



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

GLENN M. OKIMOTO
DIRECTOR

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IN REPLY REFER TO:

HAR-PM

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

OAHU

CONSENT TO ASSIGN HARBOR LEASE NO. H-09-48, AMERON INTERNATIONAL CORPORATION, DBA AMERON HAWAII, ASSIGNOR, TO AMERON HAWAII, LLC, ASSIGNEE, PREMISES ADJACENT TO PIER 60 AND KEEHI LAGOON, TAX MAP KEY NO. 1ST / 1-2-23: PORTIONS OF 33

LEGAL

REFERENCE: Chapter 171-36(a) (5), Hawaii Revised Statutes.

APPLICANT: AMERON INTERNATIONAL CORPORATION, DBA AMERON HAWAII, as ASSIGNOR, to AMERON HAWAII, LLC, as ASSIGNEE.

LOCATION: Government Land situated at the Keehi Industrial Lots, Kalihi-Kai, Honolulu, Oahu, TMK: 1st/ 1-2-23: Portions of 33, consisting of approximately 6.104 acres, as shown on the attached map labeled Exhibit "A."

LAND TITLE

STATUS: Subsection 5(a) of the Hawaii Admission Act (non-ceded).

LEASE AREA: 6.104 acres or 265,890.24 square feet of open, unpaved land.

CHARACTER OF

USE:

- A. For the loading and unloading, stockpiling, storage, transfer and distribution of rock aggregates and sand.
- B. The right to conduct, after obtaining Lessor's prior written approval, any other operation or activity, which is reasonably necessary or incidental to the conduct of Lessee's concrete product operations.

LEASE TERM: 35 years, commencing on January 1, 2012 and expiring on December 31, 2046. First rental reopening is scheduled for January 1, 2022.

ANNUAL RENTAL: \$265,700.00

CONSIDERATION: \$2,000,000.00

RECOMMENDED

PREMIUM: The assessment of a premium percentage is not required as the net consideration for the assignment does not exceed the adjusted depreciated cost of improvements being transferred to the assignee.

DCCA

VERIFICATION: ASSIGNOR:
Place of business registration confirmed: YES
Registered business name confirmed: YES
Good standing confirmed: YES

ASSIGNEE:
Place of business registration confirmed: YES
Registered business name confirmed: YES
Good standing confirmed: YES

REMARKS:

The State of Hawaii, Department of Transportation (the "Department"), is the lessor under Harbor Lease No. H-09-48, to Ameron International Corporation ("AIC"), dba Ameron Hawaii. AIC proposes to transfer the Ameron Hawaii Division assets, liabilities and operations to Ameron Hawaii, LLC ("Ameron LLC"), a recently formed subsidiary of AIC. AIC is currently the sole member of Ameron LLC. Pohaku Pa'a, LLC, a newly formed Hawaii limited liability company, will acquire the membership interests in Ameron LLC. As part of this transaction, AIC will assign all of its right, title and interest in the subject lease to Ameron LLC. Ameron LLC agrees to pay and perform all of the lessee's obligations and liabilities under the lease.

Pohaku Pa'a, LLC is owned by Bill D. Mills, the founder and chairman of The Mills Group, a Hawaii based company. The sole member of Pohaku Pa'a, LLC is Pohaku Pa'a Holdings LLC ("Holdings LLC"). The sole member of Holdings LLC is Bill D. Mills, Trustee of the Bill D. Mills Revocable Trust dated December 27, 1990, as amended. The manager of Holdings LLC is Bill D. Mills.

Ameron LLC intends to continue to operate its primary business to supply the market's concrete requirements. The subject lease at Pier 60 will continue to be used for the discharge and storage of raw materials used in the production and manufacture of ready mix concrete. To AIC's knowledge, no significant changes in current management or personnel are being contemplated. The Department is satisfied that the Assignee is qualified and able to continue its business operations under new ownership.

AIC is in compliance with all lease terms and conditions and is current in its rental obligations with the Department. AIC has not had a lease, permit or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

The Department has reviewed the allocated consideration to be paid by the assignee for the assignment of the subject lease and has determined that no premium is due as the net consideration for the assignment does not exceed the adjusted depreciated cost of improvements, renovations and trade fixtures being transferred to the assignee.

As both Ameron LLC and Pohaku Pa'a, LLC are newly formed Hawaii limited liability companies, the Department believes it is in the State's best interests to require additional security in the form of a guaranty to be provided by Pohaku Pa'a, LLC for the faithful performance of the terms and conditions of the lease together with additional security in the form of cash or other security instrument and pollution liability insurance, together in such amounts and terms as are deemed acceptable by the Department. The lease is situated adjacent to ocean waters and activities on the premises must be carefully managed to address stormwater management concerns as well as other environmental concerns. These additional requirements to be met by Pohaku Pa'a, LLC will help to ensure that additional financial capacity is available to address any potential issues that may arise.

The Assignor and Assignee have also reached agreement on their respective responsibilities relating to the occupancy of a 2.051 acre expansion area adjacent to the lease premises. Ameron LLC has also agreed to complete road upgrades relating to the use of the lease premises as described and agreed upon by AIC in earlier representations to the Department. The specific terms of these related agreements will be included as conditions to the State's consent.

RECOMMENDATION:

That the Board consent to the assignment of Harbor Lease No. H-09-48 from Ameron International Corporation, dba Ameron Hawaii, as Assignor, to Ameron Hawaii, LLC, as Assignee, subject to the following conditions precedent:

1. Agreement by Assignor and/or Assignee relating to a) the occupancy of the 2.051 acre expansion parcel adjacent to the leased premises and b) completion of certain road upgrades relating to the leased premises on terms set forth by and acceptable to the Department;

2. Lease guaranty by Pohaku Pa'a, LLC and security deposit and pollution liability insurance in such amounts on terms set forth by and acceptable to the Department;
3. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
4. Review and approval by the Department of the Attorney General; and
5. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



GLENN M. OKIMOTO, Ph.D.
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member
Board of Land and Natural Resources

