300/annum). When lessee was notified it would have to make up the difference, it promptly tendered a check to Land Division.
In a second letter (Exhibit 4) that the Department sent to AFH dated April 23, 2021, AFH was informed that its leased property was found to be in violation of the federal LCC law. AFH was further notified that the Department entered into the Consent Agreement with the EPA that imposed a fine of $221,670 for three properties including the AFH lease, and that that the portion attributable to GLS-4257 was $63,334.29. The letter demanded that AFH immediately reimburse the State the sum of $63,334.29, with interest at the legal rate of 10% per annum in accordance with Section 478-2, HRS. To date, AFH has only made a partial payment of $6,000.00 to the State towards the fine/interest.

(1) Amendment of Prior Board Action of July 26, 2019, Item D-3:

AFH reports it has paid engineers almost $50,000 for the plans and feasibility assessment for the new WWS (Exhibit 5). Engineers evaluated three possible WWS options: (1) a traditional gravity system connection to the existing County sewer line; (2) a Forced Main Pump (FMP) design that also connects to County sewer; and (3) an Aerobic Individual Waste System. Because of the high water table where the lease premises are located, trenching for a gravity system will require extensive and costly dewatering. The dollar estimate for the gravity system was in excess of $600,000 and AFH decided not to pursue it as cost prohibitive. AFH then pursued the FMP design that had a cost of approximately $435,000.00 (Exhibit 6), but when questioned by Land Division whether lessee could amortize such an investment in view of the sublease rents generated by the premises and the time remaining on the lease (assuming it is extended), AFH determined that it could not.4

AFH then explored the AIWS option. The contractor as well as the Department of Health, Wastewater Branch, recommended the AIWS option which significantly reduces any trenching/dewatering risks/costs. However, the $300,000 cost estimate AFH received for the AIWS system is still too high for its budget. AFH is currently seeking additional bids from contractors for an AIWS or an alternate solution that is cheaper, but still acceptable to the DOH as well as Land Board. AFH believes that it will need to expend at least $250,000 for any WWS and that it can afford that cost.

The proposed improvements to the property listed in the July 26, 2019 Board action included a cesspool to septic conversion estimated to cost $209,424, roof replacements and other building upgrades estimated to cost $79,690.69, for a total estimated improvement cost of $289,114.69. AFH is requesting an amendment to the proposed improvements to include the AIWS or other WWS system estimated to cost at least $250,000, the cesspool closure estimated to cost $30,000, as well as the electrical upgrades, roof repair and fascia! replacement that has been completed already for $23,100 in lieu of the cesspool to septic conversion, and to delete building upgrades that

4 AFH asked staff about the possibility of a 30-year extension, but AFH does not currently qualify for the longer extension available under Act 236, Session Laws of Hawaii 2021, because the lessee is required to have been a tenant for at least ten consecutive years before applying for extension under that act. AFH has only been a tenant for five years.
can be deferred. The revised proposed improvements will now be:

- Cesspool closure: $30,000
- Roof repair and fascia replacement: $20,000
- Electrical upgrades: $3,100
- New WWS costing at least: $250,000
- Total: $303,100

AFH has also paid approximately $50,000 in design costs for the AIWS to Kauai Economic Design and $6,000 for termite treatment but those expenses are not being included in the amount of the improvements to the property. Staff is including a recommendation below that the prior Board action be amended as AFH is requesting, but adding a condition that the plans for the new WWS are subject to review and written approval of the Chairperson prior to construction (along with any other State or County of Kauai agency approvals required). The deadline for closing all the cesspools on the property will also be changed from July 25, 2022 to June 30, 2022. Staff is recommending an additional condition be included in the lease extension approval to provide that if AFH shall fail to comply with either the June 30, 2022 cesspool closure deadline or the July 25, 2022 AIWS installation deadline, the lease extension approval shall be automatically rescinded and the lease extension, if executed, shall be deemed void ab initio.

(2) Special Installment Agreement for Payment of Fine:

A demand letter was sent to AFH on February 22, 2022 for failure to comply with federal law and failure to indemnify the State for the EPA fine (Exhibit 7). The letter informed AFH that it had 60 days to repay the fine of $63,334.29 to the State and cure the LCC violations. As noted above, AFH has paid $6,000.00 toward the fine/interest and has requested approval of an installment agreement to pay the balance due.

AFH is requesting Board approval of a Special Installment Agreement to pay the EPA fine and interest over time. AFH is willing to make payments of $3,000.00 per month, starting the first month after Board approval for a maximum term of 24 months or until AFH is able to borrow funds to pay off the fine and interest in full, whichever shall first occur. Payments shall be made in monthly installments and are due on the first day of each month. The proposed payment term does not exceed the extended lease expiration date of August 11, 2034. Interest at ten percent (10%) per month shall be assessed on the declining principal balance. Prepayments may be made without penalty. Attached as Exhibit 8 is an approximate payment schedule for the fine, but because the initial payment(s) will first go to pay off interest that has accrued since April 23, 2021, the amortization schedule may need to be adjusted from what is shown in the exhibit. Staff has received and analyzed the AFH’s cash flow projections and is recommending the proposed term as reasonable and appropriate.
RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed actions herein, including the installation of an Aerobic Individual Waste System or other wastewater system, in accordance with Chapter 343 HRS, and Chapter 11-200.1, HAR, these actions will probably have minimal or no significant effect on the environment and therefore exempt from preparation of an environmental assessment as de minimis actions.

2. Amend the prior Board action of July 26, 2019, under agenda Item D-3, by changing the description and estimated cost of the improvements required to be made for the extension of the lease to:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cesspool closure</td>
<td>$30,000</td>
</tr>
<tr>
<td>Roof repair and fascia! replacement</td>
<td>$20,000</td>
</tr>
<tr>
<td>Electrical upgrades</td>
<td>$3,100</td>
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<tr>
<td>New WWS costing at least</td>
<td>$250,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$303,100</strong></td>
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Recommendation 4.1. of the prior Board action shall additionally be amended to provide that the plans for the new WWS are subject to review and written approval of the Chairperson prior to construction (along with any other State or County of Kauai agency approvals required), and to change the deadline for closing all cesspools on the property to June 30, 2022. In the event AFH shall fail to comply with either the June 30, 2022 cesspool closure deadline or the July 25, 2022 AIWS or other WWS installation deadline, the lease extension approvals of both the present action and the Board’s action of July 26, 2019, agenda Item D-3, shall be automatically rescinded and the lease extension, if executed, shall be deemed void ab initio. AFH and its sublessees would need to immediately vacate the premises, and Land Division would apply the performance bond under the lease to the EPA fine and any other outstanding obligations or liabilities of AFH under the lease.

3. Authorize a Special Installment Agreement in the manner specified by law under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following;

A. Payments shall be made in monthly installments of $3,000.00 and are due on the first day of each month beginning March 2022. All principal and interest shall be paid in full within 24 months or when AFH obtains funds through a loan or otherwise to pay all amounts due in full, whichever shall first occur;

B. Interest at the legal rate of 10% per annum in accordance with Section 478-2, Hawaii Revised Statutes will accrue starting April 23, 2021;
C. Prepayments may be made without penalty;

D. If AFH refuses to pay or misses a payment, the entire remaining unpaid balance of the Special Installment Agreement shall automatically be due, payable and owing to the State and staff is directed to turn the matter over to AGs for collection;

E. Authorize the Department of the Attorney General, the Department of Land and Natural Resources, or their agents to collect all monies due the State of Hawaii under General Lease No. S-4257 and the Special Installment Agreement and to pursue all other rights and remedies as appropriate;

F. Review and approval by the Department of the Attorney General; and

G. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Alison Neustein
District Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson
Approval of 15-Year Term Extension of General Lease No. S-4257, aFein Holdings, LLC, Lessee; Kapaa Town, Kauai, Tax Map Key: (4) 4-5-009:008.

Consent to Sublease under General Lease No. S-4257, aFein Holdings, LLC, Lessee, to (i) Dorland and Associates, Inc., CPAs, and (ii) Island Rental Cars, LLC, Sublessees; Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009: portions of 008.


APPLICANT(S) AND REQUEST:

aFein Holdings, LLC, a Hawaii limited liability company, Lessee and Sublessor, to (i) Dorland and Associates, Inc., CPAs, a Hawaii corporation, (ii) Island Rental Cars, LLC, a Hawaii limited liability company, (iii) Julian M. Martinez dba Kukui Street Tattoo, (iv) Eat Chef George, LLC, a Hawaii limited liability company, (v) Hannah Finazzo-Krueger, LLC, a Hawaii limited liability company, (vi) Christopher Mario Ragsdale Jr, an individual, (vii) Adam Lang, an individual, and (viii) Max Lemaire, an individual, Sublessees, as to the request for consent to sublease and after-the-fact consent to sublease.

Proposed improvements to the leasehold property financed by the Lessee pursuant to Act 207, Session Laws of Hawaii 2011 and Section 171-36, Hawaii Revised Statutes (HRS), as amended, in an amount of approximately $274,114.69.

In order for the Lessee to fully amortize its expenditures, Lessee is requesting an extension of General Lease No. S-4257 for a period of 15 years, commencing on August 12, 2019 and expiring on August 11, 2034 for an aggregate term of 65 years (initial 50-
year term plus the 15-year extension).

LEGAL REFERENCE:

Sections 171-36, Hawaii Revised Statues (HRS), as amended.

LOCATION:

Portion of Government (Crown) lands of Kapaa situated at Kapaa Town Lots, Kawaihau, Kauai, identified by Tax Map Key: (4) 4-5-009:008, as shown on the attached map labeled EXHIBIT A & B.

AREA:

Lease: 15,280 square feet, more or less.
Subleases: 5,622 square feet, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

LEASE CHARACTER OF USE:

Business purposes.

SUBLEASE CHARACTER OF USE:

Business purposes.

TERM OF LEASE:

Original term of 50 years, commencing on August 12, 1969 and expiring on August 11, 2019.

Lessee has requested a 15-year extension. The proposed extension would change the aggregate term of the lease to 65 years.
TERMS OF SUBLEASES:

Dorland and Associates, Inc., CPAs

Initially twenty-four (24) months commencing on September 1, 2016 but is currently continuing on a month-to-month basis.

Island Rental Cars, LLC

Thirty-Six (36) months commencing on September 1, 2016. The expiration date is August 31, 2019, which is past the scheduled General Lease No. S-4257 expiration date of August 11, 2019.

Julian M. Martinez dba Kukui Street Tattoo

Twenty-four (24) months commencing on January 1, 2018. The expiration date is December 31, 2019, which is past the scheduled General Lease No. S-4257 expiration date of August 11, 2019.

Eat Chef George, LLC

Twenty-four (24) months commencing on January 1, 2018. Right of first refusal to renew, with expiration 180 days before end of lease term. Option to extend the lease term for four (4) additional periods of two (2) years each. The expiration date is December 31, 2027, which is past the scheduled General Lease No. S-4257 expiration date of August 11, 2019.

Hannah Finazzo-Krueger, LLC

Sixty (60) months commencing on October 15th, 2018. The expiration date is September 30, 2023, which is past the scheduled General Lease No. S-4257 expiration date of August 11, 2019.

Christopher Mario Ragsdale Jr

Periodic tenancy commencing on the first day of February 2019 and continuing on a year-to-year basis.

Adam Lang

Periodic tenancy commencing on the first day of March 2019 and continuing on a year-to-year basis.
Periodic tenancy commencing on the first day of July 2019 and continuing on a month-to-month basis.

**ANNUAL LEASE RENTAL:**

Currently: $31,200.00, due in semi-annual installments of $15,600.00 on February 12th and August 12th of each year.

**ANNUAL SUBLEASE RENTALS:**

Aggregate of $8,400 a month or $100,800 a year.

**RECOMMENDED ADJUSTMENT TO LEASE RENTAL:**

Staff is requesting that the Board reserve its determination as to whether an adjustment to lease rental is appropriate until after the Department receives legal advice on the propriety of the State participating in sublease rents. At its meeting of June 28, 2019, under agenda Item D-3, the Board approved, as amended, a request to enter into a development agreement for a lease extension and consented to a sublease under a Hilo lease, General Lease No. S-3742 to JH Moku Ola, LLC. In that matter, staff recommended a 10% participation in sublease rents based on assignment and subleasing provision of the lease. The lessee objected and the Board directed staff to seek legal advice on the matter. The request for advice to the Department of the Attorney General is still pending. Accordingly, staff believes the best course is to wait until the requested legal advice is received before presenting any additional requests for sublease rent participation to the Board.

**RENTAL REOPENINGS:**

The last rental reopening occurred on August 12, 2009; there are no further rental reopenings scheduled.

Reopenings for the extended term shall be on August 12, 2019 and August 12, 2029.

**USE OF LOAN PROCEEDS:**

Building “A” (4569 Kukui Street)

The Lessee plans to remove the existing roof and replace it with new metal roofing material, remove and replace the existing gutters, replace approximately 80 feet of 2” x 10” fascia, and replace and repair the staircase to the 2nd floor.
Building “B” (4563 Kukui Street)

The Lessee plans to install silicon roofing material over the existing roof and replace and repair the plywood soffit around building.

The two existing cesspools will be abandoned, and the asphalt parking area will be patched. A new septic system will be installed for both buildings A & B. See EXHIBIT E.

DCCA VERIFICATION:

**SUBLESSOR:** aFein Holdings, LLC
- Place of business registration confirmed: YES
- Registered business name confirmed: YES
- Good standing confirmed: YES

**SUBLESSEE:** Dorland and Associates, Inc.
- Place of business registration confirmed: YES
- Registered business name confirmed: YES
- Good standing confirmed: YES

**SUBLESSEE:** Island Rental Cars, LLC
- Place of business registration confirmed: YES
- Registered business name confirmed: YES
- Good standing confirmed: NO

Island Rental Cars, LLC has submitted their delinquent annual filings to the DCCA on June 21, 2019. The status of the filings is currently pending.

**SUBLESSEE:** Eat Chef George, LLC
- Place of business registration confirmed: YES
- Registered business name confirmed: YES
- Good standing confirmed: YES

**SUBLESSEE:** Hannah Finazzo-Krueger, LLC
- Place of business registration confirmed: YES
- Registered business name confirmed: YES
- Good standing confirmed: YES

Sublessees Julian M. Martinez dba Kukui Street Tattoo, Christopher Mario Ragsdale Jr, Adam Lang and Max Lemaire are individuals and are not required to register with the Department of Commerce and Consumer Affairs.
CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

With respect to the consent to sublease and requested extension of the lease, see the Exemption Notification attached as EXHIBIT F.

REMARKS:

Background

General Lease No. S-4257 (GL S-4257) was originally awarded to Hiroshi Azeka and Patsy T. Azeka. The lease is for fifty years commencing on August 12, 1969 and expiring on August 11, 2019.

At its meeting of February 26, 1988, item F-1-a, the Board granted consent to the assignment of GL S-4257 to Martin J. Kahn and Carole Ann Kahn.

At its meeting held on March 27, 1997, the Board granted consent to the assignment of GL S-4257 to Kahnahan, Inc., which consisted of Martin J. Kahn as president and William R. Hancock as vice president of the corporation.

On August 12, 2015, Kahnahan, Inc. was in default of rent payments. A Notice of Default was sent out on September 8, 2015 and received by Kahnahan, Inc. on September 21, 2015. Kahnahan, Inc. also had a performance bond that expired on December 2, 2014. A Notice of Default was sent out on February 11, 2016 and received by the lessee on February 26, 2016.

Martin J. Kahn and William R. Hancock had a tenuous business relationship with little to no communication between them. Martin J. Kahn told staff that he wished to forfeit or reassign the lease to a tenant so that Kahnahan, Inc. could be dissolved.

During the default period, Aaron Feinberg expressed an interest in taking over the lease from Kahnahan, Inc. Aaron Feinberg is the owner of aFein Holdings, LLC and Kauai Canvas, LLC. Kauai Canvas, LLC occupied a section of the 2nd floor in building “B”. Kauai Canvas, LLC printed photos and art on canvas cloth for their business.

On May 2, 2016 Aaron Feinberg submitted to staff an assignment document signed by Martin J. Kahn and William R. Hancock, which transferred the ownership of General Lease No. S-4257 from Kahnahan, Inc. to aFein Holdings, LLC. Kahnahan, Inc.’s only condition was that aFein Holdings, LLC pay the State $21,528 for Kahnahan, Inc.’s back rent, if the consent to assignment was approved by the Board.

At its meeting of July 22, 2016, Item D-4, the Board granted consent to the assignment of GL S-4257 to aFein Holdings, LLC and after-the-fact consent to sublease under GL S-4257, aFein
Holdings, LLC, lessee, to Dorland and Associates, Inc., CPAs, Island Rental Cars, LLC, and Kevin Jones, sublessees. After receiving the Board’s approval aFein Holdings, LLC cured all defaults including the $21,528 of back rent and posting the required $62,400.00 performance bond.

In 2018, Kauai Canvas, LLC shut down its business. Aaron Feinberg still uses a portion of the 2nd floor of building “B” to store remnant art from the former Kauai Canvas, LLC.

Subleases

With respect to subleasing, General Lease No. S-4257 provides as follows:

14. Subletting. That the Lessee shall not rent or sublet the whole or any portion of the demised premises, without the prior written approval of the Board; provided, however, that prior to such approval, the Board shall have the right to review and approve the rent to be charged to the proposed sublessee and, if necessary, revise the rent of the demised premises based upon the rental rate charged to the said sublease; provided, further, that the rent may not be revised downward.

Dorland and Associates, Inc., CPAs continue to hold their lease over an 850 square foot area on the 1st floor of building “A” for tax and accounting services at $1,600 per month or $19,200 a year.

Island Rental Cars, LLC continues to hold its lease over a 1,120 square foot area on the 1st floor of building “B” for detailing rental cars at $1,500 per month or $18,000 a year.

Kevin Jones was evicted and is no longer a sublessee.

Shortly before the extension of lease request, aFein Holdings, LLC notified staff of six (6) new sublessees which include, Julian M. Martinez dba Kukui Street Tattoo, Eat Chef George, LLC, Hannah Finazzo-Krueger, Christopher Mario Ragsdale Jr, Adam Lang and Max Lemaire.

Julian M. Martinez dba Kukui Street Tattoo is renting out a 710 square foot portion of the 1st floor of building “A” for a tattooing business at $950 a month or $11,000 a year.

Eat Chef George, LLC is renting a 275 square foot portion of the 2nd floor of building “B” to store equipment for a lunch truck business at $600 a month or $7,200 a year.

Hannah Finazzo-Krueger is renting a 1,100 square foot portion of the 2nd floor of building “A” for a mental health therapy business at $1,800 a month or $21,600 a year.

Christopher Mario Ragsdale Jr is renting out a 612 square foot portion of the 2nd floor of building “A”. He draws art for tattoos in connection with Kukui Street Tattoo at $1,000 a month or
$12,000 a year.

Adam Lang is renting a 200 square foot portion of the 1st floor of building “B” for his carpentry and woodworking business at $450 a month or $5,400 a year.

Max Lemaire was originally a business partner in Aaron Feinberg’s Kauai Canvas, LLC business. Max Lemaire is currently renting out a 745 square foot portion of the 1st floor of building “B” for his fine art gallery business at $500 a month or $6,000 a year.

Consent to subleases and after-the-fact consent to the subleases are therefore needed and will have to be processed in conjunction with the lease extension request presented below. As noted above, staff is requesting that the Board consent to the subleases but reserve a determination as to whether the State can share in sublease rents until the Department receives legal advice on the issue.

15-Year Lease Extension

The current 50-year lease is set to expire on August 11, 2019. The Partnership is requesting a 15-year lease extension pursuant to Section 171-36, HRS, to amortize the cost of planned improvements to the property, including roof replacement, replacing existing gutters, replacing existing staircase, replacing and repairing walls, replacing facia, repairing trusses and installing a new septic system. An appraisal evaluation performed by a certified appraiser (EXHIBIT D) has determined that the economic life of the proposed improvements will exceed 15-year extension period requested to amortize the cost of the improvements. Lessee anticipates completing all proposed improvements within three years. Staff is including a recommendation below that Lessee substantially complete the proposed improvements and submit receipts or other acceptable evidence of the total cost thereof to staff by July 25, 2022, or the lease extension will be subject to rescission. Reopenings for the extended term shall be on August 12, 2019 and August 12, 2029.

With the exception of the unauthorized subleases (both of which matters will be resolved if the Board approves the recommendations below), the Lessee is in compliance with the terms and conditions of the lease. The Lessee is current with rent, insurance and performance bond. A recent inspection showed that the existing structures would benefit from the proposed property improvements.

The leased premises have been used substantially for the purpose for which they were leased.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed consent to sublease under and extension of lease, in accordance with Chapter 343, HRS, and
Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and therefore exempt from preparation of an environmental assessment.

2. Consent to the sublease under General Lease No. S-4257, aFein Holdings, LLC, a Hawaii limited liability corporation, Lessor, to (i) Dorland and Associates, Inc., CPAs and (ii) Island Rental Cars, LLC, Sublessees, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

a. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;

b. The Board reserves the right to determine at a later date whether the State may revise the rent under the lease based upon the rental rate charged to the sublessees;

c. Review and approval by the department of the Attorney General; and

d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interest of the State.

3. Consent after-the-fact to the sublease under General Lease No. S-4257, aFein Holdings, LLC, a Hawaii limited liability corporation, Lessor, to (iii) Julian M. Martinez dba Kukui Street Tattoo, (iv) Eat Chef George, LLC, (v) Hannah Finazzo-Krueger, LLC, (vi) Christopher Mario Ragsdale Jr, (vii) Adam Lang and (viii) Max Lemaire, Sublessees, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

a. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;

b. Review and approval by the department of the Attorney General; and

c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interest of the State.

4. Authorize a 15-year extension of General Lease No. S-4257, aFein Holdings, LLC, a Hawaii limited liability corporation, Lessee, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
a. The standard terms and conditions of the most current lease extension form, as may be amended from time to time; provided that the extension document shall require Lessee to substantially complete the proposed improvements and submit receipts or other acceptable evidence of the total cost thereof to staff by July 25, 2022, or the lease extension shall be subject to rescission;

b. Review and approval by the department of the Attorney General; and

c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interest of the State.

Respectfully Submitted,

Kurt Yasutake
Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson
Consent to Sublease;
After-the-fact Consent to Sublease;
TMK (4) 4-5-009:008
Date: June 5, 2019

aFein Holdings, LLC
4569 Kukui St
Kapaa, HI 96746
808.634.5804
aaron@afeinholdings.com

RE aFein Holdings, TMK: (4) 4-5-9-8

Mr. Feinberg:

Pursuant to your request on May 30, 2019 I conducted an inspection of the above referenced subject property and reviewed documentation provided on proposed repairs and maintenance of the subject property. I understand that your request is in response to the State Department of Land and Natural Resources requirement that the improvements have a remaining economic life of at least 25 years.

Proposed repairs and renovations in the near-term, six months more or less, include:

<table>
<thead>
<tr>
<th>SCOPE OF WORK</th>
<th>BUILDING NUMBER</th>
<th>CONTRACTOR</th>
<th>BID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roof replacement</td>
<td>4563 Kukui St</td>
<td>Island Metals Installations</td>
<td>$4,791.68</td>
</tr>
<tr>
<td>Soffit Repair</td>
<td>4563 Kukui St</td>
<td>Keller Construction</td>
<td>$24,084.00</td>
</tr>
<tr>
<td>Roof replacement</td>
<td>4569 Kukui St</td>
<td>Island Metals Installations</td>
<td>$19,880.27</td>
</tr>
<tr>
<td>Gutter Replacement</td>
<td>4569 Kukui St</td>
<td>Island Metals Installations</td>
<td>$6,197.94</td>
</tr>
<tr>
<td>Fascia &amp; Truss Repair</td>
<td>4569 Kukui St</td>
<td>Keller Construction (Verbal)</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>Staircase Replacement</td>
<td>4569 Kukui St</td>
<td>Keller Construction</td>
<td>$9,736.80</td>
</tr>
<tr>
<td>Cesspool to Septic</td>
<td>4563 &amp; 4569 Kukui St</td>
<td>Keller Construction</td>
<td>$296,424.00</td>
</tr>
</tbody>
</table>

The total estimated repair costs for the scope of the repairs is $289,114.69.

Based on my on-site physical inspection it is my opinion that the existing building improvements have a current remaining economic life of 27 years. Furthermore, upon completion of the proposed repairs listed above, it is my opinion that the remaining economic life upon completion will be extended to 38 years.

If there are any specific questions or concerns, or if Kauai Valuation can be of additional assistance, please contact the individual listed below.

Sincerely,

KAUAI VALUATION

Curtis Bedwell, MAI
Certified General Real Estate Appraiser
State of Hawaii License No. CGA - 1007
Expiration Date 12/31/2019
808-755-5883
curtisbedwell@gmail.com

EXHIBIT D
DATE  
May 20, 2019  

TO  
DNLNR  

To Whom It May Concern,

This is to formally request the maximum lease extension for S-4257. The current proposed repairs and upgrades are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Vendor</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roof replacement - 4563 Kukui St</td>
<td>Island Metals Installations</td>
<td>$4,791.68</td>
</tr>
<tr>
<td>Roof replacement - 4569 Kukui St</td>
<td>Island Metals Installations</td>
<td>$19,880.27</td>
</tr>
<tr>
<td>Gutter replacement - 4569 Kukui St</td>
<td>Island Metals Installations</td>
<td>$6,197.94</td>
</tr>
<tr>
<td>Soffit Repair - 4563 Kukui St</td>
<td>Keller Construction</td>
<td>$24,084.00</td>
</tr>
<tr>
<td>Fascia &amp; Truss Repair - 4569 Kukui St</td>
<td>Keller Construction</td>
<td>tbd</td>
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<tr>
<td>Staircase replacement - 4569 Kukui St</td>
<td>Keller Construction</td>
<td>$9,736.80</td>
</tr>
<tr>
<td>Cesspool to Septic Conversion</td>
<td>Keller Construction</td>
<td>$209,424.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$274,114.69</td>
</tr>
</tbody>
</table>

not including TBD bid

Sincerely yours,

[Signature]

Aaron Feinberg

EXHIBIT E
## Island Metals Installations
5216 Kihel Road
Kapaa, HI 96748 US
8088225304
chrissuard@gmail.com

### ESTIMATE

**ADDRESS**
Aaron Feinberg
For: 4563 Kukui Street Kapaa

<table>
<thead>
<tr>
<th>DATE</th>
<th>SERVICE</th>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>RATE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/20/2018</td>
<td>Roof Installation</td>
<td>Application of Silicon roofing material over existing roof</td>
<td>1</td>
<td>2,500.00</td>
<td>2,500.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Roofing Material</td>
<td>Henry's Extreme Elastomeric Roof Coating</td>
<td>16</td>
<td>125.00</td>
<td>2,000.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Delivery</td>
<td></td>
<td>1</td>
<td>100.00</td>
<td>100.00T</td>
</tr>
</tbody>
</table>

Application of rubberized roofing sealant coating (12 year manufacturer warranty product) to existing rolled roofing surface. Price does not include repair or replacement of any structural material or roofing.

<table>
<thead>
<tr>
<th>SUBTOTAL</th>
<th>4,600.00</th>
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</thead>
<tbody>
<tr>
<td>TAX (4.167%)</td>
<td>191.68</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$4,791.68</td>
</tr>
</tbody>
</table>

Accepted By                                      Accepted Date
**Island Metals Installations**  
5216 Kihel Road  
Kapaa, HI 96746 US  
8088225304  
chrisuard@gmail.com  

**ESTIMATE**

<table>
<thead>
<tr>
<th>ADDRESS</th>
<th>ESTIMATE #</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaron Feinberg</td>
<td>1004</td>
<td>11/20/2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATE</th>
<th>SERVICE</th>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>RATE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/20/2018</td>
<td>Metal Roof Removal</td>
<td>Removal of existing metal roofing material</td>
<td>1</td>
<td>3,500.00</td>
<td>3,500.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Scrap hauling</td>
<td>Hauling and recycling of roofing material and debris</td>
<td>1</td>
<td>0.00</td>
<td>0.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Roof Installation</td>
<td>Installation of new metal roofing material and trim</td>
<td>1</td>
<td>7,700.00</td>
<td>7,700.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Roofing Material</td>
<td>26 gage Kynar metal roofing, trim, screws and sealant</td>
<td>1</td>
<td>7,750.00</td>
<td>7,750.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Delivery</td>
<td></td>
<td>1</td>
<td>135.00</td>
<td>135.00T</td>
</tr>
</tbody>
</table>

Removal of main existing metal roof (40’x70’) and entrance awning (8’x14’), replacement with galvalume corrugated roofing and trim. Metal will be removed and replaced in sections to insure interior protection through duration of project.

**SUBTOTAL** 19,085.00

**TAX (4.167%)** 795.27

**TOTAL** $19,880.27

Accepted By

Accepted Date
Island Metals Installations  
5216 Kihel Road  
Kapaa, HI 96746 US  
8088225304  
chrissuard@gmail.com

ESTIMATE

<table>
<thead>
<tr>
<th>DATE</th>
<th>SERVICE</th>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>RATE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/20/2018</td>
<td>Gutter demolition</td>
<td>removal of gutters around exterior of roof</td>
<td>1</td>
<td>1,500.00</td>
<td>1,500.00T</td>
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<tr>
<td>11/20/2018</td>
<td>Scrap hauling</td>
<td>hauling of old gutters and debris</td>
<td>1</td>
<td>300.00</td>
<td>300.00T</td>
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<tr>
<td>11/20/2018</td>
<td>Gutter installation</td>
<td>Installation of new gutters around exterior of roof</td>
<td>1</td>
<td>3,000.00</td>
<td>3,000.00T</td>
</tr>
<tr>
<td>11/20/2018</td>
<td>Gutter supplies</td>
<td>New custom gutters, sealant and fasteners</td>
<td>1</td>
<td>1,150.00</td>
<td>1,150.00T</td>
</tr>
</tbody>
</table>

Remove 140 feet of custom gutter inset within fascia of the structure, and install new custom gutters into preexisting frame. Replacement will be of gutter only, original gutter downspouts and structure will be untouched.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>RATE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBTOTAL</td>
<td></td>
<td></td>
<td>5,950.00</td>
</tr>
<tr>
<td>TAX (4.167%)</td>
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<td>247.94</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$6,197.94</td>
</tr>
</tbody>
</table>

Accepted By

Accepted Date
March 17, 2019

Proposal - PLYWOOD SOFFIT 4563 KUKUI STREET

AFein Holdings, LLC
P.O. Box 223612
Princeville, HI 96722

Replace and repair plywood soffit around building located at 4563 Kukui Street, Kapaa, Hawaii 96746. Approximately 36 - 4'x8' sheets required. Will prime and match existing paint.

Total (Includes Hawaii State Tax): $24,084

Keller Construction – P.O. Box 297 Kilauea Hawaii 96754
randyonkauai@hotmail.com
808-639-9925
March 17, 2019

Proposal - Fascia & Trusses 4569 KUKUI STREET

AFein Holdings, LLC
P.O. Box 223612
Princeville, HI 96722

Replace approximately 80'- 2"X10" FASCIA around building located at 4569 Kukui Street, Kapaa, Hawaii 96746. Will prime and match existing paint. Prior to this we will need stamp plans to repair all of the dry rot on the trusses. Pending what architect/engineer says how to proceed on the rebuilding of trusses. This should be done prior to reroofing.

Total Pending Architect/Engineer Design
Proposal – Staircase 4569 KUKUI STREET

AFein Holdings, LLC
P.O. Box 223612
Princeville, HI 96722

Replace and repair staircase to upstairs at building located at 4569 Kukui Street, Kapaa, Hawaii 96746.

Total (Includes Hawaii State Tax): $9736.80

Keller Construction – P.O. Box 297 Kilauea Hawaii 96754
randyonkauai@hotmail.com
808-639-9925
March 17, 2019

Proposal - SEPTIC KUKUI STREET

AFein Holdings, LLC
P.O. Box 223612
Princeville, HI 96722

Pending Engineer's Design & Approval

Install new septic system for 2 existing buildings located at 4563 and 4569 Kukui St, Kapaa, Hawaii 96746.

Also includes abandoning two separate existing cesspools and patching asphalt parking area.

Total (Includes Hawaii State Tax): $209,424

Keller Construction – P.O. Box 297 Kilauea Hawaii 96754
randyonkauai@hotmail.com
808-639-9925
EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR


Project / Reference No.: GL S-4257

Project Location: Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008.

Project Description: Approval of 15-Year Term Extension of General Lease No. S-4257, aFein Holdings, LLC, Lessee. Consent to Sublease under General Lease No. S-4257, aFein Holdings, LLC, Lessee, to Dorland and Associates, Inc., CPAs, and Island Rental Cars, LLC, Sublessees; After-the-fact Consent to Sublease under General Lease No. S-4257, aFein Holdings, LLC, Lessee, Kukui Street Tattoo, Eat Chef George, LLC, Hannah Finazzo-Krueger, LLC, Christopher Mario Ragsdale Jr, Adam Lang and Max Lemaire, Sublessees. The lease is currently scheduled to expire on August 11, 2019.

Chap. 343 Trigger(s): Use of State Land

Exemption Class No. and Description: In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states “Operations,
Cumulative Impact of Planned Successive Actions in Same Place Significant?: No. The subleases and extension are a continuation of an existing use of this improved property for business purposes. No new improvements that would alter the purpose or increase the capacity, density, height or dimensions of the existing structure are planned. Staff believes there are no cumulative impacts.

Action May Have Significant Impact on Particularly Sensitive Environment?: No. The lease premises are located in an area already developed for commercial and residential use. No new improvements that would alter the purpose or increase the capacity, density, height or dimensions of the existing structure are planned. Staff believes there are no cumulative impacts.

Analysis: This action involves a request for a 15-year extension of the lease; a consent to sublease Dorland and Associates, Inc., CPAs and Island Rental Cars, LLC; an after-the-fact consent to sublease to Kukui Street Tattoo, Eat Chef George, LLC, Hannah Finazzo-Krueger, LLC, Christopher Mario Ragsdale Jr, Adam Lang and Max Lemaire. The lease extension and sublease are a continuation of an existing use of this improved property for business purposes. No new improvements that would alter the purpose or increase the capacity, density, height or dimensions of the existing structure are planned. The lease extension and sublease approvals represent no or negligible expansion of the existing use. Therefore, staff believes the lease extension and sublease approvals result in no significant impact to the natural, environmental and/or cultural resources in the area, and that the actions should be found to be exempt from the preparation of an environmental assessment.

Consulted Parties: County of Kauai Public Works Department was consulted and had no comments.

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.
EXHIBIT 2
June 24, 2020

aFein Holdings, LLC

c/o Aaron Feinberg

P.O. Box 223612

Princeville, HI 96722

Dear Mr. Feinberg:

Subject: General Lease No. S-4257, aFein Holdings, LLC (aFein), Lessee; Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008.

Please see the included letter from the United States Environmental Protection Agency (EPA) requesting information on a possible large capacity cesspool (LCC) located on your leased property in potential violation of federal law.

Your lease provides in part as follows:

7. Compliance with laws. That the Lessee shall comply with all of the requirements of all municipal, state and federal authorities and observe all municipal ordinances and state and federal statutes, pertaining to said premises, now in force or which may hereinafter be in force.

The federal deadline for converting LCCs to an alternative wastewater system was April 5, 2005. Accordingly, we require that you submit to the Kauai District Land Office (KDLO) information responsive to the EPA’s inquiries and provide all relevant maps, drawings or blueprints available by July 13, 2020. Please note that your lease will be in default if the EPA determines that an LCC exists and issues a fine, administrative action or other penalties as a result. You are also required to provide KDLO with a formal plan of action that you intend to follow in order to remove or backfill your potential LCC if the EPA determines you have one on the premises.

At its meeting of July 26, 2019, the Board of Land and Natural Resources approved a 15-year extension of your lease in exchange for aFein making substantial improvements to the leasehold premises including the installation of a new septic system and abandonment of two existing cesspools. The Board allowed until July 25, 2022 for aFein to make the improvements. We understand that you have been in communication with the County of Kauai, Department of Public Works, Wastewater Management Division and the State Department of Health regarding connecting the premises to the county sewer system instead of installing a septic system. In view of the EPA letter, we ask that you prioritize the sewer connection and closure of the cesspools to avoid potential federal fines and penalties in the event the cesspools are determined to be LCCs.
Your lease also includes an indemnity provision at paragraph 16 in favor of the State that may be invoked in the event the EPA imposes a fine, administrative action or other penalties against the State due to any non-compliance with federal law. Accordingly, we again urge you to address this matter as soon as possible.

If you have any questions, please feel free to contact Kurt Yasutake, Land Agent, at (808) 274-3492. Thank you.

Sincerely,

[Signature]

Suzanne D. Case

Enclosure

cc: Land Board Member
    District Files
To: Aaron Feinberg  
Address: P.O. Box 223612 Princeville, HI 96722  
Contact: Aaron Feinberg

Project Name: Feinberg - Cesspool Closure  
Project Location: Kukui Street, Kapaa, HI  
Bid Number: 22-024  
Bid Date: 3/29/2022

<table>
<thead>
<tr>
<th>Line #</th>
<th>Item #</th>
<th>Item Description</th>
<th>Estimated Quantity</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Total Price</th>
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</thead>
<tbody>
<tr>
<td>A. Base Bid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1</td>
<td>Mobilization</td>
<td>1.00 LS</td>
<td>$1,500.00</td>
<td>$1,500.00</td>
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<tr>
<td>2</td>
<td>Erosion Control Measures (BioSocks)</td>
<td>120.00 LF</td>
<td>$12.75</td>
<td>$1,530.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Saw Cut &amp; Remove Asphalt Pavement</td>
<td>432.00 SF</td>
<td>$8.00</td>
<td>$3,456.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Demolish Concrete Covers &amp; Backfill Cesspools</td>
<td>3.00 EACH</td>
<td>$3,390.00</td>
<td>$10,170.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Saw Cut &amp; Patch Asphalt Pavement</td>
<td>588.00 SF</td>
<td>$17.00</td>
<td>$9,996.00</td>
<td></td>
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<tr>
<td>6</td>
<td>Restripe Parking Stalls</td>
<td>1.00 LS</td>
<td>$1,700.00</td>
<td>$1,700.00</td>
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<tr>
<td><strong>Total Price for above A. Base Bid Items:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$28,352.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| B. Allowances (To Be Billed @ Cost + 15%) |
| 7 | Pump Out Cesspools | 3.00 EACH | $425.00 | $1,275.00 |
| 8 | Permits | 1.00 LS | $110.00 | $110.00 |
| **Total Price for above B. Allowances (To Be Billed @ Cost + 15%) Items:** | | | | **$1,385.00** |

Notes:
- This Proposal Excludes the Following:
  - Bond.
  - Underground Injection Control (UIC) Requirements.
  - All items not specifically included in this proposal.
- This Proposal is Based on the Following Conditions:
  - The parking area will be closed for the duration of the work, which is anticipated to take 3-5 days.
  - The parking lot will be cleared of cars by others prior to the start of the work.
  - Portable toilets to be placed on site by others prior to the start of the work.
  - The cesspools are estimated to be 6' diameter x 10' deep. If they turn out to be larger than this, the additional backfill materials will be billed on a time and materials basis.
  - Decommissioning will be accomplished per County Plumbing Department requirements. Before we start work, we will need confirmation that the cesspools are not classified as injection wells.
- This Proposal is valid for 30 days from the Bid Date.

ACCEPTED:
The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: aFein Holdings, LLC

Signature: [Signature]

Date of Acceptance: 3/31/22

CONFIRMED:
Cushnie Construction Company Inc.

Authorized Signature: [Signature]

Estimator: James Hasenjager

(808) 332-9000 james@cushniecci.com
EXHIBIT 4
April 23, 2021

aFein Holdings, LLC
c/o Aaron Feinberg
P.O. Box 223612
Princeville, HI 96722

Aaron Feinberg
P.O. Box 223612
Princeville, HI 96722

Dear Mr. Feinberg:

Subject: General Lease No. S-4257, aFein Holdings, LLC, Lessee; Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008.

As you know, your General Lease No. S-4257 (GL4257) was one of the properties found to be in violation of the federal large capacity cesspool law. The Environmental Protection Agency (EPA) noted:

“The Underground Injection Control (UIC) regulations define Large Capacity Cesspools (LCCs) as residential cesspools that serve multiple dwellings or non-residential cesspools that have the capacity to serve 20 or more persons per day and required closure of all LCCs by April 5, 2005. 40 C.F.R. §§ 144.81 (2) and 144.88. EPA has determined that DLNR, as the current owner and/or operator of the LCCs, is liable under the SDWA for failing to close the LCCs by the April 5, 2005 regulatory deadline.”

Your lease provides in relevant part the following:

***

7. Compliance with laws. That the Lessee shall comply with all of the requirements of all municipal, state and federal authorities and observe all municipal ordinance and state and federal statues, pertaining to the said premises, now in force or which may hereinafter be in force.

***

16. Indemnity. That the Lessee will indemnify, defend and hold the Lessor harmless (1) from and against any claim or demand by third persons for loss, liability or damage, including claims for property damage, personal injury or wrongful death, arising out of any accident on the demised premises and sidewalks and roadways adjacent thereto or occasioned by any act or nuisance made or suffered on the premises, or by any fire thereon or growing out of or caused by any failure on the part of the Lessee to maintain the premises in a safe condition and

EXHIBIT 4
will reimburse the Lessor for all costs and expenses in connection with the defense of such claims; (2) from and against all actions, suits, damages and claims by whomsoever brought or made by reason of the non-observance or non-performance of any of the terms, covenants and conditions herein or the rules, regulations, ordinances and laws of the federal, state municipal or county governments.

***

We are hereby informing you that the Department of Land and Natural Resources (DLNR) has entered into a consent agreement with the Environmental Protection Agency (EPA) that totaled $221,670 for three (3) different properties, and has already paid the full settlement amount to the EPA. The State has determined that the portion attributable to GL4257 is $63,334.29. According to the calculation, demand is hereby made upon you and aFein Holdings, LLC to immediately reimburse the State the sum of $63,334.29, with interest accruing at the legal rate of 10% per annum in accordance with section 178-2, Hawaii Revised Statutes. Please contact the Kauai District Land Office to make arrangements for payment.

Thank you for your attention to this matter.

Sincerely,

Suzanne D. Case

cc: Land Board Member
Central Files
District Files

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1 The three (3) properties had a total of seven (7) cesspools. GL4257 had two (2) cesspools. 2/7ths of the settlement amount of $221,670.00 equals $63,334.29. If the State did not settle with the EPA for a lower amount, we believe the EPA could have demanded $218,378.00 for the two (2) cesspools under the GL4257 site.
EXHIBIT 5
Kapa’a aFein Buildings
Project Address: 4563 & 4569 Kukui St.

Feasibility Assessment for
Wastewater Improvements

October 1, 2020

Prepared for:
aFein Holdings, LLC
c/o Mr. Aaron Feinberg
PO Box 223612
Princeville, HI 96722
Feasibility Assessment - Summary

Enclosed is our Feasibility Assessment of proposed Wastewater Improvements for the elimination of 3 existing Cesspools at the Kapa’a aFein Buildings located at 4563 and 4569 Kukui St. Based on our analysis of information provided by Lessee, aFein Holdings LLC, and Owner, State of HI Department of Land and Natural Resources (DLNR), including building architectural drawings, historical water usage, as well as preliminary discussions with County of Kaua’i Wastewater Management, Department of Water (DOW) and HI-Licensed Architect and Contractor with comparable sewerage and public works experience, we recommend proceeding with the Submittal of a Force Main approach to connect the existing aFein Building outfalls to the nearest manhole on Kukui St.

Please note that this is not the most desirable approach for County of Kaua’i Wastewater Management who prefers more expandable and lower maintenance gravity-based sewerage connections. However, and based on our findings, a gravity-based approach would be very high-risk and may not even be feasible in that area. However, a Force Main approach will require obtaining an easement from the County of Kaua’i, which can be a very lengthy process, and executing a Maintenance Agreement with them for the Force Main improvements to be installed in the County Right-of-Way (ROW) on Kukui St.

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Site Description

The proposed Wastewater Improvements and Cesspool Elimination at the State of HI leased Lot, the “Owner” and “Site”, is situated at 4563 (and 4569) Kukui Street, Kapa’a, Kaua‘i, HI 96746, a .35 AC Commercial (CG) Lot being TMK 450090080000 that is owned by the State of HI, and managed by the Department of Natural Land and Resources (DLNR). It is leased by aFein Holdings LLC, the “Lessee”, per prior discussion and County of Kaua‘i public website.

Project Background

The Site appears to be fully developed, including two 2-story commercial Buildings with a fronting Parking Lot, that are serviced by 3 existing Cesspools. One of the Site Buildings appears to have been a former gas station and auto servicing center, and the status of any underground gas tank(s) or any other related environmental conditions is unknown and outside of the scope of this Feasibility Assessment which is strictly limited to the Wastewater Improvements required for the required Cesspool Elimination whose status is currently under DOH/EPA Enforcement.

NOTE: The 3 existing Cesspools appear to have been discontinued via temporary “porta-potty” now situated between the two Buildings.

Existing Conditions Report

An Existing Conditions Report was delivered to Lessee and Owner on 8/14/20 and approved by Lessee on 8/14/20. The report documented what was pertinent to the proposed Wastewater Improvements at the Site based on information received by Lessee and Owner, supplemented by a Site Survey and information provided by County of Kaua‘i Wastewater Management and Department of Water (DOW) as discussed below.
Lot Topography and Survey

A Site Survey, as shown below, was conducted by Lucas Breckenridge, a HI-Licensed Surveyor, for the purpose of establishing accurate Site elevations and the location of As-Built elements pertinent to the desired Wastewater Improvements, as well as a Routing Survey from the Site to the nearest Sewer Manhole, SMH-27a on the As-Built plans, located on Kukui Street.

NOTE: As-Built inverts of Sewer Manhole SMH-27a will need to be field verified prior to final sewerline design and construction.

NOTE: We need to confirm the location of the Water Meters for Buildings 1 and 2 as the Site Survey shows 5 Water Meter Boxes at the front of the Lot whose connections are unclear.

NOTE: There is an existing Waterline that extends along Kukui Street on the Building’s side of the road. We formally requested As-Built plans of record for the general area from the County of Kaua‘i Dept of Water (DOW), but were informed that these plans are not readily available. therefore, the alignment and depth of the DOW Waterline, and any lateral connection from the Waterline to Kukui Street buildings may require additional considerations in terms of determining the most viable/optimal Sewerline connection from the Site to SMH-27a.
**County Wastewater Collector System**

The proposed Wastewater Improvements will consist of a Sewerline connection to the existing county sewerage as documented by County of Kaua'i Wastewater Mgmt in the plans below. It is proposed that the Site will connect to the nearest manhole SMH 27a or WL2NXA2110. The As-Built plans indicate that the manhole is stubbed for a gravity extension sewerline, if required.
As-Built Sewerage Plans
Buildings Architectural Considerations

County of Kaua‘i website records, as shown below, indicate the presence of 2 existing Commercial buildings - Building 1, consisting of 3450 SF Offices, and Building 2, consisting of 5,008 SF Warehouse. It is our understanding that EPA Cesspool Elimination is required because of their collective capacity and commercial nature, though we have not verified that order.

Commercial Improvement Information

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Sketches

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Architectural Review

We requested Matthew Schaller Architect Inc to conduct a preliminary review of the Site and Architectural Plans (some portions shown below) that were provided to us for the purpose of estimating the scope and cost of Architectural Sheets for the required plumbing, electrical and venting building connections for a Force Main Pump installation at the Site to collect effluent from the 3 existing Building Outfalls (Building 1 has 2 whereas Building 2 has 1) for routing to the manhole on Kukui St.

These Architectural Sheets will be included in a County of Kaua‘i Engineering Submittal Package and have been estimated at a cost not to exceed $10,000.
First Floor plan drawings show 2 x 8' diameter Cesspools located in Parking Lot area in front of Building 1, including approximate location of Outfalls and/or COTG that could be intercepted for the new Wastewater Improvement solution. The drawings also show the approximate location of the waterline extending to Water Meter at street, which needs further verification.
Second Floor plan drawings show 3 restrooms and sink areas whose plumbing descends to the First Floor where a Water Heater and additional Laundry area is situated.
Building 2 plans show 2 bathrooms that are connected to a 6’ diameter Cesspool located in the parking lot adjacent to Building 2. The exact location of the Outfall is unclear.

NOTE: Locating and connecting to the Outfalls at both buildings will require removal of existing hardscaping, e.g. sidewalk, planters, pavement, etc. and excavation to establish connections between the buildings and the new Wastewater Improvements. Since their depth is unknown, this construction activity may impact existing tenants including existing parking. These hardscaping improvements will need to be remediated once the new connections are completed.

NOTE: Connecting the 3 building outfalls to a single viable collection point requires further analysis of the Parking Lot underground conditions including toning for the building waterline alignments, avoiding crossing of the existing cesspools, etc. While the goal would be to limit the amount of trenching required, the existing of 3 separate sewer lines, plus the addition of the new Wastewater Improvement collection point, plus the new sewerline alignment to the nearest manhole on Kukui St. will likely mean extensive remediation of the Parking Lot surface in front of Building 1 and its Entry.

NOTE: Connecting a Force Main Pump will also require building connection for electrical and pump housing venting.
Buildings Wastewater Flow Analysis

Definitions from:
http://qcode.us/codes/kauaicounty/view.php?topic=x-25-1&showAll=1&frames=on

“Projected flow” means the estimated wastewater discharge from a benefitted property. Such estimates for residential developments shall be based upon a flow of four hundred (400) gallons per day per single-family residential unit, and two hundred fifty (250) gallons per day per multifamily residential unit, as derived from the sewer design standard for typical residential flow. Estimates for nonresidential developments shall be based upon engineering estimates submitted by applicant and approved by the County Engineer.

On a professional office building, the sewer demand rate is estimated at 1 GPD for every 10 sq. ft. of bldg. area.

Office Building = 0.1 GPD/SF

Estimated floor area of the existing building = 1,725 sq. ft. of footprint x 2 floors = 3,450 sq. ft.

On the industrial Building (Building #2, addressed as 4569 Kukui St) with a gross floor area of 5,008 sq. ft. the County Code defines an equivalent population to estimate the projected flow;

“Equivalent population means the calculated population which would normally contribute the same amount of suspended solids, biochemical oxygen demand or volume of flow per day as the daily wastes discharged by an industrial or commercial establishment, using as standard basis 0.17 pounds of suspended solids or biochemical oxygen demand and one hundred (100) gallons per capita per day.”

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GPD = Gallons per Day  
gpm = Gallons per Minute

Table 1: Estimated sewer flow based on building floor area
Sewer flow is directly related to the water consumed by a project. In general, the peak sewer demand is less than the peak water demand, as unintended storage occurs in the pipes, grease interceptors, manhole, etc., which is associated with open channel flow hydraulics under which these systems operate. Because water systems operate under pressure, there is no storage associated with water in pipes and fittings.

We have analyzed the actual water usage for both buildings per the monthly water bills provided and our review of these records are shown below;

**Sewer Flow analysis based on water usage:**

The review of monthly water bills for Building #1 shows a range from a minimum of 94 GPD to a maximum of 656 GPD, with an average of 300 GPD for the period of 6/2020 to 10/2018;

![Figure 1: Monthly Water Usage for Building #1 per Dept. of Water Invoices](image)
Building #2 shows a range from a minimum of 94 GPD to a maximum of 300 GPD, with an average of 200 GPD for the period of 7/2020 to 8/2018.

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<th>Average Flow (gpm)</th>
<th>Peaking Factor</th>
<th>Peak Flow (gpm)</th>
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Table 2: Average Daily Flow and Design Peak Flow

The proposed Force Main Pump should be designed based on a peak flow of 3 gpm.
Preliminary County Wastewater Management Discussion

We provided the proposed Sewerline alignment shown on the Gravity Option 1 for review with Mr. Jason Kagimoto, head of County of Kaua’i Wastewater Management. The County prefers sewerline connections using gravity flow because they are expandable (for connecting other users) and are relatively maintenance-free. Typically, and if built to code and properly inspected, the County will take responsibility for such connections located in their Right-of-Way (ROW) which relieves users of ROW-related maintenance. However, the County also understands that gravity connections can be problematic and more costly because of their greater depth and ground conditions in certain locations.

In our preliminary discussions with Mr. Kagimoto, he indicated that gravity was preferred, but did not rule out a Force Main connection if that was required. Accordingly, there will need to be some further discussion on the use of a Force Main vs a Gravity solution at the Site, i.e. in the context of a Formal Submittal Package for a Force Main solution at the Site.
**Option 1 - Sewerline Connection via Gravity**

As noted, and since a Gravity connection is Wastewater Management preference we created an exhibit that shows a proposed sewerline alignment from the Site to the nearest manhole, via a proposed new manhole opposite the Site, as shown below. Note that this alignment can be the same for a Force Main. The exhibit also showed a profile of the sewerline elevations based on known and assumed depths.

In our discussion with County Wastewater Mgmt there were no issues with the proposed alignment to the nearest manhole in Kukui St, though we discussed potential issues with crossing the large waterline main that extends along the front of the Lot. In particular, we were not able to obtain As-Built plans from DOW for the waterline which makes estimating the required depth/elevations of the sewerline problematic without a preliminary pothole to locate and measure it.

**NOTE:** In the event that the waterline was deeper than typical, then a gravity connection from the Site to the proposed manhole across the Site would not be possible, which would therefore require a Force Main connection to that new manhole, i.e. a hybrid Force Main and Gravity solution.
Option 2 - Sewerline Connection via Force Main

We also created a Force Main conceptual using the same alignment to the nearest manhole, including elimination of the proposed new manhole opposite the Site. With a Force Main connection the exact location of the waterline main is not as critical since the Force Main elevations can vary as needed, and the Force Main depth is much less than for a gravity sewerline. Appendix 1 provides additional information on a typical Force Main Pump for this type of application.

As noted, we also considered a hybrid Force Main and Gravity approach, i.e. in the event that the waterline depth was problematic. Based on subsequent contractor discussion concerning ground conditions on Kukui St we concluded that a hybrid Force Main and Gravity approach offered no benefit over Option 2, i.e. all Force Main, i.e. given the construction costs, risks plus the need for a County Easement as well.

NOTE: We did not share this Option 2 Force Main option with County Wastewater Management since we would prefer to do so in the context of a formal and documented Submittal Package vs more casual discussion.
Preliminary Contractor Discussion

We approached 2 HI-Licensed contractors to discuss the Kapa’a aFein project scope.

Estrella Enterprises was not interested in the project because they project to be at capacity with other projects. David Estrella also noted that the project could be very challenging because of water table issues that have occurred on other projects in that area.

Cushnie Constructions was interested in the project and we did an on-Site review with them.

Ralph Cushnie was strongly against using any gravity-based approach in that area, also because of high water table issues (just 3-4’) below the surface, which means 4-5’ of dewatering while installing the sewerline, which is very risky. Dewatering is also problematic because the pumped water would have to be filtered prior to re-routing to another drain inlet, which is also costly.

His strong recommendation was using a Force Main approach from the Site to the nearest manhole, i.e. Option 2, as the cost of Gravity or hybrid Force Main and Gravity solution would be too prohibitive for a single user to absorb. Some preliminary estimates were provided, attached in Appendix 2 that show comparative cost differences between both approaches - with a Force Main solution estimated at around 1/3 the cost of an all Gravity solution.

NOTE: Irrespective of constructibility issues, the County will make the final determination of what they will allow in their ROW and conditions thereof for connecting to their sewer system. Since constructibility of a Gravity or hybrid Force Main and Gravity solution may not be possible as noted by contractor Cushnie, the County might make other demands to accept what they perceive to be least desirable option, e.g. more extensive pavement remediation, other ROW improvements, etc. Since such conditions or demands would not arise during an informal discussion, it is important that such be worked through a formal and documented Submittal process.
**Force Main vs Gravity Considerations**

As noted, the main advantage of a gravity solution is its future expandability and low maintenance. However, and because of deeper excavation, they can be significantly more costly, as in this case. Conversely, the main disadvantage of a Force Main solution in the County ROW is the time required to obtain a County Easement that needs to be approved by County Council. Note that this would primarily be a legal process between the County and the Lot Owner since the Easement would run with the land.

Another disadvantage is the execution of a long-term Maintenance Agreement that would require Owner to be responsible for repairing any problems that may arise with the Force Main alignment in the ROW segment, possibly including damage as a result of other future construction activities in the ROW. A Force Main Pump will also require annual maintenance to ensure it is kept in good operating order and to replace any defective components. Maintenance problems typically arise from disposal of problematic items in the plumbing system that would damage the grinder pump, as documented by Manufacturer. Finally, a Force Main Pump requires an ongoing electrical power source, so its use would be discontinued in the event of any Power Outages without the availability of a backup power supply.

**NOTE:** We would recommend that the Force Main Pump be purchased with on-site installation oversight to ensure it complies to Manufacturer installation specifications and with a multi-year maintenance agreement that includes annual inspections. Owner or Lessee may also want to inventory a spare pump motor with service provider since obtaining a new pump motor from supplier can sometimes be delayed if not available on the islands.

**Recommendation**

Based on our analysis of information provided by Lessee, aFein Holdings LLC, and Owner, State of HI Department of Land and Natural Resources (DLNR), including building architectural drawings and historical water usage, as well as preliminary discussions with County of Kaua‘i Wastewater Management, Department of Water (DOW) and a HI-Licensed Contractor with sewerage and public works experience, we recommend the use of a Force Main approach to connect the existing Building outfalls to the nearest manhole on Kukui St.

Please note that this is not the least desirable approach for Wastewater Management who prefers more expandable and lower maintenance gravity-based sewerage connections in their ROW. Furthermore, such approach will require obtaining an easement from the County of Kaua‘i, which can be a lengthy process, and executing a Maintenance Agreement with the County of Kaua‘i for the proposed Force Main improvements to be installed in the ROW on Kukui St.
County of Kaua’i Development Process

The County of Kaua’i will require that the Wastewater Mgmt Submittal Package be reviewed and approved by all pertinent regulatory agencies and/or utility providers that have facilities along the proposed alignment, in this case being primarily DOW due to the required waterline main crossing, and additional crossing of laterals across Kukui St.

The package will also require County of Kaua’i Public Work Engineering Department to review and approve the Plans in order to obtain a Road Permit. We also expect that Public Works will require an extensive Traffic Control Plan because of the location on a main commercial road, as well as post-construction Pavement Restoration to minimum or greater standards.

The County will also require review by the Department of Health (DOH) who is responsible for existing cesspool installations and whose main concern will be the decommissioning of the 3 existing Cesspools at the site, i.e. to DOH standards for cesspool decommissioning. Since the 3 Cesspools are relatively shallow as shown on the Architectural plans we do not anticipate any special handling beyond pumping and backfilling to County and State requirements.

Finally, and because the Site is currently under EPA enforcement, additional regulatory reviews may also be required for the cesspool decommissioning process. DOH and EPA cesspool decommissioning will be the responsibility of Owner and Contractor once the new Force Main solution is installed and operational, though we can provide engineering support as required. Finally, use of the new sewerline will require permission from the County Wastewater Management after all required inspections are completed.

Next Steps

The next step would be to prepare a more detailed County Submittal Package for the Force Main solution, and to submit that package to County Wastewater Management and Engineering Departments for their initial review and comments.

We can prepare a proposal for your review and approval that includes the outstanding engineering tasks and submittal process required to complete such Submittal.
Appendix 1 - Force Main Pump Overview

For illustrative purposes, below is a typical force main pump specification in the capacity range required.

General Features
The model WH231 or WR231 grinder pump station is a complete unit that includes: the grinder pump, check valve, polyethylene tank, controls, and alarm panel. The lower portion of the tank has a smaller diameter, tapered down to a dish-shaped bottom. These design features reduce the retained volume and promote scouring, which will minimize odor and corrosiveness.

• Rated for flows of 850 gpd (3218 lpd)
• 237 gallons (874 liters) of capacity
• Standard outdoor heights range from 55 inches to 92 inches

The WH231 is the "hardwired," or "wired," model where a cable connects the motor controls to the level controls through watertight penetrations.

The WR231 is the "radio frequency identification" (RFID), or "wireless," model that uses wireless technology to communicate between the level controls and the motor controls.

Operational Information
Motor:
1 hp, 1,725 rpm, high torque, capacitor start, thermally protected, 120/240V, 60 Hz, 1 phase

Inlet Connections:
4-inch inlet grommet standard for DWV pipe. Other inlet configurations available from the factory.

Discharge Connections:
Pump discharge terminates in 1.25-inch NPT female thread. Can easily be adapted to 1.25-inch PVC pipe or any other material required by local codes.

Discharge:
15 gpm at 0 psig (0.95 lps at 0 m)
11 gpm at 40 psig (0.69 lps at 28 m)
7.8 gpm at 80 psig (0.49 lps at 56 m)

Accessories:
E/One requires that the Uni-Lateral, E/One's own stainless steel check valve, be installed between the grinder pump station and the street main for added protection against backflow.

Alarm panels are available with a variety of options, from basic monitoring to advanced notice of service requirements.

The Remote Sentry is ideal for installations where the alarm panel may be hidden from view.
The Force Main pump may need to be installed in a manner that is traffic-rated, i.e. so that cars can safely drive or park on it without damaging it. This would require installation under a traffic-rated ring and cover as shown in the illustration below.

**NOTE:** The location of the Force Main Pump will be constrained by the need to adequately connect with the 3 building outfalls as well as distance to the building that can provide electrical connection and venting access along an exterior wall. Further analysis is required to develop the optimal placements based on outfall locations and any parking lot impacts.
Appendix 2 - Preliminary Contractor Estimates

Option 1 - All Gravity Solution

An all gravity solution, as preferred by County Wastewater Management, would be prohibitively expensive for a single user, and high risk due to potential dewatering issues.

Cushnie Construction Company Inc.

License: ABC-28974, HUBZone Certified, Woman-Owned Business

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<td></td>
<td>Princeville, HI 96722</td>
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<tr>
<td>Contact:</td>
<td>Dan Fregeau</td>
</tr>
<tr>
<td>Phone:</td>
<td>(760) 533-8507</td>
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Project Location: Kukui Street, Kapaa, HI
Bid Number: 20-114a
Bid Date: 9/30/2020

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<td>Manholes</td>
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<td>Abandon Existing Cesspools (Assume 6Ø x 12 Deep)</td>
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<td>EACH</td>
<td>$7,120.00</td>
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<tr>
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<td>9</td>
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<td>SF</td>
<td>$14.20</td>
<td>$32,234.00</td>
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Total Bid Price: $679,624.00

Notes:
- Exclusions:
  - Bond.
  - Excavation in Hard Rock.
  - All items not specifically included in this proposal.
- Conditions:
  - Pricing is based on standard trench patching on Kukui Street. No cold planing and paving.
  - This is a BUDGET ESTIMATE pending approved construction plans.
Option 2 - Force Main Solution

A Force Main solution, least preferred by County Wastewater Management, would be more affordable for a single user, and much lower risk due to reduced excavation depth.

Cushnie Construction Company Inc.

Cushnie Construction Company Inc.
P.O. Box 910
Kalaheo, HI 96741
UNITED STATES
Phone: 808-332-9000
Fax: 808-332-9400
United States
License: ABC-28974, HubZone Certified, Woman-Owned Business

To: Kauai Eco Design
Address: P.O. Box 223176
Princeville, HI 96722
Contact: Dan Fregeau
Phone: (760) 533-8507
Fax:

Project Name: Kukui Street Sewer Line - Force Main
Project Location: Kukui Street, Kapaa, HI
Bid Number: 20-114b
Bid Date: 9/30/2020

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<th>Item #</th>
<th>Item Description</th>
<th>Estimated Quantity</th>
<th>Unit</th>
<th>Unit Price</th>
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<td>Abandon Existing Cesspools (Assume 6'0 x 12' Deep)</td>
<td>3.00 EACH</td>
<td>$21,360.00</td>
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<td>9</td>
<td>Trench Patch Asphalt Pavement</td>
<td>1,480.00 SF</td>
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<td>$21,016.00</td>
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Total Bid Price: $229,516.00

Notes:
- Exclusions:
  - Bond.
  - Excavation in Hard Rock.
  - All items not specifically included in this proposal.
- Conditions:
  - Pricing is based on standard trench patching on Kukui Street. No cold planing and paving.
  - This is a BUDGET ESTIMATE pending approved construction plans.
EXHIBIT 6
January 19, 2022

aFein Holdings, LLC
Attn: Aaron Feinberg

Re: Kukui St Projects

Aaron,

Earthworks Pacific, Inc. is pleased to submit our proposal for performing the following work items for the above referenced project.

Our price is based upon the unapproved Connection to Existing Sewer & Cesspools Elimination plan sheet C-3 dated December 10, 2021. Pricing subject to change upon receipt of approved plan set.

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<tr>
<td>Erosion Control</td>
<td>$7,000.00</td>
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<tr>
<td>-Includes up to 2 EA inlet protection</td>
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<td>-400 LF biosock</td>
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<td>Traffic Control</td>
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<td>-Traffic control for work in roadway only</td>
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<td>-Parking lot to be closed for construction</td>
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<tr>
<td>-Includes road permit</td>
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<tr>
<td>Gravity Sewer Line</td>
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<tr>
<td>-240 LF 8&quot; SDR-35 PVC</td>
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<tr>
<td>-124 LF 4&quot; CI</td>
<td></td>
</tr>
<tr>
<td>-4 EA 4&quot; sewer cleanouts</td>
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<tr>
<td>-2 EA sewer manhole</td>
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</tr>
<tr>
<td>-1 EA connection to existing stub out at sewer manhole</td>
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</tr>
<tr>
<td>Concrete Jacket</td>
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<tr>
<td>-6 LF concrete jacket</td>
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<tr>
<td>Abandon Existing Cesspool</td>
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</tr>
<tr>
<td>-3 EA existing 8’x12’ cesspool to be abandoned in place</td>
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</tr>
<tr>
<td>-cesspool to be pumped, backfilled with 600 psi CLSM, and abandoned</td>
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</tr>
<tr>
<td>-size of cesspool assumed to be 8’ in diameter and 12’ deep. Should cesspool be any larger, pricing subject to change</td>
<td></td>
</tr>
<tr>
<td>Asphalt Trench Repair</td>
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<td>-3,570 SF asphalt repair</td>
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<td>-2” AC State Mix V</td>
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<tr>
<td>-6” base course</td>
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<tr>
<td>-any striping excluded</td>
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<tr>
<td>-paving in roadway included per sheet C-2</td>
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</tr>
<tr>
<td>-excludes any repaving in building parking lot, trench repatching only in parking area</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** $435,000.00

**Clarifications:**

- Surveying and layout included
- Bond excluded, add 1.25% if required
- All taxes included
- Excludes geotechnical compaction testing
- Over excavation or removal of contaminated and/or unsuitable material excluded. If encountered, work to be performed on T&M Basis
- All permits and fees excluded unless otherwise mentioned
- Excludes any irrigation, topsoil, landscaping & grassing including repair of grassed areas
- Excludes demo or repaving of building parking lot, asphalt patching only in disturbed trench area. Trenched parking area to be backfilled with native material
- Archaeological monitoring excluded
- Excludes any work in building footprint
- Existing sewer system to be unusable and remain off for up to 5 days for connection and backfill work

Should you have any questions regarding our proposal, please contact us at your convenience.

Sincerely,

Alyssa Carveiro
Estimator
EXHIBIT 7
VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND REGULAR MAIL

aFein Holdings, LLC  
c/o Aaron Feinberg  
P.O. Box 223612  
Princeville, HI 96722  

Dear Mr. Feinberg,

Subject: General Lease No. S-4257, aFein Holdings, LLC, Lessee, Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008

We are writing to you regarding the rent and performance bond required under the subject lease and the unresolved matter of the Large Capacity Cesspools on the lease premises.

1. RENT AND PERFORMANCE BOND

As you know, at its meeting on July 26, 2019, under agenda Item D-3, as subsequently amended at its meeting of October 11, 2019, under agenda Item D-6, the Board of Land and Natural Resources (Board) approved a 15-year term extension of General Lease No. S-4257 and consented to a number of subleases. Without an extension, the scheduled expiration date of the lease was August 11, 2019. The Board approved the extension of the lease in exchange for aFein making substantial improvements to the leasehold premises including, but not limited to, the installation of a new wastewater system and abandonment of the existing cesspools. An appraisal report dated February 26, 2020 prepared for the property determined the fair market rent for the period August 12, 2019 through August 11, 2029 was $34,300/annum and for the period August 12, 2029 through August 11, 2034 at $41,812/annum.

Lessee aFein Holdings, LLC (Lessee or aFein) was notified of the rents for the extension period by letter dated June 12, 2020 (copy enclosed). Lessee indicated its acceptance of the rents by initialing page 3 of the letter. However, by oversight the Department of Land and Natural Resources (Department) continued to bill Lessee rent at the annual rate of $31,200/annum, which was the rate charged prior to the scheduled expiration date of August 11, 2019. We are correcting our billing on this matter now. In the meantime, please pay the rent differential for the period August 12, 2019 through February 22, 2022 in the amount of $9,300.00 within 15 days of the
**date of this letter.** After 15 days, interest will accrue on the unpaid balance at the rate of 10% per annum in accordance with Section 178-2, Hawaii Revised Statutes (HRS).1

The lease requires Lessee to post a performance bond in an amount equal to two times the annual rent. Lessee currently has a bond in the amount of $62,400.00 posted with the Department, which is short of the required $68,600.00 by $6,200.00. **Please post the performance bond deficiency in the amount of $6,200.00 within 15 days of the date of this letter.**

2. **LARGE CAPACITY CESSPOOLS**

Lessee was notified via a letter dated June 24, 2020 (copy enclosed) that in the event the Environmental Protection Agency (EPA) determined that a Large Capacity Cesspool (LCC) existed on the lease premises and issued a fine or imposed administrative action or other penalties as a result, Lessee would be required to provide the Department with a formal plan of action for the removal or backfill of the LCCs and pay all fines and penalties assessed by the EPA.

The letter further explained that “at its meeting of July 26, 2019, the Board of Land and Natural Resources approved a 15-year extension of your lease in exchange for Lessee making substantial improvements to the leasehold premises including the installation of a new septic system and abandonment of existing cesspools. The Board allowed until July 25, 2022 for aFein to make the improvements.” Lessee was additionally reminded that its lease provides in relevant part the following:

7. **Compliance with laws.** That the Lessee shall comply with all of the requirements of all municipal, state and federal authorities and observe all municipal ordinances and state and federal statues, pertaining to the said premises, now in force or which may hereinafter be in force.

16. **Indemnity.** That the Lessee will indemnify, defend and hold the Lessor harmless (1) from and against any claim or demand by third persons for loss, liability or damage, including claims for property damage, personal injury or wrongful death, arising out of any accident on the demised premises and sidewalks and roadways adjacent thereto or occasioned by any act or nuisance made or suffered on the premises, or by any fire thereon or growing out of or caused by any failure on the part of the Lessee to maintain the premises in a safe condition and will reimburse the Lessor for all costs and expenses in connection with the defense of such claims; (2) from and against all actions, suits, damages and claims by whomsoever brought or made by reason of the non-observance or non-performance of any of the terms, covenants and conditions herein or the rules, regulations, ordinances and laws of the federal, state municipal or county governments.

The Department directed Lessee to stop using the LCCs. In an email dated July 29, 2020, you agreed to provide portable toilets for the property to that end. A site inspection conducted by the Kauai District Land Agent on February 9, 2022 confirmed that the bathrooms were locked,

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1 The daily interest charge on the principal balance of $9,300.00 is $2.55.
plumbed toilets and sinks were rendered unusable, and portable toilets and a hand wash station were in place and in use on the premises.

In a second letter dated April 23, 2021 to Lessee (copy enclosed), the Department informed Lessee that its leased property was found to be in violation of the federal LCC law. Lessee was further notified that the Department entered into a Consent Agreement and Final Order (Consent Agreement) with the EPA that imposed a fine of $221,670 for three properties including the aFein lease, and that that the portion attributable to General Lease S-4257 was $63,334.29. The letter demanded that Lessee immediately reimburse the State the sum of $63,334.29, with interest at the legal rate of 10% per annum in accordance with Section 178-2, HRS. To date, aFein has only made a partial payment of $3,000.00 to the State on February 1, 2022 toward interest on the fine. Please immediately pay the fine in the amount of $63,334.29 and unpaid interest thereon in the amount of $2,291.95 for the period April 24, 2021 through February 22, 2022, for a total of $65,626.24 as of February 22, 2022.

Interest will continue to accrue on the unpaid fine at the rate of $17.35 per day from and after February 23, 2022. If you are unable to pay the fine in full at the present time, it is imperative that we submit a payment plan to the Board for approval as soon as possible.

The Consent Agreement requires the closure of the LCCs on the lease premises by June 30, 2022 and further requires the submission of reports providing a description of how the LCC was closed and identifying the contractors providing the service as well as copies of the cesspool Backfill Closure Reports for the closure of the cesspools, along with other information within 45 days of the closure. We understand that as of the date of this letter, the LCCs have not been closed with the June 30, 2022 deadline for doing so rapidly approaching.

We understand that aFein has retained consultants to explore options for wastewater disposal from the property and that aFein has determined that a gravity flow connection to the county sewer system is cost prohibitive. Lessee has proposed an alternate Force Main Pump (FMP) connection that requires more maintenance for which the landowner is responsible and requires an easement from the county. The Department does not favor the FMP connection because of concerns that it will become responsible for the system if aFein vacates the premises. However, in an effort to facilitate the closure of the LCCs by the deadline set forth in the Consent Agreement, the Department is willing to recommend to the Board that it allow the FMP connection and seek an easement from the county on the conditions that aFein indemnify the State for the installation, operation and maintenance of the system and that aFein further post a removal bond covering the cost of removing the system should the Department determine that removal is in the best interests of the State in the future. We will need to present the matter to the Board for consideration as soon as possible so please submit plans, specifications and costs for the installation of the FMP system to the Kauai District Land Office as soon as possible.

2 A copy of the executed Consent Agreement is enclosed.

3 The daily interest charge will decrease to the extent the principal balance of the fine declines over time.
We urge your fullest cooperation on these matters. Should you have any questions, please contact our Kauai District Land Office at (808) 274-3491.

Sincerely,

Suzanne D. Case
Chairperson

Enclosures

cc: Land Board Member
    KDLO
### Principal Amortization Table

<table>
<thead>
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Total: 63,334.29 + 6,420.84 = 69,755.13

**NOTE:** Initial payment(s) will go toward interest that has accrued since 4/23/21. Once outstanding interest is paid in full, payments will be applied to principal and interest on an amortized basis similar to what is indicated above.