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LAND USE COMMISSION
STATE OF HAWAII

2018 MAR 12 A 7:38

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Mark Alexander Roy
VICE PRESIDENT

Tessa Munekiyo Ng
VICE PRESIDENT

TO: Dan Orodener, Executive Officer
State Land Use Commission
Department of Business, Economic
Development & Tourism
P.O. Box 2359
Honolulu, Hawai'i 96804

DATE: March 7, 2018

SUBJECT: HC&D, LLC Puunene Quarry at
TMK (2)3-8-003:004 (por.), 019
(por.), and 021 (por.), and TMK
(2)3-8-001:001 (por.), Puunene,
Maui, Hawai'i (CUP 2001/0001)
(SP77-271)

Enclosed is/are:

Copies	Date	Description
Orig.	March 1, 2018	Memorandum to State Land Use Commission Regarding Annual Report Year Ended December 31, 2017

	For your comment	For your use
	For necessary action	As requested
X	For your review	For your signature
X	For your files	Returning

REMARKS:

On behalf of HC&D, LLC, we are submitting the enclosed Annual Report for your review and files.

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

Signed: _____

Erin Mukai
Erin Mukai
Senior Associate

Copy to: Eric Yoshizawa, HC&D, LLC (w/copy of enclosure)

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LAND USE COMMISSION
STATE OF HAWAII

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MEMORANDUM

Date: March 1, 2018

To: Dan Orodenker, Executive Officer
Land Use Commission, State of Hawaii

From: Eric M. Yoshizawa, Vice President Operations
HC&D, LLC (Maui)

Subject: LUC Docket No. SP77-271 / HC&D, LLC
Annual Report: Year ended December 31, 2017

HC&D, LLC (formerly Ameron Hawaii, LLC) currently operates its Puunene Quarry, also referred to as "Camp 10 Quarry", within approximately 167.7 acres of land licensed from Alexander & Baldwin, LLC, and identified as Tax Map Key Nos.: (2) 3-8-03: Por. 4, Por. 19, and Por. 21 and Tax Map Key No. (2) 3-8-01: Por. 1 in Puunene, Maui.

HC&D's quarry operations are permitted under State Land Use Commission Special Permit (SP77-271) and County Special Use Permit (CUP 2001/0001), as well as its concrete batching operations permitted under County Conditional Permit (CP 2008/0005).

Condition No. 7 of SP77-271 states:

Applicant, its successors or permitted assigns, shall timely provide without any prior notice, annual reports to the Land Use Commission and the County of Maui Planning Department in connection with the status of the subject project and Applicant's progress in complying with the conditions imposed herein. The annual report shall also include the amount of resources mined from the Property and the projected amount of resource remaining at the time of submission of each annual report. The annual report shall be submitted in a form prescribed by the Executive Officer of the Land Use Commission.

As set forth by Condition No. 7 of SP77-271, this report serves as HC&D's annual report addressing compliance with the conditions established with the subject project State Land Use Commission Special Permit.

Section 1. General Comments

HC&D, LLC operates on Maui as a producer of ready-mix concrete, crushed basalt rock, and related quarry products. Ownership interests in HC&D transferred on July 1, 2014 to local ownership. (See response to Condition No. 4) The Company was formerly known as Ameron Hawaii.

The subject site known locally as "Camp 10 Quarry" encompasses the basalt rock quarry and approximately 80 acres dedicated to the crushed aggregate processing plant, main concrete batch plant, asphalt production facilities, precast and pre-stressed concrete

casting operations, maintenance facilities, administrative buildings, and tenant facilities. HC&D has hosted license agreements with two asphalt paving contractors (Maui Paving and Black Maui Rose) and two concrete casting operations (Walker Industries and GPRM Precast), all of whom have conducted manufacturing operations at Camp 10.

Active mining progressively occupies approximately 30 acres of the permitted area at any point in time. The total permitted area includes both the active and future mining spaces, HC&D's fixed operations footprint, as well as completed mining areas that would incrementally return to Alexander & Baldwin.

Within the mine, the source rock found five to eight feet below the surface is exposed, fragmented through blasting, and collected. Primary stage crushing is performed by portable equipment in the mining pit from where rock is transported by field conveyor to fixed plant processing equipment. Storage of finished aggregate products and loading of customer vehicles take place within the main plant area.

In 2011, HC&D's quarry license with Alexander & Baldwin, LLC was renewed and extended through 2031, and amended to include future mining area to provide ample rock reserves through the extended term of the license.

An application to amend the boundaries of and request a time extension to both SP77-271 and CUP 2001/0001 was filed with the County of Maui, Department of Planning in December 2015. The application, which is currently in-process, requested an amendment to the permit boundaries of SP77-271 and CUP 2001/0001 to include additional mine area consistent with the 2011 license agreement with A&B, bringing the total acreage of permitted area to 299.6 acres from 167.7 acres (a difference of 131.9 acres). As part of the application processing, HC&D has contracted the services of Cultural Surveys Hawaii and Archaeological Services Hawaii to prepare a Cultural Impact Assessment (CIA) and archaeological reports, respectively. Work on the aforementioned reports is currently underway, with the CIA being in process and the archaeological reports submitted to the State Historic Preservation Division for review.

Regarding the total permitted acreage area, it is noted that mine phasing calls for the return of approximately 35.2 acres of quarried lands (Area E) to Alexander & Baldwin for intended sale to County of Maui Solid Waste Division. The withdrawal of the 35.2 acres from the permitted boundary of SP77-271 and CUP 2001/0001 will be coordinated with the Department of Planning and processed through the Land Use Commission (with respect to SP77-271) and is currently not reflected as part of the December 2015 application.

It is also noted that the proposed 131.9-acre expansion area, subject of the 2015 application filed with the Department of Planning, has been designated as Important Agricultural Land (IAL) and primarily constitutes future reserves. The expansion area was used for agricultural purposes by Alexander & Baldwin up to closure of its subsidiary sugar operations in December 2015. However, there is an eight-acre portion of the 131.9 acres that HC&D occupied during a part of the application processing period. Mining progression into the new acreage was prompted by an unexpected change in the geology of the rock source and construction project specifications at the time. HC&D has subsequently withdrawn mining activity in this area pending its permit application and initiated land reclamation activity for agricultural use.

During the development of the Central Maui Landfill, mining of the basalt rock progressed as a cooperative effort between the County of Maui, landowner A&B, and HC&D. The County's Solid Waste Division master plan had called for incremental conversion of quarried land areas into future landfill sites through land purchase agreements with A&B. Central Maui Landfill Phases 5A and 5B were substantially completed in the 2008 through 2011 period and future Phase 6 was subdivided in November 2009. Area E noted previously in this annual report is now scheduled for return to A&B in 2018, completing the progression as Phase 7. These former agricultural lands designated for landfill use have not been designated as IAL.

The new mining phase begun in 2015 commenced a new progression within lands designated as IAL. The use of the lands designated as IAL are subject to review by the Maui Planning Commission and State Land Use Commission. Provisions of the License between A&B and HC&D call for agricultural reclamation of mined areas (the mined areas previously conveyed to the County and designated for landfill use are exempt from this requirement). License terms call for replacement of surface soil materials to minimum planting depth of 18" and restoration of dislocated irrigation trunk lines when land areas are returned from interim mining to agriculture. A reclamation plan map through the duration of the License (2031) has been developed.

Mining activity through the 2017 calendar year amounted to 598,483 combined tons of extracted quarry products of which 448,862 tons comprised processed Grade A category products. Grade B and crusher waste by-products amounted to an estimated 149,621 tons. Approximately 7.5 million cubic yards of rock resources are estimated to remain within the 131.9 acre expansion area, representing approximately twenty to twenty-five years of projected reserves.

Section 2. Compliance with Conditions

1. The Property shall be used for the establishment and operation of an expansion to the current quarry located east of the Property. No other use shall be permitted. If another use is proposed for the Property, the Applicant or landowner shall timely file a motion or petition for Special Permit with the Maui Planning Commission to allow for such use.

Section 1 describes the use of site premises as a source of mined rock to support the production of crushed basalt aggregate products. The subject areas have been and will continue to be used for quarrying and quarry-related activities as noted in Section 1.

2. That the Land Use Commission Special Use Permit shall be valid until August 5, 2017, subject to extension by the Maui Planning Commission upon a timely request for extension filed at least ninety (90) days prior to its expiration. The Commission may require a public hearing on the time extension.

A timely application for time extension and boundary amendment was filed in December 2015 for the request of additional time to the term of SP77-271 and CUP 2001/0001, as well as the addition of 131.9 acres of future mining area. As previously noted, the application is in process while work on the CIA and archaeological reports are underway. The planned 2018 withdrawal of 35.2 acres

(Area E) from the permit area as described in Section 1 will be coordinated with the County of Maui, Department of Planning, and processed through the Land Use Commission.

3. The conditions imposed herein shall be self-enforcing and, accordingly, upon due notice by the Planning Department to the permit holder and the Land Use Commission that there has been a prima facie evidence that a breach has occurred the permit shall be automatically suspended pending a prompt hearing on the continuation of such Land Use Commission Special Permit, provided that written request for such a hearing is filed with the Maui Planning Commission within ten (10) working days of the date of such notice of alleged breach. If no request for hearing is filed within the ten (10) working day period, the Maui Planning Commission may recommend the revocation of said Land Use Commission Special Permit. The Maui Planning Commission's recommendation shall be promptly transmitted to the State Land Use Commission for appropriate action.

HC&D understands this condition relating to self-enforcement, breach, and permit suspension.

4. The subject State Land Use Commission Special Permit shall not be transferred without the prior written approval of the Land Use Commission. In this regard, the Maui Planning Commission shall make a recommendation to the Land Use Commission. However, in the event that a contested case hearing preceded issuance of said Land Use Commission Special Permit, a public hearing shall be held by the Maui Planning Commission upon due published notice, including actual written notice to the last known addresses of parties to said contested case and their counsel.

HC&D acknowledges and understands the provisions of this condition. In 2014, HC&D (fka Ameron Hawaii, LLC) underwent ownership change. The previous owner, Ameron International Corporation, applied for and received approval of the transfer of the subject quarry special use and conditional permits through filing with the County of Maui, Department of Planning and subsequently the State Land Use Commission. Following approval of the transfer, Ameron Hawaii, LLC, changed its name to HC&D.

5. Applicant, its successors or permitted assigns, shall exercise reasonable due care as to third parties with respect to all areas affected by subject Land Use Commission Special Permit and shall defend, indemnify, and hold the County of Maui and the State of Hawaii harmless from and against any loss, liability, claim or demand arising out of this permit.

HC&D acknowledges this condition and requirements relating to indemnification. Future mining areas carry agricultural reclamation obligations before return to Alexander & Baldwin, Inc.

6. Applicant, its successors or permitted assigns, shall fully comply with all applicable governmental requirements.

HC&D has and will continue to comply with all applicable governmental requirements. Appropriate site permits have been received for NPDES (DOH Clean Water Branch) and air quality (DOH Clean Air Branch) regulations. Required reports have been filed.

7. Applicant, its successors or permitted assigns, shall timely provide without any prior notice, annual reports to the Land Use Commission and the County of Maui Planning Department in connection with the status of the subject project and Applicant's progress in complying with the conditions imposed herein. The annual report shall also include the amount of resources mined from the Property and the projected amount of resource remaining at the time of submission of each annual report. The annual report shall be submitted in a form prescribed by the Executive Officer of the Land Use Commission.

In accordance with Condition No. 7, this submittal serves as an annual report for the calendar year 2017. (Refer to Section 1 for information on the amount of resources mined.)

8. Applicant, its successors or permitted assigns, shall begin construction of the quarry expansion within 6 months from issuance of the Land Use Commission's decision and order. Construction shall include any improvements necessary to operate the quarry pursuant to all applicable laws and regulations.

HC&D has complied with this condition.

9. Applicant, its successors or permitted assigns, shall take appropriate mitigative measures to minimize erosion, and prevent cement products, oil, fuel, and other toxic substances associated with the use of heavy machinery from spilling or leaching into the ground.

Fueling and servicing of mobile heavy equipment are performed at a fueling station and service area over a concrete slab designated for this purpose. Bulk lubricants and waste oils are dispensed and collected in service bays within the maintenance building and facilities. Processing areas and open land spaces are contoured to pond runoff water in retention basins to reduce the likelihood of site runoff and mitigate erosion concerns. Vertical walls in the quarry are bermed for safety. No toxic substances are used in the processing of crushed aggregate.

Concrete batching involves bulk powdered cement and chemical admixtures. These products are contained in fully enclosed vessels and are dispensed via enclosed material handling and storage systems.

10. Applicant, its successors or permitted assigns, shall provide adequate dust control measures during all phases of quarry operations in accordance with the provisions of Chapter 11-60.1, Hawaii Administrative Rules, Section 11-60.1-33 on Fugitive Dust.

Quarry equipment and processes adhere to Department of Health Clean Air Branch standards. Under the current clean air permits, the operation undergoes periodic inspection for compliance with allowable opacity limits on fugitive dust generation.

11. Applicant, its successors or permitted assigns, shall utilize non-drinking water, to the extent possible, for grading and dust control of the quarry.

Non-potable, non-drinking water is used in plant dust suppression sprays and on quarry roads. A non-potable non-drinking water trunk line for fire prevention has

also been constructed to protect site structures. Drinking water from either municipal or private sources is not available at this remote quarry location.

12. Applicant, its successors or permitted assigns, shall immediately stop work and contact the State Historic Preservation Division, Department of Land and Natural Resources should any previously unidentified archaeological resources such as artifacts, shell, bone, charcoal deposits, human burial, rock or coral alignments, pavings or wall be encountered during development of the Special Permit area.

Should any previously unidentified archaeological resources, such as artifacts, shell, bone, charcoal deposits, human burial, rock or coral alignments, pavings or wall be encountered, work will immediately be stopped and the State Historic Preservation District will be notified. To date, there have been no inadvertent finds.

13. That the applicant, its successors or permitted assigns, shall incorporate improvements to the access to Haleakala Highway, with and without the proposed four lane widening improvements, as reviewed and approved by the Department of Transportation.

In conjunction with DOT Highways review and acceptance, HC&D completed installation of approximately 0.6 mile of paved access road construction at the signalized intersection with Haleakala Highway in 2005. Engineering of the intersection layout, traffic study, and signalization sequence were at HC&D's expense.

14. Applicant, its successors or permitted assigns, shall plant and maintain a windbreak belt, along with landscaping plants, along Pulehu Road. The plantings shall be installed concurrently as quarrying operations progress through Phase V and Phase VI as illustrated in Exhibit 3 of the February 25, 1997 Planning Department Report.

To satisfy Condition No. 14, earthen berms have been constructed along Pulehu Road and within the quarry perimeter (150' setback from the roadway) to provide visual barrier, partial windbreak, and a restrictive safety barrier. There is natural vegetation growth on the established berms.

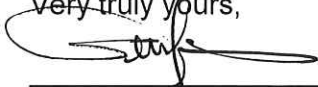
Berm construction has continued into Phase VII along the full length of the parcel with Pulehu Road.

15. Applicant, its successors or permitted assigns, shall clarify the entire acreage that is subject of LUC Docket No. SP77-271 with the Maui Planning Commission and the State Land Use Commission by filing an aerial photographic map with overlay and a site map clearly depicting the proper acreage of SP77-271 within six (6) months of the Land Use Commission's Decision and Order approving the Sixth Amendment to the Special Use Permit. If any parcel within the Permit Area is sold or transferred to any other person or entity, the Applicant shall provide a metes and bounds survey as approved by the Executive Officer.

A revised aerial photographic map with boundary overlay pursuant to the boundary amendment request (Amendment Six) to SP 77-271 was timely submitted to the State Land Use Commission and Maui Planning Commission in a letter dated August 4, 2009.

Thank you for the opportunity to submit this annual report.
Should you have any questions, please feel free to contact me at (808) 877-5068.

Very truly yours,



Eric Yoshizawa, Vice President – Maui Operations & Special Projects

cc: County of Maui, Department of Planning (Paul Fasi)
Michael Munekiyo, Munekiyo Hiraga