

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

November 10, 2022

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

PSF No.: 22HD-075

Hawai'i

Cancellation of Revocable Permit No. S-7751 and Issuance of a Direct Lease to Jas. W. Glover, Ltd. for Base Yard Purposes, Waiakea, South Hilo, Hawaii Tax Map Key: (3) 2-1-012:portion of 004.

Issuance of a Revocable Permit to Jas. W. Glover, Ltd. for Open Storage Purposes Waiakea, South Hilo, Hawaii Tax Map Key: (3) 2-1-012:portion of 004.

APPLICANT:

Jas. W. Glover, Ltd., a Hawaii corporation.

LEGAL REFERENCE:

Sections 171-16, 41, 55, 134, 136, 137, and 141 Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Kanoiehua Industrial Lots, situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 21-012:004, as shown on the attached map labeled Exhibit A.

AREA:

Direct lease – 26.439 acres, more or less.
Revocable permit – 14 acres, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: MG-1a General Industrial Use

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Revocable Permit No. S-7751 to Jas. W. Glover, Ltd. for base yard purposes.

CHARACTER OF USE:

General industrial purposes.

LEASE TERM:

Sixty-five (65) years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

Fair market rent to be determined by an independent appraiser and paid for by the applicant.

METHOD OF PAYMENT:

Direct lease - Semi-annual payments, in advance.

Month-to-month revocable permit– monthly payments, in advance.

LEASE RENTAL REOPENINGS:

At the 10th, 20th, 30th, 40th, 50th, and 60th years of the lease term, by independent appraisal.

PERFORMANCE BOND:

Direct Lease – Twice the annual rental amount.

Revocable Permit – Twice the monthly rental amount.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

With respect to the consolidation and re-subdivision of the subject parcels for leasing as part of the Mana Industrial Park, such action was covered by the Final Environmental Assessment for the Meadow Gold Dairies Hawaii, LLC project published in the Environmental Review Program's The Environmental Notice on March 8, 2022 with a finding of no significant impact (FONSI).

With respect to Jas. W. Glover, Ltd.'s operations on the reconfigured lot, in accordance with Hawaii Administrative Rules (HAR) § 11-200.1-16 (a)(1) 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 subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing," and Item 40 that states, "Leases of State land involving negligible or no expansion or change of use beyond that previously existing." (Exhibit B)

APPLICANT REQUIREMENTS:

Applicant Jas. W. Glover, Ltd. shall be required to:

- 1) Pay for an appraisal to determine initial rent;
- 2) Pay for the costs of public notice pursuant to section 171-16;
- 3) Process and obtain subdivision at Applicant's own cost;
- 4) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

Revocable Permit No. S-7751

A land license on this quarry operations site was originally issued to James W. Glover, Limited on August 11, 1959 and expired on August 10, 1980. A 20-year land license was re-auctioned and issued to Jas W. Glover, Ltd.¹ on September 19, 1980 with the term to commence on February 11, 1981. The land license was a modified disposition for quarrying and with a requirement that the licensee construct and/or install improvements (including machinery) on the premises at a minimum cost of \$850,000.00. As a result, Jas. W. Glover, Ltd. operated primary and secondary crushers, a concrete batch plant, an asphaltic concrete plant, a concrete block plant, with wholesaling/retailing of all materials out of this facility. Jas. W. Glover, Ltd. also operated as a licensed general contractor and utilized the facility as their Baseyard and offices for the Island of Hawaii.

Upon the expiration of Land License No. S-353, a month-to-month revocable permit (RP S-7262) was issued on February 11, 2001 for the following specified purposes only: Maintain

¹ Name Change effective 8/25/1987

and operate a plant and support facilities for the purpose of crushing rock aggregate materials; constructing and operating an asphaltic concrete plant, a concrete batch plant and a concrete block plant; remove and sell all such material. RP S-7262 was replaced by RP S-7751 on July 25, 2011.²

DISCUSSION:

The County of Hawaii (COH), Jas W. Glover, Ltd. (Glover) and Meadow Gold Dairies Hawaii, LLC (Meadow Gold) have jointly approached the Department of Land and Natural Resources (Department) with a proposal to consolidate and re-subdivide three parcels of public industrial lands (zoned MG-1a) in South Hilo adjacent to the airport.

Section 171-134, Hawaii Revised Statutes (HRS), allows the Department to develop an area of public lands as an industrial park after the area is designated as an industrial park in accordance with Section 171-132, HRS. Section 171-132, HRS, provides that a contiguous area of not less than five (5) acres of public lands which is classified as suitable and economically feasible for industrial use may be designated as an industrial park by a resolution adopted by the Board of Land and Natural Resources (Board), and approved by the legislature by concurrent resolution.

The proposed MIP in Hilo comprises approximately 150 acres. The Board approved the designation of the area as an industrial park at its meeting of January 25, 2002, Item D-10 (Exhibit C). The legislature adopted Senate Concurrent Resolution No. 68 S.D. 1 on April 12, 2002 (Exhibit D). Pursuant to Section 171-141(a)(1)(A), HRS, MIP was therefore designated as an industrial park as of April 12, 2002. MIP encompasses COH Parcel 5, all of Parcel 4, and Meadow Gold Parcel 25, as well as other lands not involved in the proposed consolidation/re-subdivision.

RP S-7751 to Glover covers an area of approximately 45 acres. Glover is requesting a direct lease for a reduced area of 26.439 acres presently being utilized for their operations plant and support facilities under RP S-7751. The land encumbered by RP S-7751 is being reconfigured to accommodate the expanded Meadow Gold lease request along with the reconfigured County of Hawaii Parks & Recreation base yard. The remaining area of RP S-7751 (excluding the 26.439 acres for the Glover lease and the lands to be included in the new Meadow Gold lease and County base yard) will be utilized under a new revocable permit to Glover for temporary open storage area purposes. Glover proposes to use the land under the new RP temporarily while relocating its facilities from the new RP area to its new lease area.

Glover is eligible for a direct lease pursuant to Section 171-141, HRS, which provides that leases can be issued by direct negotiation to persons that held an RP for lands within the designated industrial park area on the day prior to its designation. In this case, staff has verified that Glover held RP S-7262 on April 11, 2002, the day prior to the designation of MIP. The proposed lease area to Glover is within the premises of former RP S-7262. For

² In 2010, the Department implemented revisions to older permits. Updated language regarding insurance requirements and environmental responsibilities were included in the revised agreement to the Permittee.

reference, a copy of RP S-7262 is attached as Exhibit E. The Board therefore has authority to issue a lease by direct negotiation to Glover the 26.439 acres proposed in this submittal.

The lease to Glover will include a condition that if an association of lessees in MIP is formed in the future, Glover will be required to pay its pro rata share for the maintenance of the common areas of the industrial park, such as roads and other infrastructure, in accordance with any assessments by the association.

Glover has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION: That the Board:

1. With respect to the continued operations of Jas. W. Glover, Ltd. on the premises of both the new lease and the new revocable permit, declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment as a de minimis action.
2. Find that approving the revocable permit, under the conditions and rent set forth herein, would serve the best interest of the State.
3. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the cancellation of Revocable Permit No S-7751 and approve the issuance of a direct lease to Jas. W. Glover, Ltd covering the subject area 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 commercial lease document form, as may be amended from time to time;
 - B. Comply with the terms and conditions regarding the issuance of a long-term lease as described above;
 - 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 interests of the State.
4. Find that the area to be included in the new lease premises to Jas. W. Glover, Ltd. is an economic unit in terms of the intended use.
5. Find that the area to be included in the new lease premises to Jas. W. Glover, Ltd. is not suitable for hunting, nor will it become so during the term of the lease.

6. Authorize the issuance of a revocable permit to Jas. W. Glover, Ltd. covering the subject area for open storage purposes 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 revocable permit 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 interests of the State.

Respectfully Submitted,

Gordon C. Heit

ken

Gordon C. Heit
District Land Agent

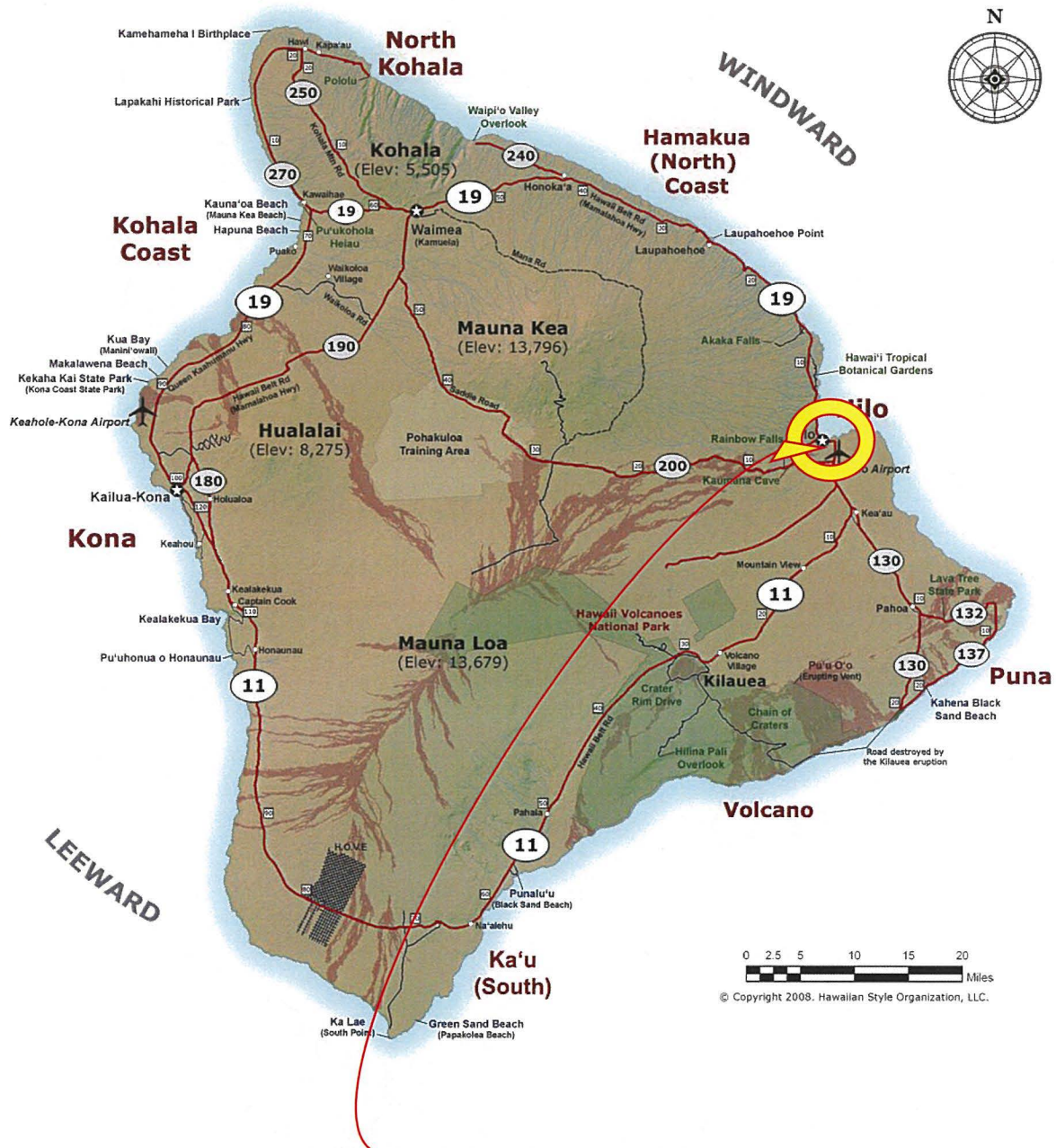
APPROVED FOR SUBMITTAL:

Suzanne D. Case

RT

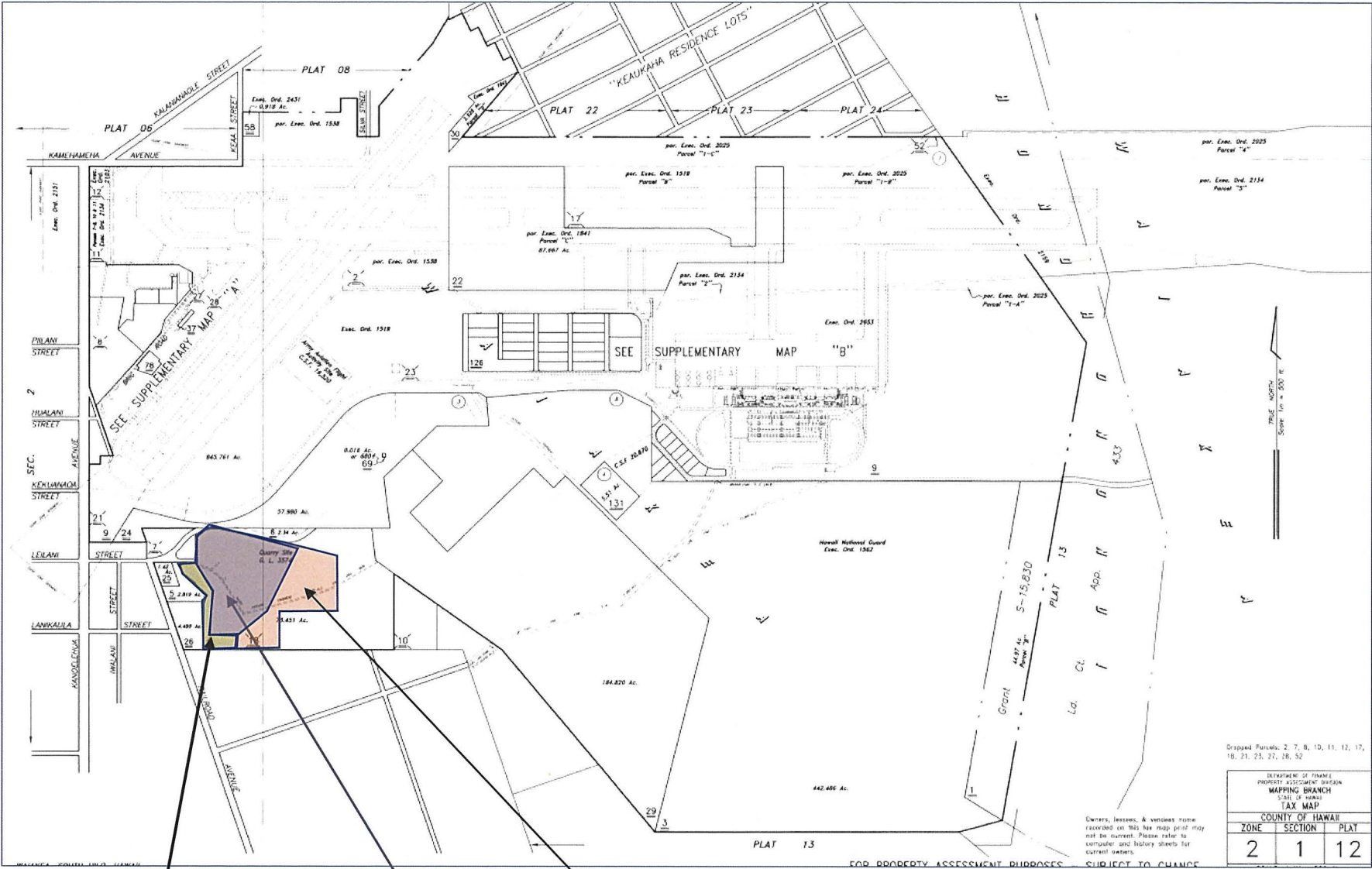
Suzanne D. Case, Chairperson

EXHIBIT A



Mana Industrial Park Lease Request,
South Hilo, Hawaii

JAS. W. GLOVER, LTD.



MGD & COUNTY

LEASE AREA

PERMIT AREA

EXHIBIT A

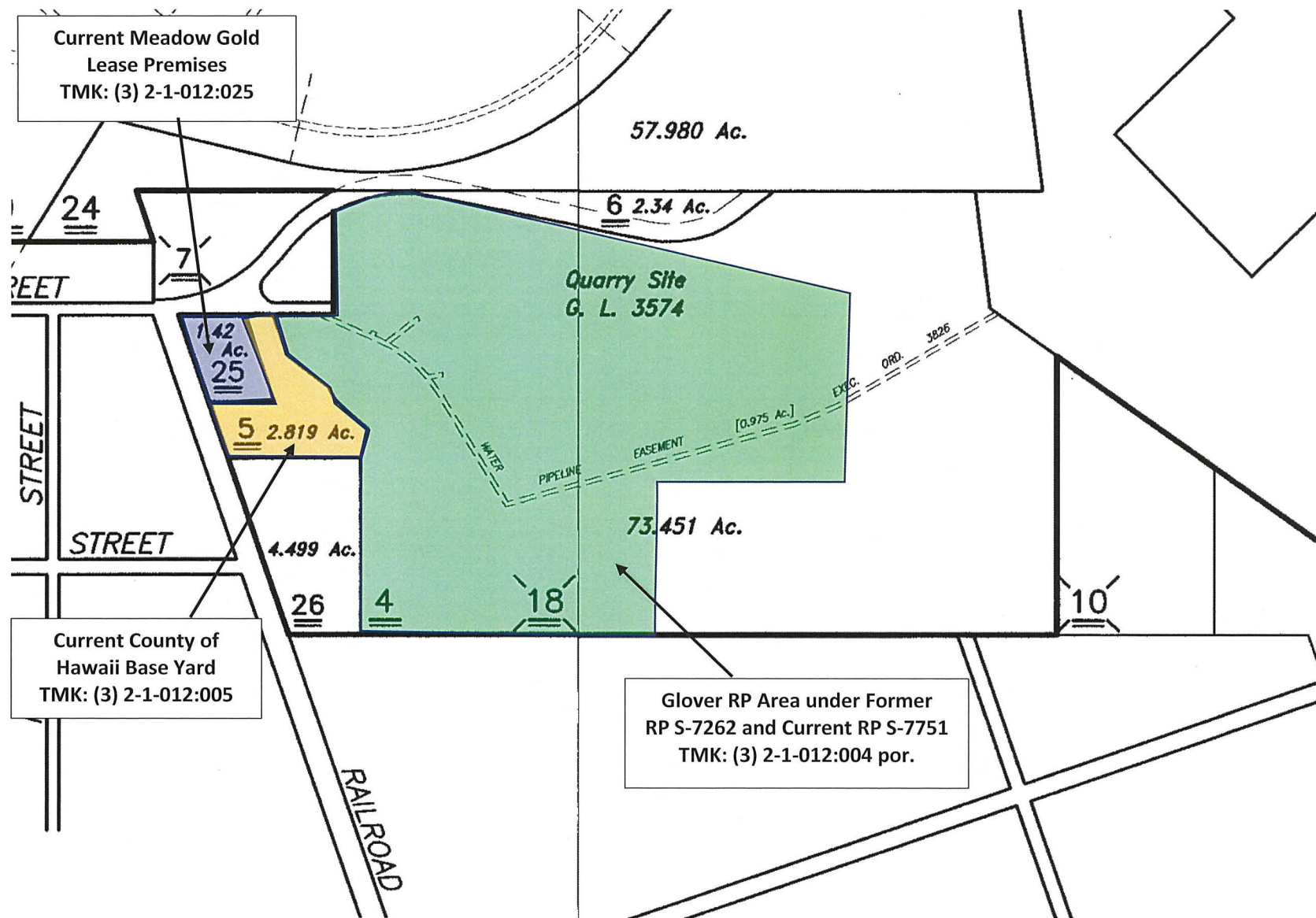


EXHIBIT A

Reconfigured lot for Jas. W. Glover, Ltd. Direct Lease

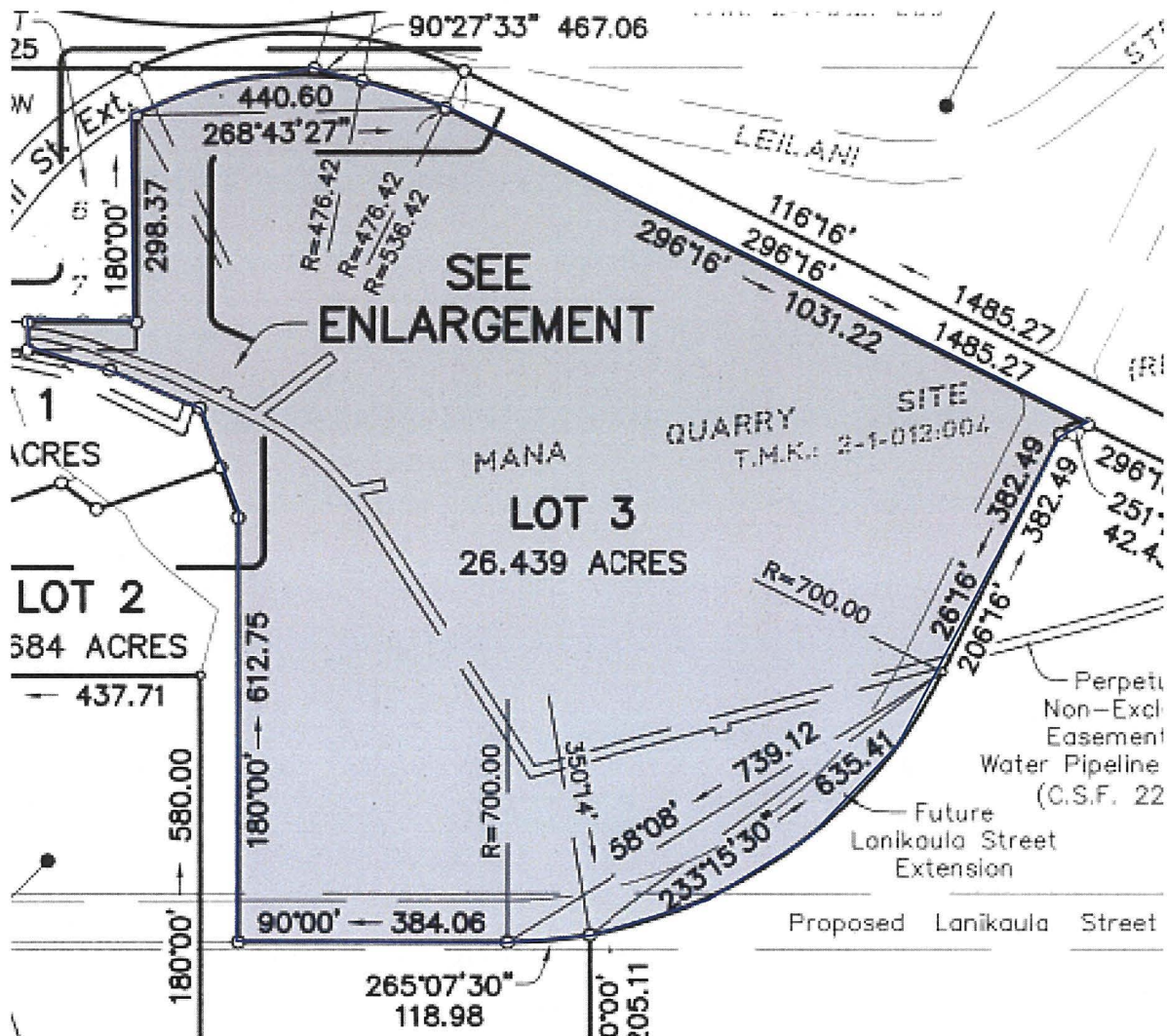


EXHIBIT A Lot-3

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809
November 10, 2022

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes (HRS), and Chapter 11-200.1, Hawaii Administrative Rules (HAR):

Project Title: Issuance of a Direct Lease to Jas. W. Glover, Ltd. for Base Yard Purposes; Issuance of Revocable Permit to Jas. W. Glover, Ltd. for Open Storage Purposes.

Project / Reference No.: 22HD-075

Project Location: Portion of Government lands of Kanoelehua Industrial Lots, situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-1-012:004

Project Description: The requested parcel is currently encumbered under RP S-7751 for the following specified purposes only: Maintain and operate a plant and support facilities for the purpose of crushing rock aggregate materials; constructing and operating an asphaltic concrete plant, a concrete batch plant and a concrete block plant; remove and sell all such material. The applicant is requesting a direct lease for a reduced area of 26.439 acres pursuant to HRS §171-141.

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

Exemption Class No. and Description: In accordance with Hawaii Administrative Rules (HAR)§ 11-200.1-16 (a)(1) 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 subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Type No. 1, which states, "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing." Part 1, Item 40 that states, "Leases of State land involving negligible or no expansion or change of use beyond that previously existing." And Item 44 that states, "Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing."

EXHIBIT B

**Cumulative Impact of
Planned Successive
Actions in Same Place
Significant?:**

No. Staff believes there are no cumulative impacts involved.

**Action May Have
Significant Impact on
Particularly Sensitive
Environment?:**

No. There are no particular sensitive environmental issues involved with the proposed use of the property.

Analysis:

There will be no change in use of the State property as the applicant intends use it for the same purposes under the new direct lease and new revocable permit.

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 C

D-10

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

January 25, 2002

AAS

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

Hawaii

Designation of State lands as an Industrial Park at Waiakea,
South Hilo, Hawaii.
Tax Map Keys: (3) 2-1-12-4, 5, 6, 25, 26, and portion of 9;
and (3) 2-1-13:151.

REQUEST:

Adoption of resolution designating approximately 150 acres
of State-owned lands at Waiakea, South Hilo, Hawaii as an
industrial park pursuant to Section 171-132, Hawaii Revised
Statutes.

GENERAL INFORMATION:

Applicant:

Department of Land and Natural Resources, Land Division

Legal Reference:

Section 171-19, and Sections 171-131 through 171-142, Hawaii
Revised Statutes, as amended.

Location:

Portion of Government lands situated at Waiakea, South Hilo,
Hawaii, identified by Tax Map Keys: (3) 2-1-12-4, 5, 6, 25, 26,
and portion of 9, and (3) 2-1-13:151, as generally shown on
Exhibit A of the attached resolution.

Area:

150 acres, more or less, subject to confirmation by the
Department of Accounting and General Services, Survey Division.

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

ITEM D-10

January 25, 2002. pox

Zoning:

State Land Use District: Urban
County of Hawaii Zoning Code: ML-20 (TMK 2-1-12:06 and 09)*
MG-1a (all other parcels)*
*(MG = general industrial; ML = limited industrial)

Trust Land Status:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: YES _____ NO x

Current Use Status / Existing Leases:

The following is a summary of the subject area. Additional
information is included in the Remarks section of this submittal.

TMK	Area (Acres)	Encumbrance/Current Use
2-1-12:04	74.314	Encumbered by Land License bearing General Lease S-4670 to JAS. W. Glover, Ltd. Lessee operates a quarry, crushing plant, and concrete manufacturing plant. Other uses include various support and office facilities. The Land License expired on 2/10/01. The Board has approved the sale of a new 30-year lease by public auction for the site, and lessee is preparing a plant closure plan in the event it is not the successful bidder for the new lease.
2-1-12:05	2.819	Currently used by the County as an baseyard
2-1-12:06	2.34	Roadway - Leilani Avenue extension
2-1-12:25	1.418	Encumbered by General Lease 4662 to Southern Food Groups, LP (dba Meadow Gold Dairies). Lessee operates a milk and juice processing plant on the site.
2-1-12:26	4.499	Encumbered by General Lease 3624 to Railroad Avenue Partners. Lessee operates a warehouse facility and subleases warehouse space to several tenants.
2-1-12:09 (por)	55-56 (approx)	E.O. to DOT Airports Division. Entire parcel is 902.371 acres, but only approx 55 acres is to be designated as part of the industrial park. DLNR is currently negotiating with DOT for the return of portion of these lands.
2-1-13:151	8.727	Included in land license to JAS. W. Glover, Ltd. (see above).

Chapter 343 - Environmental Assessment:

The proposed designation of lands as an industrial park is exempt from Chapter 343 requirements pursuant to Section 11-200-8 of the Hawaii Administrative Rules, which exempts the "operation, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing."

The Department or any prospective developer/lessee will be responsible for compliance with Chapter 343, HRS with respect to any increased development of the property.

REMARKS:

A. Statutory Requirements for Designation of Industrial Park.

Section 171-134, Hawaii Revised Statutes ("HRS"), allows the Department of Land and Natural Resources ("DLNR") to develop an area of public lands as an industrial park after the area is designated as an industrial park in accordance with Section 171-132, HRS.

Section 171-132, HRS, provides that a contiguous area of not less than five (5) acres of public lands which is classified as suitable and economically feasible for industrial use may be designated as an industrial park by a resolution adopted by the Board of Land and Natural Resources, and approved by the legislature by concurrent resolution.

B. Justification.

The subject area is located in the South Hilo industrial area off of Kanoelehua Avenue and south of the old Hilo Airport. The portions of the subject area that are adjacent or otherwise accessible to a public roadway are currently being used for various industrial purposes, including the JAS Glover quarry and concrete manufacturing operations, a Meadow Gold processing plant, a county baseyard, and a warehouse facility. The area to the north and east of the quarry site, however, are vacant and available for expanded industrial uses. Development of such areas, however, will require roadway improvements and utility infrastructure.

DLNR, Land Division, desires to designate the subject area as an industrial park, and subsequently undertake planning efforts to develop the area as an industrial park. Given current economic conditions, it is contemplated that the industrial park would be

developed incrementally. Once the planning is completed, the Land Division will proceed with subdividing the industrial park site.

The Land Division envisions initially constructing the beginning portion of a main roadway that would conceptually run from Leilani Avenue along the southern portion of the Mana Quarry site (see Exhibit 1). This will allow the vacant areas surrounding the quarry site to be developed incrementally together with the necessary roadway improvements and utility. The Land Division intends for this roadway (and all other infrastructure) to be constructed to County standards and dedicated to the County of Hawaii.

The County of Hawaii supports the proposed construction of the main roadway because of the need for an adequate access road. The County also plans to pave an access roadway connecting the proposed main roadway to the County's drag strip located to the southeast of the subject area.

Development of the industrial park would be done in accordance with Sections 171-131 through 171-142, which includes alternatives such as the development through a joint venture or development agreement with a private developer, and/or the issuance of a master lease. These provisions also address the rights of existing permittees to obtain leases within the industrial park.

The moneys collected from lessors within the industrial park would be set apart in the Special Land and Development Fund in accordance with Section 171-19, HRS.

RECOMMENDATION:

That the Board:

1. Find subject area to be suitable and economically feasible for industrial use; and
2. Find that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, the disposition will probably have minimal or no significant effect on the environment, and is therefore exempt from the preparation of an environmental assessment; and


BLNR - Designation of
Industrial Park
TMK: (3) 2-1-12-4, 5, 6,
25, 26, and portion of 9;
and (3) 2-1-13:151

Page 5

January 25, 2002

3. Approve the attached resolution.

Respectfully Submitted,

 Harry M. Yada
Acting Land Administrator

APPROVED FOR SUBMITTAL:


GILBERT S. COLOMA-AGARAN, Chairperson

RESOLUTION

RELATING TO THE DESIGNATION OF AN INDUSTRIAL PARK

WHEREAS, Section 171-134, Hawaii Revised Statutes ("HRS"), allows the Department of Land and Natural Resources (the "Department") to develop an area of public lands as an industrial park after the area is designated as an industrial park in accordance with Section 171-132, HRS; and

WHEREAS, Section 171-132, HRS, provides that a contiguous area of not less than five (5) acres of public lands which is classified as suitable and economically feasible for industrial use may be designated as an industrial park by a resolution adopted by the Board of Land and Natural Resources, and approved by the legislature by concurrent resolution; and

WHEREAS, the Department desires to designate as an industrial park the approximately 150 acres of contiguous public lands identified as Tax Map Keys (3) 2-1-12-4, 5, 6, 25, 26, portion of 9, and portion of (3) 2-1-13:151, and generally shown in Exhibit A attached hereto (the "Subject Area"), after which the Department intends to proceed with the planning activities for the development of the Subject Area as an industrial park;

NOW, THEREFORE, BE IT RESOLVED by the Board of Land and Natural Resources, that the Subject Area has been determined to be suitable and economically feasible for industrial use; and

BE IT FURTHER RESOLVED that the Subject Area is hereby designated as an industrial park, subject to the approval by the legislature by concurrent resolution; and

BE IT FURTHER RESOLVED that the effective date of the designation of the Subject Area as an industrial park shall be the date of approval by the legislature, or such other effective date as may be determined by the legislature.

DATED: _____

BOARD OF LAND AND NATURAL RESOURCES:

Gilbert S. Coloma-Agaran, Chairperson

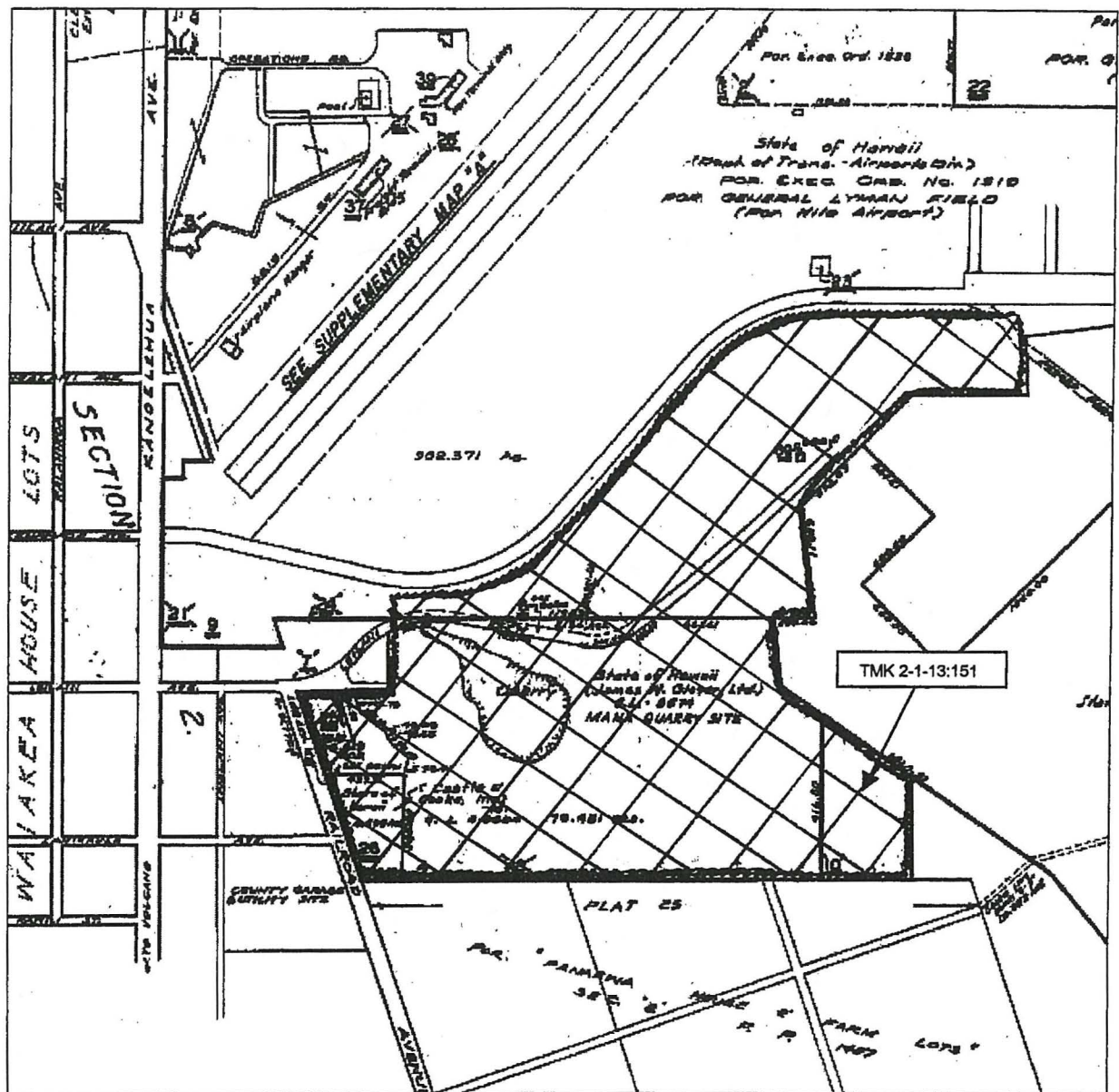
Timothy E. Johns

Kathryn W. Inouye

Fred C. Holschuh

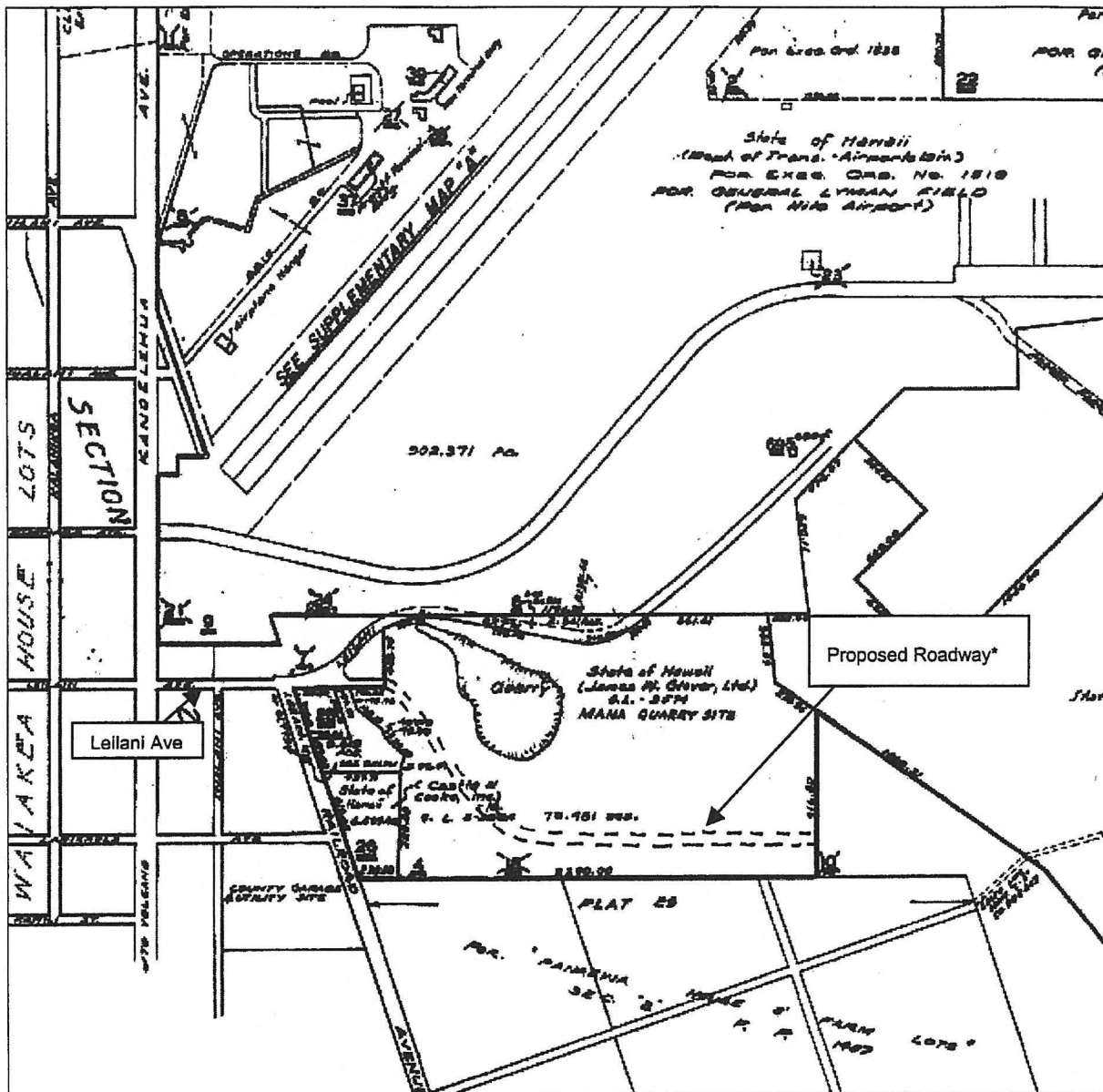
Ted K. Yamamura

Lynn P. McCrory



TMK: 2-1-12

EXHIBIT A



*Conceptual alignment – for illustration purposes only and subject to change

ROBERT BUNDA
PRESIDENT
COLLEEN HANABUSA
VICE PRESIDENT
JONATHAN CHUN
CAL KAWAMOTO
MAJORITY LEADERS
J. KALANI ENGLISH
MAJORITY FLOOR LEADER
SAM SLOM
MINORITY LEADER
FRED HEMMINGS
MINORITY FLOOR LEADER
BOB HOGUE
MINORITY POLICY LEADER

LD 5/16
The Senate
The Twenty-First Legislature

of the
State of Hawaii
02 MAY 16 A10:44

STATE CAPITOL
HONOLULU, HAWAII 96813
May 8, 2002
DEPT. OF LAND & NATURAL RESOURCES
STATE OF HAWAII



FIRST DISTRICT
LORRAINE R. INOUE
SECOND DISTRICT
DAVID M. MATSUURA
THIRD DISTRICT
RUSSELL S. KOKUBUN
FOURTH DISTRICT
JAN YAGI BUEN
FIFTH DISTRICT
J. KALANI ENGLISH
SIXTH DISTRICT
AVERY B. CHUMBLEY
SEVENTH DISTRICT
JONATHAN CHUN
EIGHTH DISTRICT
SAM SLOM
NINTH DISTRICT
MATT MATSUNAGA
TENTH DISTRICT
LES IHARA, JR.
ELEVENTH DISTRICT
BRIAN T. TANIGUCHI
TWELFTH DISTRICT
CAROL FUKUNAGA
THIRTEENTH DISTRICT
ROD TAM
FOURTEENTH DISTRICT
SUZANNE CHUN OAKLAND
FIFTEENTH DISTRICT
DONNA MERCADO KIM
SIXTEENTH DISTRICT
NORMAN SAKAMOTO
SEVENTEENTH DISTRICT
DAVID IGE
EIGHTEENTH DISTRICT
RON MENOR
NINETEENTH DISTRICT
CAL KAWAMOTO
TWENTIETH DISTRICT
BRIAN KANNO
TWENTY-FIRST DISTRICT
COLLEEN HANABUSA
TWENTY-SECOND DISTRICT
ROBERT BUNDA
TWENTY-THIRD DISTRICT
BOB NAKATA
TWENTY-FOURTH DISTRICT
BOB HOGUE
TWENTY-FIFTH DISTRICT
FRED HEMMINGS
CHIEF CLERK
PAUL T. KAWAGUCHI

Honorable Gilbert S. Coloma-Agaran
Chair
Board of Land and Natural Resources
Kalanimoku Building
1151 Punchbowl Street
Honolulu, HI 96813

Dear Mr. Coloma-Agaran:

I have the honor to transmit herewith Senate Concurrent
Resolution No. 68, SD1, which was adopted on April 12, 2002, by the
Senate of the Twenty-first Legislature of the State of Hawaii, Regular
Session of 2002, with the concurrence of the House of Representatives.

Sincerely yours,

Paul T. Kawaguchi

PAUL T. KAWAGUCHI
Clerk of the Senate

Enclosure

EXHIBIT D

3745

April 11

RE: S.C.R. No. 68
S.D. 1

3395

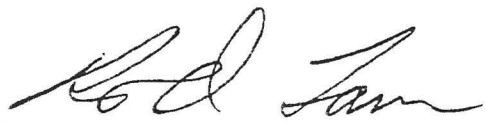
Quarry site. This alignment will allow the vacant areas surrounding the quarry site to be developed incrementally together with the necessary roadway improvements and utilities. The roadway and all other infrastructure would be constructed to county standards and dedicated to the County of Hawaii.

Your Committees find that designation of the subject area as an industrial park will assist DLNR in master planning the area as an industrial park and in constructing the needed infrastructure and access to serve the industrial park and other surrounding areas. Once the area is designated as an industrial park, DLNR may negotiate long-term leases with current tenants of the area, including JAS Glover, Ltd., which occupies approximately forty-five acres within the subject area under a month-to-month revocable permit and is agreeable to contributing towards the construction of portions of a main access roadway as a condition to the issuance of a long-term lease.

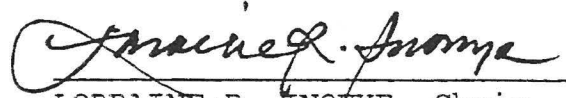
Your Committees have amended this measure to add the specified Tax Map Keys to the first BE IT RESOLVED clause.

As affirmed by the records of votes of the members of your Committees on Water, Land, Energy and Environment and Economic Development and Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 68, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 68, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committees on Water, Land,
Energy and Environment and
Economic Development and
Technology,



ROD TAM, Chair



LORRAINE R. INOUE, Chair

The Senate
Twenty-First Legislature
State of Hawaii

Record of Votes of the
Committee on Water, Land, Energy and Environment
(Bills and Resolutions)

Measure:*	Committee Referral:	Date:
SCR 68	WLE/EDT	4/5/07
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is to: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Recommit </div>		
Members	Ayes	Ayes(WR)
INOUE, Lorraine R. (C)	✓	
CHUN OAKLAND, Suzanne (VC)	✓	
CHUN, Jonathan	✓	
ENGLISH, J. Kalani	✓	
IHARA, Les, Jr.		
KOKUBUN, Russell S.	✓	
MATSUNAGA, Matthew M.		
NAKATA, Bob		
HEMMINGS, Fred	✓	
TOTAL	6	0
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>		
Chair's or Designee's Signature: <i>Suzanne Chun Oakland</i>		
Distribution: Original - Committee Yellow - Clerk's Office Pink - Drafting Agency		

*Do not list more than one measure per Record of Votes.

**Record of Votes of the
Committee on Economic Development and Technology
(Bills and Resolutions)**

*Do not list more than one measure per Record of Votes.

SENATE CONCURRENT RESOLUTION

AUTHORIZING DESIGNATION OF AN INDUSTRIAL PARK.

1 WHEREAS, section 171-134, Hawaii Revised Statutes (HRS),
2 allows the Department of Land and Natural Resources (Department)
3 to develop an area of public lands as an industrial park after
4 the area is designated as an industrial park in accordance with
5 section 171-132, HRS; and

6
7 WHEREAS, section 171-132, HRS, provides that a contiguous
8 area of not less than five acres of public lands which is
9 classified as suitable and economically feasible for industrial
10 use may be designated as an industrial park by a resolution
11 adopted by the Board of Land and Natural Resources (Board), and
12 approved by the Legislature by Concurrent Resolution; and

13
14 WHEREAS, the Department desires to designate as an
15 industrial park the approximately one hundred fifty acres of
16 contiguous public lands identified as Tax Map Keys (3) 2-1-12-4,
17 5, 6, 25, 26, portion of 9, and portion of (3) 2-1-13:151
18 (Subject Area), after which the Department intends to proceed
19 with the planning activities for the development of the Subject
20 Area as an industrial park; and

21
22 WHEREAS, on January 25, 2002, the Board approved the
23 designation of Subject Area as an industrial park; now,
24 therefore,

25
26 BE IT RESOLVED by the Senate of the Twenty-First
27 Legislature of the State of Hawaii, Regular Session of 2002, the
28 House of Representatives concurring, that the Board is
29 authorized to designate public lands identified as Tax Map Keys
30 (3) 2-1-12-4, 5, 6, 25, 26, portion of 9, and portion of (3)
31 2-1-13:151, as an industrial park; and

I hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 68 SD1, which was duly adopted by the Senate of the State of Hawaii on April 12, 2002, with the concurrence of the House of Representatives
Dated: MAY 08 2002

Carl Hazzel
Assistant Clerk of the Senate

§171-141 Lease for eligible permittee in industrial park. (a)

Notwithstanding any other provision of law to the contrary:

(1) A parcel of the public lands within an industrial park which had been occupied and used under a permit on the day before the date of designation of that industrial park shall be an economic unit in that industrial park. For the purpose of this section:

- (A) "Date of designation" means the effective date of the resolution or law which designates an industrial park; and
- (B) "Eligible economic unit" means an economic unit referred to under this paragraph;

(2) A person with a permit to use an eligible economic unit on the day before the date of designation of that industrial park shall be given first preference to lease that unit after the date of designation if the person is an eligible lessee. For the purpose of this section, an "eligible permittee" means a person referred to under this paragraph;

(3) The board shall issue a lease to an eligible permittee for an eligible economic unit under mutually agreeable terms, conditions, and lease rent. The lease shall be issued through negotiations, without regard to the limitations set forth in section 171-16(c) and section 171-59(a). The terms, conditions, and rent under the lease shall be in conformance with this chapter, and the board shall include lease covenants in each lease for the placement and construction of improvements in accordance with minimum standards established by applicable county building codes;

(4) The board shall negotiate in good faith with each eligible permittee. If the board and eligible permittee cannot agree to a lease within one hundred eighty days from the date of designation, the board shall have no further obligation to negotiate with or issue a lease to the eligible permittee and may issue a lease for the eligible economic unit to another person after the one hundred eighty-day period; provided that any lease for the eligible economic unit issued subsequent to the termination of the one hundred eighty-day period shall not include terms and conditions which are less restrictive, and a lease rent which is less, than the terms, conditions, and lease rent last offered in writing by the eligible permittee and received by the board; and

(5) The board, in lieu of issuing a lease under paragraph (3), may issue a master lease to a corporation whose members or shareholders shall be either eligible permittees or eligible sublessees of the industrial park, through negotiations and without regard to the limitations provided in section 171-16(c) and section 171-59(a). The master lease shall provide for the issuance of subleases to eligible permittees and other sublessees approved by the board, on terms and conditions approved by the board. The terms and conditions of a master lease concerning the authority to sublease shall supersede any contrary term or condition in a development agreement executed prior to the issuance of the master lease; provided that all other terms and conditions of the development agreement shall be incorporated and made a part of the master lease. All terms, conditions, and rents under the master lease and subleases shall be in conformance with this chapter, and the board shall include lease covenants in the master lease and each sublease for the placement and construction of improvements in accordance with minimum standards established by applicable county building codes. The lessee under the master lease shall assume the responsibility of administering and monitoring permittee compliance with all sublease obligations.

(b) It is the intent of the legislature that persons occupying and using under a month-to-month or revocable permit public lands which have been designated as part of an industrial park be given the opportunity to lease the same public lands occupied and used prior to the designation. The application, construction, and interpretation of this section shall reflect this intent. [L 1988, c 361, pt of §1; am L 1991, c 173, §4; am L 2002, c 139, §3]

§171-59 Disposition by negotiation. (a) A lease of public land may be disposed of through negotiation upon a finding by the board of land and natural resources that the public interest demands it. Where the public land is being sought under this section by a sugar or pineapple company, and the company is the owner or operator of a mill or cannery, then, for the purposes of this section, the economic unit shall be that acreage of public land which when taken together with the lands already owned or controlled or available to the company, when cultivated is found by the board to be necessary for the company's optimum mill or cannery operation. In all other cases, public land to be sold under this section shall be an economic unit as provided in section 171-33(3).

After a determination is made to negotiate the disposition of a lease, the board shall:

(1) Give public notice as in public auction, in accordance with the procedure set forth in section 171-16(a), of its intention to lease public land through negotiation setting forth the minimum conditions thereunder, the use for which the public land will be leased. Any person interested in securing the lease shall file an application with the board not later than forty-five days after the first publication of the notice;

(2) Establish reasonable criteria for the selection of the lessee; provided that where the intended use of the land is agriculture, the department of agriculture shall establish the criteria;

(3) Determine the applicants who meet the criteria for selection set by the board or the department of agriculture, as the case may be, and notify all applicants of its determination. Any applicant may examine the basis of the determination, which shall be in writing, to ascertain whether or not the conditions and criteria established by the board or the department of agriculture were followed; provided that if any applicant does not notify the board of the applicant's objections, and the grounds therefor, in writing, within twenty days of the receipt of the notice, the applicant shall be barred from proceeding to seek legal remedy for any alleged failure of the board to follow the conditions and criteria.

If only one applicant meets the criteria for selection of the lessee, the board may, after notice as provided in (3), above, dispose of the lease by negotiation.

If two or more applicants meet the criteria for the selection of the lessee, the board shall select the lessee who submits the highest offer contained in a sealed bid deposited with the board.

(b) Disposition of public lands for airline, aircraft, airport-related, agricultural processing, cattle feed production, aquaculture, marine, maritime, and maritime-related operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16(c); provided that:

(1) The disposition encourages competition within the aeronautical, airport-related, agricultural, aquaculture, maritime, and maritime-related operations;

(2) The disposition shall not exceed a maximum term of thirty-five years, except in the case of:

- (A) Maritime and maritime-related operations, which may provide for a maximum term of seventy years; and
- (B) Aquaculture operations, which may provide for a maximum term of sixty-five years; provided that aquaculture operations in good standing may seek to renew a lease issued under this section and, during the lease term, may

engage in supportive activities that are related to or integrated with aquaculture; and

(3) The method of disposition of public lands for cattle feed production as set forth in this subsection shall not apply after December 31, 1988.

For the purposes of this subsection:

"Agricultural processing" means the processing of agricultural products, including dairying, grown, raised, or produced in Hawaii.

"Airport-related" means a purpose or activity that requires air transportation to achieve that purpose or activity; or an activity that generates revenue for the airport system as provided in section 261-7.

"Aquaculture" means the propagation, cultivation, or farming of aquatic plants and animals in controlled or selected environments for research, commercial, or stocking purposes, including aquaponics or any growing of plants or animals with aquaculture effluents.

"Maritime-related" means a purpose or activity that requires and is directly related to the loading, off-loading, storage, or distribution of goods and services of the maritime industry. [L 1962, c 32, pt of §2; Supp, §103A-56; am L 1967, c 189, §6; HRS §171-59; am L 1970, c 101, §2; am L 1980, c 48, §1; am L 1984, c 278, §1; gen ch 1985; am L 1992, c 283, §2; am L 2001, c 77, §2; am L 2003, c 127, §2; am L 2008, c 200, §2; am L 2011, c 232, §2; am L 2012, c 47, §2]

§171-16 Notices. (a) Auctions. Public notice of any proposed disposition by auction shall be given at least once statewide and once in the county where the land being disposed of is located. Notice of the auction shall contain the following:

- (1) Time and place of the auction;
- (2) General description of the land, including the address and tax map key;
- (3) Specific use for which the disposition is intended; and

(4) Upset price or rental to be charged. The maps showing the metes and bounds description and the classification of the land shall be kept in the office of the board of land and natural resources and of its land agent in the county in which the land is situated, and shall be open for inspection at all reasonable hours.

(b) Drawings. Whenever a disposition by drawing by lots is proposed, public notice inviting applications to participate in the drawing shall be given once statewide and once in the county where the land being disposed of is located. The notice shall contain:

- (1) The qualifications required of applicants;
- (2) A general description of the land, including the address and tax map key;
- (3) Specific use for which the disposition is intended; and
- (4) Date by which all applications must be filed, which date shall be not less than fourteen days after the last notice.

Within forty-five days after the closing date for applications, the board shall select those qualified to participate in the drawing, notify all applicants as to whether or not they qualified, and conduct the drawing.

The notice of selection of applicants qualified to participate in the drawing, together with the notice of drawing, shall be mailed to each applicant, whether or not the applicant, in fact, qualified. The notice of the drawing shall state the time and place of the drawing. Upon completion of the drawing, the award shall be announced within one week, and the lease or patent issued within ninety days after the drawing or when the conditions of the sale are fulfilled.

(c) Negotiation. Public notice of a proposed disposition by negotiation shall be given at least once statewide and once in the county where the land being disposed of is located; provided that the notices are not required for permits, and dispositions of remnants. The notice shall invite proposals and state in general terms the size, location, and prices or rental of lots to be sold or leased, the terms of sale or lease, and the last date on which application will be received by the board, which date shall not be less than thirty days after the last date of the notice. The notice shall also state the times and places at which more detailed information with respect to the sale or lease may be secured by interested persons.

(d) Exchanges; quitclaim; submerged and reclaimed lands; reservations and easements. Whenever it is proposed to exchange public lands for private land pursuant to section 171-50, quitclaim public land

or any interests of the State in private land pursuant to section 171-51, dispose of submerged or reclaimed public land pursuant to subsections (b) and (d) of section 171-53, dispose of a land license by negotiation pursuant to section 171-54, or dispose of reserved rights and easements pursuant to section 171-57, public notice of the disposition shall be given at least once statewide and once in the county where the land or other interests being disposed of are located. The notice shall state in general terms the size and location of the public lands proposed to be disposed.

(e) In addition to giving public notice, any public notice required under this section shall also be posted on the Internet in an easily-located manner. [L 1962, c 32, pt of §2; am L 1963, c 28, §2; am L 1965, c 239, §9; Supp, §103A-16; am L 1967, c 234, §§2, 4; HRS §171-16; am L 1974, c 78, §1; gen ch 1985; am L 1998, c 2, §34; am L 2001, c 202, §1]

EXHIBIT E

4016

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

REVOCABLE PERMIT NOS-7262

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is executed this 20 day of March 20 02, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and JAS. W. GLOVER, LTD., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is P.O. Box 579, Honolulu, Hawaii 96809. The parties agree that commencing on the 11th day of February, 2001, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Waiakea, South Hilo, Hawaii, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of forty-five (45) acres, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the premises for the following specified purposes only: Maintain and operate a plant and support facilities for the purpose of crushing rock aggregate materials; constructing and operating an asphaltic concrete plant, a concrete batch plant and a concrete block plant; remove and sell all such materials
2. Pay, at the Department of Land and Natural Resources Fiscal Office, P.O. Box 621, Honolulu, Hawaii 96809 where the Premises are located, monthly rent in the sum of TEN THOUSAND FOUR HUNDRED SIXTEEN AND 67/100 DOLLARS (\$10,416.67) payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be

assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions.
The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep the government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and shall be filed with the Board. In the event of loss, damage, or destruction of those improvements, the Board shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the effective date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to persons with disabilities; and, indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by

reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, commercial general liability insurance, in an amount acceptable to the Chairperson with an insurance company or companies licensed to do business in the State of Hawaii. The policy or policies of insurance shall name the State of Hawaii as an additional insured. The insurance shall cover the entire Premises, including all grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the premises or within fifteen (15) days after the effective date of this Permit, whichever is sooner, furnish the State with a certificate(s) showing the policy(s) to be initially in force, keep the certificate(s) on deposit during the entire Permit term, and furnish a like certificate(s) upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after sixty (60) days written notice has been given to the State.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State

shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or certificate(s) thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. Pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. If the Permittee does not vacate the Premises upon the revocation of the Permit by the Board, the Permittee shall pay to the State liquidated damages at the daily rate of \$3.00/day or 20% of the monthly rental per day, whichever is greater, for each day, or portion thereof, the Permittee remains on the Premises after the date of revocation. The payment is in addition to any other rights or remedies the Board may be entitled to pursue for breach of contract, or for illegal occupancy, including the right

to evict the Permittee without court action, and the cost thereof to be paid by the Permittee.

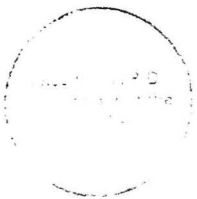
3. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
5. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
6. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
7. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
8. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
9. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.

10. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
11. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
12. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
13. Any and all disputes or questions arising under this Permit shall be referred to the Chairperson of the Board and his determination of these disputes or questions shall be final and binding on the parties.
14. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the permit.

For the purpose of this permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

15. Prior to termination or revocation of the subject permit, Permittee shall conduct a Level One (1) Hazardous Waste Evaluation, any recommended Level Two testing and remediation work, and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of performance to be charged to and paid by Permittee.
16. Permittee shall indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, or officers under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
17. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.
18. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawai'i shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawai'i 96813. Mailed notices shall be deemed given upon actual receipt,




or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's address mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.

19. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

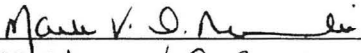
STATE OF HAWAII

By 
Chairperson of the Board of Land and
Natural Resources

Approved by the Board of
Land and Natural Resources
at its meeting held on February 23, 2001.

PERMITTEE

JAS. W. GLOVER, LTD.

By: 
Name: MAINE V. O. ROMANOWSKI
Title: President

APPROVED AS TO FORM:

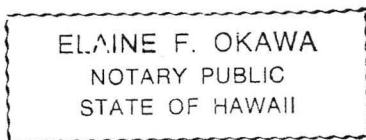

Deputy Attorney General

Dated: 3/12/02



STATE OF HAWAII)
) SS.
City* COUNTY OF Honolulu)

On this 4th day of March, 2002, before me personally appeared
and Maile V.O. Romanowski to me personally known, who, being by me duly sworn or
affirmed, did say that such person(s) executed the foregoing instrument as the free act
and deed of such person(s), and if applicable in the capacity shown, having been duly
authorized to execute such instrument in such capacity.

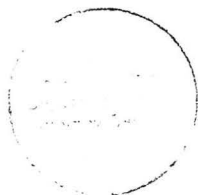


Notary Public, State of Hawaii

Elaine F. Okawa

Elaine F. Okawa

My commission expires: 11/20/02



REDUCED/NOT TO
SCALE

FILED	2012
NOV 19 2012	
U.S. DEPT. OF JUSTICE	
LAND DIVISION	

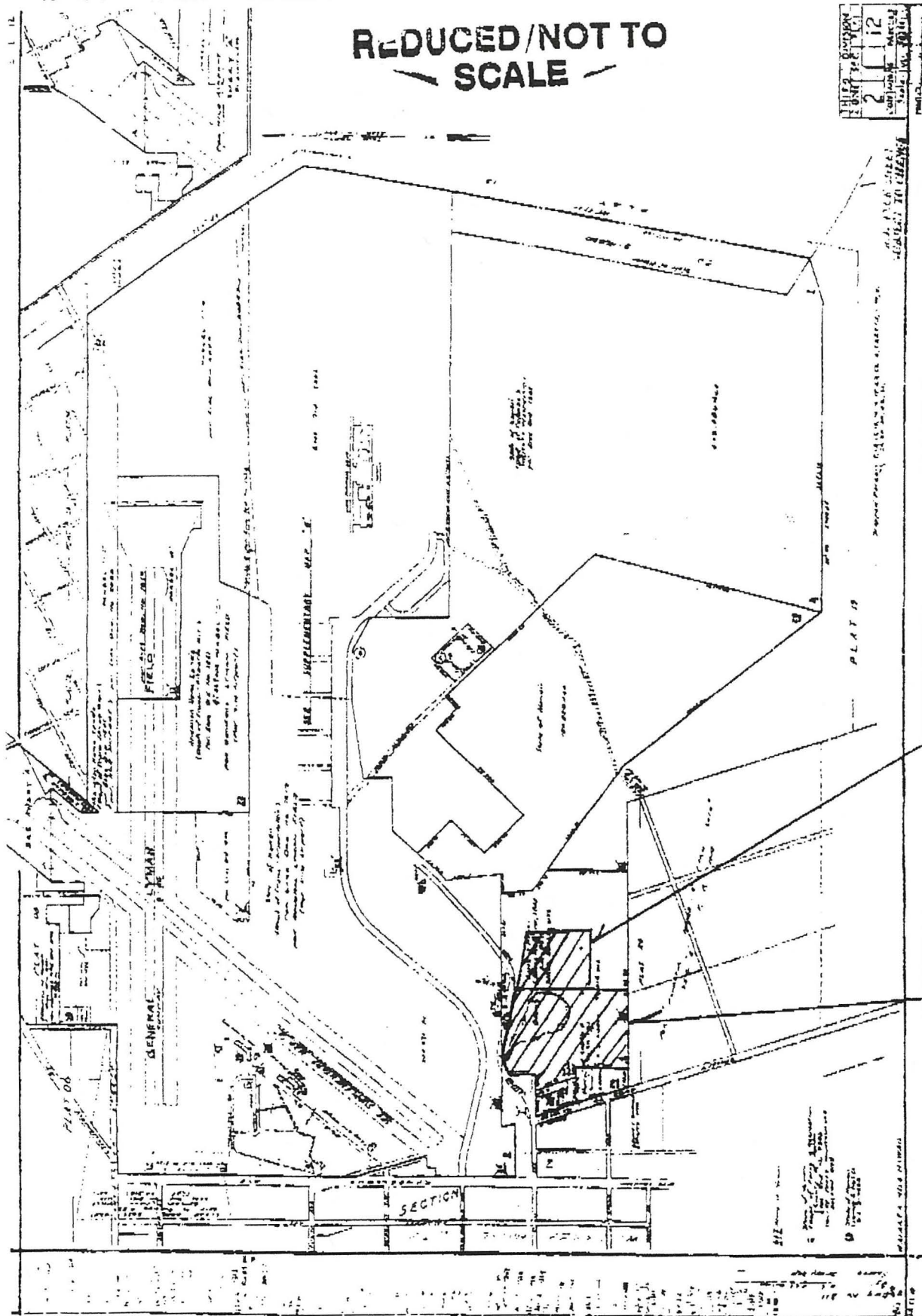


EXHIBIT A