ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Ewa, Oahu, Hawaii

Prepared By

GRACE PACIFIC LLC

November 6, 2015

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1.0 INTRODUCTION

This Annual Compliance Report has been prepared in compliance with Condition No. 9 of the State Land Use Commission's Findings of Fact, Conclusions of Law, and Decision and Order, Special Use Permit, Docket No. SP73-147, filed and effective on November 7, 2008 (the "Special Use Permit" or "SUP"), and certain conditions of the Decision and Order for the Conditional Use Permit No. 2007/CUP-91, dated July 17, 2009 (the "Conditional Use Permit" or "CUP").

This is Grace Pacific's seventh annual report demonstrating the status of compliance with the conditions of the SUP and the CUP. This report covers the period from October 1, 2014 through September 30, 2015.

The appendices to this report are organized as follows:

a) Correspondence between Grace Pacific, DPP, LUC and other agencies, in chronological order - Appendices A through E

b) Other documents relevant to this report – Appendices F through I

2.0 ANNUAL COMPLIANCE REPORT FOR THE SPECIAL USE PERMIT

(Special Use Permit, Docket No. SP73-147, adopted and approved on November 6, 2008, filed and effective on November 7, 2008)

2.1 SUP CONDITION #1

1.	*Within six (6) months of the Land Use Commission's Decision and Order approving the Special Use Permit, the Applicant shall submit:*
a.	*A new site plan with metes and bounds map and description delineating the approximately 541-acre Property, including the boundaries of the quarry excavation and berming areas, the processing site and conveyor tunnel, and the buffer area to the Director of Planning and Permitting for review and approval. The site plan shall also be submitted to the Land Use Commission.*
b.	*A fire protection and control plan to Honolulu Fire Department for review and approval. A copy of the approved plan shall be submitted to the Director of Planning and Permitting within 30 days of approval.*

2.1.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #1.A

2009-2011. As requested by DPP in a letter dated August 24, 2010 (Appendix A to the 2010 Report), Belt Collins, Grace Pacific's agent, submitted to DPP for review and approval on October 27, 2010 an Updated Site Plan Delineation Key Map and the Metes and Bounds of the Makakilo Quarry (Appendix C to the 2010 Report). An original Site Boundary Map was submitted by Belt Collins on November 06, 2009 (Appendix A to the 2009 Report). The State Land Use Commission Boundary interpretation of Grace Pacific's 2009 submittal was dated April 20, 2010 (Appendix B to the 2010 Report).

Receipt of the requested Site Plan Delineation Key Map and the Metes and Bounds of the Makakilo Quarry was acknowledged by DPP in their letter of December 28, 2010 (Appendix A of the 2011 Report).

2012. As requested by DPP in a letter dated February 2, 2012 (Appendix G to the 2012 Report), Grace Pacific re-submitted the site plan required by Condition 1.a above, based upon the building permit set, but reduced to only those sheets relevant to the conditional requirements of the SUP and CUP, as Appendix B to the 2012 Report.

2013. DPP in a letter dated February 19, 2013 (Appendix D to the 2013 Report) noted that Condition 1.a, pertaining to Site Plan requirements, was satisfied (pages 003A, 003B, 003D 003E and 003F).

2014 - 2015. This condition has been satisfied.

2.1.2 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #1.B

2009-2011. Satisfaction of Condition #1.B was acknowledged by DPP in their letter of August 24, 2010 (Appendix A to the 2010 Report).

2012. No changes were made to the Fire Protection and Control Plan in the 2012 reporting period. Discussions were held with DPP and HFD in May and July of 2011, respectively, about extending the fire break access roads into the south and west buffer zone. DPP, in its Feb 2, 2012 letter, (Exhibit G to the 2012 Report) determined that a fire break zone qualifies as an accessory use under Condition no. 6 of the SUP. However, no further action has been taken on the Fire Break Conceptual Plan dated May 20, 2011, pending resolution of the UXO matter discussed below under Condition #6.

2013. DPP in a letter a letter dated February 19, 2013 (Appendix D to this Report), requested an update on progress of establishing fire break zones. Grace Pacific met with HFD on August 7, 2013 and discussed fire access roads, the permitting of trailers and management of fuel in the buffer zones (Appendix M to the 2013 report).

2014. See Condition 6 on UXO status. No update (request noted above) has been made to Fire Protection and Control Plan. Grace Quarry Manager met with HFD following a September 10, 2014 brush fire on lower slopes of Parcel 82, to discuss current access and availability of water.

2015. See also Condition 6 on UXO status. Grace Pacific obtained and reviewed a copy of the May 18, 2015 Fire Incident Report concerning the brush fire which occurred on the lower slopes of Parcel 82. While no specific recommendations were included in the report, on August 11, 2015 Grace Pacific's Quarry manager met with the HFD Captain from the Kapolei Station. The parties drove around the perimeter of the quarry, and examined the fire break roads in the vicinity of the fire. Also inspected were the two water wagon stand pipes and the water dispenser behind the scale house. HFD was pleased with the quarry's efforts to address future fire incidences and confirmed that the roads were adequate for their access. Current contact and gate access information was provided to HFD and future periodic meetings are planned to discuss any further issues.

2.2 SUP CONDITION #2

2.	*Within one (1) year of the Land Use Commission's Decision and Order approving the Special Use Permit, the Applicant shall submit to the Director of Planning and*

Permitting for review and approval a renaturalization plan in coordination with the proposed Closure Grading Plan for the quarry site and buffer area mauka of the H-1 Freeway showing landscaping details including plant types, sizing and spacing, irrigation facilities and distribution systems.

2.2.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #2

2009-2011. A Renaturalization Plan (RP) was submitted by Belt Collins on November 6, 2009 for review and approval. (Appendix C to the 2009 Report).

Modifications to the Renaturalization Plan were requested by DPP in a letter to Belt Collins dated August 24, 2010 (Appendix A to the 2010 Report).

On March 28, 2011, Belt Collins wrote to DPP requesting a meeting with DPP to discuss the extent of the physical area that DPP wishes to include in the revised RP (Appendix C to the 2011 Report).

2012. In a letter dated February 2, 2012 (Appendix G to the 2012 Report) DPP identified the areas of concern and agreed on a two year trial period beginning January 2012 for an approach utilizing the broadcasting of seeds and reliance on natural rainfall. See also comments on SUP Condition No. 9.b in this Report.

2013. In a letter dated February 19, 2013 (Appendix D to the 2013 Report) DPP requested a status update of implementation of the two year trial. Grace Pacific responded on April 30, 2013 (Appendix G to the 2013 Report) with an aerial photo identifying the plot locations, plant propagation and the initial plantings (Attachments B, C and D respectively to the April 30th letter). Also attached to the 2013 Report as Appendix Q were September 2013 photos of the test plots.

2014. In an email dated December 20, 2013 (appendix A to the 2014 Report), DPP asked about earthwork outside of the approved excavation area. Grace Pacific responded on January 13, 2014 (Appendix B to this report) that area 1 was within the approved landscape grading area, and that area 2 reflected the placement of topsoil at former golf water features 9 and 10.

On May 5, 2014, DPP (Appendix C to the 2014 Report) wrote to Grace Pacific with guidance for revising the Renaturalization Plan and a request to have the revised plan submitted by June 1st. Grace Pacific, working with Belt Collins Hawaii, submitted a revised Renaturalization Plan on May 30, 2014 (Appendix J to the 2014 Report).

2015. In a letter dated August 27, 2015 (appendix C to this report) DPP approved the May 30, 2014 Renaturalization Plan and requested status reports in subsequent annual reports.

As of the date of this report, the irrigation piping previously used to renaturalize the Lower Quarry site (Parcel 4) has been laid out on Hole 9 and portions of Hole 8 (L-2.03, L-2.02). Hydromulching is to follow shortly. Grow-in is expected to take six weeks. See Appendix I to this report for photos of piping layout.

2.3 SUP CONDITION #3

3.	*All resource extraction, related aggregate processing and concrete and asphalt production activities, including recycling activities shall cease by December 31, 2032. Final beneficial re-use plans as approved by the Department of Planning and Permitting shall be implemented immediately upon the cessation of said resource extraction and related quarrying activities.*

2.3.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #3

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.4 SUP CONDITION #4

4.	*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.*

2.4.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #4

2009-2011. Grace Pacific acknowledges this condition of the Special Use Permit to relocate all processing site uses from Parcel 4 by December 31, 2012.

A Lower Quarry Landscape Plan addressing the return of Parcel 4 to landscaped open space was submitted by Belt Collins to DPP on June 13, 2011 (Appendix D to the 2011 Report). Grace Pacific acknowledged that this submittal was due November 6, 2010, and apologized for its tardy submission.

2012. Based upon correspondence between DPP and Belt Collins (December 27, 2011, January 10, 2012 and February 2, 2012, being Appendices D, E and G to the 2012 Report), Grace Pacific submitted a revised Lower Quarry Landscape Plan dated October 22, 2012 with the 2012 Report as Appendix A.

Based upon DPP's December 27, 2011 request (Appendix D to the 2012 Report) to be kept apprised of the Voluntary Response Plan (VRP) for the environmental remediation of the Lower Quarry site, Grace Pacific attached to the 2012 Report as Appendices N, O and P respectively, the VRP Agreement between Grace Pacific and the State of Hawaii Department of Health dated October 2011; an Amendment to the VRP Agreement dated September 20, 2012 amending the scope of the work; and the Schedule of Work dated October 8, 2012, prepared in accordance with Exhibit B, Attachment 1 of the VRP Agreement .

Grace Pacific sought clarification of SUP Condition No. 4 (Appendix I to the 2012 Report).

2013. On December 27, 2012, DPP wrote to Grace Pacific (see Appendices A, B to the 2013 Report) concurring with removal of structures by March 31st and the closing of sales and the scale house by June 30th.

At the request of Mr. Orodenker, Executive Offer of the LUC (Appendix C to the 2013 Report), Grace Pacific met with Mr. Orodenker on January 14th, with a follow-up letter from Mr. Ing to Mr. Orodenker on February 22, 2013 (Appendix E to the 2013 Report).

On December 29, 2012 Grace Pacific ceased all crushing and processing on Parcel 4. The Lower Quarry structures were removed by March 31st and sales ended on June 29, 2013 (see Appendixes G, R to the 2013 Report).

In a letter dated July 19, 2013 (Appendix H to the 2013 Report), DPP proposed further revisions to the Lower Quarry Landscape Plan. A revision of this plan, prepared by Belt Collins Hawaii and dated November 5, 2013, was attached as Appendix T to the 2013 Report.

The status of the building permits for the portable trailers was attached as Appendix S to the 2013 Report.

2014. On May 6, 2014, Grace Pacific wrote to DPP (Appendix D to the 2014 Report) with a status update on matters discussed in March and April. DPP had agreed to allow HECO to refile the building permit for the substation upgrade under two conditions, which were further clarified in a letter from Grace Pacific to DPP dated May 15, 2014 (Appendix E to the 2014 Report).

Grace Pacific met with the SLUC staff on May 14th to discuss the VRP and the impact of the VRP on the November 6, 2014 deadline to return the Lower Quarry (Parcel 4) to landscaped open space. Grace Pacific decided to give priority to meeting the November 6th landscaped open space deadline. Grace discussed this change in priorities with the DOH, and agreed to address the DOH's concerns by documenting where soil was moved to within the Lower Quarry site and revising the site characterization work plan to reflect the changes in the site conditions.

In a letter dated May 30, 2014, (Appendix F to the 2014 Report), Grace notified DPP that it would begin landscaping as soon as possible to meet the November 6th deadline.

In a letter dated May 5, 2014, (Appendix C to the 2014 Report) DPP noted that the Lower Quarry Landscape Plan, Exhibits 3-7, dated November 7, 2013 (see Appendix T to the 2013 Report) was approved, and asked to be kept informed of efforts to return Parcel 4 to landscaped open space by November 6, 2014.

As of the date of the 2014 Report, Grace Pacific had substantially completed the work necessary to return the site to landscaped open space. Of the $3.3 million total cost for the removal of plant and equipment, site cleanup, grading and grow-in, $3.0 million had been spent as of October 31, 2014, with the balance under a contract to complete.

As a followup to the July 19, 2013 letter from DPP to Grace Pacific (Appendix H to the 2013 Report) regarding the permitting for the office trailers and a guard shack, Grace responded in its May 30th letter noting that the office trailers have received building permits and the security guard is now stationed within Grace Pacific's Palehua Road access easement.

2015. The grassing of the Lower Quarry has been completed, and has benefitted from the heavy rains of August and September, as evidenced by the third photo of Appendix G to this report.

A status report for the Voluntary Response Program (VRP), prepared by Environmental Science International, is attached to this report as Appendix H.

2.5 SUP CONDITION #5

5.	*Beginning January 1, 2012, quarry operations shall be limited to the following days/hours:*
a.	*Quarry excavation, crushing, stockpiling, equipment maintenance, and recycling facility – 6:00 a.m. to 6:00 p.m., Monday to Saturday.*
b.	*Hot-mix asphalt plant - 6:00 a.m. to 6:00 p.m., Monday to Friday.*
c.	*Unloading of cold-planed asphaltic concrete during re-paving jobs - 6:00 p.m. to 10:00 p.m., Sunday to Friday.*

2.5.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #5

2009-2015. Grace Pacific acknowledges this Condition.

2.6 SUP CONDITION #6

6.	*Except for quarry, recycling activities in the quarry, and renaturalization activities, the remainder of Tax Map Key: 9-2-03: 74 shall remain in open space buffer for the life of the quarry and related activities. Minor accessory uses or structure may be permitted on Parcel 74 with the express written consent of the Director of Planning and Permitting. Any other uses shall be processed pursuant to Section 205-6. Hawai`i Revised Statues.*

2.6.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #6

2009-2012. Grace Pacific acknowledges this condition of the Special Use Permit.

2012. On November 8, 2011, a brush fire occurred in the buffer zone to the south and west of the Upper Quarry pit. DPP notified Grace Pacific that the Honolulu Fire Department (HFD) discovered old military munitions (unexploded ordnance or UXO) in the area of the fire. (Appendix C to this Report). Grace Pacific contacted HFD to obtain the map of the location of the munitions (Appendix C to this Report). The UXO was removed by the US Army's 303rd Explosive Ordnance Battalion.

The US government is ultimately responsible for the disposition of munitions under the Military Munitions Rule, and that responsibility has been delegated to the US Army Corps of Engineers (USACE). The USACE did not have funding in FY 2013 to conduct a thorough evaluation of past military activities in the Makakilo area. Grace Pacific worked with the USACE and Senator Inouye's office to request "plus-up" funding for the USACE's Formerly Used Defense Sites (FUDS) program. If appropriated, the plus-up funding would allow the USACE to initiate a thorough evaluation of past military activities and mitigate any potential safety hazards as appropriate.

2013. DPP in a letter a letter dated February 19, 2013 (Appendix D to the 2013 Report), requested an update on progress of establishing fire break zones. Grace Pacific responded, in a letter dated April 30, 2013 (Appendix G to the 2013 report), that Grace was working with the Army Corps of Engineers and Senator Schatz's office to obtain funding for an investigation and cleanup. Grace had also posted warning signs on the property line fencing at the recommendation of the Army Corps.

2014. The Army Corps of Engineers has $50 million in plus-up monies in the FY15 budget, however, it is difficult to get funding for new starts. On-going discussions continue with Army Corps of Engineers and Hawaii's Congressional Delegation for potential funding.

2015. In 2015, plus-up funding was received and used to conduct the Army Corps of Engineers research (via the ACOE's St. Louis office). The Army Corps still needs to determine eligibility and at this time the documents reviewed as to land leases or sub-leases are not conclusive. The St. Louis office is continuing their research and will put a report together for headquarters.

2.7 SUP CONDITION #7

7.	*As may be required by the State Department of Health, the Applicant shall place in service additional dust control measures to control dust generation at the project such that no visible fugitive dust shall cross the combined property boundaries of Tax Map Key: 9-2-03: 74 and 82.*

2.7.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #7

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.8 SUP CONDITION #8

8.	*The Applicant shall, as a result of modifications to the final grading and beneficial re-use plans, submit an update of the drainage plan, prepared by a qualified civil engineer, as may be required by the Director of Planning and Permitting for review and approval.*

2.8.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #8

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.9 SUP CONDITION #9

9. On each anniversary date of the Land Use Commission's Decision and Order, the Applicant or its successor shall file with the Department of Planning and Permitting and the Land Use Commission a report and supporting documentation demonstrating the statues of compliance with each of the conditions of the Special Use Permit approval. Included in the supporting documentation shall be an updated rectified aerial imagery of the quarry, buffer area and processing site and dust control management plan. The following items shall also be a part of the supporting documentation:

a. Observations of fugitive dust.

b. A report on replanting activities, including the areas replanted, and the type of vegetation planted.

c. A report of any citizen's complaints relating to the operation along with the actions taken to ameliorate those complaints.

The Director may present its analysis and recommendations on the annual report to the Planning Commission and the State Department of Health for further action pursuant to the Rules of the Planning Commission.

2.9.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9

2012. Grace Pacific provided the following images with the 2012 Report:

a) Aerial photos of West Oahu, dated August 2011 and October 2012;

b) Makakilo Quarry Digital Orthography and Topographic Map, dated August 31, 2012

The above items were provided on a DVD, with the index of the DVD and reduced prints of each of the images (Appendices Q, R to the 2012 Report).

2013. Grace Pacific provided the September 4, 2013 Makakilo Quarry Digital Orthography, depicted in three areas (Upper Quarry, Lower Quarry and Overall) and Topographic Map with the 2013 Report. Also included with the 2013 Report was a DVD with different levels of resolution and formatting. The index of the DVD was attached to the 2013 Report as Appendix O. Prints of the images on the DVD were attached to the 2013 Report as Appendix P.

2014. Grace Pacific provided the September 12, 2014 Makakilo Quarry Digital Orthography, depicted in three areas (Upper Quarry, Lower Quarry and Overall), and Topographic Map with the 2014 Report on a DVD. The index and copies of prints on the DVD were attached as Appendix I to the 2014 Report.

2015. This annual report is being submitted in compliance with this condition. Grace Pacific is providing the October 2, 2015 Makakilo Quarry Digital Orthography, depicted in three areas (Upper Quarry, Lower Quarry and Overall), and Topographic Map with this report on a separate DVD. The index and copies of prints on the DVD were attached as Appendix G to this report. Also attached to this report is a DVD with a copy of this report and Appendices.

2.9.2 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.A

2012. No observations of fugitive dust were reported to Grace Pacific or the State Department of Health, Clean Air Branch for the period October 1, 2011 through September 30, 2012. Correspondence from the Clean Air Branch dated October 15, 2012 was attached to the 2012 Report as Appendix K.

2013. Grace's Hotline received calls about dust on July 29th, and September 3rd, and had a visit from the Clean Air Branch on August 26th (Complaint Report OA-13-143) over reports of fugitive dust. Grace's Quarry Manager discussed the matter with the Clean Air inspector and added a second water wagon to the stripping effort, and avoided working on days of high winds. The Clean Air Branch issued an informal notice of violation on September 5th, and did a follow-up on October 4th (Complaint OQ-13-204). The Hotline calls were noted in Appendix N attached to the 2013 Report, and the Clean Air letter and reports were attached to the 2013 Report as Exhibit K.

2014. One observation of fugitive dust was reported to the State Department of Health, Clean Air Branch for the period October 1, 2013 through September 30, 2014, Correspondence from the Clean Air Branch dated April 15, 2014 was attached to the 2014 Report as Appendix G. The observation arose from the blasting process, and management agreed to increase the amount of water used to pre-saturate the blast zone.

2015. No observations of fugitive dust were reported to the State Department of Health, Clean Air Branch for the period October 1, 2014 through September 30, 2015, Correspondence from the Clean Air Branch dated November 4, 2015 is attached to this report as Appendix E.

2.9.3 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.B

2009-2012. Approval was given in February 2012 (see Appendix G to the 2012 Report) to begin renaturalization efforts for the buffer zone around the Upper Quarry. Eleven test plots were selected and the soils tested for characterization and recommendations. See Appendix L to the 2012 Report for the results of the soils testing.

2013. In a letter dated February 19, 2013 (Appendix D to the 2013 Report) DPP requested a status update of implementation of the two year trial. Grace Pacific responded on April 30, 2013 (Appendix G to the 2013 Report) with an aerial photo identifying the plot locations, plant propagation and the initial planting at plot 10 (Attachments B, C and D respectively, to the April 30th letter).

Attached to the 2013 Report as Appendix Q were September 2013 photos of the test plots, and an aerial comparison between January and September 2013.

2014. As noted in DPP's May 5th letter (Appendix C to the 2014 Report), the two year trial period did not return expected results and Grace is working with test plots with direct irrigation. The Renaturalization Plan submitted on May 30th (Appendix J to the 2014 Report) proposed initial areas, within the excavation area, sheet L-2.01, and in the buffer zone L-2.02 and 2.03. Photos of test plots in areas 2.01 and 2.02 (photos 1, 2, 7 and 8) were attached as Appendix K to the 2014 Report. Also included in Appendix K were photos of

areas previously hydro mulched, but without the benefit of temporary irrigation (photos 3, 4, 5 and 6).

2015. As noted in Condition #2, DPP approved the May 30, 2014 Renaturalization Plan for the Upper Quarry and buffer zone in its August 27th letter (Appendix C to this report). Irrigation piping has been laid out for buffer zone areas L-2.02 and 2.03 (see Appendix I to this report). Earlier efforts at renaturalization appear to have benefitted from the heavy rains of August and September, as evidenced by the first photo of Appendix G to this report.

2.9.4 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.C

2012. Two reports of citizen complaints relating to blasting operations during the period October 1, 2011 through September 30, 2012 were received by Grace Pacific (Appendix J to the 2012 Report).

Grace's consultant on blasting, Dr. Cathy Aimone-Martin visited the quarry in April of 2012, discussed procedures and reviewed records of blasts. Dr. Aimone-Martin offered several suggestions as to detonation timing and seismic report targets. Dr. Simone-Martin and the quarry management also met with several of the Pueonani Street residents during her visit. The residents requested advance notice of the blasting schedule. Quarry management agreed to send an email notice of the schedule.

2013. No calls were received about blasting during the current reporting period. Quarry management continues to give notice of the blasting schedule to Wai Kaloi residents.

2014. In an email dated December 20, 2013 (Appendix A to the 2014 Report), DPP asked how Grace Pacific was addressing neighbors' concerns about blasting vibrations. Grace Pacific in a letter dated January 29, 2014 (Appendix B to the 2014 Report) responded that it would "double-deck" the blasts, and continue to work with Aimone-Martin Associates, who independently monitors Grace's blasting program. Dr. Cathy Aimone-Martin reported that, as of December 2013, "all ground vibrations have fallen well within safe levels for the protection of all structures."

At the request of the president of the Wai Kaloi Community Association, Grace Pacific organized a meeting with the residents on Pueonani Street with Dr. Aimone-Martin on September 4, 2014 at the Kapolei Golf Tee Room. A dozen neighbors attended and Dr. Aimone-Martin explained Grace's blasting and monitoring process, and how she evaluated the data from the seismic monitors on the perimeter of Grace's property. Dr. Aimone-Martin answered a wide range of questions, and concluded that the current level of blasting

could not damage structures and that her continued work with Grace would keep it that way.

2015. No complaints were received about blasting during the current reporting period.

2.10 SUP CONDITION #10

10. The Applicant shall provide a beneficial re-use plan for lands disturbed by its quarry operations. The plan shall include planning and preparation of the design and implementation scenarios for the beneficial re-use of the pit area consistent with established land use policies for the site and surrounding area. The re-use planning document and accompanying scenarios and drawings shall be submitted to the Department of Planning and Permitting, for review and approval within the fifth (5th) year after the date of the Land Use Commission's Decision and Order approving this expansion. An updated re-use plan shall be submitted to the DPP for review and approval every five (5) years thereafter. The beneficial re-use planning and design document shall be an ongoing document prepared by a professional qualified in re-use planning and contain objectives, implementation and funding strategies for reclamation of the pit area for the purpose of achieving the area's long term land use policies. The Applicant will update the plan, as may be required by the Director of Planning and Permitting, to respond appropriately to any changes in the surrounding area's land use policies.

The beneficial re-use plan shall include at least one public access across Tax Map Key: 9-2-03: 74, connecting Tax Map Key: 9-2-03:81 and the extension of Makakilo Drive, across the project in which safe pedestrian/bicycling passage can be established. Access requirements, such as but not limited to, subdivision, nature of improvements, routing, hours accessible, shall be established as part of the final beneficial re-use plan. Suggested routing of the public access is shown on Exhibit A.

2.10.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #10

2009-2012. Grace Pacific acknowledges this condition of the Special Use Permit.

2013. The initial 2013 Makakilo Quarry Beneficial Re-Use Plan was delivered as an enclosure with the 2013 Annual Report.

2014. In a letter dated May 5, 2014, (Appendix C to the 2014 Report) DPP commented on the Beneficial Re-use Plan (filed November 14, 2013 with DPP and the

SLUC), and asked that alternative scenarios be considered and that a revised Re-use Plan be filed by November 6, 2014. Grace Pacific, working with consultant R.M. Towill, revised the Re-use Plan, and filed the Plan with DPP on October 28, 2014 (Appendix L to the 2014 Report).

2015. In a letter dated August 27, 2015, (Appendix C to the 2014 Report) DPP approved the revised Beneficial Re-use Plan. DPP posed questions as to the scope of the Plan and funding strategies. Grace Pacific responded to these in a letter dated September 30, 2015 (Appendix D to this report).

In the August 27th letter, DPP asked about the integration of the required public access (Condition #10 above) and the various re-use scenarios. Grace Pacific notes that there are two required accesses: 1) the "feasible circulation patterns in and around the site" (arising from LUO Section 5.520) and 2) the "public access… across the project in which safe pedestrian/bicycling passage can be established." (such language being specific to this permit).

As to access 1), Figures 8 through 11 of the revised Re-use Plan show an orange arrow labelled "Site Access" approaching the pit from north. This access road will be used for each of the four Alternatives presented and will tie in to the future Makakilo Drive Extension. The Extension, in turn, will tie into the H-1 Freeway/Kualakai Parkway intersection.

As to access 2), it is important to note that pedestrian/bicycling passage, described as the "Suggested Public Access Road" in Figure 6, Zoning Map, on page 2-6 of the revised Re-use Plan, follows (approximately) the 700 foot elevation contour at the upper mauka boundary of the Landscape Grading Area of Figures 8-11, and is neither proximate nor relative to the beneficial re-uses depicted in Figures 8-11 of the revised Plan. The beneficial re-uses of Figures 8-11 take place on the quarry floor, at elevations ranging from 250 feet to 475 feet.

DPP also asked that the Quarry closure plan address contaminated soils, anticipating that, as with the Lower Quarry site, soils in and around the pit may require cleanup or containment. Grace Pacific adds the following new section 2.5.4 to the 2014 Revised Beneficial Re-use Plan. Future updates of the Plan will incorporate this new section.

2.5.4 Environmental Assessment

Ongoing compliance with Federal and State environmental regulations, such as the implementation of Best Management Practices, is expected to minimize the potential for contaminated soils arising from quarry operations.

During the final closure process in 2032, the site will be assessed to determine possible hazards to human health and the environment. The scope of the assessment will depend on the nature of the anticipated use of the property after quarry closure (i.e., commercial/industrial, residential, etc.), but will likely include subsurface sampling of the soil and groundwater for contaminants of potential concern. The environmental assessment, and any remedial activities (if required) will conform to all applicable Federal, State, and Local requirements.

2.11 SUP CONDITION #11

11.	*Approval of this Special Use Permit does not constitute compliance with other land use ordinances or governmental agencies' requirements. They are subject to separate review and approval. The Applicant shall be responsible for insuring that the final plans for the project approved under this permit comply with all applicable provisions of the Land Use Ordinance and other governmental agencies' provisions and requirements.*

2.11.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #11

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.12 SUP CONDITION #12

12.	*The Applicant and/or landowner shall notify the Director of Planning and Permitting and the Land Use Commission of any changes in uses on the Property; termination of any uses on the Property; and/or transfer in ownership of the Property or any uses on the Property. The Planning Commission shall then, in consultation with the Director of Planning and Permitting, determine the appropriate disposition of this Special Use Permit and facilities.*

2.12.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #12

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2010. Letters notifying DPP and LUC that a change of ownership of the Property occurred were sent on November 05, 2009 (Appendix G to the 2009 Report) and on March 26, 2010 (Appendix J on the 2010 Report).

2013. Letters notifying DPP and LUC that Grace Pacific Corporation had converted to a LLC (now known as Grace Pacific LLC) effective August 19, 2013 were sent on August 22, 2013 (Appendix J to the 2013 Report). This notice was sent for informational purposes.

2.13 SUP CONDITION #13

13.	*In the event of noncompliance with any of the conditions set forth herein, the Director of Planning and Permitting may terminate all uses approved under this Special Use Permit or the Director may declare this Special Use Permit null and void or seek available civil procedures to enforce compliance.*

2.13.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #13

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.14 SUP CONDITION #14

14.	*The Applicant shall, for the life of the Special Use Permit, establish and disclose to the community, a telephone number dedicated to receiving and recording complaints relating to quarry and recycling operations. A continuous volume of complaints shall warrant reconsideration of the Special Use Permit by the Planning Commission.*

2.14.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #14

2009-2014. Grace Pacific has posted the Makakilo Quarry Hotline information 671-GRACE (671-4722) on its website, www.gracepacificcorp.com, for disclosure to the community. See reporting on Conditions 9.a and 9.c above for 2014 activity on the hotline.

2013. Four complaints relevant to Quarry operations were phoned in to the Community Hotline (Appendix N to the 2013 Report). Two had to do with visible dust and are discussed in the reporting for Condition 9a. The other two had to do with Grace Pacific's security patrol. Grace subsequently re-routed the security patrol route away from the homeowner's property.

2014. Grace Pacific logged five calls to the Community Hotline Log in this reporting period (Appendix H to the 2014 Report). Two calls were about blasting, and Grace agreed to provide advance notice on the blasting events. Two calls were about dust, to which the Quarry manager responded. A fifth call was about diesel odors in the evening hours. Quarry management investigated but were unable to confirm the source.

2015. Grace Pacific logged five calls on the Community Hotline Log in this reporting period (Appendix F to this report). Three calls were about dust, to which the Quarry manager responded. One call was about tall grass along the Anuhea property line,

which Grace Pacific dispatched landscapers to trim. The fifth call was a sales inquiry and was directed to the proper person.

2.15 SUP CONDITION #15

15.	*The uses in the quarry excavation area shall be limited to rock excavation, crushing, stockpiling, a new hot-mix asphalt plant, recycling of concrete rubble, glass, and asphaltic concrete pavement, equipment maintenance, employee support, parking, administration, and a water well and pump. No other uses shall be permitted without the approval of the Land Use Commission.*

2.15.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #15

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

2.16 SUP CONDITION #16

16.	*The Applicant shall establish the quarry expansion in substantial compliance with the representations made to the Land Use Commission in obtaining the Land Use Commission Special Use Permit. Failure to do so may result in the revocation of the permit.* *IT IS FURTHER ORDERED that the conditions imposed by the LUC on March 23, 1973, in this docket that are applicable to the sanitary landfill operations shall remain in fill force and effect.*

2.16.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #16

2009-2015. Grace Pacific acknowledges this condition of the Special Use Permit.

3.0 ANNUAL COMPLIANCE REPORT FOR THE CONDITIONAL USE PERMIT

(Conditional Use Permit, No. 2007/CUP-91, dated July 17, 2009)

3.1 CUP CONDITION #1

1.	*Blasting shall be restricted to the hours of 8:00 am to 12:00 noon, Mondays through Fridays.*

3.1.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #1

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.2 CUP CONDITION #2

2.	*Within one year of this Decision and Order, the applicant shall submit to the Director of the DPP for review and approval, final grading plans with contour intervals of five feet in areas where the slope is greater than ten percent; two feet in areas where the slope is ten percent or less.*

3.2.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #2

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2010. A Final Grading Plan was submitted to DPP on November 06, 2009 (Appendix J to the 2009 Report). A letter from DPP dated November 05, 2009 acknowledged that Condition 2 of the Conditional Use Permit was met (Appendix A to the 2010 Report).

3.3 CUP CONDITION #3

3.	*On the fifth anniversary date of this Decision and Order, and an updated every fifth year thereafter, as may be required by the Director, the applicant shall submit a beneficial reuse plan which shall show how the property is to be left in a form suitable for reuse for purposes permissible in the district, relating such reuses to existing or proposed uses of surrounding properties. Among items to be included in the plan are feasible circulation patterns in and around the site, the treatment of exposed soil or subsoil, including measures to be taken to replace topsoil or establish vegetation in*

excavated areas in order to make the property suitable for the proposed reuse, treatment of slopes to prevent erosion and delineation of floodways and floodplains (if any) to be maintained in open usage. Submittal of the beneficial reuse plan under Condition 12 of the Land Use Commission Decision and Order, dated November 7, 2008, may satisfy the requirements of this condition (providing the reuse plan complies with Land Use Ordinance Section 5.520, Specific Use Development Standards, for Resource Extraction).

3.3.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #3

2009-2012. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2013. The initial 2013 Makakilo Quarry Beneficial Reuse Plan was delivered as an enclosure with the 2013 Report.

2014. In a letter dated May 5, 2014, (Appendix C to the 2014 Report) DPP commented on the Beneficial Re-use Plan (filed November 14, 2013 with DPP and the SLUC), asking that alternative scenarios be considered and that a revised Re-use Plan be filed by November 6, 2014. Grace Pacific, working with consultant R.M. Towill, revised the Re-use Plan, and filed the Plan with DPP on October 28, 2014 (Appendix L to the 2014 Report).

2015. In a letter dated August 27, 2015, (Appendix C to the 2014 Report) DPP approved the revised Beneficial Re-use Plan. DPP posed questions as to the scope of the Plan and funding strategies. Grace Pacific responded to these in a letter dated September 30, 2015 (Appendix D to this report).

In the August 27th letter, DPP asked about the integration of the required public access (Condition #10 above) and the various re-use scenarios. Grace Pacific notes that there are two required accesses: 1) the "feasible circulation patterns in and around the site" (arising from LUO Section 5.520) and 2) the "public access… across the project in which safe pedestrian/bicycling passage can be established." (such language being specific to this permit).

As to access 1), Figures 8 through 11 of the revised Re-use Plan show an orange arrow labelled "Site Access" approaching the pit from north. This access road will be used for each of the four Alternatives presented and will tie in to the future Makakilo Drive Extension. The Extension, in turn, will tie into the H-1 Freeway/Kualakai Parkway intersection.

As to access 2), it is important to note that pedestrian/bicycling passage, described as the "Suggested Public Access Road" in Figure 6, Zoning Map, on page 2-6 of the revised Re-use Plan, follows (approximately) the 700 foot elevation contour at the upper mauka boundary of the Landscape Grading Area of Figures 8-11, and is neither proximate nor relative to the beneficial re-uses depicted in Figures 8-11 of the revised Plan. The beneficial re-uses of Figures 8-11 take place on the quarry floor, at elevations ranging from 250 feet to 475 feet.

DPP also asked that the Quarry closure plan address contaminated soils, anticipating that, as with the Lower Quarry site, soils in and around the pit may require cleanup or containment. Grace Pacific adds the following new section 2.5.4 to the 2014 Revised Beneficial Re-use Plan. Future updates of the Plan will incorporate this new section.

2.5.4 Environmental Assessment

Ongoing compliance with Federal and State environmental regulations, such as the implementation of Best Management Practices, is expected to minimize the potential for contaminated soils arising from quarry operations.

During the final closure process in 2032, the site will be assessed to determine possible hazards to human health and the environment. The scope of the assessment will depend on the nature of the anticipated use of the property after quarry closure (i.e., commercial/industrial, residential, etc.), but will likely include subsurface sampling of the soil and groundwater for contaminants of potential concern. The environmental assessment, and any remedial activities (if required) will conform to all applicable Federal, State, and Local requirements.

3.4 CUP CONDITION #4

4.	*Prior to the issuance of a building permit for any structures within and/or the relocation of any structures to the Project Site, the applicant shall submit to the Director for review and approval:*
a.	A site plan showing compliance with all development standards of the Land Use Ordinance, including but not limited to, parking and loading, structure heights and setbacks, and building coverage.
b.	A water source and distribution plan approved by the Board of Water Supply. The plan shall include the disposition of the existing water source in the processing site.
c.	An outdoor lighting plan showing all existing and proposed outdoor lighting fixtures. All exterior lighting shall be fully shielded to prevent glare and light spillage on surrounding lots and public rights-of-way. Lighting for unloading of cold-planed

asphalt shall be directed away from adjoining residential uses and be turned off upon completion of unloading operations.

3.4.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #4. A, B, AND C

2011. A Site Plan, Water Source and Distribution Plan and Outdoor lighting Plan were submitted by Belt Collins to DPP on July 08, 2011 for review and approval. A copy of the letter is attached as Appendix G to the 2011 Report.

2012. As requested by DPP in a letter dated February 2, 2012 (Appendix F to the 2012 Report), Grace Pacific re-submitted the site plan required by Condition 1.a above, based upon the building permit set, but reduced to only those sheets relevant to the conditional requirements of the SUP and CUP, as Appendix B to the 2012 Report.

2013. In a letter dated February 19, 2013 (Appendix D to the 2013 Report) DPP noted that Condition No 4.c pertaining to an Outdoor Lighting Plan had not been approved and requested a status report on efforts to comply. Grace Pacific responded on April 30, 2013 (Appendix G to the 2013 Report) that the employee parking has been relocated to the quarry pit and the lighting facing the H-1 Freeway had been disconnected.

2014. In a status update to DPP on May 6, 2014 (Appendix D to the 2014 Report) Grace Pacific reported that the remaining lighting is directed towards the quarry pit, and is under timer control as required by the lighting plan. The timers are tested by American Electric on a monthly basis and their reports are available upon request.

2015. In an email dated August 4, 2015, DPP asked about unaccounted structures identified on the September 12, 2014 aerial photo of the Upper Quarry. Grace Pacific responded with an email dated August 20, 2015, (Appendix B to this report) that all but one of the objects identified were items used for storage or work areas. The final item was an office trailer, to be used for the maintenance shop as an office, and for which a building permit has been applied.

3.5 CUP CONDITION #5

5. The applicant shall stabilize exposed soils during the construction of any berms to minimize runoff impacts to the area's natural drainage features. Landscaping of any berms shall commence within 30 days of completion of berm construction.

3.5.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #5

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2014. In a letter dated May 5, 2014, (Appendix C to the 2014 Report) DPP asked about landscaping of a berm above the north end of the pit. Grace Pacific replied in a letter dated May 30, 2104 (Appendix F to the 2014 Report), clarifying that this was not a berm but rather material that was being accumulated for construction of the berm, and that drainage around the pile had been engineered to ensure that it would not impact natural drainage features. Proper landscaping will be implemented once the berm is constructed and in the timeframe required.

3.6 CUP CONDITION #6

6.	*Operation of the resource extraction facility and accessory uses shall be in general conformance with the approved project, as described herein and shown on plans on file with the DPP. Any modification to the project and/or plans shall be subject to the prior review and approval by the Director. Major modifications shall require a new Conditional Use Permit.*

3.6.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #6

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.7 CUP CONDITION #7

7.	*This application has only been reviewed and approved pursuant to the provisions of Section 21-5.520 (Resource Extraction), and its approval shall not constitute compliance with the requirements of other governmental agencies. These are subject to separate review and approval. The application shall be responsible for insuring that the final plans for the project approved under this permit comply with all applicable government agencies' provisions and requirements, including compliance with all other provisions of the Land Use Ordinance.*

3.7.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #7

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.8 CUP CONDITION #8

8.	*The applicant and/or landowner shall submit written notification to the Director of DPP of any changes in use, including the addition of any accessory uses and/or structure, termination of any use on the property; and/or transfer in ownership of the*

property or of any use on the property. In the case of any addition and/or change in use, the Director shall determine if the proposed change requires a minor or major modification of the Conditional Use Permit. In the event of a change in ownership, the Director shall notify the new owner (by copy of this report) that the site and/or facility is permitted and/or governed by the Conditional Use Permit, and that compliance with all conditions of approval is required.

3.8.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #8

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2010. Letters notifying DPP and LUC that a change of ownership occurred were sent on November 05, 2009 (Appendix G to the 2009 Report) and on March 26, 2010 (Appendix J to the 2010 Report).

2013. Letters notifying DPP and LUC that Grace Pacific Corporation had converted to a LLC (now known as Grace Pacific LLC) effective August 19, 2013 were sent on August 22, 2013 (Appendix J to the 2013 Report). This notice was sent for informational purposes.

3.9 CUP CONDITION #9

9. The Director may modify the conditions of this permit by imposing additional conditions, modifying existing conditions, or deleting conditions deemed satisfied upon a finding that circumstances related to the approved project have significantly changed so as to warrant a modification to the conditions of approval. In the event of the noncompliance with any of the conditions set forth herein, the Director may terminate all uses approved under this permit or halt their operation until all conditions are met or may declare this Conditional Use Permit null and void or seek civil enforcement.

3.9.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #9

2009-2015. Grace Pacific acknowledges this condition of the Conditional Use Permit.

-------- End of 2015 Annual Report ---------