

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

January 10, 2025

Ref. No.: GLS-4946
PSF: 23KD-129

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

KAUAI

Amend Prior Board Action of January 12, 2024, Item D-2, as Amended, Approval of 25-Year Term Extension of General Lease No. S-4946, Sunrise Capital, Inc., Lessee, Hanapepe, Waimea (Kona), Kauai, Tax Map Key: (4) 1-9-010:037.

In the January 12, 2024 Board action, the Board amended the staff recommendation by approving a one-year extension of General Lease No. S-4946 (GLS-4946) without requiring lessee to make any improvements to the property. The purpose of the present amendment is to change the Board's previously approved 1-year lease extension to a 25-year lease extension of GLS-4946 for lessee-financed improvements to the lease premises.

BACKGROUND:

At its meeting of January 12, 2024, Item D-2, the Board of Land and Natural Resources (Board) approved, as amended, a request for an extension of General Lease No. S-4946. The Board amended the staff recommendation by reducing the lease extension period from 25 years to one year. The Board explained that lessee may make improvements in that one-year period but was not required to do so.

Staff was directed to bring the matter back to the Board within the one-year extension period with additional appraisal information and a recommendation to address the 2020 or 2021 stock transfer lessee's representatives mentioned during the meeting, which staff had not previously been apprised of and which has not previously been presented to the Board. See attached Exhibit 1.

This submittal is only addressing the prior Board action on the lease extension period and seeks to increase it from one year to 25 years. The stock transfer and lease assignment will be addressed in a separate submittal.

APPLICANT AND REQUEST:

Sunrise Capital, Inc., a Hawaii corporation (Lessee).

Twenty-five (25) year extension based on proposed improvements to leasehold property that will be financed by the Lessee, Sunrise Capital, Inc., pursuant to Act 207, Session Laws of Hawaii 2011 and Section 171-36(b), Hawaii Revised Statutes, in the amount of approximately \$242,915.00.

In order for Lessee to fully amortize its expenditures, the Lessee is requesting a total of 25-years extension of General Lease No. S-4946. The extension shall commence on January 18, 2024, and expire on January 17, 2049 for an aggregate term of 64 years (original 15-year term plus initial 24 year extension, and requested additional 25-year extension).

TERM OF LEASE:

Original term of 15 years, commencing on January 18, 1985, and expiring on January 17, 2000.

Granted extension of 24 years commencing on January 18, 2000, and expiring on January 17, 2024.

Requested extension of 25 years commencing on January 18, 2024, and expiring on January 17, 2049. The proposed extension would increase the aggregate term of the lease to 64 years.

RENTAL REOPENINGS:

Reopenings in the original term were at the end of the 7th year and at the 14th and 21st years of the extended term. The last rental reopening occurred on January 18, 2021.

Reopenings for the extended term shall be on January 18, 2024, January 18, 2034, and January 18, 2044.

REMARKS:

Although the Lessee requested a 25-year extension of lease, the Board, at its meeting of January 12, 2024, only approved a one-year extension. The Board observed that the State could potentially collect more rent by allowing the lease to expire and then issuing a new lease for land and improvements, which would be owned by the State. The Board requested Land Division to obtain the necessary appraisals to determine both the ground rent and rent for land and improvements so that the Board could make an informed decision on the lease extension request. An appraisal report prepared by an independent appraiser establishing fair market rent provided the following market conclusions:

Valuation Opinion	Premise	Date of Value	Conclusion
Annual Ground Rent Initial 10-Year Period ⁽¹⁾	Retrospective	1/18/2024	\$21,200
Second 10-Year Period ⁽¹⁾	Prospective	1/18/2034	\$27,138
Final 5-Year Period ⁽¹⁾	Prospective	1/18/2044	\$34,739
Annual Ground Rent as Improved Initial 10-Year Period ⁽²⁾	Retrospective	1/18/2024	\$91,356
Second 10-Year Period ⁽²⁾	Prospective	1/18/2034	\$122,775
Final 5-Year Period ⁽²⁾	Prospective	1/18/2044	\$164,999
(1) Calculated rent based on a 2.50% annual escalation rate of proposed lease extension.			
(2) Calculated rent based on a 3.00% annual escalation rate of proposed lease extension.			

The one-year lease extension that the Board approved at its January 12, 2024 meeting has not been documented. Staff submitted a request to the Department of the Attorney General to prepare the one-year extension, but the request was returned unprocessed. Staff understands that to be effective under Section 171-36, HRS, a lease extension must involve substantial improvements made with lessee's own funds or with lender financing, which was not a requirement of the Board's prior action.

In order to be consistent with Section 171-36, HRS, staff seeks an amendment of the Board's amended actions on January 12, 2024 to approve a 25-year extension of General Lease 4946 for Lessee-financed improvements. As stated in the January 12, 2024 Board submittal, Lessee has made substantial repairs and improvements to the premises in the course of the lease. The structure on the property is well maintained and in good condition. The Lessee also plans on spending an additional \$240,000.00 for additional proposed improvements involving major renovations to the exterior and interior of the building. The lease rent for the extension period shall be based on land only as is the standard practice for lease extensions and consistent with applicable law.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of January 12, 2024, under agenda Item D-2, by:
 - a. Revising the ANNUAL RENT section on page 2 of the prior Board action to read as follows:

Current rent is \$20,240.00 annually. Lease reopening fair market annual rent for land determined by independent appraiser, procured by the State pursuant to Section 171-17(b), HRS, but paid for by applicant, Sunrise Capital, Inc. shall be as follows: Annual Ground Rent for the rental reopening ten (10) year period as of 1/18/2024 shall be in the amount of \$21,200 per annum; Rent for the next ten (10)

year rent-reopening period as of 1/18/2034 shall be in the amount of \$27,138 per annum; and Rent for the final five (5) years rental reopening as of 1/18/2044 shall be in the amount of \$34,739 per annum.

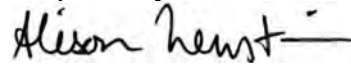
b. Inserting a new recommendation 2 to read as follows:

2. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize a 25-year extension of General Lease No. S-4946 to Sunrise Capital, Inc. 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 current lease document 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.

2. Except as amended hereby, all terms and conditions listed in the Board's January 12, 2024 approval shall remain the same.

Respectfully Submitted,



Alison Neustein
Kauai District Land Agent

APPROVED FOR SUBMITTAL:



Dawn N.S. Chang, Chairperson

RT

AMENDED

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

January 12, 2024

Ref. No.: GLS-4946

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

KAUAI

Approval of 25-Year Term Extension of General Lease No. S-4946, Sunrise Capital, Inc., Lessee,
For Lessee-Financed Substantial Improvements to Lease for Business Purposes, Hanapepe, Waimea
(Kona), Kauai, Tax Map Key: (4) 1-9-010:037.

APPLICANT AND REQUEST:

Sunrise Capital, Inc., a Hawaii corporation (Lessee).

Twenty-five (25) year extension based on proposed improvements to leasehold property that will be financed by the Lessee, Sunrise Capital, Inc., pursuant to Act 207, Session Laws of Hawaii 2011 and Section 171-36(b), Hawaii Revised Statutes, in the amount of approximately \$242,915.00.

In order for Lessee to fully amortize its expenditures, the Lessee is requesting a 25-year extension of General Lease No. S-4946. The extension shall commence on January 18, 2024, and expire on January 17, 2049 for an aggregate term of 64 years (original 15 year term plus initial 24 year extension and requested 25-year extension).

LEGAL REFERENCE:

Section 171-36 and other relevant sections of Chapter 171, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands identified as Lots 53 and 54A, Hanapepe Town Lots, 1st Series, Hanapepe, Waimea (Kona), Kauai, Tax Map Key (TMK): (4) 1-9-010:037, as shown on the attached map labeled Exhibit A.

AREA:

as amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
January 12, 2024 KH

0.387 acre, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES ___ NO x

CHARACTER OF USE:

Business purposes.

TERM OF LEASE:

Original term of 15 years, commencing on January 18, 1985, and expiring on January 17, 2000.

Granted extension of 24 years commencing on January 18, 2000, and expiring on January 17, 2024.

Requested extension of 25 years commencing on January 18, 2024, and expiring on January 17, 2049. The proposed extension would change the aggregate term of the lease to 64 years.

ANNUAL RENTAL:

Current rent is \$20,240.00 annually.

RENTAL REOPENINGS:

Reopenings in the original term were at the end of the 7th year and at the 14th and 21st years of the extended term. The last rental reopening occurred on January 18, 2021.

Reopenings for the extended term shall be on January 18, 2024, January 18, 2034, and January 18, 2044.

PROPOSED IMPROVEMENTS:

The Lessee proposes to upgrade the cold storage and office building that are currently onsite. Lessee plans on investing approximately \$90,000.00 for the replacement of equipment and furnishings fixed and a part of the processing facility on the property (cold storage building), including replacement of the built-in refrigeration unit and replacement of the blast freezer compressing and condensing unit; \$10,000.00 to build a new noise partition to accommodate the built-in freezer unit in the cold storage area; and \$150,000.00 in renovations to the roof at a total approximate cost of \$242,915.00. It should be noted

that these refrigeration and freezer units are fixed to the property and will be considered permanent fixtures upon termination of the lease and at the option of the Lessor, remain and become property of the Lessor or shall be removed by the Lessee at the Lessee's sole cost and expense. Lessee and their counsel (Craig Wagnild and his associate Mac Blanchard with the firm Lung Rose Voss & Wagnild in Honolulu) have reviewed these terms and are aware that these improvements will be permanent fixtures and become part of the realty subject to the option of Lessor to require removal as discussed above. Staff is including a recommendation below with language regarding the treatment of this equipment as permanent fixtures (as opposed to trade fixtures) be expressly included in the lease.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-16 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to General Exemption Type 1, that 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." The proposed improvements to the existing structures on the lease premises and the extension of the lease for the same use as existing (business purposes) are de minimis actions that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

DCCA VERIFICATION:

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

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1. Complete approximately \$240,000.00 worth of improvements to the lease premises by January 18, 2028, and provide the Kauai District Land Office (KDLO) with copies of receipts for the improvements made. See plans and estimates attached as Exhibit B.

REMARKS:

The subject parcel was originally approved by the Board of Land and Natural Resources (Board), at its meeting of August 24, 1962, for sale of a lease at public auction where the

successful bidder was Mrs. Tokiwa Shimonishi. Mrs. Shimonishi was thereafter issued General Lease (GL) No. S-3734 for a term of 20 years, from February 25, 1963, to February 24, 1983.

At its meeting of December 3, 1982, under item F-9, the Board approved the sale of a new lease of the parcels at public auction where the successful bidder was Glenn Aquiza. GL No. S-4946 was thereafter issued to Mr. Aquiza for business purposes for a term of 15 years from January 18, 1985, to January 17, 2000.

At its meeting of May 28, 1993, under item F-1-a, the Board consented to the assignment of GL-4946 from Glenn Aquiza to Moana Lois Kinimaka.

At its meeting of June 25, 1993, under item F-10, the Board approved the 15-year extension of lease term and consent to mortgage. This was necessary to repair damage that was caused by Hurricane Iniki in September 1992.

At its meeting of April 28, 2000, under item D-24, the Board consented to the assignment of GL-4946 from Moana Lois Kinimaka to Controlled Environment Aquaculture Technology (CeaTech).

CeaTech and its affiliated entities filed voluntary bankruptcy petitions under the Bankruptcy Code on March 22, 2005. Thereafter, pursuant to an Asset Purchase Agreement, dated June 2005, as approved by the Bankruptcy Court, Sunrise Capital, Inc. (Sunrise) acquired the operating assets of the CeaTech entities, including the rights under GL S-4946.

At its meeting of July 22, 2005, under item D-2, the Board consented to the assignment of GL-4946 to Sunrise Capital, Inc. As of June 30, 2006, Sunrise and Kona Bay Marine Resources, Inc (another aquaculture company) were merged in a transaction that was also formally approved and consented to by the Board at its meeting of June 23, 2006, under item D-10.

At its meeting of August 28, 2009, under item D-2, the Board consented to a stock transfer and control in Sunrise Capital, Inc. to Integrated Aquaculture Hawaii, LLC.

At its meeting of December 8, 2017, under item D-1, the Board consented after-the-fact to a merger of Integrated Aquaculture Hawaii, LLC with and into Integrated Aquaculture International, LLC as well as a 51% stock transfer from Sunrise Capital, Inc. and Integrated Aquaculture International, LLC to Hendrix Genetics USA LLC.

Sunrise develops and produces special genetic lines of specific-pathogen-free (SPF) Pacific white shrimp for sale as brood stock to shrimp growers around the world (mostly in Asia). Sunrise owns and operates extensive aquaculture facilities on Kauai and is the principal tenant at the Department of Agriculture's (DOA) Kekaha Agricultural Park where the company's farm and aquaculture ponds are located. The Lessee's current lease is set to expire on January 18, 2024 and Lessee is requesting a 25-year extension pursuant to Section 171-36(b), HRS, in order to amortize the cost of improvements to the property. These improvements involve major renovations to the exterior and interior of the building including \$90,000.00 for the replacement of equipment and furnishings fixed and a part of the processing facility on the property (cold storage), including replacement of the built-in refrigeration unit and replacement of the blast freezer compressing and condensing unit; \$10,000.00 to build a new noise partition to accommodate the built-in freezer unit in the cold storage section of the building and \$150,000.00 in renovations to the roof at a cost of approximately \$242,915.00. The built-in refrigeration and freezer units are attached fixtures that will be considered

permanent fixtures of the building(s). An appraisal evaluation performed by Curtis J. Bedwell, a certified appraiser, has determined that the economic life of the improvements will exceed the 25- year lease extension period necessary to amortize the improvements. See appraisal letter attached as Exhibit C. Staff is recommending an additional condition be included in the to provide that if Sunrise shall fail to comply with the January 18, 2028 improvement completion deadline, the lease extension approval shall be automatically rescinded and the lease extension, if executed, shall be deemed void *ab initio*.

Staff additionally notes that Sunrise has made substantial repairs and improvements to the premises in the course of the lease. The structure on the property is well maintained and in good condition. See property inspection dated December 6, 2023, attached as Exhibit D. The Lessee also plans on spending an additional \$30,000.00 to paint the exterior of the building as part of their regular maintenance. Such maintenance demonstrates the Lessee's continuing efforts to keep the building in good order and repair.

Pursuant to Act 90 Session Laws of Hawaii 2003, General Lease No. S-5367 for the hatchery facility was transferred by the Board to DOA via Executive Order No. 4259 dated January 6, 2009. Sunrise holds a 20-year license agreement from the Agribusiness Development Corporation (ADC) for expansion of the Sunrise's aquaculture operations. The permit for the operation and maintenance of the existing water transportation system and the taking of water from Kokee and Kekaha ditches was transferred from DLNR to ADC.

It should also be noted that Sunrise not only leases the subject premises under GL S-4946, but they also hold RP S-7256 for abutting State parcels (4) 1-9-010: 034, 035 and 038 for various parking/storage facilities in Hanapepe.

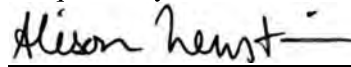
RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed improvements and lease extensions 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. Subject to Sunrise fulfilling the Applicant requirements listed above, approve a 25-Year Term Extension of General Lease No. S-4946, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current lease extension form, as may be amended from time to time; provided that the lease shall also incorporate conditions B and C below;
 - B. Sunrise shall complete its proposed improvements of approximately \$240,000.00 by January 18, 2028, and submit to Land Division staff receipts verifying payment for the improvements. In the event Sunrise shall fail to comply with the January 18, 2028 improvement completion deadline, the lease extension approval shall be automatically rescinded and the lease

extension, if executed, shall be deemed void *ab initio*. Sunrise would then need to immediately vacate the premises, and Land Division would apply the performance bond under the lease to any other outstanding obligations or liabilities of Sunrise under the lease;

- C. The proposed improvements including, without limitation, the replacement of the built-in refrigeration unit and replacement of the blast freezer compressing and condensing unit, new noise partition to accommodate the built-in freezer unit as well as renovations to the roof will become permanent fixtures and part of the realty and part of the lease premises under the lease extension document;
- D. Review and approval by the Department of the Attorney General; and
- E. Such other conditions as may be prescribed by the Chairperson, which are in the best interests of the State.

Respectfully Submitted,



Alison Neustein
Kauai District Land Agent

APPROVED FOR SUBMITTAL:



Dawn N.S. Chang, Chairperson

RT

Land Board Meeting: January 12, 2024; D-2: Approved as amended.

Approved as amended. The Board amended the staff recommendation by reducing the lease extension period from 25 years to one year. Lessee may make improvements in that period but is not required to do so. Staff is directed to bring the matter back to the Board within the one-year extension period with additional appraisal information and a recommendation to address the 2020 or 2021 stock transfer lessee's representatives mentioned during the meeting, which staff had not previously been appraised of and which has not previously been presented to the Board.



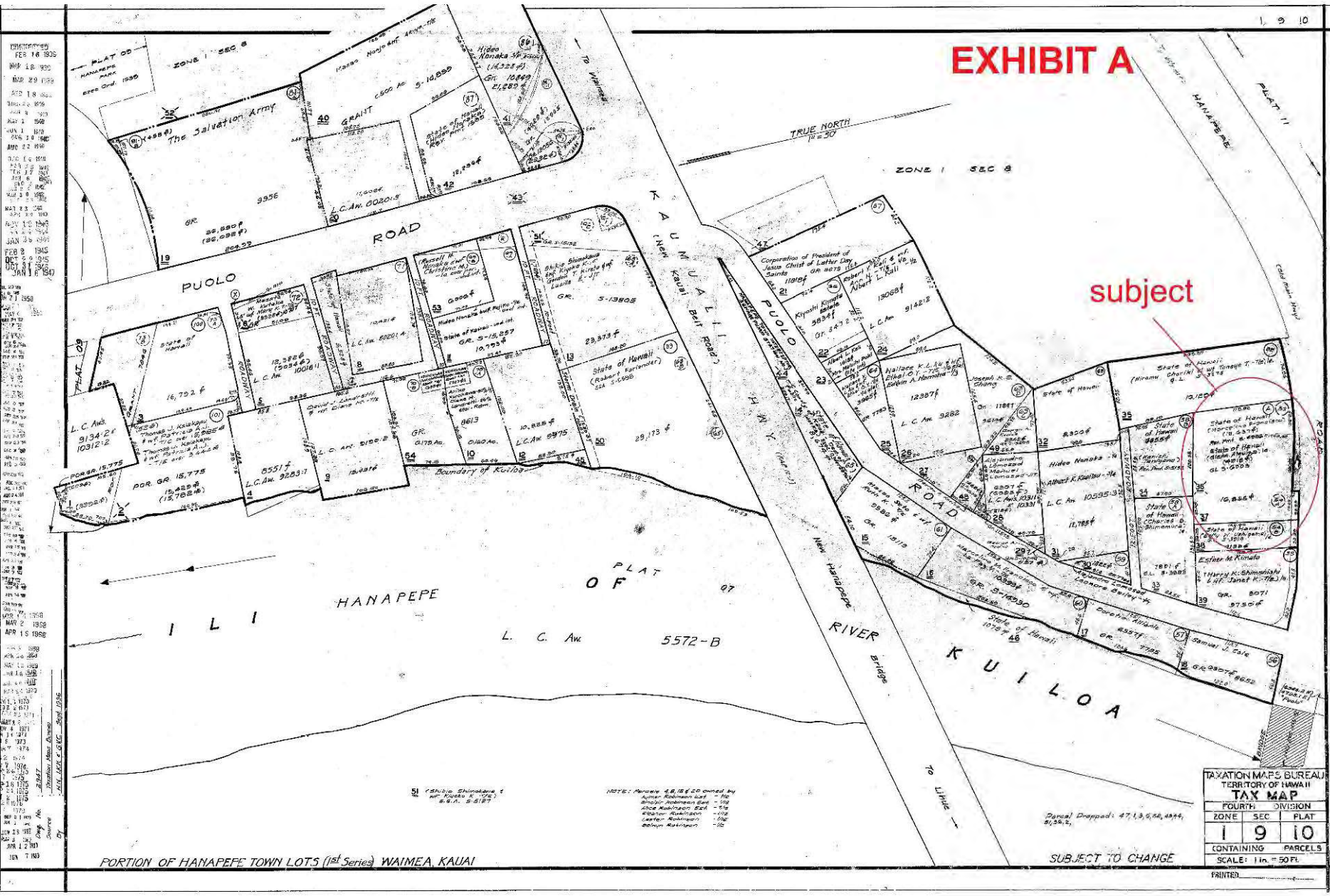
subject



EXHIBIT A

EXHIBIT A

subject



1930
 FEB 16 1930
 MAR 18 1930
 MAY 29 1930
 SEP 18 1930
 NOV 2 1930
 DEC 1 1930
 JAN 1 1931
 FEB 1 1931
 MAR 1 1931
 APR 1 1931
 MAY 1 1931
 JUN 1 1931
 JUL 1 1931
 AUG 1 1931
 SEP 1 1931
 OCT 1 1931
 NOV 1 1931
 DEC 1 1931
 1932
 1933
 1934
 1935
 1936
 1937
 1938
 1939
 1940
 1941
 1942
 1943
 1944
 1945
 1946
 1947
 1948
 1949
 1950
 1951
 1952
 1953
 1954
 1955
 1956
 1957
 1958
 1959
 1960
 1961
 1962
 1963
 1964
 1965
 1966
 1967
 1968
 1969
 1970
 1971
 1972
 1973
 1974
 1975
 1976
 1977
 1978
 1979
 1980
 1981
 1982
 1983
 1984
 1985
 1986
 1987
 1988
 1989
 1990
 1991
 1992
 1993
 1994
 1995
 1996
 1997
 1998
 1999
 2000

1930
 MAR 2 1930
 APR 15 1930
 1931
 1932
 1933
 1934
 1935
 1936
 1937
 1938
 1939
 1940
 1941
 1942
 1943
 1944
 1945
 1946
 1947
 1948
 1949
 1950
 1951
 1952
 1953
 1954
 1955
 1956
 1957
 1958
 1959
 1960
 1961
 1962
 1963
 1964
 1965
 1966
 1967
 1968
 1969
 1970
 1971
 1972
 1973
 1974
 1975
 1976
 1977
 1978
 1979
 1980
 1981
 1982
 1983
 1984
 1985
 1986
 1987
 1988
 1989
 1990
 1991
 1992
 1993
 1994
 1995
 1996
 1997
 1998
 1999
 2000

PORTION OF HANAPEPE TOWN LOTS (1st Series) WAIMEA, KAUAI

1930
 1931
 1932
 1933
 1934
 1935
 1936
 1937
 1938
 1939
 1940
 1941
 1942
 1943
 1944
 1945
 1946
 1947
 1948
 1949
 1950
 1951
 1952
 1953
 1954
 1955
 1956
 1957
 1958
 1959
 1960
 1961
 1962
 1963
 1964
 1965
 1966
 1967
 1968
 1969
 1970
 1971
 1972
 1973
 1974
 1975
 1976
 1977
 1978
 1979
 1980
 1981
 1982
 1983
 1984
 1985
 1986
 1987
 1988
 1989
 1990
 1991
 1992
 1993
 1994
 1995
 1996
 1997
 1998
 1999
 2000

NOTE: Areas 4, 8, 12 & 20 owned by
 James Robinson Ltd. C. 1910
 1911
 1912
 1913
 1914
 1915
 1916
 1917
 1918
 1919
 1920
 1921
 1922
 1923
 1924
 1925
 1926
 1927
 1928
 1929
 1930
 1931
 1932
 1933
 1934
 1935
 1936
 1937
 1938
 1939
 1940
 1941
 1942
 1943
 1944
 1945
 1946
 1947
 1948
 1949
 1950
 1951
 1952
 1953
 1954
 1955
 1956
 1957
 1958
 1959
 1960
 1961
 1962
 1963
 1964
 1965
 1966
 1967
 1968
 1969
 1970
 1971
 1972
 1973
 1974
 1975
 1976
 1977
 1978
 1979
 1980
 1981
 1982
 1983
 1984
 1985
 1986
 1987
 1988
 1989
 1990
 1991
 1992
 1993
 1994
 1995
 1996
 1997
 1998
 1999
 2000

Partial Dropped: 47, 13, 5, 20, 43, 44, 51, 54, 55

TAXATION MAPS BUREAU			
TERRITORY OF HAWAII			
TAX MAP			
FOURTH DIVISION			
ZONE	SEC	PLAT	
1	9	10	
CONTAINING		PARCELS	
SCALE: 1 in. = 50 FT.			
PRINTED			

SUBJECT TO CHANGE



Conscientious Builders, Old Building Specialists,
Structure Movers, Crane Services

dba Structure Movers Hawaii
and Kauai Crane Services

Contractor’s License Number BC-20520

P R O P O S A L No.55828

TO:	Kauai Shrimp – Attn: Grant	PHONE: 808-639-8843
ADDRESS:	6180 Koolau Rd. Moloa’a	EMAIL: grant.kunishima@konabayshrimp
DATE:	December 6, 2023	PREPARED BY: Adam Jaramillo
RE:	Replace Metal Roofing – Add Covering 32’x40’	

Structure Movers Hawaii/Kikiaola Construction (“SMH”) is pleased to submit the following proposal to:

Metal Roof:	\$118,828.26
- Replace Metal Roof – 8,400 sq ft.	
o Maunakea White, 24 gauge	
Covered Structure:	\$37,894.94
- Build Covered Area – 1280 sq ft.	
o Use matching roof Maunakea White, 24 gauge	
 GE TAX	 \$7,381.66
Total	\$164,104.86

Terms and Conditions:

1. Payment 100% down and remainder due at completion of job.
2. General Excise Tax (GE Tax) is included in quoted Total Minimum Fee. If any additional work is needed, then GE Tax will be added to the additional work at 4.712%.
3. If using credit card, a 4% charge will be added to the total of contract including GE Tax.
4. Permits if required provided by others
5. This Proposal is good for 30 days from date of submittal. After the 30 days please contact us to confirm price.
6. Due to nature of work not responsible for landscaping or utility damage.

INSURANCE: We provide the following:

- General Liability \$1,000,000.00 each occurrence / \$2,000,000.00 General Aggregate
- Automobile Liability \$1,000,000.00
- Workers Comp \$1,000,000.00
- Umbrella Not Provided
- Riggers Coverage (Hook Insurance) \$100,000.00 per item released to Kikiaola Construction Company, Ltd. (\$2,500.00 deductible) **when Kikiaola Construction Company, Ltd. supply's Rigging Equipment based on Manufacturers Rigging Requirements, Riggers, and Signal Persons**

Certificates of Insurance are available upon request. Allow up to two (2) working days for the issuance of certificates.

If additional insurance is required it will be paid for by others.

Purchaser of these services shall provide Kikiaola with schedule dates and job duration as soon as readily available. Kikiaola cannot guarantee specific availability if dates or duration change.

Thank you for considering our services.

Kikiaola Construction Company, Limited



12/06/2023

Adam Jaramillo

Date

Business Development Manager
(808) 338-0021
adam@kikiaolaconstruction.com

Accepted By

Signature

Date

Print Name

Company

Title



Rutan Refrigeration and Air Conditioning

2045 Lauwiliwili Street Suite 202 | Kapolei, HI 96707
 808-800-1555 | rutanref@hawaiiantel.net | www.rutanrefrigeration.com

RECIPIENT:
Kauai Shrimp

PO Box 1282
 Kekaha, HI 96752

SERVICE ADDRESS:

3630 Hanapepe Rd
 Andy 639-8257
 Hanapepe, HI 96716

Quote #10356

Sent on 05/13/2022

Total \$134,891.59

PRODUCT / SERVICE	DESCRIPTION	QTY.	UNIT PRICE	TOTAL
Services Performed	<p>Proposed Job: Replacement of Hussmann 3 Walk-In Systems: Evaporator & Condensing Units</p> <p>This version replaces prior one. Added shipping and handling estimate.</p> <p>Site Contact: 808 639 8257 Andy Job #: 247119 (Mike)</p> <p>[Condensing Units] Model #: K0X-D6K Serial #: 200006K014/200006K015/200003K005</p> <p>[Evaporator Units] Model #: GAH-56-340 ABT Serial #: illegible</p> <p>We hereby submit our proposal to replace systems:</p>	1	\$0.00	\$0.00
Condensing Units	Med Temp Condensing Units HDSD-0750MSKFF-D	3	\$15,993.64	\$47,980.92
Evaporator Units	Evaporator Unit GHD66A-410SDA-D	6	\$5,947.60	\$35,685.60
Brazing	Brazing materials	20	\$55.00	\$1,100.00
Nitrogen	Nitrogen	3	\$55.00	\$165.00
Recovery Tool use	Recover refrigerant/Vacuum pump	3	\$50.00	\$150.00
Refrigerant	As needed - (Estimate)	200	\$70.00	\$14,000.00
	If flushing is needed due to burnt oil extra charges will apply.			
Crane/Forklift	Grade All Forklift (3 Days)	1	\$4,000.00	\$4,000.00
Materials	Miscellaneous Materials	1	\$2,000.00	\$2,000.00



Rutan Refrigeration and Air Conditioning

2045 Lauwiliwili Street Suite 202 | Kapolei, HI 96707
 808-800-1555 | rutanref@hawaiiantel.net | www.rutanrefrigeration.com

PRODUCT / SERVICE	DESCRIPTION	QTY.	UNIT PRICE	TOTAL
Labor Day	Flat Rate	20	\$960.00	\$19,200.00
Shipping/Handling	Shipping and Handling, estimate	1	\$4,000.00	\$4,000.00
Disposal	Disposal	1	\$540.00	\$540.00
Note Credit Card Fee	3% non-refundable service fee for paying with credit card.	1	\$0.00	\$0.00
Notes	If required permits, electrical power to unit, painting, sheetrock, tiling, ceiling repair, roofing and trades beyond our license are not included.			
Note Access	Adequate access and room to service, repair, and install equipment(s) to be provided by customer. In some cases doors may need to be expanded, ceilings opened up, furniture relocated and/or trusses removed. Rutan Refrigeration does not perform this work. Proof of access may be required prior to work. If no platform is available in the attic to service the equipment Rutan Refrigeration is not responsible for ceiling damage. Rutan Refrigeration is not responsible for moving or covering objects, furniture, clothing, etc. nor any damages that may be incurred during service due to this.			
Note Diagnostics	This proposal does not include the diagnostics service call or previous work already made. That would be billed separately.			

A deposit of \$67,445.80 will be required to begin.

Terms & Conditions:

The purchaser agrees to the above and to remit 50% down payment at time of signing of this agreement with the balance of 50% due upon completion. For Credit Card payments a non-refundable service fee of 3% of the total transaction amount will be applied. Until full payment has been made, the title of merchandise delivered to you shall remain in the name of Rutan Refrigeration. Consignee shall be responsible for any loss or damage from fire, theft, negligence or otherwise upon commencement of installation. Any warranty on equipment or parts shall be limited to that provided by the manufacturer. If required permits, electrical power to unit, painting, sheetrock, tiling, ceiling repair, roofing and trades beyond our license are

Subtotal	\$128,821.52
Kauai GET (4.712%)	\$6,070.07
Total	\$134,891.59



Rutan Refrigeration and Air Conditioning

2045 Lauwiliwili Street Suite 202 | Kapolei, HI 96707
808-800-1555 | rutanref@hawaiiantel.net | www.rutanrefrigeration.com

Notes Continued...

not included in proposed job. Job cancellations or re-schedules within 24 hours of the scheduled appointment are subject to a \$60 cancellation fee.

Purchaser is responsible for providing adequate room and access to equipment, including, but not limited to moving furniture, televisions, plants, curtains, shelving etc. Rutan Refrigeration is not responsible for moving objects and damages that may be incurred during service due to this.

Over time systems naturally erode from being exposed to their environments and through wear and tear of being regularly used and worked on. This includes, but are not limited to, rust, brittleness, and corrosion. In the process of performing work on said system, Rutan Refrigeration is not liable for any damages, or sub-damages that occur due to these factors.

All clients on-site that the technician(s) may come into contact with are required to wear a mask at all times or, if due to medical conditions, practice social distancing of a minimum of 6 feet.

Signature: _____ Date: _____

APPRAISAL REPORT

SUNRISE CAPITAL

3630 Hanapepe Road
Hanapepe, Hawaii 96716



PREPARED FOR

Mike Turner
Sunrise Capital Inc.
PO Box 1282
Kekaha, HI 96752

Kauai Valuation File No: K230113



Kauai Valuation
Appraisal & Real Estate Solutions

P.O. BOX 1330
KOLOA, HI 96756



KAUAI VALUATION
P.O. Box 1330
Koloa, HI 96756
+1 +1 (808) 755-5883

May 18, 2023

Mike Turner
Sunrise Capital Inc.
PO Box 1282
Kekaha, HI 96752

RE: Sunrise Capital
3630 Hanapepe Road
Hanapepe, Hawaii 96716

Kauai Valuation File No: K230113

Mr. Turner:

Kauai Valuation is pleased to present the appraisal that satisfies the agreed upon scope of work with Sunrise Capital Inc. The subject property is a 6,620 SF Commercial Building on a site totaling 16,855 SF located in Hanapepe, Kauai County, Hawaii. The purpose of this appraisal is to determine the as-is building value of the subject property to facilitate rent renegotiations with the State of Hawaii.

The following table conveys the final opinion of value that is developed within this appraisal report:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	INTEREST APPRAISED	DATE	VALUE
As-Is Building Value	Leasehold	May 16, 2023	\$1,100,000

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), and the appraisal guidelines of Sunrise Capital Inc..

Extraordinary Assumptions / Hypothetical Conditions

No Extraordinary Assumptions or Hypothetical Conditions were made for this assignment.

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

Sincerely,

KAUAI VALUATION

Curtis J. Bedwell, MAI
Certified General Real Estate Appraiser
State of Hawaii License No. CGA-1007
Expiration Date 12/31/2023
(808) 755-5883
curtisbedwell@gmail.com

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Name	Kauai Shrimp
Property	Commercial -
Address	3630 Hanapepe Road
City, State Zip	Hanapepe, Hawaii 96716
County	Kauai County
Market / Submarket	Kauai / West Kauai
Geocode	21.910259,-159.591257
Census Tract	15-007-040800

SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	4-1-9-10-37	
Land Area	Square Feet	Acres
Usable	16,855	0.39
Total	16,855	0.39
Zoning	T4 Village Center/Flex - West Kauai (T4VC/F-WK)	
Shape	Generally Rectangular	
Topography	Level at street grade	
Flood Zone	Zone X (Shaded) & Zone AE	
Seismic Zone	Medium Risk	

IMPROVEMENT DESCRIPTION

Net Rentable Area (NRA)	6,620
Gross Building Area (GBA)	6,620
Ground Floor SF	6,620
Total Buildings	2
Floors	1
Year Built	1938 - 2001
Actual Age	32 Years
Effective Age	22 Years
Economic Life	50 Years
Remaining Useful Life	28 Years
Land To Building Ratio	2.55 : 1
Site Coverage Ratio	39.3%

QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Above Average
Building Condition	Average

VALUE CONCLUSION

VALUATION SCENARIOS

AS-IS BUILDING VALUE

Interest	Leasehold
Date	May 16, 2023
FINAL VALUE CONCLUSION	\$1,100,000

IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

OVERVIEW

Property Type	Commercial -
Net Rentable Area (NRA)	6,620
Gross Building Area (GBA)	6,620
Total Buildings	2
Floors	1
Year Built	1938 - 2001
Age/Life Analysis	
Actual Age	32
Effective Age	22
Economic Life	50
Remaining Useful Life	28
Overall Building Quality	Above Average
Overall Building Condition	Average
Overall Building Appeal	Average
Land to Building Ratio	2.55 : 1
Site Coverage Ratio	39.28% (Based On Total Overall Site Area)

COMPONENT DESCRIPTION

Foundation	Concrete slab
Exterior Walls/Framing	Masonry, Wood siding
Roof	Metal
Heating & AC (HVAC)	HVAC and Cold Storage Refrigeration
Insulation	Assumed to be standard and to code for both walls and ceilings
Lighting	Fluorescent
Electrical	Assumed adequate and to code
Interior Walls	Drywall in offices, insulated panels —
Doors and Windows	Standard windows and doors, cold storage doors
Ceilings	Drywall
Plumbing	Standard plumbing for a commercial building with two multi-user restrooms in the office area
Floor Covering	Concrete

Functional Design	The building features a functional design with typical site coverage and adequate off-street parking.
ADA Comment	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
Hazardous Materials	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

INSPECTION REPORT
Commercial/Industrial/Resort/Other Business

General Information

Document Number: GLS. 4946 or RPS _____ Character of Use Commercial
 Inspection Date: 12/6/23 Inspection Time: 1100 Land Agent: JET

TENANT INFORMATION

Name: Sunrise Capital, Inc. Home Phone: _____
 Address: PO Box 1282 Business Phone: 338-0331
Kekaha HI 96752 Fax: _____
 Contact Person: Chris Bryant Contact Phone: _____

SITE INFORMATION

TMK: (4)-1-9-010:037 Area: 0.387 acres
 Site Address: 3630 Hanapepe Rd.
Hanapepe HI 96716

FISCAL INFORMATION

ITEM	N/A	CURRENT= COMPLIANCE	DEFAULT = NON-COMPLIANCE	COMMENTS
Rent		X		
Liability Insurance		X		
Fire Insurance		X		
Bond		X		

FIELD INSPECTION RESULTS (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Subleases	X			
Improvements		X		
Premises		X		Premises well maintained + kept.
Character of Use		X		CoU in line w/ purpose

