

S & F LAND COMPANY, INC.

P.O. Box 806

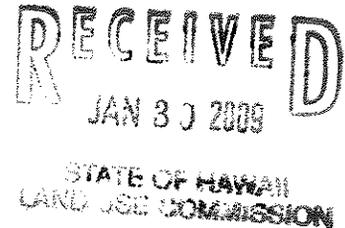
PUUNENE, MAUI, HAWAII 96784

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January 28, 2009

Anthony Ching
Executive Officer
Land Use Commission
P O Box 2359
Honolulu, HI 96804-2359



Dear Tony:

Enclosed herewith are two copies of sections 1 and 2 of the 2008 reports on General Progress and Specific Conditions of Docket #A96-717 for Central Maui Baseyard on Maui. We have concurrently copied the landowner Alexander and Baldwin, Inc. together with the others whom you have previously requested we provide copies.

Those receiving copies and the amount of copies forwarded are set forth at the bottom of the page. Should you have any questions regarding this report please advise us and we will try to respond as quickly as possible.

Sincerely yours,

A handwritten signature in black ink, appearing to be "Robert Stoner", written over a horizontal line.

Robert Stoner

RS/tlo

CC: Bob Sasaki (1)
Caroline Lorenzo- via email
Abe Mitsuda (1)
Clayton Yoshida (1)
Bill Crockett (1)

ORIGINAL

SECTION 1

**Report on General Progress of S&F Land Company, Inc.
On Docket #A96-717 for Calendar 2008**

As stated in our 2007 report, we obtained our M-2 Heavy Industrial Zoning from Maui County for lot 1-C. Lot 1-C is 9.811 acres, with SOS Metals now occupying 3.65 acres at the south end. We are currently in the midst of finalizing our grading for the remainder of lot 1-C and hope to have it available for lease in early 2009.

The entire Baseyard (lots 1A, 1B, and 1C) totals 50.46 acres of M1 Industrial and M2 Heavy Industrial zoned property. The M2 zoned property includes all of lot 1C (9.811 acres) and two locations on lot 1A (2.339 acres). This gives us a total of 12.15 acres of M2 zoned property in the entire Baseyard, with the remaining 38.31 acres zoned M1. There is a buffer area of just over 1 acre between our operation and HC&S's main cane haul road.

All the roads within 1A and 1B have been paved and the shoulders all have mature landscaping. All lots in these areas are fully improved with rock base and six foot fencing. The main roadway for lot 1C is complete. We may add one to two access roads off this road depending on the demand for the remaining acreage on lot 1C.

As reported last year all internal fire lines and potable water lines within the entire Baseyard have been completed. There is an eight-inch on site fire line with hydrants at the proper intervals to meet County requirements.

Our current tenant count is 104. This is up 9 from last year's count of 95. There are no vacant lots within lots 1A and 1B. We are currently in discussion with potential tenants for lot 1C. We hope to have lot 1C completely leased by mid 2009.

This constitutes the general progress on the subject docket during calendar year 2008.

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STATE OF HAWAII
LAND USE COMMISSION

SECTION 2

Specific Conditions of Docket #A96-717 and Progress on Said Conditions During calendar year 2008

1. Petitioner shall obtain a Community Plan Amendment and a Change in Zoning from the County of Maui. Please see paragraph #20 for additional information.

As previously reported in 2007 the Petitioner received zoning changes to our lot 1C from the County of Maui. That segment is now zoned M-2 Industrial. All zoning is now complete.

2. Petitioner shall cause to be verified that areas adjoining the former wood treatment facility site Tax Map Key 3-8-05:22, are free of soil contamination due to migration of contaminants from wood treatment activities. Petitioner and/or landowner shall ensure that future use of the wood treatment facility site complies with the hazardous waste facility closure and post closure plans for the site as approved by the State Department of Health or such other agencies as may be responsible for such approval.

As reported EPA's clean closure of this site was completed in 1998.

3. Petitioner shall consult with the State Department of Transportation (DOT) during the processing of zoning and subdivision requests for the Property. Landowner may be required to provide dedication of land for rights of way or setbacks for the widening of the Mokulele Highway, subject to the requirements of the Department of Transportation.

The second phase of Mokulele Highway expansion was completed in mid 2005. The signalized intersection and landscaping fronting our project has now been completed. We installed a 6' chain link fence for the area that was not fenced rather than the highway fencing which was significantly less secure. We also did some landscaping in conjunction with the highway improvement.

4. Petitioner shall quantify existing water use and project future demand, and shall work with the County Department of Water Supply to incorporate this project in the County Water Use and Development Plan.

All offsite water improvements and onsite improvements for the project have been completed. Meters, hydrants, and detector checks are in place for all water facilities and the construction has been completed in accordance with Department of Water Supply requirements.

5. Petitioner shall design and construct necessary on and offsite improvements to the baseyards fire protection system to meet County Department of Water Supply standards during the planned expansion of the project.

The offsite water improvements include approximately 1½ miles of 12" cast iron transmission line, and hydrants fronting the project which meet the requirements of the Department of Water Supply for fire protection for the entire project. The onsite improvements include 8" cast iron fire lines throughout with hydrants at necessary intervals to meet County requirements. The interior fire line and hydrants have been completed in their entirety.

6. Petitioner shall consult with the State Department of Health and if necessary prepare a waste water plan which shall conform to the State Department of Health's Administrative Rules, Chapter 11-62, "Wastewater Systems". Such plan will be subject to review and approval by the Department of Health.

As previously reported the Petitioner has completed septic systems as necessary for improvements which it controls. All tenants are required to provide septic systems if they install facilities requiring sewerage on their individual tenant spaces.

7. Petitioner shall require its tenants who utilize such materials to establish appropriate systems to contain spills and prevent materials associated with light industrial usage (such as petroleum products, chemicals or other pollutants) from leaching or draining into above ground or subsurface storm drainage collection areas. Petitioner will use and/or cause to be used best management practices to minimize non-point source pollution into the irrigation ditches and Pulehu Gulch. Petitioner shall consult with the State Department of Health and County of Maui, Public Works and Waste Management and obtain any permits required or construct improvements required for storm water discharge on the property.

Petitioner completed all surface drainage as described in the 2003 report. There are currently two drainage catchment areas on lot 1-C. Lot 1-C-1 which is occupied by SOS Metals has its own catchment system to keep all storm water on site. A second catchment area has been added to the northern end of lot 1-C to capture remaining runoff from the lot.

8. Petitioner shall require all tenants of the property to implement best management practices to minimize possible subsurface and ground water contamination from activities on the property. This shall include all activity including delivery, removal, storage, use and handling of industrial agents on tenant or common areas of the property.

As noted in previous reports Petitioner's lease agreements with tenants control the activity by tenants as to all industrial agents and/or hazardous materials onsite. Annual environmental audits continue and each tenant is subjected to follow up reports as to any possible improper use of hazardous materials at any time. Tenants who may use hazardous materials in their day-to-day operations must provide such information to Petitioner's environmental auditor and show compliance with all governmental requirements.

9. Petitioner shall require all tenants of the property to implement best management practices to minimize possible subsurface and ground water contamination from activities on the property. This shall include all activity including delivery, removal, storage, use and handling of industrial agents on tenant or common areas of the property.

Please see comments for #8. This requirement is identical to item #8.

10. Petitioner and/or landowner shall limit disturbance of the natural drainage features of Pulehu Gulch, and shall consult with the Army Corps of Engineers should any activity be proposed that would impact Pulehu Gulch.

To the extent that Central Maui Baseyard fronts on Pulehu Gulch the areas that have been completed for expansion are either fenced with total perimeter fencing or blocked off with major physical obstructions to limit any tenant or visitor ability to enter into or in any way modify the gulch from the Central Maui Baseyard area. Petitioner maintains perimeter fencing and blockading to assure that the gulch is not disturbed.

11. Storage and/or disposal of hazardous waste shall be approved by the applicable Federal, State, and/or County agencies prior to their establishment on the property.

No tenants at Central Maui Baseyard are allowed to store or dispose of hazardous waste onsite with the exception of automotive fluids such as motor oil, hydraulic fluid, expired batteries, etc. and paints and solvents used by painting contractors. In accordance with the present laws affecting such storage and disposal tenants are required to store any hazardous materials or the waste from such materials i.e. used motor oil in appropriate storage containers and remove them offsite for disposal under controlled conditions through the use of third parties who are in the business of such disposal activity.

12. Petitioner shall maintain a buffer of undisturbed kiawe and vegetative cover on the property along Pulehu Gulch to minimize disturbance to native bird habitat provided by Pulehu Gulch.

Please see item #10 above. The perimeter fencing and blockading of Pulehu Gulch on the side occupied by Central Maui Baseyard protects the natural environment of the gulch.

13. Petitioner shall fund and construct adequate civil defense measures as may be required by the State Civil Defense and County Civil Defense Agencies.

Our prior inquiries with these Departments indicated that no action is required, however we were advised in 2005 during the review period for the docket affecting lot 1C that the State and County might require a Civil Defense siren at the site. We have contacted the agencies and if such a siren is required we will make whatever provisions are necessary to provide for installation of siren at the site.

14. Petitioner shall cooperate with the State Department of Health and the County Department of Public Works and Waste Management to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawaii Revised Statutes.

All tenants at Central Maui Baseyard who require Solid Waste permits in the course of their activities are required to provide petitioner and landowner final drafts of documents for submittal of permit requests for approval prior to presentation of State Agency(s). Copies Solid Waste permits from the State Department of Health are to be provided to Petitioner when received by the tenant. If they are unable to obtain such permits within the statutory time provided, tenants are requested to curtail any activities requiring such permit or vacate the premises. Even though we have terminated some tenancies, we presently have four tenants with Solid Waste Permits and a fifth with a permit pending, Maui Tow and Transport, Maui Disposal, Maui Tire Recycling, and SOS Island Metals have permits. Suck Em Up Pumping is pending.

15. Petitioner shall participate in an air quality-monitoring program as determined by the State Department of Health.

There have been no problems with air quality or any requirement by DOH to monitor air quality at Central Maui Baseyard and we do not anticipate future problems of that type.

16. Petitioner shall ensure that the proposed project will not negatively impact the use of cane haul roads and irrigation ditches or otherwise interfere with continued agricultural operation of adjoining sugar cane cultivation areas.

There are no longer internal agricultural service roads within the Baseyard. Only servicing of the auwai impacts Baseyard operations. Petitioner's lease from fee landowner as well as its sub leases to tenants require that the project not negatively impact on any agricultural activities in the surrounding area.

17. Should any human burials or any historic artifacts, such as charcoal deposits, stone platforms, paving or walls be found, Petitioner shall stop work in the immediate vicinity and contact the State Historic Preservation Division (SHPD). The significance of these finds shall then be determined and approved by the SHPD, and an acceptable mitigation plan shall be approved by the SHPD. The SHPD must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E. HRS.

The entire area presently occupied by Central Maui Baseyard and its expansion area has been actively graded or disturbed during prior operations dating back to the mid 20th century or before. Central Maui Baseyard improvements have been accomplished with minimal, if any, surface grading. No indication of any burials or historical artifacts have occurred during the construction activities by Petitioner. Due to other construction by

petitioner at other project locations we are thoroughly aware of the procedures with DLNR should any burials, artifacts, or items of similar nature be encountered.

18. Petitioner shall implement effective soil erosion and dust control methods during and after construction in compliance with the rules and regulations of the State Department of Health and the County of Maui.

Petitioner has done limited if any site construction which involves excavation which would in any way cause potential soil or erosion problems. As grading materials and dust palliatives have been installed, water trucks and compaction equipment have been utilized to minimize dust problems and no soil erosion has occurred at any of these locations. The direction of progress at the Baseyard for construction improvements has been in a north to south direction thereby assuring that even minor dust which may be raised during construction activities blows over non-occupied areas presently in kiawe, vegetation, or sugar cane. Completion of final grading for lot 1-C will negate any future problems of this type.

19. Petitioner shall inform prospective tenants and shall include in all tenant license agreements language informing tenants of possible odor, noise, and dust pollution resulting from surrounding Agricultural District lands, and the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

Petitioners lease from the fee landowner as well as its leases to tenants makes it very clear both to the Petitioner and to all of the Petitioner's tenants that adjacent farming activities by the sugar industry may operate freely without being deemed a nuisance by Petitioner or its tenants

20. The property subject of the Petition will be subject to incremental redistricting and Parcel 1C totaling 11.056 acres more or less shall be withheld from formal redistricting until (a) substantial completion of improvements for parcels 1A and 1B; (b) submittal by Petitioner to Maui County for Zoning Change from agricultural to light industrial for parcel 1C; and (c) approval from the County Department of Land Use and Codes for processing of said change by the Planning Department.

As previously reported in 2007 the Commission acted favorably on our request. The Zoning Change Request have been approved by the County of Maui for that entire parcel. All of lot 1-C has been deemed M-2 Industrial zoned by the County.

21. Petitioner and/or landowner shall develop the property in substantial compliance with the representations made to the Commission and the Conditions imposed herein by the Commission. Failure to so develop the property may result in reversion of the property to its former classification, or change to a more appropriate classification.

The Petitioner has continued to expand facilities at Central Maui Baseyard as originally provided in the docket. Parcels 1A and 1B are now substantially complete with a

vacancy factor of less than 1% overall. The "all industrial" development desired by Commissioners during the testimony for the docket has been met entirely with the facility having no retail/commercial activities with the exception of limited activities associated with the construction and related industrial/tenants onsite.

22. Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust or otherwise voluntarily alter its interest in the property covered by the approved petition prior to development of the property.

There has been no change in the fee ownership or leasing entity of the property and none is contemplated at this time. We are presently over 80% developed.

23. Petitioner shall provide without any prior notice, annual reports to the Commission, the Office of Planning, and the County of Maui Planning Department in connection with the status of the subject Project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall include any supporting documentation from State and/or County agencies relating to progress in complying with said conditions. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.

This is the annual report for the calendar year 2008.

24. Within seven (7) days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner and/or landowner shall (a) record with the Bureau of Conveyances a statement that the property is subject to conditions imposed herein by the Land Use Commission in the reclassification of the property; and (b) shall file a copy of such recorded statement with the Commission.

Petitioner has previously complied in full with this condition.

25. Petitioner and/or landowner shall record the conditions imposed herein by the Commission with the Land Court of the State of Hawaii and/or the Bureau of Conveyances, as applicable, pursuant to Hawaii Administrative Rules section 15-15-92.

Petitioner has previously complied in full with this condition.

26. The Commission may fully or partially release these conditions as to all or any portion of the property upon timely motion, and upon the provisions of adequate assurance of satisfaction of these conditions by the Petitioner and/or landowner.

Petitioner has been reviewing the progress on the property with the fee landowner and its attorney and may request partial release of conditions during calendar 2009.

This completes section 2.