ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX A:

RE-SUBMITTAL OF LOWER QUARRY LANDSCAPE PLAN DATED
October 22, 2012
Exhibit 1
Proposed Post-Closure Grading Plan for the Lower Quarry
Exhibit 2
Overlay Comparison between 1969 Pre-Quarry Topography and Proposed Post-Closure Grading Plan
Exhibit 3
Site Condition After Removal of Quarry Operations
Exhibit 4
Plan and Section of Existing Landscape Buffer Along Kapolei Knolls
Exhibit 5
Plan and Section of Berm Along Farrington Highway
### Exhibit 6

**Selection of Recommended Grasses and Groundcover**

<table>
<thead>
<tr>
<th>BOTANICAL NAME</th>
<th>COMMON NAME</th>
<th>OUTPLANTING SIZE (hardened to sun and drought)</th>
<th>ESTIMATED OUTPLANTING QUANTITY PER ACRE</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cenchrus ciliaris ‘Laredo’</td>
<td>Loredo Buffelgrass</td>
<td>Un-hulled Seeds</td>
<td>10 lbs. de-hulled seeds</td>
<td>Hydroseed with bonded fiber matrix (Airtrol Geobinder) fertilizer (450 lbs. per acre, 10-30-10 + 2% iron/zinc) and mulch in one mix.</td>
</tr>
<tr>
<td>Cynodon dactylon</td>
<td>Common bermuda</td>
<td>Hulled Seeds</td>
<td>25 lbs. de-hulled seeds</td>
<td></td>
</tr>
<tr>
<td>Lolium multiflorum</td>
<td>Annual rygrass</td>
<td>Seeds</td>
<td>25 lbs. seeds</td>
<td></td>
</tr>
</tbody>
</table>

**Images:**
- **Buffelgrass**
- **Common Bermuda**
- **Annual Rye**
BEFORE (Existing)

AFTER (Removal of Shrubs at Fence)

View Location of Planted Berm

Exhibit 7
Before and After Views of the Farrington Highway Berm
BEFORE (Existing Quarry Operations)

AFTER (Re-naturalized, regraded and planted)

Exhibit 8
Before and After Views from H-1 Toward Diamond Head Crater
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

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APPENDIX B:

RE-SUBMITTAL OF SITE PLAN DATED FEBRUARY 8, 2012
L.U.O. EXISTING & PROPOSED LIGHTING

Key of Description:
- L1: Primary Flare
- L2: Primary/Flare Combination
- L3: Secondary Flare
- L4: Secondary Flare + Secondary
- L5: Secondary Flare + Combination
- L6: Secondary Flare + Combination
- L7: Primary Flare + Combination
- L8: Primary Flare + Combination
- L9: Primary Flare + Combination
- L10: Primary Flare + Combination
- L11: Equipment mød for Light
- L12: Equipment mød for Light
- L13: Equipment mød for Light
- L14: Equipment mød for Light
- L15: Equipment mød for Light
- L16: Equipment mød for Light
- L17: Equipment mød for Light
- L18: Equipment mød for Light
- L19: Equipment mød for Light
- L20: Equipment mød for Light

No Proposed Lighting on New Quarry Equipment Planned.
L.U.O. PARKING PLAN & WATER DISTRIBUTION COMMENTS

Parking Key

<table>
<thead>
<tr>
<th>Parking Lot A</th>
<th>Parking &amp; Loading Stalls</th>
<th>Aisle Width</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot B</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot C</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot D</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot E</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot F</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot G</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot H</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>Parking Lot I</td>
<td>90° Standard 8' x 8'2&quot;</td>
<td>12'</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PARKING CONSTRUCTION:
ALL PARKING AND LOADING SPACES WILL BE CONSTRUCTED OF AS-HE-MAKES-SURFACE. NO WHEEL STOP OR CURB EXCEPT FOR THE ADA SPACES WHICH WILL BE AS-MAKES-SURFACE CURB AND CURB AS REQUIRED.

WATER DISTRIBUTION COMMENTS:
OWNER IS NOT MAKING ANY CHANGES TO EXISTING PRIVATE WATER SYSTEM. THE SYSTEM IS COMPLETELY PRIVATE & NON-PORTABLE AND SHOULD NOT FALL UNDER ANY B.O.S. REQUIREMENTS.
## APPROVED HEIGHT VARIANCE
### 2011/VAR-28

**PORTION OF EQUIPMENT TALLER THAN 25' FROM LOWEST GROUND ELEVATION**

### A-ROCK FINISH PLANT EQUIPMENT

<table>
<thead>
<tr>
<th>EQUIPMENT</th>
<th>SITE'S MAX HEIGHT GREATER THAN 25'</th>
<th>MAXIMUM HEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV22a &amp; CV1a</td>
<td>725 ft.</td>
<td>30 ft.</td>
</tr>
<tr>
<td>CV20a</td>
<td>670 ft.</td>
<td>40 ft.</td>
</tr>
<tr>
<td>CV21a</td>
<td>670 ft.</td>
<td>40 ft.</td>
</tr>
<tr>
<td>CV11a &amp; CV12</td>
<td>670 ft.</td>
<td>40 ft.</td>
</tr>
<tr>
<td>CV10a &amp; CV11</td>
<td>725 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>CV29a &amp; CV28</td>
<td>10,200 ft.</td>
<td>60 ft.</td>
</tr>
<tr>
<td>CV25a</td>
<td>1,230 ft.</td>
<td>60 ft.</td>
</tr>
<tr>
<td>CV24a</td>
<td>880 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>CV23a</td>
<td>27 ft.</td>
<td>50 ft.</td>
</tr>
</tbody>
</table>

---

*Note: Scale of equipment represented here for presentation. Refer to plans for dimensions for accuracy. Heights determined at mean street down to grade.*
PERMITTED HEIGHT VARIANCE
2011/VAR-28

PORTION OF EQUIPMENT TALLER THAN 25° FROM LOWEST GROUND ELEVATION

<table>
<thead>
<tr>
<th>EQUIPMENT</th>
<th>AREA THAT HEIGHT IS GREATER THAN 25°</th>
<th>MAXIMUM HEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV11 &amp; B1</td>
<td>337 ft²</td>
<td>35 ft</td>
</tr>
<tr>
<td>CV11</td>
<td>1394 ft²</td>
<td>35 ft</td>
</tr>
<tr>
<td>CV10</td>
<td>5,696 ft²</td>
<td>35 ft</td>
</tr>
<tr>
<td>E4</td>
<td>8,088 ft²</td>
<td>35 ft</td>
</tr>
</tbody>
</table>

HORIZONTAL PLAN VIEW

COMPONENTS Laid Out Perpendicular For Illustration

ELEVATION VIEW

NOTE: EQUIPMENT REPRESENTED HERE FOR PRESENTATION
REFER TO BLUEPRINT SET FOR SPECIFIC

NOTES DETERMINED AT NEW PROGRESS TO GRADE
PORTION OF EQUIPMENT TALLER THAN 25' FROM LOWEST GROUND ELEVATION

<table>
<thead>
<tr>
<th>EQUIPMENT</th>
<th>HEIGHT THAT EXCEEDS 25'</th>
<th>VARIANCE HEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CON &amp; NO.</td>
<td>26' 5'6&quot;</td>
<td>18' 5'6&quot;</td>
</tr>
<tr>
<td>ELEVATOR PUMP</td>
<td>26' 5'6&quot;</td>
<td>18' 5'6&quot;</td>
</tr>
</tbody>
</table>

NOTE: HEIGHTS OF EQUIPMENT REPRESENTED HERE FOR REFERENCE ONLY. HEIGHTS SUBJECT TO FIELD MEASUREMENTS AND UPDATES BASED ON FIELD CONDITIONS AND GOVERNMENT REQUIREMENTS.
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX C:

LETTER FROM DPP TO GRACE PACIFIC DATED NOVEMBER 11, 2011 REGARDING DISCOVERY OF UNEXPLODED ORDNANCE (UXO)

HONOLULU FIRE DEPARTMENT MAP OF LOCATION OF UXO
November 10, 2011

Grace Pacific Corporation
Corporate Office
949 Kamokila Boulevard, Suite 100
Kapolei, Hawaii 96707

Subject: Makakilo Fire - Discovery of Munitions

Gentlemen:

During the recent brush fire event which occurred on November 8, 2011, the Honolulu Fire Department discovered old military munitions in the area of the fire. Our GIS mapping indicates that the location of the munitions was likely on your property. This letter is to inform you of the discovery and your responsibility as the owner to take any action you deem appropriate.

Should you have any questions, please contact the Honolulu Fire Department, Chief Kenneth Silva, at 723-7101.

Very truly yours,

David K. Tanoue, Director
Department of Planning and Permitting

cc: Melvin N. Kaku, DEM
Chief Kenneth G. Silva, HFD
Louise Kim McCoy, MAY
TMK OWNERSHIP:

92003074    GRACE PACIFIC CORP.
92003082    GRACE PACIFIC CORP
92003094    D.R. HORTON SCHULER HOMES LLC
92003095    D.R. HORTON SCHULER HOMES LLC

ALL DISTANCES WERE CALCULATED UTILIZING MEASURING TOOL FROM HOSES PROGRAM AND ARE APPROXIMATED DISTANCES
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX D:

LETTER FROM DPP TO BELT COLLINS DATED DECEMBER 27, 2011
REGARDING LOWER QUARRY LANDSCAPE PLAN
December 27, 2011

Mr. Glen T. Koyama, Project Manager
Belt Collins Hawaii, Ltd.
2153 North King Street, Suite 200
Honolulu, Hawaii 96819-4554

Dear Mr. Koyama:

Subject: Lower Makakilo Quarry Landscape Plan
File No. 2007/SUP-6 (Land Use Commission Docket No. SP73-147
Grace Pacific Corporation)
Tax Map Keys: 9-1-016: 004 and 007, and Portion of H-1 Interstate Highway

We have reviewed the landscape plan for the lower quarry site submitted on June 13, 2011 and have the following comment:

As the overall landscape plan, Exhibit 3 must clearly show the location and area of new planting and landscape materials. It should also indicate locations of landscape buffers and berms. The addition of clusters of native trees along portions of the sloped areas would mitigate the barren appearance of the proposed groundcover. We suggest drought tolerant native trees observed within the surrounding area. Other examples of drought tolerant native Hawaiian plants can be found at the University of Hawaii College of Tropical Agriculture and Human Resources' webpage as follows:

http://www.ctahr.hawaii.edu/mnre/native_plants_water_conservation.asp#shrubs

We understand you propose to retain the existing office and related infrastructure, utility and communication lines to support the upper quarry operations, and the existing electrical substation onsite. In addition, you propose the construction of a new driveway to the existing office. Although these uses and structures support upper quarry operations and security needs of the lower quarry site, the Land Use Commission's (LUC) Decision and Order does not provide for their continuation beyond December 31, 2012, or new construction. Unless you can produce records indicating that the LUC permitted the retention of these uses and new construction on the lower quarry, they must be removed. In the alternative, you may request an amendment to the requirements of the LUC decision. Any request to amend the LUC decision must begin at the Planning Commission and is processed as a new SUP application.
Mr. Glen T. Koyama, Project Manager
Belt Collins Hawaii, Ltd.
December 27, 2011
Page 2

You indicate that Grace Pacific is undergoing a voluntary response program in coordination with the State Department of Health’s, Hazard Evaluation and Emergency Response Office, and that affected portions of the site would be released for landscaping upon completion of response efforts. We wish to be kept apprised of on-site remediation efforts and related schedules as it may impact on the LUC’s landscaping requirements. Please note that in accordance with the LUC’s Decision and Order, landscaping of the lower quarry must be completed by November 6, 2014.

We note that a portion of the interstate highway right-of-way and a portion of the U. S. Navy property to the east were used for lower quarry operations. We suggest that these two areas also be renaturalized after removal of any improvements.

Please submit a revised landscape plan, prepared by a licensed landscape architect, addressing the above comments for review. If you have any questions, please contact Raymond Young of our staff at 768-8049.

Very truly yours,

[Signature]
David K. Tanoue, Director
Department of Planning and Permitting

cc: Land Use Commission
    Grace Pacific Corporation
    United States Department of the Navy
    Department of Transportation
    Department of Health, HEER Branch
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX E:

LETTER FROM BELT COLLINS TO DPP DATED JANUARY 10, 2012 REGARDING LOWER QUARRY LANDSCAPE PLAN
January 10, 2012
2009.33.0700 / 12L-001

Mr. David K. Tanoue, Director
Department of Planning & Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, HI 96813

Dear Mr. Tanoue:

Lower Makakilo Quarry Landscape Plan
Response to Letter 2011/ELOG-2143(ry)
File No. 2007/SUP-6 (LUC Docket No. SP73-147)

On behalf of Grace Pacific Corporation, we have reviewed your response letter dated December 27, 2011, and have the following comments specific to the landscape plan.

The document we submitted on June 13, 2011 as the Landscape Plan must be looked at in its entirety and not as solely being depicted by Exhibit 3. The entire document is the plan with respect to renaturalizing the lower quarry. The June 13, 2011 document is not intended to be a construction document, but rather a “landscape plan,” meeting Grace Pacific’s Condition 4 of Special Use Permit (Docket No. SP73-147).

However, to address your specific comment that “Exhibit 3 must clearly show the location and area of the new planting and landscape materials,” the plan does clearly show the limit of the renaturalized grassing. The limit is indicated as a dashed line on the plan and is noted as “Renaturalized Grass Mix (To Limits of Grading”).

Your comment goes on further to say the “The addition of clusters of native trees along portions of the sloped area would mitigate the barren appearance of the proposed groundcover”. We have intentionally not shown additional plants or trees within the limits as it is not the intent of Grace Pacific to renaturalize that area.

Grace Pacific has stated in the Primary Objectives of the Landscape Plan - Visual Screening, “that for the period of time that the Property has an industrial appearance, being the active quarry processing and the subsequent removal of plant and equipment, visual screening will be an important element of the Plan. As noted above, as the requirement for screening declines, the nature of the landscaping will also de-emphasize visual screening”.

Grace Pacific has indicated that the renaturalization will be in the form of re-establishing a pasture-like grass mix and not an ornamental-type landscape. Once established, the grass mix will be able to survive on seasonal rainfall alone. This is the reason why no other plants/trees were shown within the renaturalized limits, while they may already occur outside of our grading/grassing limits.
Further, Grace Pacific is concerned about creating a brush fire biomass hazard if additional trees are planted within the site. Grace Pacific has ongoing discussions with representatives of the Honolulu Fire Department about this specific issue at the upper quarry.

Your comment also says the plan “should indicate locations of landscape buffers and berms.” Exhibits 4, 5, 6, 9 and 10 do indicate that. The berms and landscape buffers already exist. Exhibits 11 and 12 show the site as from the H-1 Freeway and what the quarry will look like once renaturalized.

I trust that after you have reviewed our submittal again you will see that the entire document, which was prepared under my supervision, shows a complete plan for the landscape renaturalization of the lower quarry, “returned to landscaped open space” as Grace Pacific is required to do. The submittal was not intended to be a construction document therefore we did not provide details or specifics on the means/methods of construction.

Should you like to discuss the matter further, please contact me directly at 521-5361.

Kind regards,

BELT COLLINS HAWAII LTD.

Aaron A. Akau, ASLA CLARB
Vice President, Director of Landscape Architecture

AAA:ajk
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX F:

LETTER FROM GRACE PACIFIC TO DPP DATED FEBRUARY 1, 2012 REGARDING DESIGNATION OF KUSAO & KURAHASHI
February 1, 2012

Mr. David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii, 96813

Dear Mr. Tanoue,

This letter is to notify you that Grace Pacific Corporation is designating Keith Kurahashi of Kusao & Kurahashi, to be Grace’s point of contact for all communications with your department regarding the Makakilo Quarry use permits, Special Use Permit SP73-147 and Conditional Use Permit No. 2007/CUP-91.

Belt Collins had previously performed this function, and will continue to assist Grace Pacific and Mr. Kurahashi in preparing the necessary reports and exhibits required by the use permits.

I can be reached at 674-5201 office or 216-6787 cell, if there are any questions.

Sincerely,

Robert M. Crecps
Senior Vice President
Grace Pacific Corporation
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX G:

LETTER FROM DPP TO BELT COLLINS DATED FEBRUARY 2, 2012 REGARDING 2011 ANNUAL COMPLIANCE REPORT
February 2, 2012

Mr. Glen Koyama, Project Manager
Belt Collins Hawaii, Ltd.
2153 North King Street, Suite 200
Honolulu, Hawaii 96819-4554

Dear Mr. Koyama:

Subject: Third Annual Report and Lower Quarry Landscape Plan (Dated May 31, 2011)
Land Use Commission Docket No. SP73-147 Grace Pacific Corporation
Makakilo Quarry (Special Use Permit No. 2007/SUP-6)
Conditional Use Permit No. 2007/CUP-91

Thank you for submitting your Third Annual Report dated November 7, 2011, for the above Special Use and Conditional Use Permits. We also acknowledge receipt of additional materials submitted in your December 16, 2011 transmittal, which also notes the continuation of the 2009 Dust Control Management Plan. We provide the following responses:

Special Use Permit (SUP) Conditions:

1. Regarding Condition No. 2 which requires the submittal of a Renaturalization Plan (RP) to the Director of the Department of Planning and Permitting for review and approval, we met with representatives of Grace Pacific Corporation and its agent on May 31, 2011. The RP presented at this meeting consisted primarily of large-scale broadcasting of seeds to initiate groundcover in the buffer area. There was discussion on possibly targeting certain areas that are currently bare of vegetation based on the latest aerial imagery as an option to mass irrigation and landscaping of the buffer area. No irrigation system was planned as the agent indicated that installing an irrigation system would do more damage to the existing ground cover. As this approach is contingent of natural rainfall, we feel this approach should be given an initial trial period of two years beginning January 2012 and by December 31, 2013 we will assess the 2013 aerial imagery of the RP’s level of success. Should the aerial imagery clearly show that this approach appears unsuccessful, your approach may need to be revised and possibly include supplemental on-site irrigation in select areas. Enclosed is a
map indicating the portions of the buffer area that appear to have the most immediate need for renaturalization.

2. We also note that a November 2011 brush fire has burned about 100 acres of plant material in or around the site and suggest that any areas on site affected by fire be addressed in the renaturalization plan.

Regarding the proposal to include fire break zones in the buffer area, we have determined that the inclusion of a fire break zone, as part of the site plan approval process, qualifies as a minor accessory use that could be permitted under Condition No. 6 of the SUP. The Fire Break Conceptual Plan dated May 20, 2011 should be coordinated with the Honolulu Fire Department (HFD) and a letter from HFD indicating that they are in agreement with the conceptual plan should be submitted before the site plan can be reviewed for approval.

We note fire breaks are not proposed along the H-1 Interstate Highway which is a probable source of ignition and suggest that the HFD be consulted and, if necessary, be addressed in the conceptual plan.

For your information, in our letter of August 24, 2010, the site plan submitted at that time was approved in concept only, and we do not have an approved site plan on file. Ordinarily, site plan approval is processed separately from the review and approval of the building permit set. Therefore, your July 8, 2011 submittal of the entire building permit set for site plan approval is excessive and unmanageable and should be reduced to only the sheets that are subject to the conditional requirements of the SUP and Conditional Use Permit (CUP). In addition, the site should also show information that involves compliance with development standards of the Land Use Ordinance, including but not limited to, parking and loading, existing approved and/or proposed structures and uses, their structure heights and footprints, and building area coverage, lot lines and setbacks, access driveways, landscaping and berming requirements, and any other requirements deemed necessary for site plan approval.

3. Regarding Condition No. 4, we have been in contact with Mr. Mark Sutterfield (project remediation consultant) and await a response on whether the Voluntary Response Plan agreement for remediation of contaminated soils would be consistent with the Land Use Commission’s deadline for completion of the required landscaping for the lower quarry site. Meanwhile, we have reviewed your letter of January 10, 2012 responding to our comments on the lower quarry proposed landscape plan and respond as follows:

- While Condition No. 4 requires that the lower quarry be "returned to landscaped open space", drought tolerant native trees shall be provided unless the HFD objects to their inclusion. For the purposes of monitoring compliance with this requirement, details such as the location of berms and a legend showing the areas that will be returned to landscaped open space should be shown on Exhibit 3 labeled "Site Conditions After Removal of Quarry Operations".

- We also note that you propose the removal of an existing Oleander hedge along the makai side of the H-1 Interstate Highway guard rail. As the hedge is located within the State Department of Transportation right-of-way, the removal should be coordinated with
Mr. Chris Dacus of their landscaping section. Otherwise, the reference to its removal should be deleted from Exhibit 3.

4. We note that the August 8, 2011 aerial imagery shows grading and/or clearing of topsoil in the foot of Puu Makakilo, outside of the approved quarrying or berming areas (see enclosed map). Please explain the purpose of this grading/clearing and whether it is consistent with the requirements and conditions of the SUP.

Conditional Use Permit Conditions:

1. Condition No. 4c requires that prior to the issuance of a building permit, a lighting plan be submitted to the Director for review and approval. Pursuant to our meeting of January 11, 2012, the Applicant has agreed to install timers on all exterior lighting fixtures that do not meet the requirements of full cutoff and are fully-shielded. These timers would require that exterior lighting be turned off between the hours of 7:00 p.m. to 5:00 a.m. The lighting plan submitted on January 17, 2012 is acceptable until such time the non-complying exterior lighting fixtures are removed or made to comply with Condition No. 4c.

2. As a reminder, unauthorized structures must obtain building permit approvals and should not be shown on the final site plan or building permit set. These include the recently added trailer offices, exterior lighting, and any other structures not previously approved by the building permit. We also note that a guard shack for the upper quarry was established on Tax Map Key 9-2-2: 07, owned by the University of Hawaii-West Oahu, located approximately 430 feet from the end of Kualakai Parkway. We have no record of a building permit for these structures. If available, please provide a copy of the building permits for our files.

If you have any questions, please contact Raymond Young of our staff at 768-8049.

Very truly yours,

David K. Tanoue, Director
Department of Planning and Permitting

DKT:dj
Enclosure
900820

cc: Land Use Commission
    Grace Pacific Corporation
    DR Horton – Schuler Homes, LLC
    DOT-Highways-Chris Dacus
    HFD-Fire Prevention Bureau
    University of Hawaii-West Oahu
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX H:

MEMO FROM GRACE PACIFIC TO DPP DATED AUGUST 16, 2012
REGARDING DPP LETTER OF FEBRUARY 2, 2012
July 29, 2012  

[discussed at 8/16/2012 meeting]

Draft Response to February 2, 2012 letter from DPP
Re Third Annual Report and Lower Quarry Landscape Plan (5/31/11)

SUP Conditions
1) Condition No 2 – submittal of Renaturalization Plan.
   a) Large-scale broadcasting of seeds to initiate ground cover in buffer area is approved on an initial
      two year trial period ending December 31, 2013. Guidance given on areas needing immediate attention.
      i) Response – acknowledged and proceeding as discussed. May take longer in areas needing amendment.

Grace action items – Sid Aki to review aerial photo, select several areas for soils testing, take
samples to Brewer Chemical for analysis and recommendation as to amendments. Sid Aki to get Belt
Collins recommendation (Aaron Akau) for seed mix and source. Sid to arrange with Tiburcio or Oahu Seal
Coat to broadcast amendment and seeds.

2) Brush fire of November 2011
   a) to be addressed in Renaturalization Plan.
      i) Response – acknowledged and will address in Renaturalization Plan.

Grace action Items – Eric Pickle to map acreage affected by fire from March 2012 aerial. Creps
to discuss appropriate response with Aaron Akau

   b) Fire break zones in buffer area qualifies as a minor accessory use permitted under Condition No
      6 of SUP. Coordinate Fire Break Conceptual Plan of May 20, 2011 with HFD. Obtain letter from HFD
      indicating concurrence with Conceptual Plan before submitting Site Plan for review and approval.
      i) Response – acknowledged and will comply.

   c) Fire breaks not noted along H-1 Freeway. Consult with HFD and address in Conceptual Plan.
      i) Response – acknowledged and will comply.

Grace action items for a) and b) above – Creps, Pickle and Boyd Nobriga to re-draw Fire Break
Conceptual Plan. Nobriga to coordinate with HFD Plan Review Section and obtain written concurrence.

   d) Grace does not have an approved Site Plan on file. August 24, 2010 site plan was approved in
      concept only. July 8, 2011 Building permit submittal should be reduced to only the sheets that are
      subject to the conditional requirements of the SUP and CUP.

In addition, the site plan should show compliance with development standards of the LUO,
including parking & loading, existing approved/proposed structures and uses, structure heights and
footprints, building area coverage, lot lines and setbacks, access driveways, and landscaping and
berming requirements.
      i) Response – Eric has addressed earlier.

3. Condition No 4 – Return Parcel 4 to landscaped open space within six years of LUC D&O.
a) Awaiting response from Mark Sutterfield on whether Voluntary Response Plan would be consistent with LUC deadline for completion of landscaping of Parcel 4.
   i) Response – get answer from Sutterfield
   Grace action items – Creps to follow up.

b) DPP comments on review of letter of January 10, 2012 – drought tolerant native trees shall be provided unless HFD objects... show location of trees, berms and a legend showing areas to returned to landscaped open spaces on Exhibit 3 (Site Conditions After Removal of Quarry Operations).
   i) Response – acknowledged and will comply.
   Grace action items – Creps to follow up with Aaron Akau.

c) DPP comments on review of letter of January 10, 2012 – coordinate removal of existing oleander hedge along H-1 freeway with Chris Dacus of HDOT Right-of-Ways, and remove from Exhibit 3.
   i) Response – acknowledged and will comply.
   Grace action items – Sid Aki to give notice to Chris Dacus of our plan to remove hedge in 2014. Creps to follow up with Aaron Akau to remove from Exhibit 3.

4. Requirements and Conditions of SUP – Please explain grading outside of approved areas as shown on August 8, 2011 aerial photo.
   i) Response – The grading resulted from an equipment operator error. Grace to renaturalize affected area.
   Grace action items – move stockpile, Sid Aki to arrange mulch/seed spray with Royal Contracting.

CUP Conditions
1) Condition No 4c requires a lighting plan be approved.
   a) The Lighting Plan submitted on January 17, 2012 is acceptable until such time as the non-complying exterior lighting fixtures are removed.
      i) Response – acknowledged and will comply.
      Grace action items – ensure that timers turn off exterior lighting between 7:00 pm and 5:00 am. Upon removal of exiting fixtures, ensure that replacements are compliant, and notify DPP that lighting was removed and not replaced, or replaced with compliant lighting.

2) Unauthorized Structures.
   a) Unauthorized structures should obtain building permit approvals and should not be shown on final Site Plan or Building Permit set. Also, guardshack noted at end of Kualakai Parkway.
      i) Response – acknowledged and will comply.
      Grace action items – Eric as to permitting status, Ben Rasa to look into permit requirements for guardshack.
LETTER FROM DOUGLAS ING TO DPP DATED AUGUST 31, 2012
REGARDING CLARIFICATION OF SUP CONDITION NO. 4
August 31, 2012

David Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, HI 96813

RE: Special Use Permit Application File No. 2007/SUP-6
Grace Pacific Corporation
Clarification Regarding SUP Condition No. 4

Dear Mr. Tanoue:

We represent Grace Pacific Corporation in the above-entitled matter, and are writing to clarify the requirements that were imposed upon Grace Pacific Corporation in Condition No. 4 of the Land Use Commission’s (“LUC”) Findings of Fact, Conclusions of Law, and Decision and Order Approving with Modifications the Recommendation of the City and County of Honolulu Planning Commission to (1) Extend the Life of the Makakilo Quarry Resource Extraction and Aggregate Processing Operations to 2032; and (2) Expand the Resource Extraction and Buffer Areas of the Quarry, approved on November 7, 2008 (“LUC Approval”). The LUC approval is enclosed.

The controlling document in the above-entitled matter is the LUC Approval. Although administrative rules require a petition for SUP to be initially submitted and approved by the county planning commission, see Haw. Admin. R. §15-15-95, the final approval of the SUP (including the conditions and requirements of approval) rests with the LUC, see Haw. Rev. Stat. §205-6. Moreover, Condition No. 4 was ultimately amended by the LUC, and consequently, the intent of Condition No. 4 as it is contained in the LUC Approval, is ultimately dependent upon the findings of fact and conclusions of law that are contained within the LUC Approval. While the DPP Director’s Report and Recommendation for Approval, dated August 13, 2008, is certainly relevant, it cannot trump the LUC Approval.

Condition No. 4 provides as follows, with the underlined section of the condition being the portion amended and added by the LUC during its final review:
The Applicant shall close the processing site on Parcel 4 by relocating all uses on the site into the quarry pit or Campbell Industrial Park by December 31, 2012, and Parcel 4 shall be returned to landscaped open space use within six (6) years of the date of the Land Use Commission’s Decision and Order. A landscape plan shall be submitted to the Director of Planning and Permitting for review and approval on the second anniversary date of the Land Use Commission’s Decision and Order and the approved landscape plan shall be implemented within one (1) year of its approval. Landscaping shall be maintained in a natural state for the life of the Special Use Permit.

See LUC Staff Report (dated October 2, 2008), at p.29.

The findings of fact and conclusions of law within the LUC Approval indicate that the “uses” under Condition No. 4 that must be relocated by December 31, 2012 are the “industrial processing uses” including the “finish crushing, stockpiling of aggregate, concrete and asphaltic concrete manufacturing, maintenance activities, employee training, laboratory, and other support services.” See LUC Approval, FOF Nos. 18, 23, 24. Indeed, this interpretation is consistent with the purpose behind the relocation of processing activities which was to “mitigate the noxious impacts of the processing upon surrounding neighbors....” See LUC Approval, FOF No. 35. This interpretation is also consistent with CUP-91, which acknowledges on page 2 that Condition No. 4 of the SUP requires relocation of uses by December 31, 2012. A copy of the CUP is enclosed. Consequently, Grace Pacific Corporation has until December 31, 2012 to cease the aforementioned “industrial processing uses” on Parcel 4.

FOF No. 24 unambiguously provides that “removal and renaturalization activities” may continue beyond the December 31, 2012 deadline for cessation of “industrial processing” uses:

The relocation will involve the removal of the HMA plant and the ready-mix concrete plant, both of which are scheduled to be completed by June 2009. By December 2012, the finish crushing and screening plant and the maintenance shop are anticipated to be removed from the site. The HMA plant will be relocated to the Campbell Industrial Park to accommodate night operations and a new HMA plant will be constructed in the quarry pit for day operations only. All other uses except for removal and renaturalization activities are scheduled to cease within three years after receipt of approval of the Applicant’s
request. The Applicant also intends to landscape the entire site within six years after receipt of approval of its request and return the land to landowner JCC by 2015.

(Emphasis added.)

When properly read in conjunction with FOF Nos. 18, 23, 24, and 35, Condition No. 4 does not require that removal and renaturalization activities cease until six (6) years after the LUC Approval (i.e., November 7, 2014) when Parcel 4 must be finally “returned to landscaped open space use” for the remainder of the life of the SUP. Pursuant to Condition No. 4, Grace Pacific Corporation removed the hot mix asphalt plant in December 2008 and the ready mix plant by June 2009. Removal activities which will continue until Parcel 4 is returned to landscaped open space use pursuant to Condition No. 4 include dismantling and removal of the processing equipment and the stock piles of crushed rock.

We believe that the foregoing interpretation of Condition No. 4 is consistent with the plain language and intent of the LUC Approval, and comports with what was represented by Grace Pacific Corporation during the SUP proceedings. We request your concurrence in this understanding.

Very truly yours,

WATANABE ING LLP

[Signature]

J. DOUGLAS ING

JDI:tal

cc: Raymond Young

ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX J:

Makakilo Quarry Hotline Phone Log
October 01, 2011 through September 30, 2012
<table>
<thead>
<tr>
<th>Date of Call</th>
<th>Time of Call</th>
<th>Last Name</th>
<th>First Name</th>
<th>Message/Description of Call</th>
<th>Caller's Contact Info</th>
<th>Investigation/Responsible Party</th>
<th>Investigation/Action Taken</th>
<th>Follow-up with Caller</th>
<th>Date Of Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fri. Jan. 27, 2012</td>
<td>11:32 AM</td>
<td>Luwan</td>
<td>John</td>
<td>At 11:20AM, Per Mr. Luwan, the residents of Wakoloi felt the strongest shock wave they’ve ever experienced before. The shock wave generated a strong up and down motion – very hard. He wants to know what our plans are and what we’re going to do to minimize this. He will also call our corp office.</td>
<td>(808) 672-0997</td>
<td>Bob Creps, Boyd Nobriga</td>
<td></td>
<td>01/30/12 Called Bob C. Per Bob, we need to look at our blast data to figure out what could have caused an excessive shock wave. I will call Mr. Luwan and let him know that Boyd will be in contact by Tues 01-31-12 once he reviews the blast information.</td>
<td></td>
</tr>
<tr>
<td>Tues. Mar. 20, 2012</td>
<td>3:01 PM</td>
<td>Taylor</td>
<td>Harden</td>
<td>Mr. Taylor called to confirm if there was a blasting operation that caused his house to shake about 11:40 AM. He lives on Pueonani St. and is looking for what causes his house to shake from time to time.</td>
<td>(808) 888-5621</td>
<td>Bob Creps, Boyd Nobriga</td>
<td></td>
<td>I called Mr. Taylor Thurs 03-22-12 about 10:05 AM. I informed him that Boyd will be calling him back to discuss the situation. I gave him our office no. and asked him to call me if I could be of further asst. Msg saved on Hot Line recorder. I did not retrieve the msg until 03-22-12 10AM….md</td>
<td></td>
</tr>
<tr>
<td>Mon. Aug 06, 2012</td>
<td>11:49 AM</td>
<td>(None Left)</td>
<td>Steve</td>
<td>For Paving-Tar on Truck</td>
<td>(808) 741-5454</td>
<td>Calvin Shiroma, Paving Dept</td>
<td>Paving Dept contacted customer and settled the dispute per e-mail dated 09/17/12. Complaintant's truck was cleaned.</td>
<td>Address: 92-544 Kokole Place, Makakilo. Resident complained of tar on truck after paving job was completed. E-mailed Calvin Shiroma to have paving call. Also gave Steve a call 08/08/12 to confirm his msg and let him know someone will be calling him. md</td>
<td></td>
</tr>
</tbody>
</table>
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX K:

CORRESPONDENCE FROM STATE OF HAWAII CLEAN AIR BRACH
DATED OCTOBER 15, 2012
Thank you Jill!

Your assistance is greatly appreciated.

Regards.

Margaret D'Entremont
Grace Pacific Corporation
Makakilo Quarry
(808) 441-0660 Direct
(808) 306-7998 Cell
(808) 672-3998 Fax

Hello Margaret:

The Department of Health, Clean Air Branch has checked our data base for complaints against Grace Pacific, Makakilo Quarry from October 2011 to September 2012. We have not discovered complaints against Grace Pacific for this time period.

If there are further questions, please call me at 586-4200.

Jill Stensrud
Clean Air Branch
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX L:

SOILS TESTING REPORT DATED SEPTEMBER 2012
FOR UPPER QUARRY BUFFER ZONE RENATURALIZATION
CROP NUTRIENT SOLUTIONS, INC.

Peter Bunn, CP Ag

Grace Pacific Corporation

Soil Analysis

Samples Taken September 2012

Job# 61-1588

| GC BACK 9 | SITE 1 Ranges | SITE 2 | SITE 3 | SITE 4 | SITE 5 Ranges | SITE 6 | SITE 7 | SITE 8 | SITE 9 | SITE 10
<table>
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<th></th>
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<td>10</td>
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<td>6.6</td>
<td>6.2-6.7</td>
<td>6.7</td>
<td>6.7</td>
<td>5.8</td>
<td>6.2-6.7</td>
<td>7.3</td>
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<td>6.2</td>
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<td>EC (2:1)</td>
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<td>0.12</td>
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<td>&lt;1.5</td>
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<td>11</td>
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<td>58</td>
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<td>900</td>
<td>-</td>
<td>771</td>
<td>830</td>
<td>814</td>
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<tr>
<td>Nitrate-N</td>
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<td>3.5</td>
<td>5-15</td>
<td>31</td>
<td>13.4</td>
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<td>5-15</td>
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<td>Ammonium-N</td>
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<td>Limestone</td>
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<tr>
<td>Gypsum</td>
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<tr>
<td>0-0-61 (MOP)</td>
<td>100</td>
<td>100</td>
<td>Lbs/acre</td>
<td>300</td>
<td>100</td>
<td>100</td>
<td>Lbs/acre</td>
<td>300</td>
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<td>150</td>
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<tr>
<td>11-52-0 (MAP)</td>
<td>500</td>
<td>500</td>
<td>Lbs/acre</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>Lbs/acre</td>
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</table>

**Comments:**

Calcium appears to be low or very low in all samples except for Site 10. Limestone and gypsum should be broadcast and incorporated 4-6 inches deep. Incorporate 1-1.5 inch of well aged green waste compost and 0-0-60 (MOP) with limestone or gypsum. Broadcast 11-52-0 (MAP) in hydro mulch slurry at planting.

Phosphorus appears to be low or very low in all samples. Starting 2-3 weeks after planting, broadcast 200 lbs/acre of 10-30-10+ minors every 3-4 weeks in all areas.

Nitrate-N appears to be high in Site 8 & Site 11; this makes soil pH lower and soluble salts higher in these samples. Sodium appears to be high in Sites 2, 7, 8 & 11.

Iron and zinc appear to be very low in all areas. Foliar feed these monthly. Magnesium may need to be supplemented as K-Mag in Site 1.

Recommendations assume that the samples tested accurately represent the nutrient status of the areas to be treated, and are not guaranteed. Optimum Ranges are estimated. Crop Nutrient Solutions, Inc. is not liable any for errors or omissions that may be made by the client or others. Soil nutrients (Mehlich 3) expressed in ppm (mg/kg). EC expressed in mmhos/cm (mS/cm). TEC is a calculated CEC, expressed in meq/100g (cmols/kg).
# Soil Audit and Inventory Report

**Name:** Crop Nutrient Solutions, Inc.  
**City:** Waimanalo  
**State:** HI  
**Date:** 9/18/2012

## Sample Location

<table>
<thead>
<tr>
<th>Sample Location</th>
<th>GOLF COURSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back 9</td>
<td>BACK 9</td>
</tr>
<tr>
<td>Back 9</td>
<td>BACK 9</td>
</tr>
<tr>
<td>Back 9</td>
<td>BACK 9</td>
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<tr>
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## Sample Identification

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<tr>
<th>Lab Number</th>
<th>0541-1</th>
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<th>0543-1</th>
<th>0544-1</th>
<th>0545-1</th>
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</table>

## Total Exchange Capacity (ME/100 g)

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<th>BACK 9</th>
<th>BACK 9</th>
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<tr>
<td>Site 1</td>
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<td>10.86</td>
<td>30.81</td>
<td>14.35</td>
<td>6.64</td>
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<td>Site 2</td>
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<td>6.7</td>
<td>6.7</td>
<td>7.3</td>
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## pH (H₂O 1:1)

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<th>6.7</th>
<th>6.7</th>
<th>7.3</th>
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## Organic Matter (humus) %

### Estimated Nitrogen Release

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<tr>
<th>Nitrogen Release</th>
<th>ppm</th>
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## SOIL SATURATION PERCENT

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<th>Exchangeable Cations</th>
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<td>Calcium*</td>
<td>513</td>
</tr>
<tr>
<td>Magnesium*</td>
<td>197</td>
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<tr>
<td>Potassium*</td>
<td>136</td>
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<tr>
<td>Sodium*</td>
<td>95</td>
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## BASE SATURATION PERCENT

<table>
<thead>
<tr>
<th>Base Saturation Percent</th>
<th>Calcium</th>
<th>Magnesium</th>
<th>Potassium</th>
<th>Sodium</th>
<th>Other Bases</th>
<th>Hydrogen</th>
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</thead>
<tbody>
<tr>
<td>Calcium %</td>
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<td>50.28</td>
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<tr>
<td>Potassium %</td>
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<td>2.32</td>
<td>2.70</td>
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<td>4.60</td>
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<tr>
<td>Sodium %</td>
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<td>12.61</td>
<td>2.60</td>
<td>3.09</td>
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<tr>
<td>Other Bases %</td>
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<td>4.70</td>
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## EXTRACTABLE MINORS

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<td>Iron* (ppm)</td>
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<tr>
<td>Manganese* (ppm)</td>
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<td>Copper* (ppm)</td>
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<td>Zinc* (ppm)</td>
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<td>Aluminum* (ppm)</td>
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<tr>
<td>Soluble Salts (mnhos/cm)</td>
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<td>Chlorides (ppm)</td>
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<tr>
<td>NO₃-N (ppm)</td>
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<tr>
<td>NH₄-N (ppm)</td>
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</table>

* Methlich III Extractable
**SOIL AUDIT AND INVENTORY REPORT**

**Crop Nutrient Solutions, Inc.**

**Crop Nutrient Solutions, Inc.**

**Waimanalo, HI**

**9/18/2012**

<table>
<thead>
<tr>
<th>Sample Location</th>
<th>GOLF COURSE</th>
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<th>BACK 9</th>
<th>BACK 9</th>
<th>BACK 9</th>
<th>BACK 9</th>
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<td>SITE 6</td>
<td>SITE 7</td>
<td>SITE 8</td>
<td>SITE 9</td>
<td>SITE 10</td>
<td></td>
</tr>
<tr>
<td>Lab Number</td>
<td>0546-1</td>
<td>0547-1</td>
<td>0548-1</td>
<td>0549-1</td>
<td>0550-1</td>
<td></td>
</tr>
<tr>
<td>Total Exchange Capacity (ME/100 g)</td>
<td>15.34</td>
<td>32.24</td>
<td>18.15</td>
<td>9.71</td>
<td>17.32</td>
<td></td>
</tr>
<tr>
<td>pH (H₂O 1:1)</td>
<td>7.3</td>
<td>5.2</td>
<td>6.2</td>
<td>6.7</td>
<td>8.0</td>
<td></td>
</tr>
</tbody>
</table>

**Organic Matter (humus) %**

<table>
<thead>
<tr>
<th>Estimated Nitrogen Release</th>
<th>ppm</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOLUBLE SULFUR* ppm</td>
<td>12</td>
</tr>
<tr>
<td>MEHLICH III P as P₂O₅ ppm of P</td>
<td>3</td>
</tr>
<tr>
<td>BRAY II P as P₂O₅ ppm of P</td>
<td>31</td>
</tr>
<tr>
<td>OLSSEN P as P₂O₅ ppm of P</td>
<td></td>
</tr>
</tbody>
</table>

**EXCHANGEABLE CATIONS**

| Calcium* ppm | 1181 | 968 | 1057 | 986 | 2001 |
| Magnesium* ppm | 921 | 1301 | 816 | 348 | 675 |
| Potassium* ppm | 208 | 145 | 234 | 212 | 209 |
| Sodium* ppm | 138 | 312 | 538 | 101 | 130 |

**BASE SATURATION PERCENT**

| Calcium % | 38.49 | 15.01 | 29.12 | 50.77 | 57.77 |
| Magnesium % | 50.03 | 33.63 | 37.47 | 29.87 | 32.48 |
| Potassium % | 3.48 | 1.15 | 3.31 | 5.60 | 3.09 |
| Sodium % | 3.91 | 4.21 | 12.89 | 4.52 | 3.26 |
| Other Bases % | 4.10 | 7.00 | 5.20 | 4.70 | 3.40 |
| Hydrogen % | 0.00 | 39.00 | 12.00 | 4.50 | 0.00 |

**EXTRACTABLE MINORS**

| Boron* (ppm) | 0.61 | 0.73 | 0.75 | 0.96 | 0.93 |
| Iron* (ppm) | 54 | 58 | 33 | 17 | 41 |
| Manganese* (ppm) | 198 | 113 | 231 | 322 | 185 |
| Copper* (ppm) | 7.65 | 1.73 | 6.22 | 11.34 | 7.43 |
| Zinc* (ppm) | 2.42 | 0.88 | 2.32 | 6.80 | 2.61 |
| Aluminum* (ppm) | 830 | 805 | 814 | 942 | 817 |
| Soluble Salts (mmhos/cm) | 0.18 | 0.19 | 1.09 | 0.20 | 0.18 |

**OTHER TESTS**

| Chlorides (ppm) | |
| NO₃-N (ppm) | 4.0 | 2.2 | 60.3 | 13.4 | 2.6 |
| NH₄-N (ppm) | 2.9 | 2.3 | 3.0 | 4.1 | 3.5 |

* Mehlich III Extractable

a - alkaline soil
**SOIL AUDIT AND INVENTORY REPORT**

**Name:** Crop Nutrient Solutions, Inc.  
**City:** Waimanalo  
**State:** HI  
**Independent Consultant:** Crop Nutrient Solutions, Inc.  
**Date:** 9/18/2012

<table>
<thead>
<tr>
<th>Sample Location</th>
<th>BACK 9</th>
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<tbody>
<tr>
<td>Sample Identification</td>
<td>SITE 11</td>
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**Lab Number:** 0551-1

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<th>Total Exchange Capacity (ME/100 g)</th>
<th>10.46</th>
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<tr>
<td><strong>pH (H₂O 1:1)</strong></td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Organic Matter (humus)</strong> %</td>
<td></td>
</tr>
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</table>

**Estimated Nitrogen Release (ppm):**

<table>
<thead>
<tr>
<th><strong>SOLUBLE SULFUR</strong> ppm</th>
<th>104</th>
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</thead>
<tbody>
<tr>
<td><strong>MEHLICH III</strong> P as P₂O₅ ppm of P</td>
<td>4</td>
</tr>
<tr>
<td><strong>BRAY II</strong> P as P₂O₅ ppm of P</td>
<td>14</td>
</tr>
<tr>
<td><strong>OLSEN</strong> P as P₂O₅ ppm of P</td>
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</tr>
</tbody>
</table>

**BASE SATURATION PERCENT**

<table>
<thead>
<tr>
<th><strong>Base</strong></th>
<th><strong>%</strong></th>
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</thead>
<tbody>
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<td>Calcium</td>
<td>30.93</td>
</tr>
<tr>
<td>Magnesium</td>
<td>27.96</td>
</tr>
<tr>
<td>Potassium</td>
<td>4.09</td>
</tr>
<tr>
<td>Sodium</td>
<td>10.18</td>
</tr>
<tr>
<td>Other Bases</td>
<td>5.80</td>
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<tr>
<td>Hydrogen</td>
<td>21.00</td>
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**EXTRACTABLE MINORS**

<table>
<thead>
<tr>
<th><strong>Element</strong> (ppm)</th>
<th><strong>Value</strong></th>
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<tbody>
<tr>
<td>Boron* (ppm)</td>
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<tr>
<td>Iron* (ppm)</td>
<td>39</td>
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<tr>
<td>Manganese* (ppm)</td>
<td>414</td>
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<td>Copper* (ppm)</td>
<td>18.14</td>
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<td>Zinc* (ppm)</td>
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<tr>
<td>Aluminum* (ppm)</td>
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<tr>
<td>Soluble Salts (mmhos/cm)</td>
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<tr>
<td>Chlorides (ppm)</td>
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<tr>
<td>NO₃-N (ppm)</td>
<td>95.2</td>
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<tr>
<td>NH₄-N (ppm)</td>
<td>5.8</td>
</tr>
</tbody>
</table>

* Mehlich III Extractable
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX M:

CORRESPONDENCE FROM BELT COLLINS DATED OCTOBER 17, 2012 REGARDING NOTICE TO STATE OF HAWAII DOT OF LOWER QUARRY LANDSCAPE PLAN
October 17, 2012
12L-059

Via email to rcreps@gracepacificcorp.com

Mr. Robert Creps
Vice President of Finance
Grace Pacific Corporation
P.O. Box 78
Honolulu, HI 96810

Dear Bob:

Makakilo Lower Quarry Renaturalization Plan

In response to the City and County of Honolulu, Department of Planning and Permitting letter dated February 2, 2012, to Glen Koyama (see attached), item 3; I contacted Mr Chris Dacus of the State Department of Transportation landscape section, regarding the future removal of the Oleander hedge along the H-1 Interstate Highway guard rail.

I explained that as a condition of the Special Use Permit (SUP) the site will be re-graded and re-naturalized when quarry activities there cease and that the Oleander hedge will be removed. He commended Grace Pacific for installing the hedge and that it does a wonderful job screening out the quarry. He is agreeable to the removal of the hedge. I further mentioned that as the schedule of the re-naturalization is confirmed, we would provide him with that information.

If you have any questions, please feel free to contact me.

Very truly yours,

BELT COLLINS HAWAII LLC

[Signature]

Aaron A. Akau, ASLA
Director of Landscape Architecture

AAA:ajk

Enclosure
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX N:

VOLUNTARY RESPONSE AGREEMENT DATED OCTOBER 2011
BETWEEN GRACE PACIFIC AND STATE OF HAWAII DEPT OF HEALTH
Hawaiʻi Department of Health
Voluntary Response Program (VRP-30)

Voluntary Response Program Agreement
Between Grace Pacific Corporation, and
The State of Hawaiʻi, Department of Health

Lower Makakilo Quarry

October, 2011
Voluntary Response Program Agreement  
Between Grace Pacific Corporation and  
The State of Hawai‘i, Department of Health

<table>
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<th>Section No.</th>
<th>Description</th>
<th>Page No.</th>
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<td>DEFINITIONS</td>
<td>1</td>
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<td>2.</td>
<td>INTRODUCTION AND PROJECT DESCRIPTION</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>PURPOSE OF AGREEMENT</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>AUTHORITY TO ENTER INTO THIS AGREEMENT</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>EFFECTIVE DATE</td>
<td>3</td>
</tr>
<tr>
<td>6.</td>
<td>PROPERTY DESCRIPTION</td>
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<td>Ownership</td>
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<td>6.2</td>
<td>Historical Summary of the Property</td>
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<td>6.3</td>
<td>Results of Investigations at the Property</td>
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<td>7.</td>
<td>REQUESTING PARTY’S INVOLVEMENT AT THE PROPERTY</td>
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<tr>
<td>8.</td>
<td>DISCLAIMER OF ADMISSION</td>
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</tr>
<tr>
<td>9.</td>
<td>FINDING OF ELIGIBILITY</td>
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<td>10.</td>
<td>KEY CONTACTS AND ADDRESSEES FOR CORRESPONDENCE</td>
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<td>11.</td>
<td>PAYMENT OF FEES</td>
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<td>12.</td>
<td>RIGHT TO TERMINATION</td>
<td>8</td>
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<td>13.</td>
<td>COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS</td>
<td>8</td>
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<td>14.</td>
<td>ROLES AND RESPONSIBILITIES</td>
<td>9</td>
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<td>15.</td>
<td>STATEMENT OF WORK, SUBMITTALS, AND SCHEDULES</td>
<td>9</td>
</tr>
<tr>
<td>16.</td>
<td>LETTER OF COMPLETION, EXEMPTION FROM LIABILITY, COVENANTS NOT TO SUE, AND CONTRIBUTION PROTECTION</td>
<td>9</td>
</tr>
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<td>17.</td>
<td>RIGHTS RESERVED BY THE DEPARTMENT</td>
<td>10</td>
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<td>18.</td>
<td>GUARANTEES OF COMPLETION, LETTERS OF CREDIT, PERSONAL GUARANTEES, INSURANCE AND OTHER REQUIREMENTS</td>
<td>10</td>
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<tr>
<td>19.</td>
<td>HDDOH PROPERTY ACCESS DURING THE VOLUNTARY RESPONSE ACTION</td>
<td>11</td>
</tr>
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<td>20.</td>
<td>GENERAL PROVISIONS</td>
<td>11</td>
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<td>20.1.</td>
<td>Dispute resolution</td>
<td>11</td>
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<td>20.2.</td>
<td>Submittals</td>
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<td>Sampling, Data, and Document Availability</td>
<td>12</td>
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<td>20.4.</td>
<td>Record retention</td>
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<td>20.5.</td>
<td>Governmental liabilities</td>
<td>12</td>
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<td>20.6.</td>
<td>Modifications</td>
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<td>20.7.</td>
<td>Counterparts</td>
<td>12</td>
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<tr>
<td>20.8.</td>
<td>Third-Party Actions</td>
<td>13</td>
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<tr>
<td>20.9.</td>
<td>Governing law</td>
<td>13</td>
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<td>20.10.</td>
<td>Transfer</td>
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<td>20.11.</td>
<td>Integration</td>
<td>13</td>
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<tr>
<td>21.</td>
<td>APPROVALS</td>
<td>13</td>
</tr>
</tbody>
</table>
Voluntary Response Program Agreement
Between Grace Pacific Corporation and the
State of Hawai‘i, Department of Health

The State of Hawai‘i, Department of Health ("Department") and Grace Pacific Corporation ("Requesting Party") hereby enter into this agreement ("Agreement") relating to that certain real property identified in Section 6 below, and subject to the terms and conditions specified herein.

1. Definitions

1.1 "HRS" means the Hawai‘i Revised Statutes, as amended.

1.2 "HAR" means the Hawai‘i Administrative Rules, as amended.

1.3 "Voluntary Response Action" means the environmental remediation to be conducted voluntarily by the Requesting Party pursuant to the provisions of Chapter 128D, HRS, Chapter 11-451, HAR, this Agreement and the Statement of Work attached hereto.

1.4 "Statement of Work" means the list of tasks, detailing the Voluntary Response Action to be performed by the Requesting Party, a copy of which is attached as Exhibit B, which must be completed to the Department’s satisfaction prior to the issuance of the Letter of Completion in accordance with Chapter 128D, HRS and this Agreement.

1.5 "Letter of Completion" means the letter to be issued by the Department in accordance with HRS §128D-39, subsequent to the satisfactory completion of the Voluntary Response Action.

1.6 "Contaminants" means those hazardous substances, contaminants and pollutants listed on Exhibit A, Attachment 2, and incorporated herein by this reference, to be cleaned up to the risk-based standard set forth in the provisions of Chapter 128D, HRS pursuant to this Agreement.

1.7 "Specific Media" means the soil, soil vapor and groundwater as identified on Exhibit A, Attachment 2, and incorporated herein by this reference, to be cleaned up to the risk-based standard set forth in the provisions of Chapter 128D, HRS pursuant to this Agreement.

1.8 "Exemption from Liability" means (i) the commitment of the Department, as specified in the Letter of Completion, not to pursue claims against Prospective Purchasers in connection with the Property or the Contaminants, and (ii) protection from third-party claims for contribution and indemnity in connection with the Property or the Contaminants to be granted Prospective
Purchasers, after satisfactory completion of the Voluntary Response Action pursuant to this Agreement.

1.9 "Property" means the property described in Section 6 that is subject to the Voluntary Response Action specified in this Agreement.

1.10 "Prospective Purchaser(s)" means a prospective owner, operator, tenant, developer, lender or any other party who would not otherwise be liable under HRS §128D-6 prior to a Voluntary Response Action being conducted. For purposes of this Agreement and the Exemption from Liability that this Agreement creates, the Department does and shall continue to interpret the definition of a “prospective purchaser” found in HRS §128D-32 to be consistent with and encompass the term “future owner” found in HRS §128D-39(d).

1.11 "Project Manager" means the assigned HEER Office project manager (see Section 10) or any successor within the Department who adopts the responsibilities to oversee the Voluntary Response Action to be conducted by the Requesting Party pursuant to this Agreement.

1.12 "Director" means the director of the Department or an authorized agent.

2. Introduction and Project Description

This Agreement is made in accordance with Chapter 128D, HRS, which created the Voluntary Response Program to encourage developers and prospective purchasers to take response actions at contaminated properties and put them into productive use. Through the Voluntary Response Program, the Department exercises its administrative authority under Chapter 128D. By participating in the program, requesting parties conduct investigation and response activities with oversight from the Department, Hazard Evaluation and Emergency Response Office ("HEER Office"). When the Voluntary Response Action is completed to the Department's satisfaction, the requesting party will receive a Letter of Completion which will carry with it certain exemptions from liability for prospective purchasers as provided for in Chapter 128D, Part II, HRS.

The Requesting Party is the owner of Property which has been found to be, or may be, contaminated. The Requesting Party is participating in the Voluntary Response Program and desires to complete the Voluntary Response Action described in Section 15 and Exhibit B. Completing this Voluntary Response Action will qualify Prospective Purchasers, as defined in Section 1 of this Agreement, for an Exemption from Liability relating to the Contaminants on the
Property. The legal description of the Property, specific Contaminants covered, and the potential Exemption from Liability are detailed in this Agreement.

3. Purpose of Agreement

The purpose of this Agreement is to set forth the terms and conditions of the investigation and response to address Contaminants and Specific Media at the Property, which upon completion will entitle Prospective Purchasers to Exemption from Liability to the Department, as detailed in this Agreement. This Agreement constitutes the final approval of the Department for the Requesting Party to conduct the Voluntary Response Action, as such approval is required by Chapter 128D, Part II, HRS §128D-40.

4. Authority to Enter into this Agreement

The signatories to this Agreement certify that they are fully authorized to execute this Agreement on behalf of the party each represents. No change in ownership, corporate, or partnership status of the Requesting Party shall alter its responsibilities under this Agreement.

5. Effective Date

This Agreement is and shall become effective on October 15, 2011, after having been approved and executed by the authorized representatives of both the Department and the Requesting Party as provided in Section 21 of this Agreement.

6. Property Description

The Property is identified by the City and County of Honolulu Property Assessment Division as Tax Map Key ("TMK") (1) 9-1-016:004. The Property is composed of the Grace Pacific Lower Makakilo Facility, located at 91-920 Farrington Highway, Kapolei, Hawaii. A detailed property description is included in Exhibit A, Attachment 1.

6.1 Ownership

Company Name: Grace Pacific Corporation.

Primary contact: Mr. Robert Creps
Senior Vice President

Mailing Address: P.O. Box 78
Kapolei, HI 96810

Telephone Number: (808) 674-8383
6.2 Current and Historical Summary of the Property

Grace Pacific is using the Property as a distribution site for customers utilizing aggregate products (e.g., gravel) and as a central maintenance facility. The primary historical functions of the Grace Pacific Lower Makakilo Facility have been aggregate and concrete manufacturing and hot-mix asphalt manufacturing and distribution. Concrete manufacturing operations were shut down in 2007 and asphalt plant operations were shut down in early 2009. Aggregate processing operations will continue through 2012.

From 1877 to the early 1970s, the Property was used as agricultural and ranching land. In 1973, Pacific Concrete and Rock commenced quarrying and mining operations at the Property. In 1984, Grace Brothers acquired Pacific Concrete and Rock and formed Grace Pacific. Grace Pacific has operated at the Property from 1984 to present.

Zoning: The Property is zoned AG-1 Restricted Agricultural.

6.3 Results of Investigations at the Property

Grace Pacific has retained an environmental consultant that has conducted Phase I environmental site assessments of the Property, most recently in October 2009. The following sections provide a summary of currently known environmental conditions at the Property.

Based on available information, there are two areas with recognized environmental conditions at the Property.

- Former Asphalt Plant – Petroleum staining and hardened asphalt cement were observed on the ground surface throughout the area. Petroleum staining was observed on the paved ground surface at the former fuel loading area.

- Paving/Trucking Offices – A petroleum hydrocarbon sheen was observed on storm water flowing into the settling pond, the source of which was appeared to be a leaking parked truck.

Based on available information, there are four areas with potentially significant environmental conditions at the Property.

- Former Asphalt Plant - There were two underground storage tanks [USTs] located in the area of the former asphalt plant, both of which were leaking USTs. The HDOH has issued No Further Action determinations for both USTs.
• Paving/Trucking Offices - Petroleum staining, asphalt emulsion, and hardened asphalt cement were observed on the ground surface at the paving/trucking office area, in the area of asphalt emulsion ASTs.

• Finish Plant - The storage area has been used as a boneyard for used, recycled, and discarded equipment and machinery.

• Maintenance Shop - There was one UST located at the maintenance shop, for which the HDOH has issued a determination of No Further Action. Petroleum staining was observed on the asphalt and concrete pavement, particularly in the vehicle wash-down area.

• Two settling ponds for storm water runoff.

• Two former USTs that were closed in 1996 but at Environmental Action Levels (EALs) that exceed present gross contamination and leaching to groundwater EALs.

The following is a list of environmental reports for the Property.

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Date</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>UST Closure, Overexcavation, and Soil Sampling Report - 10,000-Gallon and 6,000-Gallon Diesel Underground Storage Tanks, Grace Pacific Hawaii, 91-920 Farrington Highway, Kapolei, Oahu, Hawaii.</td>
<td>7/6/1996</td>
<td>BES</td>
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<tr>
<td>Phase I Environmental Site Assessment, Grace Pacific Corporation Lower Makakilo Facility, 91-920 Farrington Highway, Kapolei, Hawaii.</td>
<td>3/2/2002</td>
<td>ESI</td>
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<tr>
<td>UST Closure Assessment, Grace Pacific Corporation Makakilo Maintenance Facility, 91-920 Farrington Highway, Kapolei, Hawaii.</td>
<td>1/18/2008</td>
<td>ESI</td>
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<tr>
<td>Petroleum Pipeline Easement Due Diligence, Grace Pacific Corporation Makakilo Facility, 91-920 Farrington Highway, Kapolei, Hawaii.</td>
<td>10/2/2009</td>
<td>ESI</td>
</tr>
<tr>
<td>Phase I Environmental Site Assessment, Grace Pacific Corporation Makakilo Facility and Former Makakilo Golf Course, Kapolei, Hawaii.</td>
<td>10/9/2009</td>
<td>ESI</td>
</tr>
</tbody>
</table>

ESI  Environmental Science International.  
BES  Brewer Environmental Services.

7. Requesting Party’s Involvement at the Property

The Requesting Party is the owner of the Property and is interested in completing a Voluntary Response Action. The Requesting Party has provided the Department all information within its possession or reasonable control that may reasonably be judged to be relevant to the environmental condition of the Property.
8. **Disclaimer of Admission**

The Requesting Party has entered into this Agreement voluntarily. The Agreement is not to be construed as an admission of any liability under the Hawai'i Environmental Response Law, or any other law, whether municipal, local, state or federal, or as a waiver of any defense to such liability. Unless the Voluntary Response Action is done in accordance with the Statement of Work attached hereto (Exhibit B) and is completed to the reasonable satisfaction of the Department, the Department will not approve the Voluntary Response Action conducted under this Agreement nor grant to the Requesting Party any Exemption from Liability for Prospective Purchasers.

9. **Finding of Eligibility**

On June 17, 2011, the Requesting Party submitted an application to the Department pursuant to Part II of Chapter 128D, HRS. Based on the information presented in the application, the Manager of the HEER Office found the Requesting Party and the Property eligible to participate in the Voluntary Response Program, and on June 24, 2011, the Department formally approved the application. In accordance with Part II of Chapter 128D, HRS, Prospective Purchasers of the Property will be eligible for an Exemption from Liability for the specific Contaminants and media identified, after the Requesting Party completes the Voluntary Response Action and receives a Letter of Completion. The extent of this exemption will be consistent with Chapter 128D, HRS, and this Agreement, and will be described in the Letter of Completion issued by the Department. The Letter of Completion will be substantially similar to the Letter of Completion attached hereto as Exhibit A.

10. **Key Contacts and Addressees for Correspondence**

The person designated to receive all correspondence and notices for the Requesting Party is as follows:

**Name/Title:** Mr. Robert Creps, Senior Vice President  
**Company Name:** Grace Pacific Corporation  
**Mailing Address:** P.O. Box 78  
Kapolei, HI 96810  
**Telephone Number:** (808) 674-8383  
**Fax:** (808) 674-1040  
**E-mail:** rcreps@gracepacificcorp.com
The key contact and person designated to receive all correspondence for the Department is the project manager ("Project Manager"): 

**Name:** Steven Mow  
**Title:** Project Manager  
**Mailing Address:** Hawai‘i Department of Health, HEER Office  
919 Ala Moana Blvd., Room 206  
Honolulu HI 96814

**Phone:** (808) 586-4251  
**Fax:** (808) 586-7537  
**E-mail:** steven.mow@doh.hawaii.gov

11. **Payment of Fees**

The Requesting Party agrees to pay (a) fees in the amount of $100.00 per hour for each hour personnel at the Department spend on activities reasonably related to overseeing the Voluntary Response Action conducted pursuant to this Agreement and (b) actual expenses incurred by such personnel in the course of conducting oversight activities related to the Voluntary Response Action. In addition, in the event the Department contracts for professional services to assist the Department in overseeing the Voluntary Response Action, the Requesting Party agrees to pay 125% of the actual cost billed to the Department by such contractors for these services. The Department agrees that all fees and costs for oversight work shall be reasonable and no greater than charges customary in the industry. The Requesting Party reserves its rights to audit, review and dispute any fees and costs of oversight.

The Requesting Party will submit $5,000.00 payable to the Department when this Agreement has been signed, and the Department will create a site-specific account into which such amount will be deposited. As oversight charges are accrued, they will be deducted from the balance in this account. At such time as the balance falls below $1,000.00, the key contact for the Requesting Party will be notified and the Requesting Party will deposit an additional $5,000.00 for future charges no later than one month from receipt of such notification. The Requesting Party acknowledges that failure to deposit this amount within such one-month period triggers the Department’s rights pursuant to Section 12(3). However, a deposit by the Requesting Party does not waive the Requesting Party’s rights to audit, review and dispute any fees and costs of oversight deducted from the account.

The Requesting Party understands that at such time the balance in the site-specific account falls to zero balance, but after the one-month period discussed above, the Department may discontinue Voluntary Response Action related to this Property until payment is received. When (1) all the Voluntary Response Action to be performed by the Requesting Party pursuant to this Agreement is
completed and when the Department has completed its oversight activities in connection with the same or (2) this Agreement is terminated by either party, a final accounting will be performed and all monies remaining in the site-specific account will be returned to the Requesting Party. Notwithstanding anything to the contrary contained herein, the Requesting Party shall be provided, within ten business days of the request for the same, an accounting of all oversight fees and costs incurred by and/or paid to the Department from the site-specific account.

12. **Right to Termination**

Either party may terminate this Agreement in accordance with the provisions contained herein. The Requesting Party may choose to terminate the Agreement at any time. The Department may terminate the Agreement as specified in Chapter 128D, HRS, when: (1) there is an imminent and substantial threat to public health, the environment, or natural resources; (2) the Requesting Party is not acting in good faith after having been provided a reasonable opportunity to address or cure any allegations of bad faith; (3) the Requesting Party has not deposited adequate funds in the site-specific account; (4) the Requesting Party becomes ineligible after initiating the action pursuant to HRS §§128D-33 and 128D-35; (5) the draft removal or remedial action is inadequate; or (6) the Requesting Party fails to comply with the terms of this Agreement and fails to commence such activities to cure such noncompliance within thirty days after the Department issues to the Requesting Party a notice of such noncompliance.

The party initiating termination of this Agreement shall immediately provide written notice to the other party of its intention to terminate the Agreement and the date upon which termination will be effective. Upon termination of this Agreement, the Department may pursue any action related to the Property within its authority. The Department represents to the Requesting Party that it is committed to the Voluntary Response Action, intends to cooperate with the Requesting Party in good faith in connection with those matters contained in this Agreement, and agrees to issue a Letter of Completion granting Exemption from Liability for Prospective Purchasers upon reasonable satisfactory completion of the Voluntary Response Action.

13. **Compliance with Applicable Laws, Rules, and Regulations**

All Voluntary Response Action performed by the Requesting Party or its designee under this Agreement shall be performed in compliance with applicable federal, state, and local laws, ordinances and regulations. The Requesting Party or its designee shall be responsible for obtaining all permits necessary to perform the Voluntary Response Action specified in this Agreement.
14. **Roles and Responsibilities**

All documents and written submittals sent by the Requesting Party to the Project Manager will be reviewed by the Project Manager within 30 days from the date of receipt. Within that time, the Department will provide the Requesting Party with written comments or a letter stating that the submittal is acceptable. If more time is needed, the Project Manager will notify the Requesting Party in writing of the need for additional time, the date by which the review will be completed, and the reason why the normal review period is being extended. While the Project Manager may provide informal advice, guidance, or comments, all approvals and decisions must be conveyed in writing by the Project Manager to be official. The Requesting Party agrees to perform the Voluntary Response Action in accordance with the requirements and schedule set forth in Section 15 and Exhibit B. If any changes become necessary, the Requesting Party will notify the Project Manager in writing describing the change needed. Changes to the Statement of Work are to be agreed upon in writing by both parties prior to any change in the Voluntary Response Action occurring. However, verbal agreements for changes are acceptable when necessary and may be relied upon, provided they are followed up in writing by the party who initiated the change within 10 business days of verbal approval. Requests for extensions of time should be made in advance of the date on which the activity or document is due and should include a justification for the delay. All changes acknowledged and approved in writing shall be incorporated into this Agreement.

The Requesting Party will notify the Department within 14 days prior to conducting construction or related activity except for normal maintenance and repairs and will not conduct any construction activity on the Property that will interfere with sampling, monitoring, remediation activities, or other site Voluntary Response Action being performed pursuant to this Agreement.

15. **Statement of Work, Submittals, and Schedules**

The Voluntary Response Action to be performed under this Agreement is specified in the Statement of Work attached hereto as Exhibit B. Unless otherwise agreed to in writing or in accordance with Item 13, all submittals are to be made as set forth in the statement of work. The Requesting Party agrees to submit to the HDOH, within 60 days after the signing of the Agreement, a schedule(s) for the completion of the voluntary response action. The schedule(s) will be incorporated as an amendment(s) to the Agreement.

16. **Letter of Completion, Exemption from Liability, Covenants Not to Sue, and Contribution Protection**

Within 30 days of satisfactory completion of the Voluntary Response Action as reasonably determined by the Department, the Director of the Department will issue to the Requesting Party a Letter of Completion in accordance with Chapter 128D, HRS and this Agreement, substantially in the form attached hereto as Exhibit A. The Letter of Completion will identify the specific hazardous substances, pollutants, contaminants, media, and land area addressed in the
response action. If Specific Media containing Contaminants are left on the Property, the Letter of Completion shall identify land use restrictions and any required management plan at the Property such that the requirements of Chapter 128D, HRS for Exemption from Liability are satisfied. If any land use restrictions or management requirements that are part of a Letter of Completion are not subsequently complied with, the Letter of Completion will be considered void and the Department may re-open the Property for additional investigation and/or action. The Letter of Completion shall be noted on a recordable document and sent to the county agency that issues building permits. The benefits and restrictions identified in the Letter of Completion shall run with the land and apply to all Prospective Purchasers of the Property.

The Letter of Completion shall specify that (a) Prospective Purchasers (as defined in Section 1 above) are not liable to other persons or entities not parties to this Agreement for claims for contribution or indemnity regarding matters and Contaminants addressed in the Voluntary Response Action as specified in HRS §128D-40(d) and (b) for the specified Contaminants, media, and land area in the Agreement, the Department covenants not to sue Prospective Purchasers in connection with: 1) Carcinogens not exceeding a risk-based standard of more than one excess lifetime cancer risk per one million individuals and 2) Non-carcinogens not exceeding applicable HDOH risk-based criteria for human health and the environment. This covenant not to sue shall encompass any action which the Department may have against a Prospective Purchaser arising under the laws of the State of Hawai‘i, §§107 and 113 of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9001 et. seq., or §7003 of the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 et. seq., in connection with the Contaminants. Nothing in this Section 16 shall constitute or be construed as providing any covenant not to sue or contribution protection with respect to the actions taken pursuant to this Agreement and the attached Statement of Work to any person other than the Prospective Purchasers.

17. Rights Reserved by the Department

The Department reserves the right to take action consistent with Chapter 128D, HRS, against responsible parties, and to exercise rights the Director may have under any law including recovering costs and taking enforcement actions. Furthermore, the Director may take enforcement action prior to completion of the Voluntary Response Action conducted pursuant to this Agreement and exercise other authorities of HRS §128D-4.

18. Guarantees of Completion, Letters of Credit, Personal Guarantees, Insurance and Other Requirements

The Requesting Party certifies that it is committed to completing this project as described in the attached Statement of Work and that it possesses the financial resources needed to honor this commitment.
19. **HDOH Property Access During the Voluntary Response Action**

During conduct of the Voluntary Response Action, the Requesting Party agrees to provide the Department access to the Property at all reasonable times and upon reasonable notice, for the purpose of allowing the Department to perform its administrative oversight functions in connection with the Voluntary Response Action.

Nothing in this Agreement is to be construed to limit the Department’s rights of access that it may have by operation of any law other than Chapter 128D, HRS.

The Department shall give the Requesting Party reasonable notice before entering upon the Property for any activity, unless the Department is required to access the Property in the event of an emergency or court order and giving such notice is not possible. In the event of such emergency entry, delivery of notice of the entry, along with an explanation of the emergency conditions, shall be given by the Department to the Requesting Party within one business day of the Department’s entry onto the Property.

20. **General Provisions**

20.1. **Dispute resolution**

The Requesting Party and the Department agree to notify one another as soon as possible if a material disagreement becomes apparent to them. If this occurs, the party that identifies any such disagreement shall notify the representative of the other party specified in Section 10. Initial notification will be by phone or in person, at which time the parties will attempt to resolve the disagreement. If the disagreement is successfully resolved, the situation will require no further action. If the disagreement continues, it will be discussed between the Manager of the HEER Office and a representative of the Requesting Party. If the situation is still not resolved, it will be described in writing and presented to the Deputy Director for Environmental Health, Hawai‘i Department of Heath. The Deputy Director will gather whatever additional information the Deputy Director feels is necessary and will render a decision in writing regarding the disagreement. If the decision is satisfactory, the parties will abide by the decision and no further action is necessary. If it is not satisfactory, the Requesting Party or the Department may terminate this Agreement.

20.2. **Submittals**

The Requesting Party shall complete submittals as described in Section 15 and Exhibit B, and shall submit them (one hard copy and a CD) to the following address:
Steven Mow, Project Manager
Hawai‘i Department of Health, HEER Office
919 Ala Moana Blvd., Room 206
Honolulu HI 96814

20.3. **Sampling, Data, and Document Availability**

The Requesting Party shall permit the Department and its authorized representatives to inspect and copy all sampling, testing, monitoring, and other data generated by the Requesting Party pursuant to the Voluntary Response Action being performed as part of this Agreement. The Requesting Party will notify the Department at least seven days in advance of all field sampling activities and shall allow the Department to take duplicate samples if it so chooses.

20.4. **Record retention**

The Requesting Party will retain all data, reports, and other documents for a minimum of five years after the conclusion of all activities under this Agreement. If the Department requests that documents be preserved for a longer period of time, then the Requesting Party will comply, deliver the documents to the Department, or permit the Department to copy the documents prior to destroying them.

20.5. **Governmental liabilities**

The State of Hawai‘i shall not be liable for any injuries or damages to persons or property resulting from acts or omissions by the Requesting Party, nor shall the State be held as party to any contract entered into by and between the Requesting Party and a third-party contractor for services pertaining to the Statement of Work (Exhibit B) attached to this Agreement.

20.6. **Modifications**

This Agreement may be amended in writing by mutual agreement of the Department and the Requesting Party and shall be effective upon the date the change is signed by both parties and such amendment shall be deemed incorporated into this Agreement.

20.7. **Counterparts**

This Agreement may be executed and delivered in any number of parts, each of which shall be deemed to be an original and together constitute one and the same document.
20.8. Third-Party Actions

In the event that the Requesting Party is a party to any suit or claim for damages or contribution relating to the Property to which the Department is not a party, the Requesting Party shall notify the Department in writing within ten days after service of the complaint in the third-party action.

20.9. Governing Law

This Agreement shall be construed and governed by the laws of the State of Hawai‘i.

20.10. Transfer

With prior written approval of the Department, which approval shall not be unreasonably withheld, delayed or conditioned, all rights and benefits conferred upon the Requesting Party under this Agreement may be assigned or transferred to any person. The Requesting Party shall notify the Project Manager in writing of its intention to transfer its rights and benefits. Upon receiving the Department’s approval, the transferor shall provide to transferee copies of all data, reports and other documents that are to be retained by the Requesting Party for a minimum of five years and the transferee will be bound by all the terms and conditions of this Agreement.

20.11. Integration

This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

21. Approvals

The undersigned hereby agree to the terms and conditions set forth above and to all attachments incorporated into this Agreement.

For Grace Pacific Corporation, the Requesting Party

By: ___________________________
Robert Creps
Senior Vice President
Dated: 10/12/11

For The State of Hawai‘i, Department of Health

By: ___________________________
KEITH E. KAWAOKA, D. Env., Program Manager
Hazard Evaluation and Emergency Response Office
Dated: 10-20-11
Exhibit A

Model Letter of Completion for Owners as Requesting Party
(NOTE: Actual Letter Issued May Vary)

Re: Letter of Completion Pursuant to the Voluntary Response Program Agreement Dated ____________ between Grace Pacific Corporation and the Hawai‘i Department of Health

Dear Mr. Creps:

I am sending this Letter of Completion ("Letter") in accordance with Chapter 128D, HRS, and the Voluntary Response Program Agreement ("Agreement") dated ____________ between Grace Pacific Corporation and the Hawai‘i Department of Health ("Department"). The purpose of the law is to facilitate voluntary and timely responses to hazardous substance releases and provide relief from liability for prospective owners, operators, tenants, developers, lenders, or any other party who would not otherwise be liable under Hawai‘i Revised Statutes ("HRS") §128D-6, prior to a voluntary response action being conducted ("Prospective Purchasers").

For the purposes of this Letter and the relief from liability envisioned in the Agreement, the Department does and shall continue to interpret the definition of a "prospective purchaser" found in HRS §128D-32 to be consistent with and encompass the term "future owner" found in HRS §128D-39(d). This Letter pertains to environmental contamination related to the real property located at 91-920 Farrington Highway, Kapolei, Hawai‘i ("Property") and described in detail in Exhibit A, Attachment 1.

Grace Pacific Corporation has completed the investigation and voluntary response action set forth in Exhibit B of the Voluntary Response Program Agreement dated ____________ ("Voluntary Response Action") with respect to the media listed in Exhibit A, Attachment 2 ("Specific Media") and the contaminants listed in Exhibit A, Attachment 2 ("Contaminants"). Pursuant to Chapter 128D, HRS, Part II, the Specific Media containing the Contaminants do not pose an incremental cancer risk in excess of one lifetime cancer risk per one million, or (for non-carcinogens) do not exceed applicable HDOH risk-based criteria for human health and the environment. Subject to the terms and provisions set forth herein, the Department hereby acknowledges satisfactory completion of the Voluntary Response Action in accordance with the Agreement and Chapter 128D, HRS.

These terms and provisions assure the long-term effectiveness of the Voluntary Response Action. The Department has determined that the Voluntary Response Action was an acceptable approach to managing the potential risks of exposure to the Contaminants at the Property, and that this Voluntary Response Action constitutes the "clean up" specified in HRS §128D-40(c).

Exemptions from Future Liability
Subject to the terms and provisions set forth herein, the Department hereby grants Prospective Purchasers of this Property exemptions from future liability to the Department and, to the extent authorized by law, third parties for the Specific Media,
Contaminants and land area addressed in the Voluntary Response Action. Also, as provided for in HRS §128D-40, §113(f) of the federal Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §9601 et. seq.), and to the fullest extent authorized by law, Prospective Purchasers shall not be liable for claims for contribution or indemnity regarding the provisions herein and the Specific Media, Contaminants and land area addressed in the Voluntary Response Action.

Exemptions from liability apply only to the Contaminants and Specific Media listed in Exhibit A, Attachment 2 that were documented and addressed on the Property. Exemptions from liability do not apply to any contamination released on the Property subsequent to the date of this Letter of Completion. Owners and Prospective Purchasers must comply with any land use restrictions or management conditions that are part of the Letter of Completion (Exhibit A, Attachment 3). Not complying with applicable land use restrictions or management conditions will void the Letter of Completion, and the Department may re-open the Property for additional investigation and/or action.

The Department hereby exercises its administrative authority and holds Prospective Purchasers harmless from liability to the Department and, to the extent authorized by law, third parties for the Contaminants, Property, and Specific Media as addressed in the Voluntary Response Action.

Acknowledgement of land use restrictions or management conditions as part of the Letter of Completion

Note: If no land use restrictions or management conditions apply to the Letter of Completion, record this fact in this section and in Exhibit A, Attachment 3. Otherwise, provide the signature documentation below and details of any restrictions/conditions in Exhibit A, Attachment 3.

Grace Pacific Corporation acknowledges and accepts the land use and/or management conditions as set forth in Exhibit A, Attachment 3. In the event these land use and/or management conditions are not followed, the Letter of Completion will be void, and the Department may initiate additional investigation or actions.

Signature: ____________________________ Date: ____________________________

Title/Company:

____________________________________

In closing, I would like to thank Grace Pacific Corporation for participating in the Hawai‘i Voluntary Response Program and for taking actions to address contaminated property in the state.

Sincerely,

____________________________

Director of Health
Legal Property Description

Property Address: 91-920 Farrington Highway, Kapolei, Hawaii 96707

The property consists of all those certain parcels of land situated at Honouliuli, District of Ewa, City and County of Honolulu, Island of Oahu, State of Hawaii, and is described below.

PARCEL ONE:

LOT 225-A (area 0.559 acres), as shown on Map 1188, filed in the Office of the Assistant Registrar of the Land Court to the State of Hawaii with Land Court Application No. 1069 of the Trustees under the Will and of the Estate of James Campbell, Deceased.

BEING all of the land described in and covered by Certificate of Title No. 812,034 issued to James Campbell Company LLC, a Delaware limited liability company.

TOGETHER WITH access to Farrington Highway (a public highway) indirectly over Lot 225-B provided, however, that upon dedication to and acceptance by the City and County of Honolulu or any governmental authority of Lot 225-B or any parts thereof, as a public road, the access rights set forth in favor of Lot 225-A over and across Lot 225-B or any parts thereof, so dedicated and accepted shall automatically terminate, as set forth in Land Court Order No. 157983, filed September 9, 2004.

SUBJECT, HOWEVER, to the following:

1. Deed dated August 22, 1950, by and between the Trustees under the Will and of the Estate of James Campbell, Deceased, as grantors; Ewa Plantation Company, a Hawaii corporation, as lessee; and the United States of America, as grantee, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 125717.

2. Pre-Condemnation Right of Entry dated October 19, 1971, by and between the State of Hawaii, by its Director of Transportation; the Trustees under the Will and of the Estate of James Campbell, Deceased; and Oahu Sugar Company, Limited, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 565880.

4. Easement 708, as shown on Map 225, as set forth by Land Court Order No. 36800, filed February 1, 1973.


7. Trustees limited Warranty Deed dated July 1, 2006, by and between the Trustees under the Will and of the Estate of James Campbell, Deceased, as grantor, and James Campbell Company LLC, a Delaware limited liability company, as grantee, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3448130.

PARCEL TWO:

LOT 2544-A (area 53.612 acres), as shown on Map 1188, filed in the Office of the Assistant Registrar of the Land Court to the State of Hawaii with Land Court Application No. 1069 of the Trustees under the Will and of the Estate of James Campbell, Deceased.

BEING all of the land described in and covered by Certificate of Title No. 812,039 issued to James Campbell Company LLC, a Delaware limited liability company.

SUBJECT, HOWEVER, to the following:

1. Easement 91, as shown on Map 41, as set forth by Land Court Order No. 6492, filed November 24, 1945.

2. Pre-Condemnation Right of Entry dated October 19, 1971, by and between the State of Hawaii, by its Director of Transportation; the Trustees under the Will and of the Estate of James Campbell, Deceased; and Oahu Sugar Company, Limited, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 565880.


4. Abutters' rights of access in favor of the State of Hawaii, as set forth in Final Order of Condemnation dated December 13, 1972, filed in the Circuit Court of the First Circuit,
5. Abutters' rights of access in favor of the State of Hawaii, as set forth in Final Order of Condemnation dated December 13, 1972, filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 17295, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 615482.

6. Easement 714, as shown on Map 227, as set forth by Land Court Order No. 37259, filed April 6, 1973.

7. Restriction of access rights, as shown on Map 227, as set forth by Land Court Order No. 37259, filed April 6, 1973.


11. Easement 6631, as shown on Map 936, as set forth by Land Court Order No. 132194, filed July 28, 1998.


13. Restriction of access rights, as shown on Map 1188, as set forth by Land Court Order No. 157983, filed September 9, 2004.

14. Easement 8520, as shown on Map 1249, as set forth by Land Court Order No. 161736, filed June 13, 2005.

15. Trustees Limited Warranty Deed dated July 1, 2006, by and between the Trustees under the Will and of the Estate of James Campbell, Deceased, as grantor, and James Campbell Company LLC, a Delaware limited liability company, as grantee, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3448130.
List of Contaminants and Specific Media

The following is a list of potential contaminants and the media those contaminants may have affected at the Property based on available knowledge as of the date of the Agreement. These contaminants and media are consistent with the findings of the Phase I Environmental Site Assessments completed for the Property.

Contaminants:

Total Petroleum Hydrocarbons (as gasoline, diesel fuel, and oil)
Benzene, Toluene, Ethylbenzene, and Xylenes [BTEX]
Free-Phase Petroleum Hydrocarbons
Volatile Organic Compounds [VOCs]
Halogenated Volatile Organic Compounds [HVOCs]
Polycyclic Aromatic Hydrocarbons [PAHs], including the following:
   Acenaphthene
   Acenaphthylene
   Anthracene
   Benzo[a]anthracene
   Benzo[b]fluoranthene
   Benzo[a]pyrene
   Benzo[g,h,i]perylene
   Chrysene
   Dibenzo[a,h]anthracene
   Fluoranthene
   Fluorene
   Indeno[1,2,3-cd]pyrene
   1-Methynaphthalene
   2-Methynaphthalene
   Naphthalene
   Phenanthrene
   Pyrene

PCBs
Lead
Cadmium
Chromium

Media:

Soil
Groundwater
Soil Vapor
Applicable Land Use Restrictions and/or Management Conditions

Note: List all restrictions or conditions applicable to the Letter of Completion. These will be included as part of the recordable document filed with the county agency that issues building permits.
Exhibit B

Statement of Work

The Requesting Party will perform the following tasks in accordance with applicable HDOH and Environmental Protection Agency requirements.

Task 1: Summary of Environmental Work.

The purpose of Task 1 is to provide a summary of all environmental data, information, and known environmental conditions resulting from previous activities and documented environmental investigations of the Property. To accomplish this, the Requesting Party will assess the environmental work completed to date, including historical research such as Phase I environmental site assessments. The report submitted to the HDOH will present a comprehensive summary of environmental information relating to the Property. The HDOH will evaluate the information contained in the report and will render a judgment as to what prior environmental work, if any, can be included as part of the voluntary response action.

Task 2: General Work Plan.

The Requesting Party will prepare a general work plan that describes the response action it proposes to undertake. The plan will include a data gap analysis and will provide a general outline for conducting an environmental site characterization of the Property. The plan will define decision units (i.e., land areas) within the Property and will specify the contaminants of potential concern [COPCs] within each decision unit based on current and historical operations conducted at those areas. The potentially affected media (i.e., soil, soil gas, groundwater) also will be specified. The contaminants of potential concern and the potentially affected media will be determined using the information gathered in Task 1. The HDOH will review the general work plan and provide comments as to the scope of work that will be needed to address the contaminants of potential concern and the potentially affected media at the Property.

Task 3: Detailed Work Plan.

The Requesting Party will prepare a detailed work plan for characterizing the environmental condition of the Property. The plan will utilize the general approach described in Task 2 and will include a preliminary conceptual site model (CSM). In the plan will be specifications for the number and locations of borings to be drilled and monitoring wells to be installed; the number and locations of soil, groundwater, and soil vapor samples to be collected; the sample collection procedures to be used; the chemical analyses to be performed for each of the samples; the analytical methods to be employed; and the HDOH environmental action levels [EALs] to which the analytical results will be compared initially. The plan will include a sampling and analysis plan and a quality assurance project plan, and it will specify the data quality objectives. The HDOH will review the plan and, upon
determining that its execution will generate the data necessary to complete the site characterization, will issue approval for the proposed work to commence.

**Task 4: Site Characterization.**

The Requesting Party will implement the detailed work plan presented in Task 3 and perform the site characterization of the Property. The borings will be drilled and the monitoring wells installed in accordance with the plan, and the specified soil, groundwater, and soil vapor samples will be collected. The HDOH will be notified at least seven days prior to the commencement of field work so that the HDOH will have an opportunity to observe the field work, if so requested by the HDOH. The site characterization report will present the findings and will include an evaluation of data quality and of the data quality objectives. The report will include the laboratory analytical reports, summarize the COPCs detected, provide an interpretive analysis of the data, provide an updated CSM, and identify which COPCs are contaminants of concern [COCs]. Also identified in the report will be the areas of concern at the Property and the possible sources of identified contamination. The report will be submitted to the HDOH for review and a determination that the results provide a satisfactory characterization of the environmental condition of the Property.

**Task 5: Environmental Hazard Evaluation.**

The Requesting Party will prepare an Environmental Hazard Evaluation [EHE] to identify and evaluate the potential hazards to human health and sensitive ecological receptors posed by the COCs identified during the site characterization. The potential hazards include gross contamination, direct exposure, vapor intrusion, leaching, ecotoxicity, and contamination of drinking water supplies based on fate and transport of the identified COCs and the updated CSM. The overall objective of the EHE will be to evaluate these hazards with respect to potentially affected human and ecological populations under (1) current site conditions, (2) possible conditions during potential future construction activities, and (3) possible conditions under potential future uses of the Property. Included in the EHE will be the development of site-specific EALs. For the contaminants and media that the Requesting Party seeks an exemption from future liability, the Requesting Party will demonstrate to the HDOH that the risk-based standards established in HRS Chapter 128D have been met. The report will be submitted to the HDOH for review and a determination that the potential hazards to human health and sensitive ecological receptors results have been identified and evaluated satisfactorily.

**Task 6: Remedial Alternatives Analysis.**

The Requesting Party will perform a Remedial Alternatives Analysis [RAA] to identify, screen, develop, and analyze remedial alternatives to address environmental concerns identified during the site characterization and potential environmental hazards identified in the EHE. The objective of the RAA will be to select the most efficient, cost-effective, and reliable remedial solution that best protects human health and sensitive ecological receptors. Included in the RAA will be an identification of remedial objectives and potential remedial response actions. The potential remedial response actions will be evaluated with
respect to their effectiveness, implementability, cost, and adherence with the Hawaii State Contingency Plan (Hawaii Administrative Rules Title 11, Chapter 451). The final result of the RAA will be the selection of a remedial action that includes an EHE and CSM for the selected action. The report will be submitted to the HDOH for review and a determination that the selected remedial action meets HDOH requirements for addressing environmental contamination at the Property.

Task 7: Public Participation Plan and Draft Response Action Memorandum.

The Requesting Party will prepare and implement a public participation plan consistent with the requirements of HRS Chapter 128D and the Hawaii State Contingency Plan (Hawaii Administrative Rules Title 11, Chapter 451). The objective of the public participation process is to summarize pertinent site information, document the basis for remediation, and describe the rationale for selecting the chosen remedial alternative. The selected remedial alternative will be presented to the public in the form of a Draft Response Action Memorandum [RAM], which will be prepared by the Requesting Party for the HDOH. Included in the public participation plan will be a profile of the Property and an identification of the stakeholders. The plan will describe the planned public participation activities, which will include notice in the local newspaper, a public comment period, development of a mailing list and a fact sheet, public availability of VRP deliverables (i.e., reports submitted by the Requesting Party to the HDOH under Tasks 1 to 6), providing contact information, and if required by HDOH conducting a public meeting. The plan will be submitted to the HDOH for review and approval prior to implementation.

Task 8: Final Response Action Memorandum.

In collaboration with the Requesting Party, and considering comments received from the public, the HDOH will make a determination as to the remedial action preferred by the Department. Prior to final approval, public comments will be received and evaluated by HDOH in accordance with the public participation plan prepared under Task 7. The selected remedial alternative will be presented to the public in the form of a Final RAM which will include public comments received during the review period. The Final RAM will be prepared by the Requesting Party on behalf of the HDOH.

Task 9: Remedial Action.

The Requesting Party will prepare a remedial action plan that describes how the selected remedial action will be implemented. The plan will be submitted to the HDOH for review and approval prior to implementation. Should the selected remedial action involve field work, the HDOH will be notified at least seven days prior to the commencement so that the HDOH will have an opportunity to observe the field work, if so requested by the HDOH. Upon completion, the Requesting Party will demonstrate to the HDOH that the selected remedial action was implemented satisfactorily. The Requesting Party will prepare a remedial action report that describes the results of the remedial action. The report will include the final EHE and CSM and an Environmental Hazard Management Plan if contamination remains on site above the unrestricted EALs. The report will be submitted to
the HDOH for review and a determination that the remedial action completes the HDOH requirements for performing the voluntary response action.

**Task 10: Letter of Completion.**

Upon satisfactory completion of the voluntary response action, as determined by the HDOH, the Director will issue a letter of completion (LOC), as specified in HRS Chapter 128D, Section 128D-39. The Requesting Party must comply with all terms and conditions listed in the LOC. At a minimum the Requesting Party must demonstrate that the LOC, within six (6) months of its issuance, was properly noted on the property deed and a copy of the LOC was sent to the county agency that issues building permits.
Schedule of Work
Voluntary Response Action

An addendum to this Agreement will be prepared setting forth the Schedule of Work within 60 days of the Effective Date of this Agreement.
September 20, 2012

BY E-MAIL AND REGULAR MAIL

Mr. Steven Mow
Project Manager
Hawaii Department of Health
Hazard Evaluation and Emergency Response Office
919 Ala Moana Boulevard, Room 206
Honolulu, Hawaii 96814

Re: Voluntary Response Program Agreement No. VRP 30,
Grace Pacific Corporation - Lower Makakilo Quarry

Dear Mr. Mow:

This letter is written in accordance with Section 20.6, Modifications, of the Voluntary Response Program Agreement between Grace Pacific Corporation and the State of Hawaii, Department of Health, dated October 2011. Section 20.6 provides that the “Agreement may be amended in writing by mutual agreement of the Department and the Requesting Party and shall be effective upon the date the change is signed by both parties and such amendment shall be deemed incorporated into the Agreement.”

1. Amendment of List of Contaminants.

Grace Pacific Corporation requests that Exhibit A, Attachment 2 of the Agreement, entitled List of Contaminants and Specific Media be amended to add “Chlordane” to the list of Contaminants.

2. Amendment of Property Description.

Grace Pacific Corporation requests that Section 6 be amended as follows:

The Property is identified by the City and County of Honolulu Property Assessment Division as Tax Map Key (“TMK”) (1) 9-1-016:004. The Property is composed of the Grace Pacific Lower Makakilo Facility, located at 91-920 Farrington Highway, Kapolei, Hawaii. The Property subject to this Agreement does not include the area subject to the Easement Grant dated June 21, 1973, in favor of the State of Hawaii for the establishment and maintenance...
of an Energy Corridor. A detailed property description, including the Easement Grant to the State of Hawaii, is included in Exhibit A, Attachment 1.

We note that Exhibit A, Attachment 1, Legal Property Description, does not require an amendment. The legal description of Parcel 1 references the June 21, 1973 Grant of Easement for the State Energy Corridor in paragraph 5. The legal description of Parcel 2 references the June 21, 1973 Grant of Easement for the State Energy Corridor in paragraph 9.

For your reference, we enclose herewith copies of (1) the June 21, 1973 Grant of Easement for the State Energy Corridor and (2) a map of the current configuration of Lot 2544-A showing the State Energy Corridor as “Easement 714 (Map 227).”

Please indicate your agreement by signing below.

Yours very truly,

Lisa Woods Munger

cc: Mr. Sutterfield
    Mr. Creps
    Mr. Shacat
    Mr. West
    Mr. Chong

The undersigned hereby agree to modification set forth above.

For Grace Pacific Corporation, the Requesting Party

By: Robert Creps
    Senior Vice President

Dated: 9/19/12

For The State of Hawai‘i, Department of Health

By: KEITH E. KAWAOKA,
    D. Env., Program Manager
    Hazard Evaluation and Emergency Response Office

Dated: ___________________________
TED T. TUTTLE, MA
Ph. 521-505-24

DOC NO. 649192
AND COURT

"73 SEP II ET 6943

[Signature]

NOTEED ON CERTIFICATE NO. 68296
IN REGISTRATION BOOK

TRANSFER OF CERTIFICATE OF TITLE ISSUED
AND TRANSFERRED INTO

REGISTRATION BOOK
BEING CERTIFICATE NO. 68296

OFFICE OF THE ASSESSING REGISTRAR
LAND COURT
EASEMENT GRANT

THIS INDENTURE, made this 21st day of June, 1973, by and between ALAN S. DAVIS, M. L. RANDOLPH, FRED E. TROTTER, and H. C. CORNUELLE, Trustees under the Will and of the Estate of James Campbell, Deceased, hereinafter called "GRANTOR", and OAHU SUGAR COMPANY, LIMITED, hereinafter called "LESSEE", and the STATE OF HAWAII, by its Director of Transportation, whose principal place of business and post office address is 869 Punchbowl Street, Honolulu, City and County of Honolulu, State of Hawaii, hereinafter called "GRANTEE",

WITNESSETH:

WHEREAS, GRANTEE proposes to establish, maintain, manage and control an Energy Corridor from Barbers Point to Honolulu Harbor for the purposes of transporting primarily by underground pipelines, sources of energy, pursuant to the provisions and authority of Chapter 277, Hawaii Revised Statutes; and

WHEREAS, in order to establish, maintain, manage, operate and control the Energy Corridor, GRANTEE requires
certain easement rights in property owned by GRANTOR and
leased to LESSEE (hereinafter referred to as "Easement Area"),
located within Section I (Barbers Point-West Loch) of the
Energy Corridor Project, and GRANTOR and LESSEE are willing
to grant said easement rights upon the terms and conditions
and for the consideration hereinafter provided.

NOW, THEREFORE, GRANTOR and LESSEE, for and in
consideration of the sum of FIFTY-ONE THOUSAND THREE HUNDRED
AND NO/100 DOLLARS ($51,300.00) paid by GRANTEE, the receipt
whereof is hereby acknowledged, and of the terms, covenants
and conditions herein contained, and on the part of GRANTEE
to be observed and performed, do hereby grant, bargain, sell
and convey unto GRANTEE, its successors and assigns, forever,
an exclusive and perpetual easement and right-of-way for
the construction, installation, maintenance, repair, operation
and replacement of a basically underground energy transmission
system and other appurtenant equipment and facilities, to-
gether with (1) limited surface rights as may be required
for the installation of pumps, boosters, valves, boxes, man-
holes, vents, cathodic test station and other appurtenant
equipment and (2) limited airspace rights as may be required
for the installation and suspension of pipelines and appur-
tenant equipment and facilities over any stream, drainage
channel, flood control channel, gulch, ditch and other simi-
lar crossings, in, under, along, upon, over and through said
Easement Area, being portions of lands described in Schedule
"A" attached hereto and made a part hereof and shown on
those certain Rights-of-Way Maps filed in the Office of
the Harbors Division, Department of Transportation, State
of Hawaii, subject, however, to all of the restrictions
herein imposed concerning the construction of such energy
transmission system.

TOGETHER with the right of ingress to and egress
from said Easement Area over adjacent lands of GRANTOR and
leased to LESSEE for all purposes in connection with the
rights granted hereby and temporary work space, wherever
necessary for such purposes.

TO HAVE AND TO HOLD the said easement in and
right-of-way over said Easement Area unto GRANTEE, its suc-
cessors and assigns, forever.

The parties hereto mutually covenant and agree as
follows:

1. GRANTEE shall not use nor permit the use of
said Easement Area by its licensees, lessees and assigns
(said licensees, lessees and assigns shall hereinafter be
referred to as "users") for any purpose other than for the
purposes set forth in Chapter 277, HRS-Energy Corridor, viz.,
for the construction, installation, operation, maintenance,
repair and replacement of said pipelines, pumps, boosters,
valves, boxes, manholes, vents, cathodic test stations and
other appurtenant equipment necessary and required for the
transportation of sources of energy under, upon or above said
Easement Area.

2. GRANTOR and LESSEE, as their interests may
appear, reserve and retain all rights possessed by them,
respectively, within said Easement Area other than as are
hereby conferred and agreed to be conferred upon GRANTEE,
including the right of usage of the general surface and such
portions of the airspace and sub-surface as limited hereafter, of and within said Easement Area (including the right to cultivate sugar cane cropsthereon; to plow to a maximum depth of 42 inches below the surface thereof and, in the case of arable land, 42 inches below the bottom of the furrow; to lay, operate, maintain, repair and remove pipelines, conduits, drains or wire lines above, upon or below the surface thereof which do not interfere with said energy transmission facilities; to construct, use and maintain truck crossings through, over and across the surface thereof, the cost of reinforcing said truck crossings to be paid by GRANTEE in the event reinforcement thereof shall be deemed necessary by reason of the energy transmission system installed, constructed and operated therein) and any other usage of such retained surface, sub-surface and limited airspace and sub-surface rights which does not (1) interfere with the operations of GRANTEE, or its users, therein or with the proper placement, operation, maintenance and repair of, or (2) cause damage to, the installation and facilities within said Easement Area, but GRANTOR and LESSEE shall not erect or place any permanent buildings, structures or improvements of any kind on, above or below the surface of the Easement Area unless (i) it can be established that the same shall not unreasonably interfere with GRANTEE's access to the Easement Area or the construction, maintenance, operation, management, repair and removal of, or access to, said energy transmission system within the Easement Area and (ii) plans for said building, foundation, structure or other improvement shall be first approved in writing by GRANTEE, through its Director of
Transportation; provided, however, that GRANTEE shall in no event arbitrarily or unreasonably withhold its approval, delay granting its approval for more than thirty days, or make any change therefor.

3. Upon the completion of any construction, installation, maintenance, repair or removal work by GRANTEE and/or its users as may occur from time to time, GRANTEE and or its users shall restore the surface of the ground within the Easement Area and the access and work areas to their original condition to the extent that such restoration is reasonably possible.

4. LESSEE will be compensated by GRANTEE in accordance with Schedule "B" attached hereto and made a part hereof, for any damage caused by GRANTEE or its users to LESSEE's crops. Damage caused by GRANTEE or its users to any roadways and facilities belonging to GRANTOR and LESSEE, or either of them, shall be repaired forthwith by GRANTEE or its users and if not reparable, GRANTEE or its users shall pay as damages therefor the reasonable value thereof. GRANTEE or its users shall at their own cost, and in accordance with plans prepared by GRANTEE and approved by GRANTOR and LESSEE, relocate any existing structures, pipes, equipment or other facilities belonging to GRANTOR or LESSEE necessitated by the construction, installation and operation of the energy transmission system, over, upon or within the Easement Area. During the construction and installation of facilities, GRANTEE or its users will remove all damaged crops from the Easement Area and the working area before the end of each working day.

5. GRANTEE, to the extent permitted by law, and/or its users shall indemnify GRANTOR and LESSEE against any liability for any damage to real or personal property or injury
to or death of persons when such damage, injury or death is caused by GRANTEE and/or its users in the exercise of the rights granted under this easement grant, the acquisition or taking; and when GRANTEE itself is determined to be liable under the provisions of Chapter 662, Hawaii Revised Statutes, GRANTEE shall submit a request for a legislative appropriation to pay for any such damage, injury or death.

6. GRANTEE shall require its users and the contractors of any users to take out and maintain during the life of any construction work undertaken hereunder comprehensive liability insurance in form and content acceptable to GRANTOR and LESSEE, covering injury and damage to persons and property, including wrongful death and personal injury liability, specifically naming GRANTOR and LESSEE as additional assureds therein, in a single limit amount not less than $3,000,000.00. In addition, such policy or policies shall contain the following statement:

"Ten (10) days notice of cancellation or change will be given to the Estate of James Campbell, 828 Fort Street Mall, Suite 500, Honolulu, Hawaii 96813, and Amfac, Inc., Risk Analysis Dept., P. O. Box 3230, Honolulu, Hawaii 96801, before any cancellation or change of this policy will be effective. This insurance includes coverage for the liability assumed pursuant to the Easement Grant from the Trustees of the Estate of James Campbell and Oahu Sugar Company, Limited, to the State of Hawaii, Gated

GRANTEE shall also require its users and the contractors of any users to maintain in force with sureties satisfactory to GRANTOR and LESSEE, bonds in form and content satisfactory to GRANTOR and LESSEE, in an amount not less than the contract
price guaranteeing completion of such construction in accordance with approved plans, free and clear of any and all mechanics' or materialmen's liens. Such bonds shall name GRANTOR and LESSEE as obligees and shall contain provisions concerning cancellation similar to those hereinbefore set forth with respect to comprehensive liability insurance.

7. The construction, maintenance, operation, management, repair and removal of, and access to, said energy transmission system and the easement acquired by GRANTEE shall be subject to, the following conditions and agreements:

  a. Unless otherwise authorized by GRANTOR and LESSEE, the pipelines of users shall be installed (measured from top of pipe) at a minimum depth of 48" below the level of any existing or proposed road and drainage improvements, at a minimum depth of 42" below the bottom of the furrow in the case of arable land and at a minimum depth of 42" beneath the surface of all other areas.

  b. The general surface, sub-surface and air rights within the Easement Area are reserved to GRANTOR and LESSEE for all purposes consistent with the limitations imposed by paragraph 2 above.

  c. As it is recognized that the Energy Corridor is planned to pass through GRANTOR's Industrial Park, as that park may be expanded, and through the area identified as GRANTOR's proposed new Ewa town development, both of which are shown in Schedule "C" attached hereto and made a part hereof, GRANTOR and LESSEE reserve the right to require relocation of any portion or portions of the underground energy transmission facilities which physically conflict or interfere
with the improvements and facilities to be installed for such future land development, solely at the cost of GRANTEE, its users or its assigns, provided that GRANTEE, its users and assigns, shall not be required to relocate any given portion of such facilities more than one time at its or its users' cost. Recognizing that a special problem potentially exists with respect to the failure of the State to follow Farrington Highway in a few instances (shown on Schedule "F" attached hereto and made a part hereof), in addition to the rights hereinabove specified the GRANTOR may require the State, its users and assigns to relocate such deviant portions of the underground energy transmission facilities to follow an alignment along and abutting Farrington Highway if and to the extent the failure to follow Farrington Highway impedes the efficient use of the land in which such deviant portions have been located.

d. GRANTEE will require its users to consult with GRANTOR and LESSEE prior to locating their pumps, valves, boxes and other appurtenant equipment installed upon or above the surface of the Easement Area and such equipment shall be installed in such locations and in such manner as shall be aesthetically pleasing, shall not unreasonably interfere with cane cultivation operations or cause additional damage to GRANTOR or LESSEE, and shall not create hazards to persons and property. Each user must negotiate and pay compensation and damages, if any, for any surface or air rights which interfere with GRANTOR's use of the affected land or LESSEE's operations. Where portions of the Easement Area, by reason of the nature of the use by the users and governmental sanctions or regulations, are not and cannot be leased by GRANTOR for
productive use to others, GRANTEE will itself or through its users then maintain that portion of the surface of the Easement Area in a clean, neat and attractive condition.

e. The grant of easement is for primarily underground energy pipelines with limited surface and airspace rights as set forth in paragraph 2 above, and GRANTEE shall itself or through its users provide all necessary protection of such lines and equipment, including protection from damage caused by electrolysis arising out of or in connection with the operation of any cathodic protection system.

f. GRANTEE shall require all its users to indemnify and hold harmless GRANTOR and LESSEE from and against any and all claims and demands for loss or damage, including personal injury and wrongful death, arising out of or in connection with the exercise of any rights granted by or facilities installed in the Easement Area for the purposes envisioned by this easement grant, including, without limitation, that arising out of or in connection with the use of the access roads and temporary work areas, and from and against any and all liens incurred or suffered by such users, including mechanics' or materialmen's liens; and GRANTEE shall require all users to maintain in full force and effect during their use of the facilities, liability and property damage insurance, naming GRANTOR and its lessees as additional assureds, with coverage and in limits not less than those provided in paragraph 6 above and, as a condition precedent to any work which might give rise to a mechanic's or materialmen's lien, a bond or bonds as set forth in paragraph 6 above. Moreover, GRANTOR and LESSEE shall have the right, at any time...
that GRANTOR and LESSEE shall reasonably determine the limits of any such insurance policies to be inadequate, to request their increase and such limits will be increased if it shall appear that prudent businessmen in similar situations would maintain policies with such increased limits.

g. GRANTEE will pay or cause the users to pay all damages caused by leakage of petroleum or other products, including loss of profits from crops, replacement of landscaping, removal of contaminated soil, etc.

h. GRANTEE shall assume and pay crop loss, cane damage and other withdrawal costs, survey, documentation, Land Court filing, conveyance and general excise taxes, if any, related to obtaining the easement, including engineering and attorney's fees incurred by GRANTOR and LESSEE, said engineering and attorney's fees not to exceed $6,000.00.

i. GRANTEE will pay or cause its users to pay all taxes, assessments and other charges whatsoever now or hereinafter levied or assessed or becoming a charge against the land and improvements within the Easement Area by reason of the energy transmission system installed therein by GRANTEE or its users. GRANTOR and/or LESSEE will continue to assume and pay all taxes, assessments and charges now or hereinafter levied or assessed as are not related to nor based upon said energy transmission system or the activities of GRANTEE or its users therein.

j. Any governmental permits necessary to be obtained for the use and construction within the Easement Area must be obtained by GRANTEE or its users.
1. The grant of the easement will be subject to all existing rights of others as disclosed on Schedule "D" attached hereto and made a part hereof.

1. GRANTOR reserves to itself, its lessees, licensees, grantees and assigns, the right to cross over or under the Easement Area with pipelines, drains, culverts, etc., at no charge or cost to GRANTOR and LESSEE, provided such crossing is effected consistent with the provisions of paragraph 2 above. So that all interested parties will know the location and extent of facilities constructed or installed within the Easement Area, an up-to-date set of "as-built" drawings will be maintained by the State Department of Transportation, a copy of which will also be provided GRANTOR and LESSEE, at no cost to either of them, within six months of the date of completion of any construction or installation within the Easement Area.

m. The easement will automatically terminate in the event (i) it remains unused for a period of five (5) years or (ii) it is abandoned and remains unused for a period of one (1) year. In either event, if so requested by GRANTOR, GRANTEE or its users shall without delay remove all pipelines pumps, boosters, valves, boxes, manholes, vents, cathodic testing stations and all other appurtenant equipment and restore the surface of the ground within the Easement Area and the access and work areas to their original condition to the extent that such restoration is reasonably possible. Upon such termination GRANTEE will prepare, execute and deliver to GRANTOR an instrument evidencing the termination of terminating the rights herein granted.
n. GRANTEE will pay or cause its users to pay to LESSEE and GRANTOR, as their interests may appear, all crop loss damage, ground surface rental, and related engineering costs accruing or arising out of or caused by each of any additional installation of energy transmission facilities within or without the Easement Area during the life of the Easement Grant, in accordance with said Schedule "B", which will be attached to and incorporated in any document executed between GRANTEE and its users confirming the right to use the Easement Area. Damage caused by GRANTEE or its users to any roadways and facilities belonging to GRANTOR and LESSEE, or either of them, shall be repaired forthwith by the party causing such damage and if not reparable such party shall pay as damages therefor the reasonable value thereof.

8. GRANTEE shall not transfer, mortgage or assign any right herein granted or any right of interest in said Easement Area, without the prior written consent of GRANTOR and LESSEE, provided that GRANTEE may license, lease or otherwise transfer the right of occupancy and use of a portion or portions of said Easement Area to users of said Energy Corridor, as provided by Chapter 277, Hawaii Revised Statutes, without such prior written consent of GRANTOR and LESSEE, if a true copy of the instrument granting the user such rights shall promptly be furnished GRANTOR and LESSEE and shall expressly provide that it is subject to the terms of this grant and such user shall therein expressly assume all obligations herein imposed on users.

9. All pipelines, pumps, boosters, valves, boxes, manholes, vents, cathodic test stations and other appurtenant facilities and equipment constituting parts of said
energy transmission system installed, constructed or reconstructed by GRANTEE or its users within said Easement Area and otherwise maintained, operated, repaired or replaced by GRANTEE or its users, shall be and remain the property of GRANTEE or its users unless and until the easement should terminate and the GRANTOR should permit the GRANTEE and its users to transfer title thereto to the GRANTOR. Nothing herein shall be deemed to require the GRANTOR to accept title thereto it being the intent hereof that in such event such property will be removed as provided in paragraph 7(m) above.

10. GRANTOR does hereby covenant and agree with GRANTEE, its successors and assigns, that they are seised in fee simple of the herein described Easement Area; that they have done or suffered no act or thing whereby said premises are encumbered, and that the same is free and clear of and from all encumbrances, except as provided in said Schedule "D" attached hereto; that they have good right to sell and convey said easement affecting said Easement Area, and that they will and their successors in trust and assigns shall WARRANT AND DEFEND the same unto GRANTEE, its successors and assigns, forever, against the lawful claims and demands of all persons.

11. The term "GRANTOR" wherever used herein shall include the Trustees under the Will and of the Estate of James Campbell, in their fiduciary and not in their individual capacities, their successors in trust and assigns; the term "LESSEE" shall include Oahu Sugar Company, Limited, its successors and assigns; and the term "GRANTEE" wherever used herein shall include the State of Hawaii, its licensees,
contractors, representatives, successors and assigns; and this instrument shall be binding upon, and inure to the benefit of the parties hereto and their respective successors in trust, successors and assigns.

12. This easement grant may be amended by written instrument of subsequent date consented to and signed by all the parties.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

APPROVED AS TO FORM:

[Signature]
Special Deputy Attorney General

[Signature]

Trustees under the Will and of the Estate of James Campbell, Deceased

"GRANTOR"

OAHU SUGAR COMPANY, LIMITED

By [Signature]
Its President

By [Signature]
Its Assistant Secretary

"LESSEE"

STATE OF HAWAII

By [Signature]
Director of Transportation

"GRANTEE"
On this 26th day of June, 1973, before me personally appeared ALAN S. DAVIS, H. L. RANDOLPH, FRED E. TROTTER and H. E. CONNELL, Trustees under the Will and of the Estate of James Campbell, Deceased, to me known to be the persons described in and who executed the foregoing instrument and severally acknowledged that they executed the same as their free act and deed as such Trustees.

\[\text{R. W. Harl}\]

My commission expires: 7-7-74

On this 21st day of June, 1973, before me appeared HARRY Y. SOO and J. E. LOOMIS, to me personally known, who, being by me duly sworn, did say that they are the \text{VICE PRESIDENT} and \text{ASSISTANT SECRETARY}, respectively, of OAHU SUGAR COMPANY, LIMITED, a Hawaii corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and that said and \text{J. E. Loomis}, acknowledged said instrument to be the free act and deed of said corporation.

\[\text{Marui C. Harl}\]

STATE OF HAWAII  
CITY AND COUNTY OF HONOLULU  

On this 9th day of August, 1973, before me personally appeared E. ALVLY WRIGHT, Deputy N.D.  
Director of the Department of Transportation, State of Hawaii, to me known to be the person described in and  
who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.  

[Signature]

My commission expires: 1/25/74
Lot 70-B, Map 132, L.C. Appl. 1069, TCT 15790
Lot 1347-A, Map 229, L.C. Appl. 1069, TCT 15790
Lot 1344-A-2, Map 227, L.C. Appl. 1069, TCT 15790
Lot 1236-B-1, Map 227, L.C. Appl. 1069, TCT 88226
Lot 1343-A, Map 227, L.C. Appl. 1069, TCT 15790
Lot 225, Map 36, L.C. Appl. 1069, TCT 15790
Lot 226-A-1, Map 227, L.C. Appl. 1069, TCT 15790
Lot 228-A, Map 227, L.C. Appl. 1069, TCT 15790
Exclusion 1, L.C. Appl. 1069, Remnant "E"
Lot 2496, Map 228, L.C. Appl. 1069, TCT 15790
Lot 20, Map 12, L.C. Appl. 1069, TCT 15790
Lot 35, Map 13, L.C. Appl. 1069, TCT 15790
Lot 44, Map 11, L.C. Appl. 1069, TCT 15790
SCHEDULE "B"

Basis for Computing Rental or Crop Damages Due Grantor or Lessee

TYPE OF LAND:

Class I. Land used in the production of sugar cane, i.e. cane land and contributory land.

Compensation for crop damage shall be paid in the event land is either occupied by the State and/or its users or is kept out of production because of interference or interruption due to the State's and/or its users' occupancy of adjacent lands.

Compensation for such crop damage per acre during any period of occupancy of ground surface for a period not exceeding 24 months = $1,600 \times \frac{163.42}{\text{GP}}$

where GP is the gross proceeds per ton of 96° raw sugar comprised of the return from the sale of 96° raw sugar and receipts from the sale of molasses, all as reported for its Ewa division lands by the Lessee to the Trustees of the Estate of James Campbell for the preceding year, provided, however, that in the event of an increase of real property taxes per acre paid by the Lessee with respect to the Easement Area, the $1,600 constant will be adjusted to reimburse the Lessee for any increase in real property taxes then paid per acre by the Lessee (it being agreed that the sum of $19.80 represents the initial allocation per acre to real property taxes for a 24-month period).

Damages shall be payable upon completion of ground surface occupancy by the State and/or its users or 24 months from date of occupancy, whichever first occurs.

If said occupancy exceeds 24 months, the damages for the period in excess of 24 months shall be computed beginning at the end of the preceding 24-month period as per above formula and for each succeeding 24-month period.

Compensation for crop damages arising after conveyance of the easement shall be paid by the State or its user(s) within a reasonable time after each occurrence of crop damage for which a claim has been filed.

Class II. Ground rent payable for all other lands of Grantor or Lessee.

Ground rental for ground surface occupancy by the State or its user(s) shall be seven per cent (7%)
of the "100 per cent market value" as determined from current tax assessed values for the period of each such occupancy.

Ground rental shall be payable upon completion of ground surface occupancy or 24 months from date of said occupancy, whichever first occurs.
Schedule "D"

Encumbrances affecting the Easement Area:

1. All lands (except Lot 1236-B) are subject to:

   (A) Unrecorded lease dated April 23, 1963, as amended; and

   (B) Lease dated January 2, 1929, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 1155, at Page 66, noted on Certificate of Title No. 15790;


2. Lot 43 (Map 11) is subject to:

   (A) Basement 189 (Map 87) for pipeline purposes.

   (B) Basement 50 (Map 11) being Palehua Road.

   (C) Unrecorded grants of rights of way for ingress and egress to various lessees of the Lessors over and across Basement 50.

   (D) A lease of right of way to Hawaiian Telephone Company for ingress and egress and for pole lines over Basement 50, dated July 1, 1948, for a term expiring July 1, 1978, filed as Land Court Document No. 129695.

   (E) A lease of right of way to Hawaiian Telephone Company for pole and wire lines and underground power lines dated September 22, 1955, for a term ending July 1, 1978, filed as Land Court Document No. 182269.

   (F) An unrecorded lease of certain premises to Hawaiian Electric Company, Limited, for a Substation site and a right of way for a pole line, dated December 22, 1937, for a term ending December 22, 1957, and from year to year thereafter.

   (G) Unrecorded lease of right of way to Hawaiian Electric Company, Limited, for pole lines,
dated December 8, 1961, on a year to year basis.

(H) A letter permit to Hawaiian Electric Company, Limited, to install and maintain a transformer appurtenant to its substation described in (F), dated April 6, 1962, for a period ending December 31, 1978.

3. **Lot 44 (Map 11)** is subject to:


4. **Lot 70-B (Map 132)** is subject to:

   (A) Easement 199 (Map 106) for pipeline purposes.

   (B) Grant of a perpetual right of way within Easement 199 for underground pipe lines and appurtenances and for poles and overhead and underground wires to Standard Oil Company of California, dated June 23, 1959, filed as Land Court Document No. 240190.

5. **Lot 228 (Map 36)** is subject to:

   (A) Easement 190 (Map 88) for pipeline purposes.

6. **Lot 1236-B (Map 137)** is subject to:

   (A) Easement 306 (Map 134) for underground cable purposes.

   (B) A perpetual easement for underground communication cable and appurtenances in Easement 306 to be granted to the United States of America. (Cable has been installed).

   (C) Unrecorded Development Agreement by and between the Campbell Estate and Finance Realty Company, Limited, dated October 26, 1960.

7. **Lot 1343 (Map 139)** is subject to:

   (A) A grant of a right of entry and temporary easement, dated March 10, 1969, to Hawaiian Telephone Company for the construction and maintenance of a cross connect hut. A formal easement document is in the process of being prepared.
(a) Easement 7 (Map 3) for underground cable purposes.

(c) Grant of a perpetual easement over Easement 7 for underground cables to the United States of America, dated October 26, 1967, filed as Land Court Document No. 433298

8. **Lot 1347 (Map 142)** is subject to:

   (A) Easement 5 (Map 1) for access purposes.

   (B) Easement 148 (Map 67). U.S. Army Communications cable installed.

   (NOTE: All maps above referred to are filed in the Office of the Assistant Registrar of the Land Court of Hawaii with Land Court Application No. 1069)

9. **Lots 70-B (Map 132) and 1347 (Map 142)** are subject to:

Commitments by the Estate to Dillingham Corporation and Continental Oil Company under the terms of their leases dated December 24, 1969, and March 28, 1969 (a short form of said leases dated February 12, 1970, and January 8, 1970, are filed as Land Court Document Nos. 495516 and 495517, respectively) to grant underground pipeline easements from the demised premises to a point connecting with the U.S. Navy railroad right-of-way or to a point connecting to the nearest public highway.

   (NOTE: Easements 189, 190 and 5 continue to encumber the certificate of title but no current easement use is being made of them.)
SCHEDULE "E"
REMNANT LOCATION MAP

Reference is to Hawaii State Energy Corridor Right of Way maps, Section 1, on file in Division of Harbors, Department of Transportation, State of Hawaii, as follows:

Lot 15
Remnant "B"  Sheet 5
H. E. Co. Substation Site  7
Remnant "A" & Lot 21  8

Lot 15
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX P:

SCHEDULE OF WORK FOR VOLUNTARY RESPONSE PLAN
DATED OCTOBER 8, 2012
October 8, 2012

BY E-MAIL AND REGULAR MAIL

Mr. Steven Mow  
Project Manager  
Hawaii Department of Health  
Hazard Evaluation and Emergency Response Office  
919 Ala Moana Boulevard, Room 206  
Honolulu, Hawaii 96814

Re: Voluntary Response Program Agreement No. VRP 30,  
Grace Pacific Corporation - Lower Makakilo Quarry

Dear Mr. Mow:

This letter is written in accordance with Exhibit B, Attachment 1 of the Voluntary Response Program Agreement between Grace Pacific Corporation and the State of Hawaii, Department of Health, dated October 2011. Exhibit B, Attachment 1, entitled “Schedule of Work, Voluntary Response Action,” provides that an addendum to this Agreement will be prepared setting forth the Schedule of Work. The following is the Schedule of Work for this Voluntary Response Program:

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<th>Task</th>
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<td>7</td>
<td>Public Participation Plan/Draft Response Action Memorandum</td>
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It should be noted that the Schedule of Work is subject to change throughout the VRP process as appropriate due to site-specific conditions.

As we discussed in our meeting on September 17, 2012, Grace Pacific Corporation plans to begin Task 4, Site Characterization, in March of 2013. We plan to submit preliminary site characterization reports as individual decision units are investigated, and we plan to begin removal and remedial action in individual decision units following their characterization. Thus removal and remedial action will be coordinated with the Department of Health. However, given the size and complexity of the Lower Quarry Site, the VRP Final Site Characterization Report may not be completed until April of 2015 and Remedial Action may not be completed until December of 2016.

At this time, we anticipate that remedial action will continue at the Lower Makakilo Quarry site past November 6, 2014. Accordingly, Grace Pacific Corporation will rely on Hawaii Revised Statutes §128D-23, Exemption from state and county permits, to complete the removal and remedial actions in a timely manner. As you know, section 128D-23 provides:

No state or county permit shall be required for the portion of any removal or remedial action conducted entirely on site where such response action is carried out in compliance with this chapter, or where such removal or remedial action is in response to a release of a hazardous substance or pollutant or contaminant that occurred in or on the coastal waters of the State and such removal or remedial action is carried out in compliance with this chapter, the National Contingency Plan, or at the direction of a federal or state on-scene coordinator.
Mr. Steven Mow  
October 8, 2012  
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Should you have any questions concerning the foregoing, please do not hesitate to call.

Yours very truly,

Lisa Woods Munger

cc: Mr. Sutterfield  
Mr. Creps  
Mr. Shacat  
Mr. West  
Mr. Chong
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

2012

APPENDIX Q:

CONTENTS OF DVD ACCOMPANYING 2012 ANNUAL REPORT
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ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

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APPENDIX R:

IMAGES ON DVD ACCOMPANYING 2012 ANNUAL REPORT
ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

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APPENDIX S:

GRACE PACIFIC NOTICE OF DELAY IN REPORTING
November 7, 2012

Mr. Jiro Sumada, Deputy Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street
Honolulu, Hawaii 96813

Dear Mr. Sumada,

I am writing to advise you that the submittal of the 2012 Annual Compliance Report for the Makakilo Quarry, required under Special Use Permit No. 2007/SUP-6, (LUC Docket SP73-147/Grace Pacific Corporation) and Conditional Use Permit No. 2007/CUP-91, and due November 8th, will be made on November 16th, as we have encountered a delay in internal preparation.

Sincerely,

Robert M. Creps
Senior Vice President Administration
Grace Pacific Corporation
November 7, 2012

Mr. Daniel Orodenker, Executive Officer
Land Use Commission
Department of Business, Economic
Development and Tourism
State of Hawaii
PO Box 2359
Honolulu, Hawaii 96804-2359

Dear Mr. Orodenker,

I am writing to advise you that the submittal of the 2012 Annual Compliance Report for the Makakilo Quarry, required under Special Use Permit No. 2007/SUP-6, (LUC Docket SP73-147/Grace Pacific Corporation), and due November 8th, will be made on November 16th, as we have encountered a delay in internal preparation.

Sincerely,

Robert M. Creps
Senior Vice President: Administration
Grace Pacific Corporation