

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

December 13, 2024

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

PSF No.: 24HD-083

HAWAII

Issuance of Month-to-Month Revocable Permit to Aloha Petroleum LLC
Retroactive to May 19, 2024, for Bulk Storage and Distribution of Petroleum
Products Purposes, Waiakea, Hilo, Hawaii, Tax Map Key: (3) 2-1-009:042.

Non-Action Item: First Public Hearing on Potential Issuance of New Direct Lease
to Aloha Petroleum LLC, for Bulk Storage and Distribution of Petroleum Products
Purposes, Waiakea, Hilo, Hawaii, Tax Map Key: (3) 2-1-009:042.

APPLICANT:

Aloha Petroleum LLC (AP LLC)¹, a Delaware limited liability company.

LEGAL REFERENCE:

Sections 171-55 and 59(b), Hawaii Revised Statutes (HRS), as amended and Act
114 Session Laws of Hawaii (SLH), 2024.

LOCATION:

Portion of Government lands of Waiakea, South Hilo, Hawaii, identified by Tax
Map Key: (3) 2-1-009:042, as shown on the attached map labeled Exhibit A.

AREA:

2.66 acres, more or less.

¹ Aloha Petroleum was a privately owned company until 2014 when Sunoco LLC purchased Aloha Petroleum, Ltd., becoming the parent company. Then in 2016 Sunoco LLC created Aloha Petroleum LLC to differentiate their assets between the wholesale/distribution side of the business (fuel terminals), as Aloha Petroleum LLC, and the operated gas stations/convenience stores, as Aloha Petroleum, Ltd. At the time GLS-5187 was created, the company was only privately owned by Aloha Petroleum, Ltd.

ZONING:

State Land Use District: Urban
County of Hawaii; CZO: MG-1a (General Industrial)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Previously encumbered by General Lease No. S-5187 (GLS-5187), Aloha Petroleum, Ltd., Lessee, solely for bulk storage and distribution of petroleum products purposes. Lease expired on May 18, 2024. Final Inspection conducted on September 26, 2024 (attached as Exhibit B).

CHARACTER OF USE FOR REVOCABLE PERMIT AND DIRECT LEASE:

Bulk storage and distribution of petroleum products purposes.

REVOCABLE PERMIT COMMENCEMENT DATE:

Retroactive to May 19, 2024 (day after expiration of GLS-5187).

REVOCABLE PERMIT MONTHLY RENTAL:

As an interim measure, staff is recommending that the rent charged under the revocable permit be the same as the last rent payable under GLS-5187, which was \$86,900 per year, or \$7,241.67 per month, subject to adjustment as explained in this paragraph. Because the lease rent covered land only, the revocable permit rent will be subject to a "lookback" or "true-up" once the appraisal report for the new direct lease, which will cover land and improvements, is reviewed by Land Division, and accepted by the Chairperson. Applicant shall pay the difference, if any, between \$7,241.67 per month and the appraised value for land and improvements within 30 days of written demand made by Land Division.

REVOCABLE PERMIT COLLATERAL SECURITY DEPOSIT:

The collateral security deposit for a revocable permit is normally twice the monthly rent. Due to the nature of AP LLC's operations, which involve the storage of hazardous materials on site, and the fact that the revocable permit is

intended as an interim measure between the expired lease and the issuance of a new lease, staff is recommending that AP LLC be required to post a bond in the same amount last posted under expired GLS-5187, i.e., a bond in the amount of \$173,800.

JUSTIFICATION FOR REVOCABLE PERMIT (IF APPLICABLE):

By oversight, the lessee under GLS-5187, Aloha Petroleum, Ltd., neglected to apply for an extension of its lease before the lease expired on May 18, 2024. However, Aloha Petroleum, Ltd.'s affiliate, Aloha Petroleum LLC, desires to continue to operate on the premises. As an interim measure until this matter could be addressed to the Board, staff directed the Fiscal Office to continue billing Aloha Petroleum, Ltd. A retroactive revocable permit will legitimize Aloha Petroleum LLC's use of the premises until a new direct lease under Act 114 SLH 2024, if approved by the Board, can be executed. To date, staff has received no inquiries from third parties as to the availability of the site for leasing.

LEASE TERM:

Thirty-five (35) years.

LEASE COMMENCEMENT DATE:

The first day of the month determined by Chairperson.

LEASE ANNUAL RENT:

Fair market annual rent for land and improvements, excluding trade fixtures, to be determined by independent appraiser, subject to review and approval by the Chairperson.

LEASE METHOD OF PAYMENT:

Semi-annual payments, in advance.

LEASE RENTAL REOPENINGS:

At the 10th and 20th years of the lease term, by staff or independent appraiser.

LEASE PERFORMANCE BOND:

Twice the prevailing fair market rental amount determined by appraisal and HRS Section 171-17. Performance bond to be posted upon execution of lease.

PROPERTY CHARACTERISTICS:

Utilities – Public utilities include electric, water, sewer, telephone, and internet.

Slope – Level.

Elevation – 3 to 9 feet above sea level.

Rainfall – 135 inches per year.

Legal access – Staff has verified legal access from Kalanianaʻole Street.

Subdivision – Staff has verified the subject property is a legally subdivided lot.

Encumbrances – Formerly encumbered under GLS-5187 (Aloha Petroleum, Ltd.)
which expired May 18, 2024.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states, “Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing,” and Item 44 that states, “Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing.” The issuance of a revocable permit is a de minimis action that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR, as a de minimis action.

DCCA VERIFICATION:

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

APPLICANT REQUIREMENTS:

Applicant Aloha Petroleum LLC shall be required to:

- 1) Pay for an appraisal to determine initial rent based on the land and improvements, but not the trade fixtures;
- 2) Pay for the difference between the new appraised lease rent and the interim revocable permit rent;
- 3) Perform, or ensure that Aloha Petroleum, Ltd. performs, a Phase I

Environmental Site Assessment (ESA) pursuant to condition approved by the Board at its meeting of May 9, 2014, item D-2 as amended, for the Extension of GLS-5187, and provide a copy to Land Division no later than May 18, 2025. Applicant shall conduct complete abatement and disposal, if determined to be necessary by the Phase I or any Phase II ESA that the Phase I may recommend. All costs and expenses of such performance to be charge to the Lessee.

BACKGROUND:

On May 19, 1989, GLS-5187 was sold at public auction to Texaco Refining and Marketing, Inc. (TRMI-1), a Delaware corporation, for an annual rent bid of \$49,400.00 per annum, and for a term of twenty-five (25) years, commencing on May 19, 1989, up to and including May 18, 2014.

By letter received on September 6, 1990, DLNR was advised that in conjunction with an internal realignment of various Texaco subsidiaries, TRMI-1 changed its name to TRMI Holding, Inc. (THI) as of December 28, 1989, as the parent company and Texaco Refining and Marketing, Inc. (TRMI-2) became a wholly owned subsidiary of THI.

On February 8, 1991, under agenda item F-1-d, the Board approved the consent to assignment of GLS-5187 from THI, as Assignor, to TRMI-2, as Assignee.

On September 27, 1996, under agenda item D-1, the Board approved the consent to the assignment of GLS-5187, TRMI-2, as Assignor, to TRMI-2 and Aloha Petroleum, Ltd. (AP LTD), as Assignees. TRMI-2 had been using the leased premises as a fuel terminal but had intentions of expanding. So, TRMI-2 and AP LTD entered into a co-terminal agreement with one-half (1/2) undivided interest with plans to upgrade the facility, increasing the capacity of the terminal from 20,000 barrels to 40,000 barrels. No assignment premium was due as the lease did not contain an assignment premium provision.

On August 13, 1999, under agenda item D-2, the Board approved the consent to assignment of GLS-5187, TMRI-2 and AP LTD, as Assignors, to Equilon Enterprises LLC (EEL) and AP LTD, as Assignees. This assignment was the result of TMRI-2's sale of its undivided fifty percent (50%) interest to EEL. Various Texaco and Shell companies had merged by way of this joint venture called Equilon Enterprises LLC, as the corporate successor-in-interest. All TRMI-2's Hawaii assets, business operations, and employees were transferred.

On August 12, 2010, under agenda item D-2, the Board approved the consent to assignment of GLS-5187, from EEL and AP LTD, as Assignors, to AP LTD, as Assignee. EEL had requested consent to assign all its rights and interests granted by GLS-5187 to AP LTD, with the latter remaining as the sole lessee.

On May 9, 2014, item D-2, the Board approved the extension of GLS-5187, as amended. The amendments included 1) an extension of ten (10) years, instead of twenty (20) years, commencing on May 19, 2014 through May 18, 2024 on the condition that the lessee provide receipts of expenditures for improvements totaling at least \$297,500.00 by December 31, 2015, instead of \$595,000.00 worth of expenditures by May 31, 2015; and 2) addition of a provision in the extension document committing the lessee to performing at least a Phase I Environmental Site Assessment (Phase I ESA) for the premises upon expiration or early termination of the lease. The executed extension document does not include the provision requiring the lessee to perform a Phase I ESA. There is no explanation in the files, but the assumption was that the Attorney General denied the requirement because of its prior position that public auction leases cannot be amended in the extension period.

On August 14, 2015, item D-1, the Board approved the amendment of prior Board action of May 9, 2014, item D-2 as amended, 10-Year Extension of GLS-5187. The purpose of the amendment was to change Condition 1B by including "improvements required by applicable law or regulations" as a permissible basis of the lease extension and extending the due date for submitting receipts of expenditures of proposed improvements from December 31, 2015, to December 31, 2016.

GLS-5187 expired on May 18, 2024. The Lessee expressed strong interest in the extension of the GLS-5187, as AP LLC's Hilo terminal is a critical part of their operations, but their request for an extension was made too late due to an oversight after recent transitions in leadership within the company.

REMARKS:

Historically, the property was used as a fuel terminal with storage tanks and truck rack for loading trucks. Currently, the property provides offices for AP LLC's transportation department. The property also provides parking for commercial fuel trucks. Although the site is currently not operating as a fuel terminal, applicant AP LLC plans to eventually bring the terminal back into full service, storing petroleum products and lifting fuel from the rack. The proposed use is allowable under the County zoning designation of MG-1a, general industrial district (minimum land area of 1 acre, required for each building site). HDLO has not had any other applicant express interest in the subject property.

Being the Hilo terminal is a critical part of the company's operations, the applicant requested a lease extension of General Lease No. S-5187 (GLS-5187) in early May 2024, which happened to be too late to get Board approval before the expiration date. Sunoco LLC, and its subsidiary companies, AP LLC and AP LTD, had been going through a transition in leadership over the past year. The

employees that left had a combined 20+ years of experience, causing the company to lose a lot of institutional knowledge and long-standing protocols. The effect of these changes caused the applicant to lose track of the expiration date for GLS-5187 resulting in the late request to extend the lease.

AP LLC is now requesting a revocable permit retroactive to the date after the expiration of GLS-5187 allowing AP LLC to continue operations on the subject parcel in the interim between the expiration of GLS-5187 and the approval of a new direct lease pursuant to Act 114 SLH 2024 (Act 114).² AP LLC will be requesting Board approval for the issuance of a new direct lease at its January 10, 2025 meeting or another meeting in early 2025.

Under the revocable permit, if approved, AP LLC will be charged rent at the same rate last appraised under the expired GLS-5187 until the Board is able to act on a separate request for the new lease, and AP LLC will be responsible to pay for the difference between the revocable permit interim rent and the new lease rent, which shall be determined by appraisal retroactive to the day after the expiration of GLS-5187. As The collateral security deposit for a revocable permit is normally twice the monthly rent. Due to the nature of AP LLC's operations, which involve the storage of hazardous materials on site, and the fact that the revocable permit is intended as an interim measure between the expired lease and the issuance of a new lease, staff is recommending that AP LLC be required to post a bond in the same amount lasted posted under expired GLS-5187, i.e., a bond in the amount of \$173,800.

The rent for the revocable permit would cover land and improvements. However, fuel storage tanks and the related pipelines, valves and other equipment used to move fuel around on the premises, are considered trade fixtures that remain the property of the lessee even after the expiration of GLS-5187. Accordingly, the rent to be charged under the revocable permit will be based on land and improvements, but excluding trade fixtures.

Staff is including an Applicant Requirement above that AP LLC perform, or ensure that AP LTD performs, a Phase I Environmental Site Assessment (ESA) pursuant to condition approved by the Board at its meeting of May 9, 2014, item D-2 as amended, for the Extension of GLS-5187, and provide a copy to Land Division no later than May 18, 2025. AP LLC shall conduct complete abatement

² On June 24, 2024, Senate Bill 3157 (H.B. No. 2468) was signed into law as Act 114, amending HRS 171-59, relating to direct negotiation for public land leases. The purpose of this act is to expand the disposition of public land leases through direct negotiation to include commercial and industrial purposes. The legislature found that the public auction process has become too protracted, cumbersome, and uncertain to the extent that it has deterred participation by potential lessees resulting in State properties that have remained vacant, generating no income, and becoming hot spots for unauthorized entry and squatting. Furthermore, expediting the leasing process would potentially make properties more attractive to prospective lessees and result in the creation of a long-term income stream.

and disposal, if determined to be necessary by the Phase I or any Phase II ESA that the Phase I may recommend. All costs and expenses of such performance to be charged to the applicant. This requirement shall be in addition to the Phase I required upon termination of the revocable permit. If the initial Phase I ESA and any necessary abatement and/or remediation is completed to the satisfaction of the Chairperson, then staff may recommend the Board waive the Phase I ESA that is required as a standard condition upon the termination of the revocable permit.³

The applicant has not had a lease permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such term and conditions.

Land Division has not had any other request for the same parcel. Staff agrees that continuing operations on this parcel would be the best interest for the public.

No agency or community comments were solicited as this request would be a continuation of the prior use.

The proposed use has continued since the beginning of the lease and will continue throughout the revocable permit. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Non-Action Item: First Public Hearing on Potential New Direct Lease to AP LLC

Pursuant to Act 114, the Board now has authority to issue leases by direct negotiation for commercial and industrial uses (along with other uses allowed under Section 171-59 prior to the adoption of Act 114), if the parcel proposed for lease has an area of 5 acres or less. Here, the subject parcel has an area of 2.66 acres, more or less, and AP LLC is proposing the industrial use of bulk storage and distribution of petroleum products.

Act 114 also requires a showing that issuance of the direct lease would encourage competition within the relevant industry. AP LLC's competitors are Par, Island Energy, and Big Island Energy. In Hawaii County, Par has three bulk storage and distribution terminals, two in Hilo, and one in Kona. IES has one terminal in Hilo. AP LLC has one other terminal also in the Hilo harbor area. A new direct lease would allow AP LLC to expand its capabilities, increase its market share, and maintain or improve their position among the industry

³ A new direct lease to AP LLC, if approved, would contain a separate requirement for lessee to conduct a Phase I ESA upon expiration or earlier termination of the lease.

participants, which would promote competition in that market. Without a new lease, AP LLC is limited to its current capabilities and capacity. Competitors will recognize that and would not be as responsive to changes in the market.

Another requirement for issuing a lease under Act 114 is that two public hearings must be held before the Board can approve the disposition. Staff has prepared this submittal to serve as the basis for the first public hearing at today's meeting, making consideration of the lease issuance a non-action item. Depending on input from the Board and the public at the hearing, staff intends to return to the Board at a later meeting for a second public hearing prior to the Board's action on applicant's request for final lease approval. Although not required by Act 114 or Section 171-59, HRS, staff will also prepare a public notice regarding the proposed disposition and publish it in the newspaper and post it on Land Division's webpage prior to the second hearing.

Finally, if AP LTD had timely submitted a lease extension application, it would have been required to make substantial improvements to the premises in order to secure the Board's approval of an extension. Staff believes that applicant should not be able to avoid the substantial improvement obligation by applying for a new direct lease instead of a lease extension. AP LLC is proposing to make significant improvements. They are currently gathering the necessary information and cost estimates. This information shall be provided in the next board submittal for issuance of direct lease pursuant to Act 114.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment as a de minimis action.
2. Based on the testimony and facts presented, find that approving the revocable permit, under the conditions and rent set forth herein, would serve the best interests of the State.
3. Authorize the issuance of a retroactive revocable permit to Aloha Petroleum LLC covering the subject area solely for bulk storage and distribution of petroleum products purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;

- b. A condition requiring Aloha Petroleum LLC to perform, or ensure that Aloha Petroleum, Ltd. performs, a Phase I Environmental Site Assessment (ESA) pursuant to the condition approved by the Board at its meeting of May 9, 2014, item D-2 as amended, for the Extension of GLS-5187, and provide a copy to Land Division no later than May 18, 2025. Applicant shall conduct complete abatement and disposal, if determined to be necessary by the Phase I or any Phase II ESA that the Phase I may recommend. All costs and expenses of such performance to be charge to the Lessee. This requirement shall be in addition to the Phase I ESA required upon termination of the revocable permit. If the initial Phase I ESA and any necessary abatement and/or remediation is completed with satisfaction of the Chairperson, then staff may recommend waiving the Phase I ESA requirement condition for the revocable permit;
- c. Review and approval by the Department of the Attorney General;
and
- d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Dan Gushiken

Dan K. Gushiken
Land Agent

GH

GH

RT

APPROVED FOR SUBMITTAL:

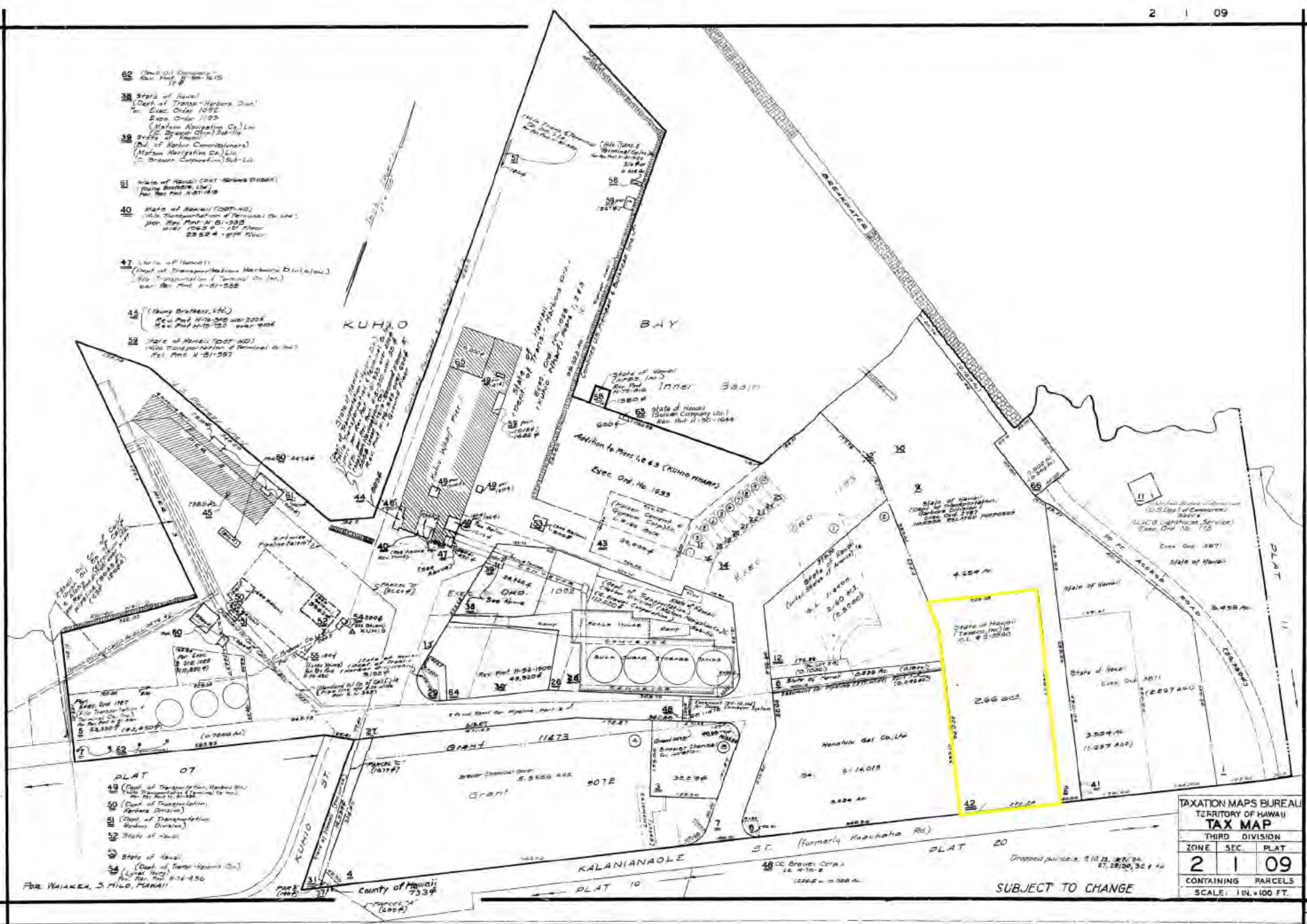


Dawn N. S. Chang, Chairperson

Exhibit A

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2 1 09



62 State of Hawaii
Rev. Ord. No. 10-1-15

38 State of Hawaii
(Dept. of Transportation, Highway Div.)
Exec. Order 1082
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
State of Hawaii

39 (Div. of Harbor Commissioners)
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.

51 State of Hawaii (DOT - Harbor Division)
(Young Brothers, Ltd.)
Rev. Ord. No. 10-1-15

40 State of Hawaii (DOT - HD)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 10-1-15
10th Floor
22524 - 10th Floor

47 State of Hawaii
(Dept. of Transportation, Highway Div.)
Rev. Ord. No. 10-1-15

45 (Young Brothers, Ltd.)
Rev. Ord. No. 10-1-15
over 1000'

58 State of Hawaii (DOT - HD)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 10-1-15

PLAT 07

49 (Dept. of Transportation, Highway Div.)
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.

50 (Dept. of Transportation, Highway Division)

51 (Dept. of Transportation, Highway Division)

52 State of Hawaii

53 State of Hawaii

54 (Dept. of Transportation, Highway Div.)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 10-1-15

Eng. No. 1088
Survey Date: 10/1/54
By: Ed. J. J. J.

TAXATION MAPS BUREAU		
TERRITORY OF HAWAII		
TAX MAP		
THIRD DIVISION		
ZONE	SEC.	PLAT
2	1	09
CONTAINING PARCELS		
SCALE: 1 IN. = 100 FT.		

Dropped parcels: 9 10 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

SUBJECT TO CHANGE

Exhibit A

Page 1 of 3



Exhibit A

Page 1 of 3



999 Kalaniana'ole Avenue, Hilo, Hawaii 96720

EXHIBIT B

State of Hawai'i
DLNR, Land Division

INSPECTION REPORT Commercial/Industrial/Resort/Other Business FINAL INSPECTION

General Information

Document Number: [GLS-5187](#)

Character of Use: [Storage & distribution of petroleum products](#)

Inspection Date: [9/26/2024](#)

Inspection Time: [9:00 AM](#)

Land Agent: [Dan Gushiken](#)

TENANT INFORMATION

Dan Gushiken

Name: [Aloha Petroleum, LLC](#)

Home Phone: _____

GH

Address: [1001 Bishop St., Ste 1300](#)

Business Phone: _____

[Honolulu, HI 96813](#)

Fax: _____

Contact Person: [Jennifer Metrose](#)

Contact Phone: [REDACTED]

SITE INFORMATION

TMK: [\(3\) 2-1-009:042](#)

Area: [2.66 acres, more or less](#)

Site Address: [999 Kalaniana'ole Ave.](#)

[Hilo, Hawaii 96720](#)

FISCAL INFORMATION

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

FIELD INSPECTION RESULTS (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Subleases	X			

Improvements		X		
Premises		X		
Character of Use		X		
Phase I Environmental Site Assessment		X		Phase I ESA in progress (pending report)

Field Inspection Worksheet
Commercial/Industrial/Resort/Other Business

File Review

LICENSES/PERMITS/CONSENTS

ITEM	DLNR Approval Docs in File			COMMENTS/NOTES/LISTS
	N/A	YES	NO	
Subletting		X		At its meeting of 4/28/95, item F-1-f, the Board approved Consent to Sublease GLS-5187, Texaco Refining and Marketing, Inc., Sublessor, to Hawaii Petroleum Distributors, Inc., Sublessee for a term of 3 years, commencing on 5/1/93 and expiring on April 1, 1996.
Improvement Construction Buildings		X		No approval docs in file. According to COH RPTO Property Search: 2 Refinery Tanks were built in 1961 1 Metal Utility Shed, 1 Canopy, 1 Steel Elevated Storage Tank was built in 1991
Improvement Construction Other structures/misc.		X		At its meeting of 5/9/14, item D-2, the Board approved, as amended, improvements to be completed with a minimum cost of \$297,500.00 by 12/31/15 in the form of (i) new containment permitting, design and construction; or (ii) conducting the inspection and repairs recommended in the Powers Engineering & Inspection, Inc. report dtd. 3/21/14, or a combination of both. Deadline to submit receipt of expenditures extended to 12/31/16 at Board mtg of 8/14/15, item D-1.

Field Inspection

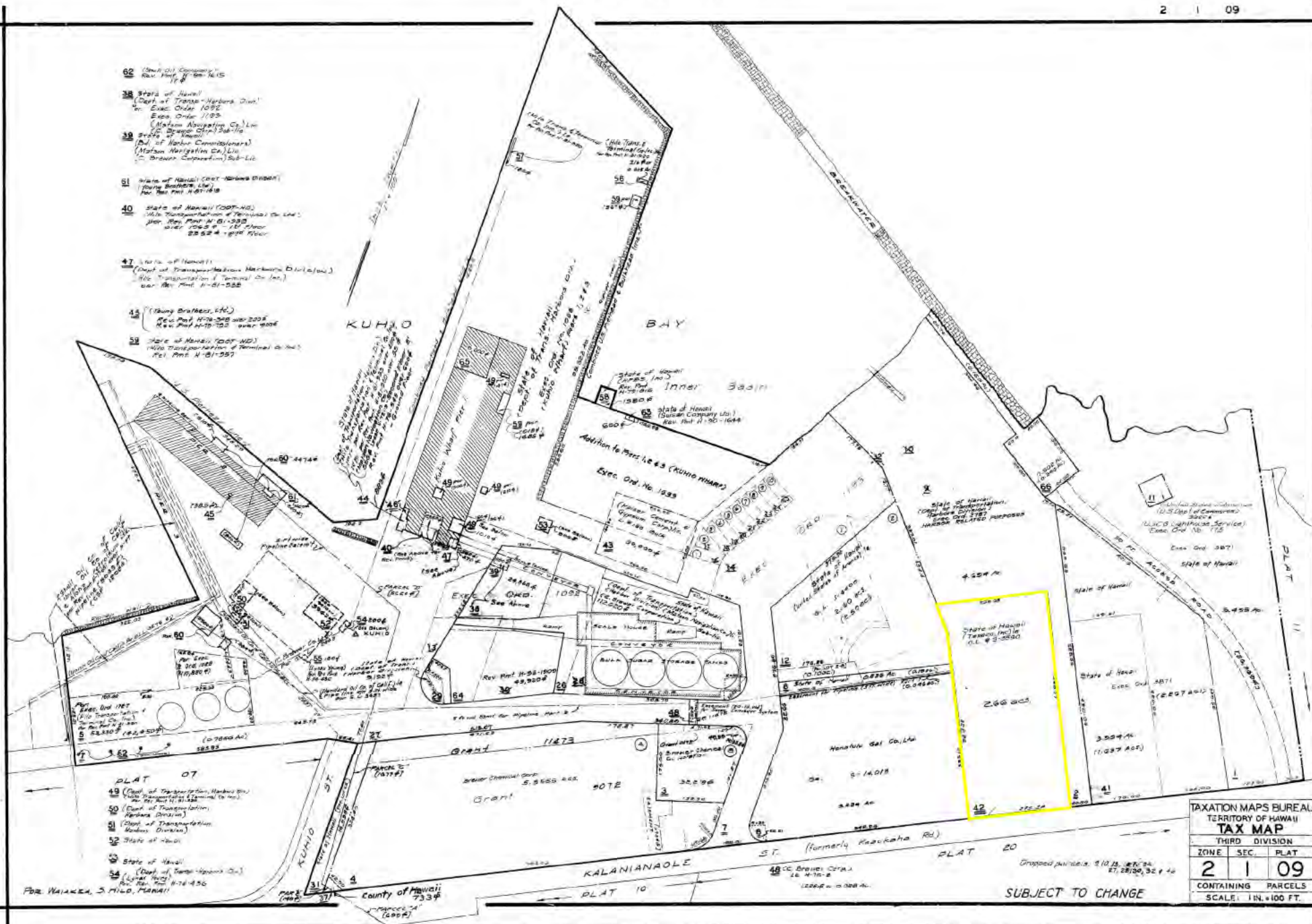
ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
SUBLEASES				
Consents approved	X			
Use adheres to lease purpose	X			
IMPROVEMENTS				Paint on building and improvements starting to look dilapidated but not to the point of impacting the infrastructures' integrity.
<u>Buildings/Residences:</u> roof		X		
paint		X		
exterior		X		
interior		X		
<u>Structures:</u> roads		X		
walkways		X		

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
fencelines		X		
others				
PREMISES				Currently, fuel storage tanks are not in use, but long-term plan is to have them operational again
clean, sanitary, orderly		X		
appropriate storage/use of hazardous materials		X		Currently, the property is only used as a staging area for the fuel trucks and other equipment, but long-term plan is to improve the property for operational storage and distribution of petroleum products.
CHARACTER OF USE adheres to lease purpose		X		
Other: Ownership of Improvements				Pursuant to the terms and conditions of the lease, the State shall own improvements upon expiration of the said lease. Since the lease a has expired, if a new direct lease is approved, rent shall be appraised for the value of ground plus improvements.

***TMK, Aerial View, and Photos attached.**

Exhibit B

Final Inspection GLS-5187



- 36 State of Hawaii (Dept. of Transportation, Harbor Div.)
Exec. Order 1082
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
State of Hawaii
- 37 (Dept. of Harbor Commissioners)
(Honolulu Navigation Co.) Ltd.
(Honolulu Navigation Co.) Ltd.
- 38 State of Hawaii (Dept. of Harbor Division)
(Young Brothers, Ltd.)
Rev. Ord. No. 1-21-1938
- 39 State of Hawaii (Dept. of Harbor Division)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938
- 40 State of Hawaii (Dept. of Harbor Division)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938
- 41 State of Hawaii (Dept. of Harbor Division)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938
- 42 State of Hawaii (Dept. of Harbor Division)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938
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(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938
- 54 State of Hawaii (Dept. of Harbor Division)
(Honolulu Navigation Co.) Ltd.
Rev. Ord. No. 1-21-1938

TAXATION MAPS BUREAU		
TERRITORY OF HAWAII		
TAX MAP		
THIRD DIVISION		
ZONE	SEC.	PLAT
2	1	09
CONTAINING PARCELS		
SCALE: 1 IN. = 100 FT.		

Dropped parcels: 9 10 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

SUBJECT TO CHANGE

Eng. No. 108
 Licensed
 Surveyor
 State of Hawaii
 By: [Signature]
 Date: [Date]

Exhibit B
Final Inspection GLS-5187



Exhibit B
Final Inspection GLS-5187



999 Kalaniana'ole Avenue, Hilo, Hawaii 96720

EXHIBIT B
(Photos)















Exhibit C

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

December 13, 2024

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Issuance of Month-to-Month Revocable Permit to Aloha Petroleum LLC Retroactive to May 19, 2024, for Bulk Storage and Distribution of Petroleum Products Purposes, Waiakea, Hilo, Hawaii, Tax Map Key: (3) 2-1-009:042.

Non-Action Item: First Public Hearing on Potential Issuance of New Direct Lease to Aloha Petroleum LLC, for Bulk Storage and Distribution of Petroleum Products Purposes, Waiakea, Hilo, Hawaii, Tax Map Key: (3) 2-1-009:042.

Project / Reference No.: PSF 24HD-083

Project Location: Waiakea, Hilo, Hawaii, TMK: (3) 2-1-009:042.

Project Description: Issuance of Month-to-Month Revocable Permit to Aloha Petroleum LLC and Non-Action Item: First Public Hearing on potential issuance of new Direct Lease to Aloha Petroleum LLC.

Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, which states, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing," and Item 51, which states the "Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing".

Exhibit C

The issuance of a revocable permit is a de minimis action that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of §11-200.1-17, HAR, as a de minimis action.

Consulted Parties

No agency or community comments were solicited as this request would be a continuation of the prior use.

Recommendation:

It is recommended that the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.



Dawn N. S. Chang, Chairperson

Date