

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96819

October 11, 2024

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

Land Board Members:

SUBJECT: J-1A: Reissuance of a Revocable Permit to Blue Water Shrimp International, LLC, Permittee, for the Period Beginning October 1, 2024, Through November 30, 2024, situated at Ala Wai Small Boat Harbor, Honolulu, Oahu, Tax Map Key: (1) 2-6-010:003 (por.) and :016 (por.)

And

Declare Project Exempt from Environmental Assessment Requirements of Chapter 343, Hawaii Revised Statutes and Title 22, Chapter 200.1, Hawaii Administrative Rules

J-1B: Non-Action Item: Presentation to the Board of DOBOR's Plan for the Use of the Dirt Lot Along Ala Wai Blvd., Situated at Ala Wai Small Boat Harbor, Honolulu, Oahu, Tax Map Key: (1) 2-6-010:005, (1) 2-6-010:016 and (1) 2-6-010:003.

APPLICANT:

Blue Water Shrimp International, LLC

LEGAL REFERENCE:

Section 171-55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Ala Wai Small Boat Harbor, Honolulu, Oahu, Hawaii, identified as Tax Map Key: (1) 2-6-010:003 (por.) and :016 (por.) (hereinafter the "Premises") as shown in **Exhibits A-1 thru A-3**. The Premises are on a portion of the area designated by Governor's Executive Order 4604.

AREA:

Approximately 9,000 square feet, more or less.

ZONING:

State Land Use District: Urban
City & County of Honolulu: Public Precinct (Waikiki Special District)

TRUST LAND STATUS:

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

CURRENT USE STATUS:

Formerly encumbered by RP No. 138.

CHARACTER OF USE:

Occupy and use the Premises for the following specified purposes only: food service and performance and playing of conversation-friendly music (low volume).

Maintenance of the public restroom and pedestrian access from Ala Moana Boulevard. The permittee has been responsible for the security and maintenance of both areas.

COMMENCEMENT DATE:

Beginning October 1, 2024, and ending November 30, 2024.

MONTHLY RENTAL:

Twelve Thousand Two Hundred Eighty Five and no/100 dollars (\$12,285.00) per month or ten percent (10%) of gross receipts, whichever is greater.

SECURITY DEPOSIT:

Twice the Monthly Rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Section 11-200.1-15, Hawaii Administrative Rules (HAR) and the Exemption List for the Department of Land and Natural Resources, reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to General

Exemption Type 1, “Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing,” Part 1, Item No. 44, which states, “Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing.”

BACKGROUND:

At its meeting on March 24, 2022, under agenda item J-2, the Board approved the issuance of an RP to Blue Water for approximately 9,000 square feet at the former Ala Wai Small Boat Harbor ("AWSBH") haul out for food service, performance, and playing of conversation-friendly music (low volume). Blue Water operates two (2) mobile food trailers at the site, hereinafter referred to as the Mauka trailer and Makai trailer, see attached **Exhibit A-3**. The timeline for this matter is as follows:

- December 19, 2022: RP No. 138 is fully executed, with a commencement date of January 1, 2023.
- January 1, 2023: RP No. 138 commences. RP attached as **Exhibit B**.
- February 9, 2024: DOBOR staff notify Blue Water via certified mail to cease illegally parking vehicles and to remove all items stored outside the Premises by February 16, 2024, attached as **Exhibit C**.
- March 14, 2024: DOBOR staff meet on-site with partners Mark Evenson and Gilbert Sakaguchi, together with their consultant Peter Apo. DOBOR staff pointed out several encroachments that needed to be removed including, but not limited to, vehicles parked illegally, such as the food truck owned by Blue Water that operates under Concession Contract No. LO-23-001 at the AWSBH, multiple 10-foot by 10-foot tents, carved and uncarved tree trunks, and coconut trees that the permittee planted.
- March 20, 2024: DOBOR staff notify Blue Water via certified mail that they were continuing to operate outside of the Premises despite numerous warnings, attached as **Exhibit D**.
- April 14, 2024: DOBOR staff meet at the DOBOR Administration Office with Mr. Evenson and Mr. Sakaguchi to clarify what needs to be done regarding the encroachments and for Blue Water to come into compliance. Mr. Evenson and Mr. Sakaguchi assured DOBOR that the encroachments would be removed.
- May 10, 2024: DOBOR harbor staff onsite at Ala Wai SBH notice suspicious activity at the Haul Out and inform DOBOR Administration that Blue Water allowed a film production company to park approximately thirty (30) vehicles in the remaining space of the Premises from 7:00am to 12:00pm, use the Pau Hana Place platform area to hold cast and crew in between takes for a \$350.00 charge,

and also charged the film production company \$10.00 for each vehicle parked above the count of the stated thirty (30). This action is a violation of the non-assignment/non-sublease terms of the RP. See **Exhibit E** for the email DOBOR received from the film company explaining the circumstances. Following this violation, DOBOR staff have kept the gate locked and access restricted.

- May 14, 2024: DOBOR staff meet with Mr. Evenson, and he informs DOBOR that his partner, Mr. Sakaguchi, will be the point of contact for rent payments going forward. Mr. Evenson also told staff that it was impossible to turn a profit without having the closed-off area for parking and a liquor license and that he was fine with the RP not being continued in June. Staff informed Mr. Evenson that DOBOR would bring the matter to the Board with a recommendation not to continue Blue Water's RP. Mr. Evenson informs staff that he would like to apply for a permit on his own (without his partner Mr. Sakaguchi) to turn the area into an event space not open to the public and continue to moor his vessel alongside the Premises to embark and disembark passengers for his charter business.
- In a letter dated May 20, 2024, DOBOR staff informed Blue Water that it would recommend that the Board not renew its RP at the June 28, 2024, Board meeting.
- June 5, 2024: DOBOR staff meet with Messrs. Evenson and Sakaguchi at DOBOR's office. Neither expressed opposition to cancelling the RP but did ask that the cancellation be postponed for a 90-days to allow the permittee to take advantage of the busy summer tourist season.

REMARKS:

At the June 28, 2024, Board meeting, under agenda item J-1, DOBOR staff requested that RP No. 138 not be continued, due to default by Blue Water. The Board voted to instead grant Blue Water a 90-day extension at the same rent rate and advised DOBOR staff to return to the Board with an updated plan at the end of the extension.

On August 30, 2024, DOBOR staff conducted a site inspection and observed that Blue Water continues to encroach by storing its personal property outside the Premises, despite the previous notices. Staff also discovered the Permittee had dug a hole on the Ala Wai Blvd. side of its Mauka food trailer and placed a bucket in the hole to act as a makeshift grease trap, with the surrounding soil appearing to be saturated with cooking oil, which prompted staff to notify the Department of Health. DOBOR staff notified Blue Water via regular and certified mail of these violations, attached as **Exhibit F**.

On September 10, 2024, following the DOH's visit to the site, staff observed the bucket remained, but had been removed from the hole and placed above ground, with a garden hose connecting the bucket to a pickup truck containing a large tank, attached as **Exhibit G**.

On September 20, 2024, staff – including DOBOR’s Engineer – conducted a follow up inspection of Blue Water’s graywater disposal set up. While on site, staff asked Gilbert Sakaguchi about the system for the Mauka food trailer, to which he replied it flows from the trailer’s sinks to its tank, then to the bucket outside and finally into the tank on the pickup truck, where it is transported to his other facility and dumped there, attached **Exhibit H**.

According to Mr. Sakaguchi, the sinks in the Makai food trailer do not contain grease, so are allowed to drain directly to the City & County’s sanitary sewer. Staff noticed a trip hazard where the permittee had saw cut the sidewalk to lay its waste line and a hole had been drilled into the same drain line, attached **Exhibit I**. Staff reviewed the Sanitary Pipe Extension engineering drawing Blue Water submitted to DOBOR for approval, and it did not include a connection from Makai Food Trailer to the sanitary sewer line.

Staff contacted DOH Wastewater Branch to confirm whether Blue Water needed a permit to haul the graywater from the site. In his response, Mr. Jonathan Nagato, Wastewater Branch Program Manager, informed staff that what was being transported is blackwater, not graywater. He further stated that the permittee is not allowed to haul wastewater unless it is a registered wastewater and wastewater sludge pumper/hauler.

Following the inspection, staff requested the following from Mr. Sakaguchi:

- A letter from the Dept. of Health approving the exiting wastewater disposal system.
- Provide proof of registration with DOH to haul wastewater.
- An engineer’s drawing of the wastewater system for approval pursuant to the RP No. 138.
- Repair trip hazard in the comfort station sidewalk where the permittee ran its drain line.
- Repair hole in drain line that ties into sanitary sewer.

Additionally, RP No. 138 states that Blue Water must provide security 24 hours a day, 7 days a week for the Premises. Staff reached out to Blue Water and requested proof of a contract with a security company as required by the RP. Blue Water informed staff that it hired two (2) individuals, identified as independent contractors, to provide security. Staff requested evidence of proper licensure of these independent contractors, namely valid Guard Employee Cards, and have not received this documentation from Blue Water to date. Hawaii law requires that persons providing guard services must be licensed with the Board of Private Detectives and Guards.¹ Blue Water is therefore not in compliance with the terms and conditions of RP No. 138.

¹ HRS Section 463-7: No individual shall engage in the business of guard for the purpose of protecting persons or property or to prevent theft or unlawful taking of goods, wares, merchandise, money, bonds, documents, or other articles of value for hire or reward or represent oneself to be, or hold oneself out as such without first obtaining a license as guard from the board and paying the application and license fees; HRS Section 487-13(a): (a) Any person who furnishes commodities or services for which a license, registration, or certificate is required from the department of commerce and consumer affairs or any board

Given the serious nature of Blue Water's potential environmental violation, DOBOR believes it is in the best interest of the State to require Blue Water to complete a Phase I Environmental Assessment to assess any potential contamination and ensure compliance with all applicable environmental regulations.

The amount of time and resources that staff has unnecessarily devoted to the administration of this RP has been substantial. Each instance of repeated non-compliance by Blue Water requires detailed documentation, ongoing communication, and efforts to find resolutions to the various concerns. This process is not only time-consuming but also unfairly diverts DOBOR's attention and resources from its other responsibilities and tenants. It is for the reasons specified above that DOBOR requests the reissuance of a revocable permit to Blue Water for the period beginning October 1, 2024 through November 30, 2024 in order to allow the Applicant to wrap up its business at the site. The reissuance is necessary because staff was unable to appear before the Board prior to the end of Blue Water's 90-day continuation.

RECOMMENDATIONS:

That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, Hawaii Administrative Rules, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment;
2. Based on the testimony and facts presented, the Board finds that approving the revocable permit under the conditions and rent set forth herein will serve the best interests of the state;
3. Approve the reissuance of a revocable permit to Blue Water Shrimp International, LLC at the Ala Wai Small Boat Harbor 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; and
 - b. Review and approval by the Department of the Attorney General.

or commission thereunder without having such license, registration, or certificate is engaged in an unlawful act or practice and shall be subject to the penalty provided in subsection (b).

- c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
4. Order Blue Water Shrimp International, LLC, to conduct and submit to DOBOR a Phase I Environmental Assessment of the Premises within 30 calendar days from the date of this submittal, pursuant to Provision B-13 of Revocable Permit No. 138; or in the alternative, authorize DOBOR to arrange for the completion of a Phase I Environmental Assessment of the Premises, with all costs and related expenses of such to be fully paid by Blue Water Shrimp International, LLC;
5. Authorize the retention of all sums heretofore paid or pledged as security under Revocable Permit No. 138 until the completion of a Phase I Environmental Assessment is completed as specified above; and
6. Delegate authority to the Chairperson to take any and all actions necessary to effectuate the Board's decision or in furtherance of enforcing the terms of the reissued revocable permit, to serve the best interests of the State, without further consultation with the Board, subject to review and approval by the Department of the Attorney General.

Respectfully Submitted,



MEGHAN L. STATTS, Administrator
Division of Boating & Ocean Recreation

APPROVED FOR SUBMITTAL:



DAWN N.S. CHANG, Chairperson
Board of Land and Natural Resources

Attachments:

- A-1: AWSBH on Island of Oahu Map
- A-2: Aerial Map of Location at AWSBH
- A-3: Area on the Parcel
- B: RP 138
- C: February 16, 2024, 1st Notice
- D: March 20, 2024, 2nd Notice
- E: Email from Film Company

- F: August 30, 2024, 3rd Notice
- G: September 10, 2024, Grey Water Disposal Photos
- H: September 20, 2024, New Grease Trap Photos
- I: September 20, 2024, Trip Hazard Photos

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200.1, HAR

Project Title:	<p>J-1A: Reissuance of a Revocable Permit to Blue Water Shrimp International, LLC, Permittee, for the Period Beginning October 1, 2024, Through November 30, 2024, situated at Ala Wai Small Boat Harbor, Honolulu, Oahu, Tax Map Key: (1) 2-6-010:003 (por.) and :016 (por.)</p> <p>And</p> <p>Declare Project Exempt from Environmental Assessment Requirements of Chapter 343, Hawaii Revised Statutes and Title 22, Chapter 200.1, Hawaii Administrative Rules.</p> <p>J-1B: Non-Action Item: Presentation to the Board of DOBOR's Plan for the Use of the Dirt Lot Along Ala Wai Blvd., Situated at Ala Wai Small Boat Harbor, Honolulu, Oahu, Tax Map Key: (1) 2-6-010:005, (1) 2-6-010:016 and (1) 2-6-010:003.</p>
Project / Reference No.:	N/A
Project Location:	Ala Wai Small Boat Harbor, Honolulu, Oahu, Tax Map Key: (1) 2-6-010:003 (por.) and :016 (por.)
Project Description:	<p>Occupy and use the Premises for the following specified purposes only: food service and performance and playing of conversation-friendly music (low volume).</p> <p>Maintenance of the public restroom and pedestrian access from Ala Moana Boulevard. The permittee has been responsible for the security and maintenance of both areas.</p>
Chap. 343 Trigger(s):	Use of State lands
Exemption Class No(s).:	<p>In accordance with Section 11-200.1-15, Hawaii Administrative Rules (HAR) and the Exemption List for the Department of Land and Natural Resources, reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to General Exemption Type 1, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing," Part 1, Item No. 44, which states, "Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing."</p>

Cumulative Impact of Planned Successive Actions in Same Place Significant?	Activities in the subject area have resulted in no known significant impact to the natural and environmental resources in the area.
Action May have Significant Impact on Particularly Sensitive Environment?	Staff is not aware of any particularly sensitive environmental issues and use of the area would not change negligently from what is existing.
Analysis:	Based on the above mentioned, staff believes there would be no significant impact to the environment.
Consulted Parties:	None
Declaration:	The Board find that this project will probably have minimal or no significant effect on the environment and declares that this project is exempt from the preparation of an environmental assessment.

Exhibit A-1

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



Exhibit A-1

Ala Wai Small Boat Harbor

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



Bluewater Shrimp
International LLC

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Exhibit A-3

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor

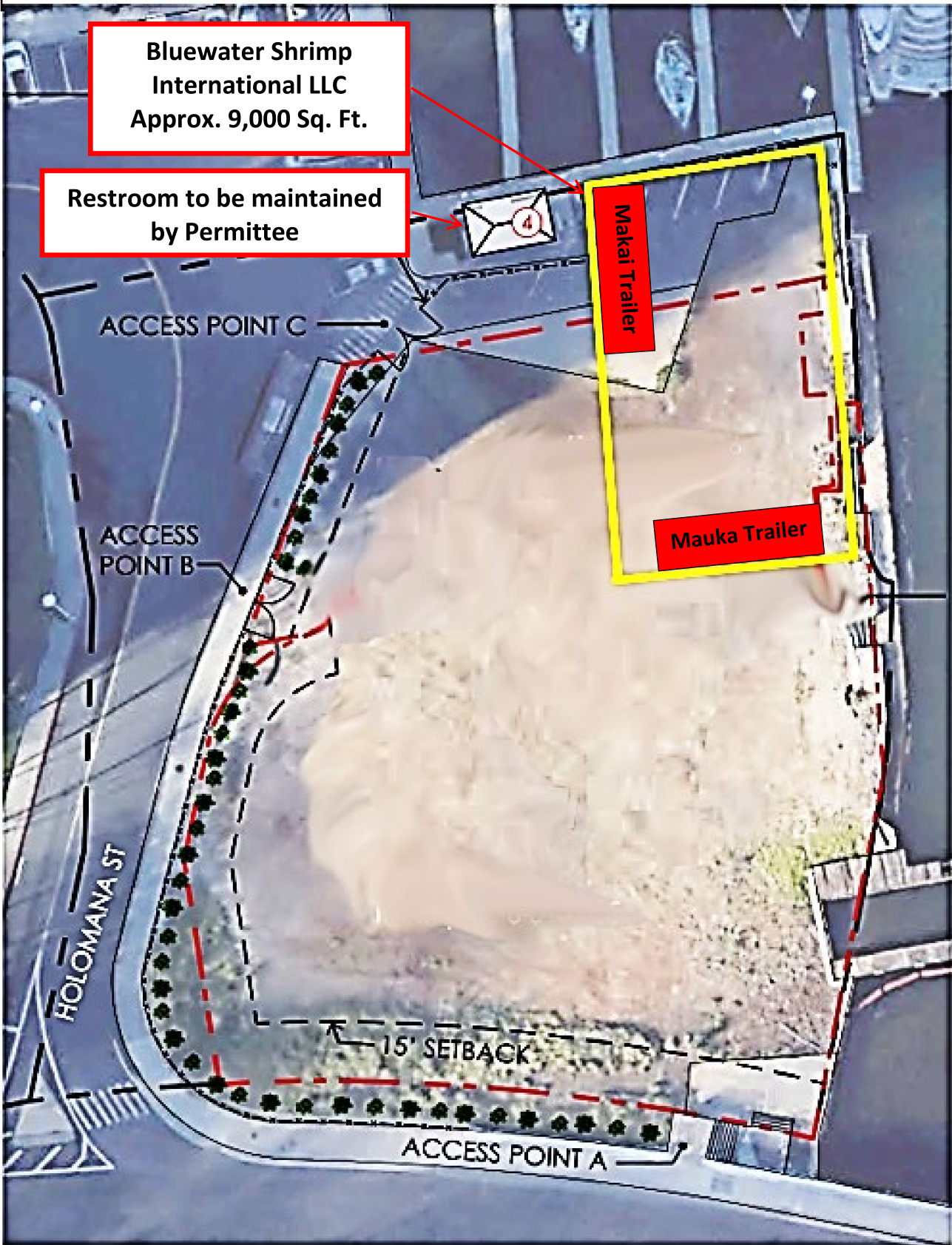


Exhibit B

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 138

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 19th day of DECEMBER, 20 22, 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 BLUE WATER SHRIMP INTERNATIONAL LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is 3140 Castle Street, #9, Honolulu, Hawaii 96815 and whose post office address is PO Box 283234, Honolulu, Hawaii 96828. The parties agree that commencing on the 1st day of JANUARY, 20 23, ("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 Ala Wai Small Boat Harbor, Honolulu, Hawaii, tax map key nos. (1) 2-6-010:003 (Portion) and 016 (portion), as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 9,000 square feet, more or less, 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: two (2) mobile food service trucks, umbrella covered seating, and landscaping for food service and performance and playing of conversation-friendly "Hawaiian" music (low volume). Maintenance and security of the public restroom and pedestrian access from Ala Moana Boulevard shall be the responsibility of the Permittee. Hours of operation shall be from 6:00 am to 9:00 pm. Security shall be provided 24 hours a day, 7 days a week. Music will be recorded or live from 9:00 am to 9:00 pm, but mostly music in the late afternoon to early evening. The Permittee shall make adjustments (operating hours, configuration of food trucks, seating, coverings, music, stage, lighting, landscaping and other enhancements) as needed. The Chairperson of the Board (Chairperson) reserves the right to make revisions from time-to-time at Chairperson's discretion. Food will be prepared in off-site kitchens and served on the

Premises from trucks approved by the Department of Health. The Permittee shall not be allowed to sublet space to other vendors.

The Permittee shall be responsible for the maintenance and security of the public restroom and pedestrian access from Ala Moana Boulevard. The Permittee shall stock the public restroom with supplies (toilet paper etc.) The Permittee's responsibilities of the public restroom and pedestrian access is subject to paragraph A.7 and insurance requirements as set forth in paragraph A.14 herein.

2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawai'i 96819, monthly rent in the sum of ELEVEN THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$11,700.00) payable in advance by the first of each and every month or TEN PER CENT (10%) of gross receipts sales, whichever is greater. "Gross receipts" shall mean all sales made or proceeds earned or received by the Permittee in connection with or resulting from the use of the Premises.

Permittee shall submit by the first of each and every month, including the month following the last month under the Permit, a statement of gross receipts for the prior month's sales or proceeds together with a check for any differences between the rent actually paid for the prior month and the ten per cent (10%) of gross receipts for that period if the ten per cent (10%) of gross receipts was owing for that month.

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

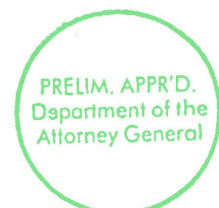
If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent 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 any 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 loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR 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 commencement 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, release 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, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and 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 commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

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 other documentation required by the State 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 or the Permittee's employees, agents, officers, or invitees' 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.

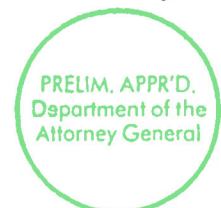
The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

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. The Permittee shall 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. 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.

3. If the Permittee fails to vacate the Premises upon expiration, 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.
4. If the Permittee fails to vacate the Premises upon expiration, 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.
5. 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.
6. 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 expiration, 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 expiration, 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.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. 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.

11. 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.
12. 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 release, 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.

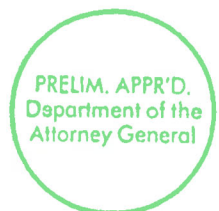
For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, 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.

13. Prior to expiration, termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment 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 expiration, 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 such performance to be charged to and paid by Permittee.

14. Permittee shall release, 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, officers, or invitees 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.
15. 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.
16. 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 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawai'i 96819. 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 written notice to the other specify a different address for notice purposes, provided that Permittee's 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.



17. The Permittee shall:

- a. Ensure that emergency spill response equipment and protocols are in place prior to activity on the Premises.
- b. Ensure that all vendors and contractors are aware of procedures to follow in the event of a spill.
- c. During both development of the Premises and eventual operation, ensure that precautions are taken to minimize the release of dirt and other fine material into the aquatic environment. This includes making sure all contractors have dust and sediment management procedures in place if necessary.
- d. Ensure that all vendors, especially food service providers, know that the release of any by-products of their activities into the water or surrounding area is to be avoided at all times. This includes but is not limited to cooking oil, cleaning products, and grey water.
- e. Ensure that food service providers have appropriate trash receptacles (closed top or trap door) to minimize trash from entering the ocean. Open topped receptacles can lead to properly disposed trash being blown out and be transported to the ocean where sea life may ingest the trash and/or contribute to microplastics in the ocean. Permittee's trash receptacles shall have closed tops or trap doors to minimize trash from entering the surrounding waters.
- f. Remove food service providers to remove their trash daily so that trash does not attract feral cats to the location. Cats are known to host Toxoplasmosis, which is a disease that is fatal to critically endangered Hawaiian Monk Seals. Permittee shall remove trash daily.
- g. Conduct regular inspections of the area to ensure that the necessary precautions are taken to minimize impact on the aquatic environment. This includes regular inspections of vendor operations and activities to ensure that they are in compliance with protocols relating to environmental protection. Permittee is to conduct regular inspections of the Premises to minimize the impact on the environment. Permittee shall keep a log of inspections to verify that protocols are being followed.
- h. Contact the State of Hawaii, Department of Land and Natural Resources, Division of Aquatic Resources immediately if any unforeseen impacts on the aquatic environment occur as a result of activities performed on the Premises. In the event of a release of pollutants or contaminants into surrounding waters, Permittee shall immediately contact The Division of Aquatic Resources (DAR) at Phone: 808.587.0110 and Email: DLNR.aquatics@hawaii.gov.

18. Permittee, its consultants, contractors and/or persons acting for or on its behalf shall maintain and employ debris, pollution and contamination control measures, safeguards and techniques to prevent debris, pollution or contamination to the ocean waters, streams or waterways resulting from Permittee, its consultants, contractors and/or persons acting for or on its behalf use, maintenance, repair and operation of the Premises, and shall take immediate corrective action in the event of such pollution or contamination to immediately remove the cause of such pollution or contamination, and shall immediately clean the Premises and its surrounding waters of such pollutant or contaminant and restore to the State of Hawaii, Department of Land and Natural Resources satisfaction the area affected by such pollution or contamination, all at Permittee, its consultants, contractors and/or persons acting for or on its behalf own cost and expense.
19. The Permittee shall acquire all of the necessary county permits including a zoning variance, the appropriate SMA permit, a Major Special District Permit and comply with applicable conditions set forth in the Exhibits C, D, and F of the Board submittal dated March 24, 2022.
20. 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

Approved by the Board of Land and Natural Resources at its meeting held on March 24, 2022.

By [Signature]
Chairperson of the Board of Land and Natural Resources

APPROVED AS TO FORM:

STATE

[Signature]
DANIEL A. MORRIS
Deputy Attorney General

Dated: DEC 13 2022

BLUE WATER SHRIMP INTERNATIONAL LLC, a Hawaii limited liability company

By [Signature]
GILBERT SAKAGUCHI II
Its Member
PERMITTEE


Doc. Date: 12/14/2022 No. Pages: 15
Notary Name: Car R. Miyakado First Circuit
Doc. Description: Permit for Blue Water Shrimp International LLC
[Signature]
NOTARY CERTIFICATION
CAR R. MIYAKADO
NOTARY PUBLIC
94-214
STATE OF HAWAII

PRELIM. APPR'D
Department of the
Attorney General

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 14th day of December, 2022, before me personally appeared GILBERT SAKAGUCHI II, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.





Notary Public, State of Hawaii

Cami R. Miyakado

My commission expires: May 23, 2026



Exhibit A-1

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



Ala Wai Small Boat Harbor

PRELIM. APPR'D.
Department of the
Attorney General

Exhibit A-1

Exhibit A-2

Ala Wai Small Boat Harbor

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



**Bluewater Shrimp
International LLC**

Exhibit A-2

PRELIM. APPR'D.
Department of the
Attorney General

Exhibit A-3

PRELIM. APPR'D.
Department of the
Attorney General

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor

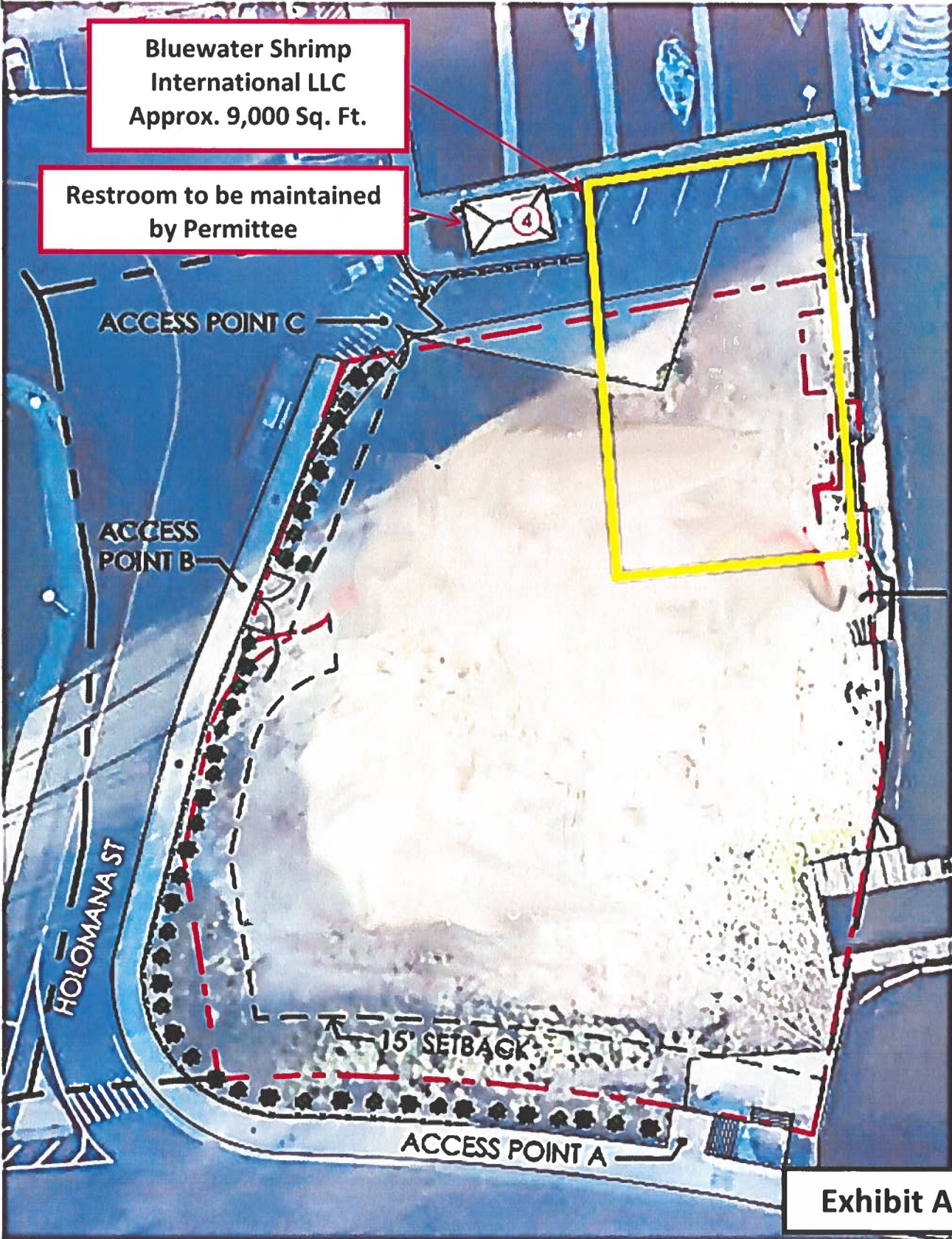


Exhibit A-3

Exhibit C

JOSH GREEN, M.D.
GOVERNOR | KE KIA ĀINA



DA'WN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
DIVISION OF BOATING AND OCEAN RECREATION

4 SAND ISLAND ACCESS ROAD
HONOLULU, HAWAII 96819

February 9, 2024

BOR-PM-0597-24

Certified Mail
9589071052701318411141

Blue Water Shrimp International LLC
PO Box 283234
Honolulu, HI 96828

Re: Revocable Permit No. 138

On a recent visit to the Ala Wai Small Boat Harbor, staff observed that Blue Water Shrimp International LLC ("Blue Water") was storing items and parking outside of its Premises as designated in Revocable Permit No. 138, despite numerous warnings not to do so (see attached photographs).

This letter shall serve as notice for Blue Water to immediately cease parking vehicles and remove all items stored outside its Premises by February 16, 2024.

Failure on Blue Water's part to comply by the above-stated date, or the continued use of the area outside its Premises in the future can result in the cancellation of the revocable permit pursuant to Additional Conditions Nos. 2 and 10 contained in Revocable Permit No. 138.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Richard Howard
Property Manager VI

Exhibit C

Food Truck Parked on Holomoana St.



Parcel Viewed from Holomoana St.



View of Parcel from Ala Moana Blvd.



Exhibit D

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

EDWARD R. UNDERWOOD
ADMINISTRATOR
BOATING AND OCEAN RECREATION

STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
DIVISION OF BOATING AND OCEAN RECREATION

4 SAND ISLAND ACCESS ROAD
HONOLULU, HAWAII 96819

March 20, 2024

BOR-PM-0614-24

Certified Mail
70160910000217915379

Blue Water Shrimp International LLC
P.O. Box 283234
Honolulu, HI 96828

Re: Revocable Permit No. 138

On a recent visit to Ala Wai Small Boat Harbor, staff observed that Blue Water Shrimp International LLC ("Blue Water") is continuing to operate outside of the Premises designated in Revocable Permit No. 138, despite numerous warnings (see attached photographs).

Staff notified you by letter dated February 9th, 2024, and during the meeting held on March 14th, 2024, we discussed the encroachment and removal of various items including cars parked in the unauthorized dirt lot, the food truck that operates under concession contract IFB No. LO-23-001 at the helipad, tents, both carved and uncarved tree trunks, and all additional items outside of the designated Premises. At that meeting you assured staff that you would remove these items immediately.

As a result, staff will request cancellation of the revocable permit at the Land Board's April 26, 2024 meeting.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Richard Howard
Property Manager VI

Enclosures:
Encroachment Photographs

Exhibit D











Exhibit E

Subject: Re: [EXTERNAL]

Dear Ala Wai Harbor Master Fujioka,

Aloha! This communication is to follow-up with the parking concerns regarding our shoot on 5/10/2024 (FIPAC #24-302), and I am looping my team Beckie Stocchetti (Executive Director, HIFF) and Sarah Kim, producer. We want to extend our most sincere apologies for not following the proper channels with securing parking. We believed we had taken all the necessary steps and had secured appropriate access to the parking lot. To emphasize this, we ensured we had done proper diligence in filing our permit and hiring DOCARE Officer Brandon Martin. We were unaware that additional permissions were needed from the Harbor Master, and we absolutely intend to rectify the situation.

Leading up to this filming shoot, our original parking plan was to use stalls at the Prince Waikiki Hotel that morning, as they helped us secure the filming space outside the valet area. However, the hotel filled up as the date got closer and no longer had capacity to service the number of vehicles we needed. I looked to see what parking was available and reached out to Elite Parking to inquire about using their spaces, but they were slow to respond. However, I connected with Mark Evenson of Pau Hana Place (808.462.7896, mark@pauhanaplace.com) on Tuesday, May 7th. Mark stated that we could park 30 vehicles in the lot from 7am-noon on Friday, use his platform area to hold cast and crew in between takes for \$350, and asked us to pay \$10/vehicle for any additional vehicles over the 30 count. At the busiest time on Friday morning, we had a total of 50 vehicles there. When we asked Mark for an invoice and W9, he said he preferred if

1

we paid via CC on the day of the filming, as that transaction would be easier for him. As this was all relatively last minute we agreed to it, as we were grateful for the use of the space. We attached the receipt for our payment of the lot for your reference. It was never mentioned or implied from Mark that we would need to connect with anyone else at the Harbor for permission to use the lot. When we filed for the permit and told them the parking plan, Corynn Musser at the film office advised that other parking in the area might require permitting, but given Mark said the lot was his we did not realize this arrangement was in violation of our permit or any other businesses.

While we are new to this process, we want to make sure we create good relationships with all filmmaking partners, including all state and city agencies. We recognize and greatly appreciate the work you do for our community, and would hope to continue working with you. Again, please accept our sincere apologies for any issues this may have caused. We are a small nonprofit organization, and the film was on an incredibly small budget with many people and places reducing costs for their time and equipment, and donating resources. We only hope to do good things to support more stories getting out into the world generated from our local creatives that support more local jobs.

Thank you for your time and consideration.

Aloha,
Ciara Lacy, (808) 375-6485
Beckie Stocchetti, HIFF Executive Director, (808) 561-4957
Sarah Kim, Producer, (213) 453-4234

Exhibit F

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

MEGHAN L. STATTIS
ADMINISTRATOR
BOATING AND OCEAN RECREATION

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
DIVISION OF BOATING AND OCEAN RECREATION

4 SAND ISLAND ACCESS ROAD
HONOLULU, HAWAII 96819

August 30, 2024

BOR-PM-0760-24

Certified Mail

7015 3010 0001 6023 9769

Blue Water Shrimp International LLC
P.O. Box 283234
Honolulu, HI 96828

**Subject: Notice of Violation of Revocable Permit No. 138 for
Encroachments and Health & Environmental Hazards**

Aloha:

On a recent visit to Ala Wai Small Boat Harbor, Division of Boating and Ocean Recreation ("DOBOR") staff observed two violations of Revocable Permit ("RP") No. 138, issued to Blue Water Shrimp International LLC ("BWSI"): (1) BWSI continues to operate outside of the designated RP Premises; and (2) BWSI has caused, permitted, or otherwise failed to address environmental contamination on the RP Premises.

BWSI was previously notified that it was encroaching on property outside of the designated RP Premises on February 9, 2024 and March 20, 2024 because the area between the first trailer (with the replica volcano on top) and the restrooms must remain clear at all times. Despite these two notices, BWSI continues to encroach on property outside of the designated RP Premises and store items for its operations between the first trailer and restrooms. Attached pictures taken on August 30, 2024 show the extent of the encroachment.

Additionally, staff discovered that a hole has been dug into the ground near the second trailer (without a volcano on top), in which a large bucket filled with kitchen grease has been placed. This is a serious health and environmental hazard that will be reported to the Department of Health. Attached pictures taken on August 30, 2024 show grease leaking onto the ground and contaminating the surrounding soil. Further, there was a large sheet metal plate covering the grease bucket in an apparent effort to keep it hidden, and staff needed to lift the sheet to reveal the full extent of the apparatus.

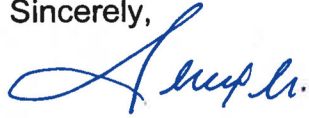
SENT VIA REGULAR AND CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Exhibit F

YOU ARE HEREBY NOTIFIED THAT for the reasons above, BWSI is in violation of RP No. 138 and that DOBOR will be bringing this matter before the Board of Land and Natural Resources for revocation of RP No. 138. Given the severity of the environmental violation, DOBOR will also be recommending that BWSI be prohibited from obtaining any leases, RPs, or permits of any type from DOBOR for a period of not less than five years.

If you would like to discuss this further, please contact our office at (808) 587-1965.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Hastings", written in a cursive style.

Alexandra Hastings
Property Manager

Enc.

Encroachments



Health & Environmental Hazards



Health & Environmental Hazards



Exhibit G

September 10, 2024, Grey Water Photos after DOH Inspection

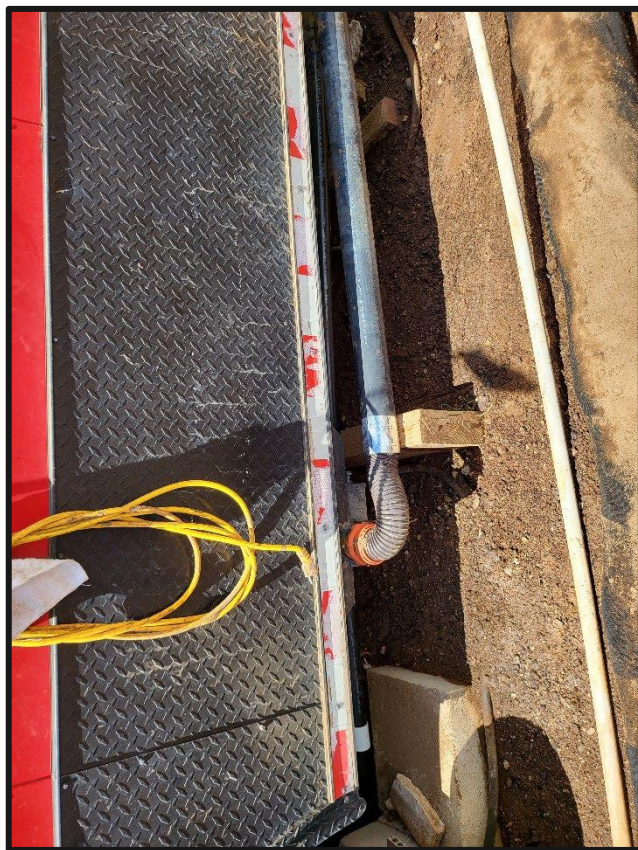


Exhibit H

September 20, 2024, New Grease Trap Photos

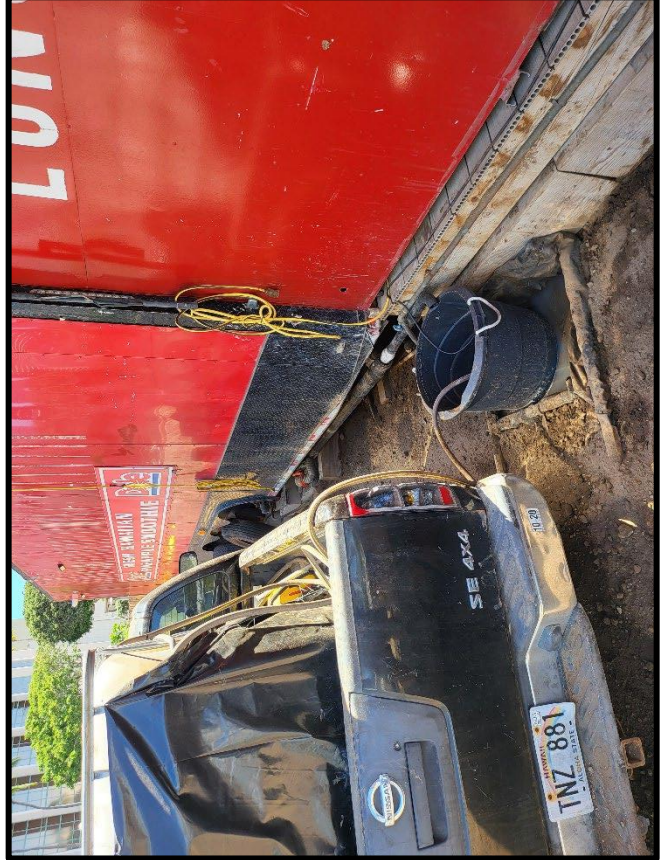
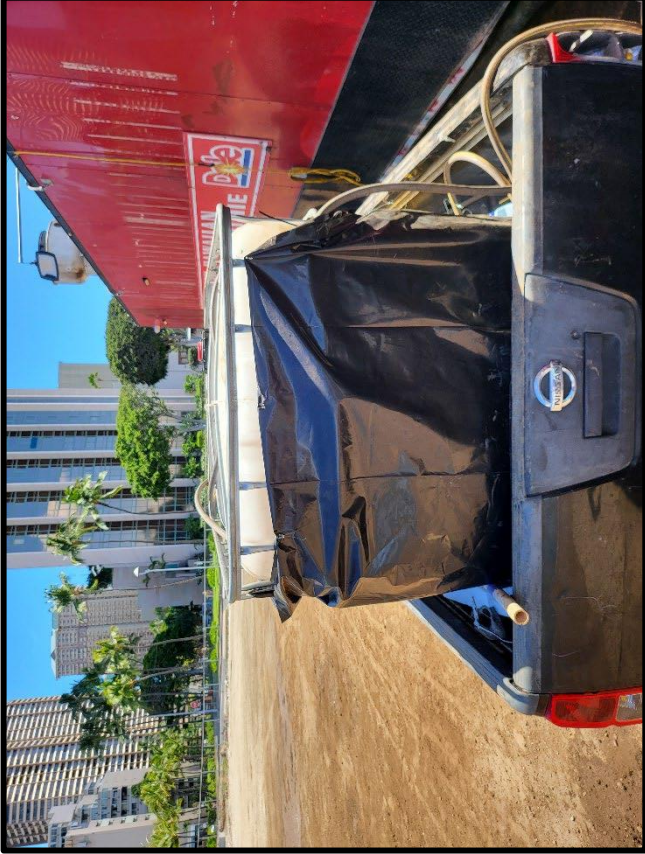
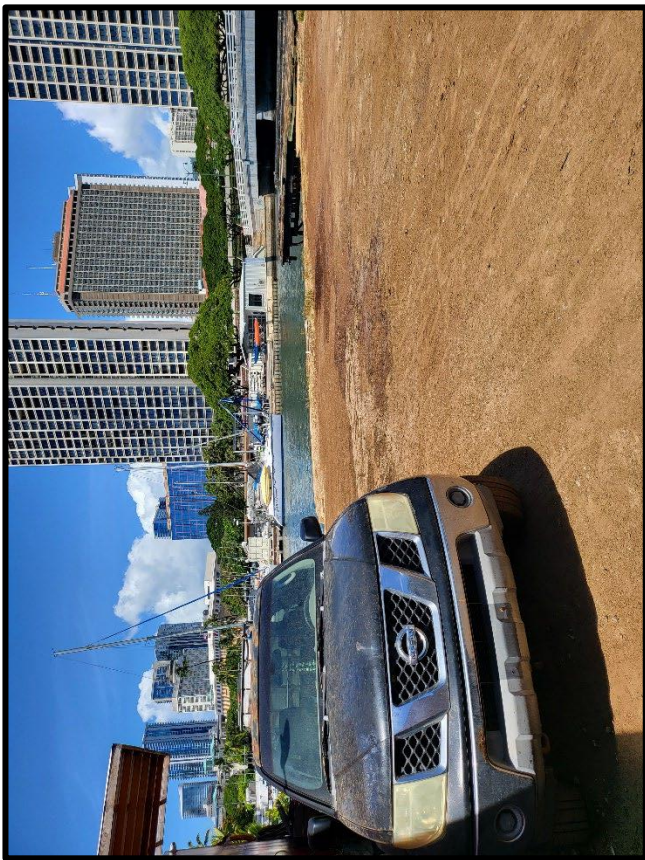


Exhibit I

September 20, 2024, Trip Hazard Photos

