

DAVID Y. IGE
GOVERNOR



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DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
HARBORS DIVISION
79 So. Nimitz Highway, Honolulu, Hawaii 96813

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

OAHU

CONSENT TO ASSIGN HARBOR LEASE NO. H-89-11, ALOHA PETROLEUM, LTD., ASSIGNOR, TO ALOHA PETROLEUM, LLC, ASSIGNEE, BARBERS POINT HARBOR, EWA, OAHU

LEGAL

REFERENCE: Section 171-36(a)(5), Hawaii Revised Statutes ("HRS").

APPLICANT: ALOHA PETROLEUM, LTD., ASSIGNOR, TO ALOHA PETROLEUM, LLC, ASSIGNEE.

LOCATION: Government Land situated at the Barbers Point Harbor, Ewa, Oahu, consisting of nonexclusive subsurface pipeline easements designated as Easement 1877 being 7.5 feet wide containing an area of 16,691 square feet and Easement 1878 being 7.5 feet wide containing an area of 1,499 square feet as shown on the attached map labeled Exhibit "A."

**LAND TITLE
STATUS:**

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

LEASE AREA:

A nonexclusive 7.5-foot wide subsurface pipeline easement consisting of an area of 16,691 square feet, and a nonexclusive 7.5-foot wide subsurface pipeline easement consisting of an area of 1,499 square feet.

ITEM M-15

**CHARACTER OF
USE:**

- A. For the construction, installation, maintenance, use and repair of four (4) subsurface 8-inch fuel pipelines for the transmission and distribution of petroleum fuels and products in bulk via underground pipeline.
- 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 petroleum distribution and transmission operations.

LEASE TERM: Thirty-five (35) years, commencing on October 1, 1989, and expiring on September 30, 2024.

**ANNUAL
RENTAL:**

- A. Subsurface Nonexclusive Pipeline Easement Base Rental: \$8,819.00
- B. Cumulative Additional Annual Rental: \$2,204.75

CONSIDERATION: None

**RECOMMENDED
PREMIUM:**

None. Since no consideration is being paid for the lease assignment, the assessment of a premium percentage is not required as there is no net consideration that would exceed the adjusted depreciated cost of improvements, renovations and trade fixtures being transferred to the assignee, as provided under HRS § 171-36(a)(5).

**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-89-11, to Aloha Petroleum, Ltd., a Hawaii corporation ("Aloha Corp."). Aloha Corp. proposes to transfer all of its right, title and interest as Lessee in the Lease to Aloha Petroleum LLC, a Delaware limited liability company ("Aloha LLC").

Aloha Corp. is a wholly-owned subsidiary of Susser Petroleum Property Company, LLC, and Aloha LLC is a wholly-owned subsidiary of Susser Petroleum Operating Company, LP. Both Susser Petroleum Property Company, LLC, and Susser Petroleum Operating Company, LP, are owned by the same parent company, Sunoco LP, which is a publicly traded company (NYSE: SUN).

Under the terms of the proposed assignment, there will be no consideration paid by Aloha LLC to Aloha Corp. for the lease interest. The transfer between the sister companies is to leverage financial and operating efficiencies that will benefit their parent companies. Aloha Corp. will continue to exist and operate after the assignment is completed. Aloha Corp.'s current management team will continue to be the management team and point of contact for Aloha LLC.

Aloha LLC agrees to pay and perform all of the Lessee's obligations and liabilities under the Lease. Aloha Corp., as Assignor, is providing an unconditional and irrevocable guaranty to the Department for Aloha LLC's performance under the Lease. The Department is also requiring Aloha Corp., through the consent documents, to provide the Department prior notice should it be unable to continue as the guarantor for the Assignee and to provide a substitute guarantor.

Aloha LLC intends to continue the existing operations under the Lease at the Barbers Point Harbor site that include the transmission and distribution of petroleum fuels and products in bulk via underground pipeline. To Aloha LLC'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 the business operations under the Lease.

Aloha Corp. is in compliance with all lease terms and conditions and is current in its rental obligations with the Department. Aloha Corp. 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 determined that since no consideration is being paid by the assignee for the lease assignment, no premium is due as there is no net consideration for the assignment that would exceed the adjusted depreciated cost of improvements, renovations and trade fixtures being transferred to the assignee.

RECOMMENDATION:

That the Board consent to the assignment of Harbor Lease No. H-89-11 from Aloha Petroleum, Ltd., as Assignor, to Aloha Petroleum LLC, as Assignee, subject to the following conditions precedent:

1. The unconditional and irrevocable guarantee by Aloha Petroleum, Ltd., on behalf of Aloha Petroleum LLC, for the punctual rent payments and punctual performance of all terms, covenants, and conditions under the Lease, and the

agreement that in the event Aloha Petroleum, Ltd., should no longer serve as the guarantor for Aloha Petroleum LLC for any reason, including but not limited to the assignment, merger, or dissolution of Aloha Petroleum, Ltd., Aloha Petroleum, Ltd., shall notify the Department prior to such occurrence and provide the Department with a substitute guarantor for Aloha Petroleum LLC for the remainder of the Lease term on terms and conditions set forth by and acceptable to the Department;

2. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
3. Review and approval by the Department of the Attorney General; and
4. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



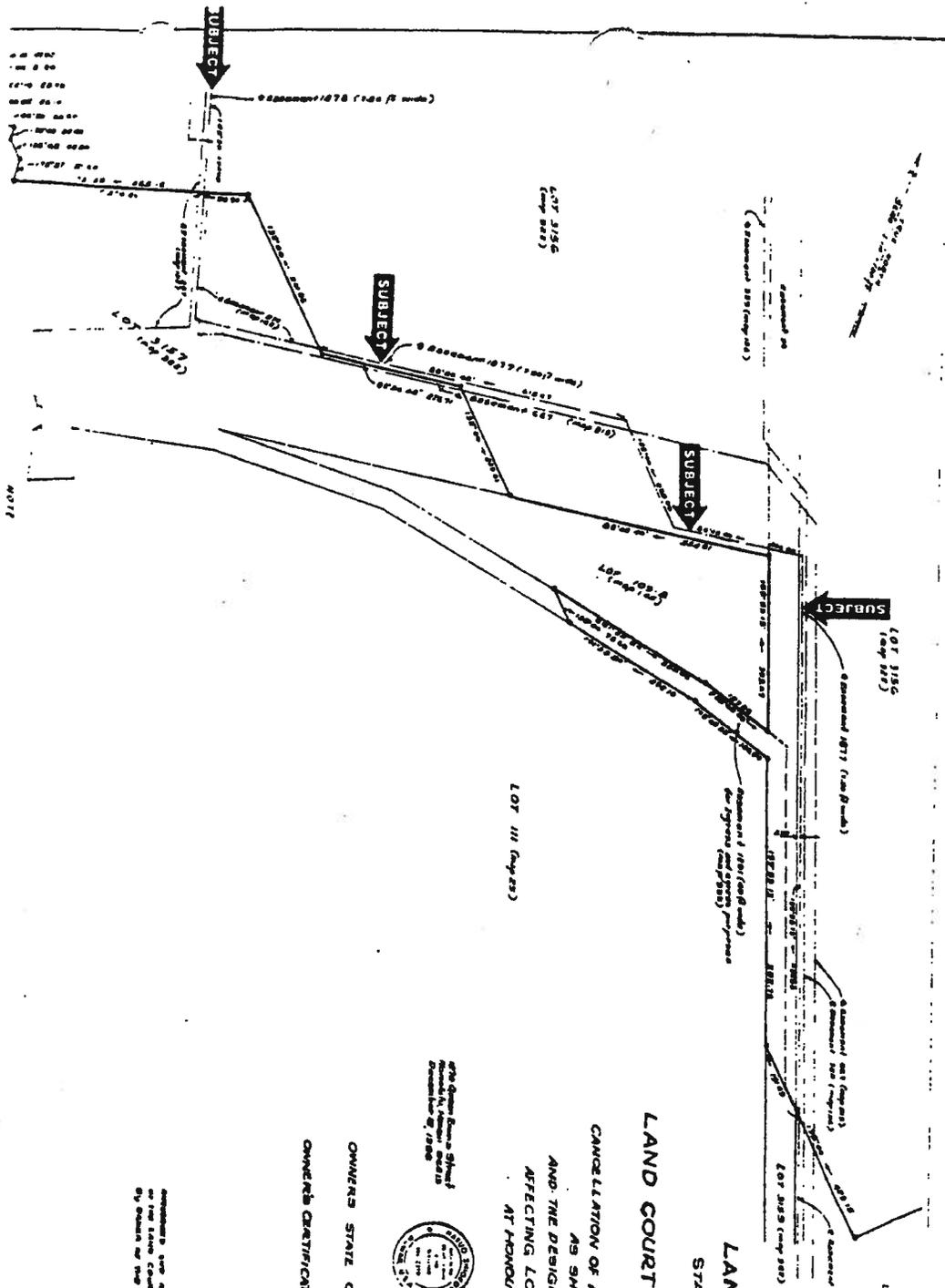
FORD FUCHIGAMI
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:



SUZANNE CASE
Chairperson and Member
Board of Land and Natural Resources



LAND COURT
STATE OF HAWAII

LAND COURT APPLICATION 1069

CANCELLATION OF A PORTION OF EASEMENT 274
AS SHOWN ON MAP 122
AND THE DESIGNATION OF EASEMENT 1871 AND 1872
AFFECTING LOT 2156 AS SHOWN ON MAP 122
AT HONOLULU, EWA OAHU, HAWAII

THE State of Hawaii
Honolulu, Hawaii
November 2, 1980



TOMMY SINGOZA & ASSOCIATES, INC.
Professional Professional Surveyor
Land Court Survey No. 122

OWNERS STATE OF HAWAII (LOT 2156)
OWNERS CERTIFICATE OF TITLE 225,231

APPROVED AND GRANTED BY COURT OF THE STATE OF HAWAII
BY ORDER OF THE COURT

REPORT OF THE LAND COURT

EXHIBIT "A"