

STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL LOAN DIVISION

TO: BOARD OF AGRICULTURE
FROM: AGRICULTURAL LOAN DIVISION
SUBJECT: Island Manaia, LLC.

IT IS HEREBY REQUESTED THAT SUBJECT ACCOUNT BE REFERRED TO THE ATTORNEY
GENERAL FOR DISPOSITION AND/OR COLLECTION

1. NAME: Island Manaia, LLC; William Alan Hoeft; Faufania Gaylyne Hoeft
2. ADDRESS (Residence): 48 Belleau Woods St., Kapolei, Hi 96707
(Mailing): P.O. Box 75349, Unit 104, Kapolei, Hi 96707

3. Account is based on the following information:

LOAN			PROMISSORY NOTE			
Number	Amount	Approved	Years	Rate	Annual Payments	Maturity
DF - 6428	\$60,000.00	06/26/2018	7	3.00	6 months payment of \$150 6 months payment of \$400 Monthly P+I of \$889 until maturity	07/15/2025

4. Legal Instruments
Promissory Note.

UCC-1 Financing Statement #A-67740732, renew A-85380807 (initially filed 7/19/2018 and expires 7/19/2028).

5. Loan Balances at

Loan Number	LOAN BALANCES		DELINQUENT AMOUNT		PERIOD OF DELINQUENCY
	Principal	Interest	Principal	Interest	
DF - 6428	\$42,169.66	\$3,252.56	\$37,764.44	\$3,252.56	1,422 days past due (as of 2/4/2025)

6. Sources checked in an attempt to furnish information herein:

Loan File; Internal Loan Accounting Software (Portfol)

CONCLUSION AND RECOMMENDATION:

Please See Attached.

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CONCLUSION AND RECOMMENDATION:

William Alan Hoeft (hereinafter referred to as Alan) and Faufanau Gaylyne Hoeft (hereinafter referred to as Gaylyne), owners of Island Manaia, LLC, operated a taro farm on a leasehold property located at 868 Kamilonui place, Honolulu, HI 96825 since 2014. They were able to start a cassava farm with support from Ulupono with several grants.

Island Manaia and the Hoefts were approved a \$60,000 direct new farmer operating loan to construct a certified kitchen to process their cassava crop into value added products. The planned commercial kitchen buildout had issues that lingered with permitting with DOH and the landowner for several months. Thus, with no success in obtaining the required permits, the Hoefts went on a different route. They purchased a food truck for processing value added products and planned to host special events at the farm premises. The plan to host various tours and social events seemed to take a positive form until the Covid 19 pandemic started in early 2020 and totally wreaked havoc to farm operations.

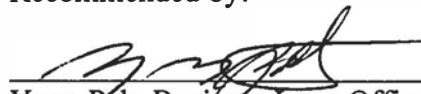
The Hoefts continued to make the loan payments with Covid stimulus funds. After exhausting the limited relief funds, the Covid pandemic was too much to overcome and the Hoefts were evicted from their property around September of 2022. After the eviction, there was no communication via telephone or cell phone, only email was an option. The department continued to communicate with Gaylyne via email and finally in July 2024, Gaylene provided a contact address. There were numerous attempts to meet to discuss the situation, but Gaylene refused to meet. From its original loan of \$60,000, Island Manaia made loan payments totaling \$21,007 with the last payment made in September 2022.

In summary, the staff feels that the Hoefts are in no position to restart a farm operation based on their current situation. As such, the staff recommends that the account be referred to the Department of the Attorney General for collection or resolution including negotiating a repayment plan or settlement of the outstanding debt.

Date

2-6-25

Recommended by:


Yong Pak, Business Loan Officer I

Date

2/6/25


Reviewed and concurred by:


Dean M. Matsukawa, Acting Agricultural Loan Administrator

Date

2/1/25

Approved for Submission


Sharon Hurd, Chairperson, Board of Agriculture

**State of Hawai'i
Department of Agriculture
Agricultural Loan Division**

February 25, 2025

**Board of Agriculture
Honolulu, Hawai'i**

SUBJECT: Loan Guaranty Presentation

APPLICANT: Mokuwai Piko Poi Inc.
P.O. Box 729
Honokaa, HI 96727

**CLASSIFICATION
& ELIGIBILITY:** Mokuwai Piko Poi Inc (MPP) was incorporated with the
Hawai'i Department of Commerce and Consumer Affairs
on 7/1/2013. MPP stocks are solely owned by Ms.
Kahealani Kaaihili. Ms. Kaaihili is a lifelong Hawaii
resident and farmer and is MPP's sole stockholder. The
applicant meets the eligibility requirements of Chapter 155-
1 of the Hawaii Revised Statutes (HRS) as a "Qualified
Farmer."

The Participating Lender: Feed The Hunger Fund (FTHF)
meets the definition of a "Private lender" as outlined in
Chapter 155-1 (HRS).

COMMODITY: Kalo (taro), Poi

CREDIT HISTORY: SEE EXHIBIT A (CONFIDENTIAL)

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**LOAN REQUEST
& PURPOSE:**

Loan Guaranty Amount \$268,000

<u>Loan Amount</u>	<u>Class C – Operating Loan</u>
\$ 94,000	Operating Capital
<u>\$242,000</u>	Equipment
\$336,000	Total

The Request is for 80% guaranty of the \$336,000 operating loan. Funds for the loan will be provided by Feed the Hunger (FTHF) and Mission Driven Finance/Hawaii Investment Ready (HIR) fund on a 50/50 basis, with FTHF being the lead lender.

Loan funds will be used to expand the taro farm from 6-acres to 24-acres over the next 5 years and increase the processing capacity for their products. Operating capital provides liquidity and working capital necessary to complete the project. The lease requires that the land be put into cultivation within a relatively short timeline. Due to much of new area being neglected for some time, significant machine work is needed to clear the heavy weed infestation and dig water channels and ditches. The equipment needed to complete the expansion within the timeline is shown below:

Kubota Tractor with bucket	\$ 63,500
Excavator	\$105,500
Skag Mower	\$ 14,000
Excavator attachments	\$ 39,000
Bagging Machine	<u>\$ 20,000</u>
Total	\$242,000

TERMS:

The State will be charging a one-time 2% fee for the loan guaranty which will total \$5,376 for the proposed loan.

The loan terms provided by the lender:

Amount: \$336,000
Term: Seven (7) Years
Interest Rate: 5.385% blended fixed interest rate
Repayment: 6-month interest only of \$1,507.80 followed by full principal & interest payments of \$4,810 until maturity.

SECURITY:

The loan will be secured by first position financing statement on all the new equipment: Kubota Tractor with Front loader, Landpride Bucket, 2024 Takeuchi excavator, Fecon Mulching Head attachment, grading bucket, Skag mower, and bagging machine with an estimated value of \$242,000.

The loans are further secured by a Junior Financing Statement on all business assets including accounts, equipment, and inventory. The priority position is held by Feed the Hunger Fund for a separate loan with a balance of approximately \$72,000. The MPP's current equipment is valued at \$218,000.

Loan to Value
Ratio

$$\frac{\$268,800 \text{ (Proposed Loan Guaranty)}}{\$242,000 \text{ (Equip. purchase)} + \$146,000 \text{ (Equip. Equity)}} = 69.22\%$$

The proposed loan will be fully secured by the existing farm equipment and equipment to be purchased.

GUARANTORS:

Kahealani Kaaihili

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

**BACKGROUND/
MANAGEMENT
ABILITY:**

Mokuwai Piko Poi is a family-operated business located in Waipio Valley on Hawai'i Island. The company has been in operation since 1997 and officially incorporated in 2013. Kahealani Kaaihili is a fourth-generation taro farmer and has been the sole owner since 2015 following her father stepping down.

Ms. Kaaihili's leadership ability and commitment to farming has been recognized in her community. As of August of 2024, Ms. Kaaihili became the president of the Waipio Valley Taro Farmer's Association.

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The business now leases 31.6-acres from the Bishop Museum, with six acres being actively cultivated with a plan to open another 18-acres within the next few years. The expansion requires that she rehabilitate the land and waterways which will require additional heavy machinery and equipment.

In 2024, she participated in the Hawaii Investment Ready Food System accelerator program designed to help entrepreneurs develop long term business strategies and increase business visibility. The program expanded her network strategy to include institutional and wholesale buyers which has provided additional business opportunities. The program also includes ongoing coaching and support.

Over the years, MPP has created a premium product while focusing on maintaining the traditional methods of kalo production. Mokuwai Piko Poi produces poi sold by the pound or as Poi Pops, a single serving in popsicle packaging for easy consumption. Currently, demand out paces production and they need to supplement their farm production with Kauai kalo. As their lease land comes into production, they will be able to use their own kalo to meet their market needs.

SUMMARY:

The proposed loan is a collaboration between community development financial institutions that generally provide funding for smaller operations. The State's guaranty is required as the proposed loan is above their normal loan limits.

The benefit of providing the guaranty to the State is that no state funds will need to be expended, the farm will be able to complete expansion in a timely manner meeting their lease requirement and business goals. The proposed loan will also have a more favorable interest rate than what the state program can offer.

RECOMMENDATIONS: Approval of this loan guaranty is recommended based on Ms. Kaaihili's farming ability, good credit history, adequacy of the collateral, historical and projected profitability.

Date

Recommended by:

2/12/24


Jillian C. Scheibe
Agricultural Loan Officer IV

Date

Reviewed and concurred by:

2/12/24


Dean M. Matsukawa
Deputy Chairperson

Date

Approved for submission:

2/13/24


Sharon Hurd
Chairperson, Board of Agriculture

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**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class C</u>
\$200,000	Operating Loan
\$200,000	Total Request

The loan proceeds will provide the farm with working capital to purchase approx. \$88K in supplies (mostly 2,000 tons of saw dust); \$48K to hire labor; approx. \$53K to payoff indebtedness used to build extra greenhouse, various improvements to the farm, purchases of various supplies and materials; and remaining \$11K for various input costs.

TERMS:

Loan Amount:	\$200,000
Term:	10 years
Interest rate:	6.50% per annum, fixed
Repayment:	Monthly principal and interest, constant payments of \$2,270.96 until maturity.

SECURITY:

The requested loan will be secured by the following:

- 2nd Position mortgage on a condominium property located 1634 Makiki St., Unit 1001, Honolulu, HI 96822, further identified as TMK 1-2-4-024-022-0054. Sumitra Viyanan Barton, as Tenant in Severalty.
- UCC-1 junior filing on Mint Mushrooms and Produce, LLC to include all crops, receivables, inventory, furniture, fixtures, equipment, supplies, etc. (Will use UCC 3 amendment to existing UCC1 filing #A-83010735)

As of 12/31/24, the farm balance sheet shows total net property and equipment value of \$61,382. The State Loan Division has a UCC-1 1st position on an existing loan with an outstanding balance of \$34,815 as of 2/4/25. The remaining value will be added to the loans to value calculation below.

Loan to Value:

$$\frac{\$200,000 \text{ (Class C)} + \$345,458 \text{ (1st Mtg)}}{\$446,900 \text{ (2025 TAV)}} = 122\%$$

Although the subject loan is not fully secured by the collateral offered, the primary source of repayment from projected future operating cash flow will provide sufficient debt coverage to mitigate seeking repayment from above secondary repayment sources. (Under Chapter 155-1 and Security for loans; mortgages, stated in 155-11 of the Hawaii Revised Statutes, the loan to value ratio offered can be discretionary with the department.)

GUARANTORS:

None

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Homeowners insurance with SALD listed as additional mortgagee.

Liability insurance with the State Agricultural Loan Division (SALD) listed as an additional insurance insured.

**BACKGROUND/
MANAGEMENT
ABILITY:**

Sumitra V. Barton was born in Thailand and immigrated to Hawaii in 2010 to seek better living conditions and opportunities. Sumitra worked as a licensed physical therapist for a traditional Chinese acupuncture/medicine doctor in the Pan Am building from 2011 to 2017. While transitioning from a full-time to part-time therapist, Sumitra got a job as an assistant to a mushroom farmer in Waimanalo in 2017. From there, Sumitra was able to learn all the process of growing oyster mushrooms. While working at the mushroom farm, Sumitra was able to get acquainted with the neighbor, Mrs. Vanxay Boulangsy, who transferred the leasehold land to Sumitra due to her husband passing and

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deteriorating health. In 2022, the HDOA ARM division approved and granted Sumitra the lease transfer of 10.21 acres of leasehold farmland in the Waimanalo Ag. Park. After taking over the farmland in early 2022, SALD approved and funded \$50K new farmer loan to start growing oyster mushrooms. With continuous infusion of capital and hard labor, mushroom output has been improving each year and achieving higher sales.

COMMENTS:

Sumitra has devoted her time and effort to gain knowledge and skills of mushroom farming from a mentor, Mr. Vixayvong in Waimanalo. Sumitra and her mother continue to transform and improve the acquired farmland to fully utilize the available space for farming. After being awarded with the affordable land from the HDOA ARM division and \$50K new farmer loan assistance from SALD, Sumitra has established a sustainable and growing oyster mushroom farm and is contributing to the local agriculture in Hawaii.

Sumitra has proven herself with dedicated hard work and has successfully established an oyster mushroom farm that is gradually growing each year. With the proceeds from this loan request, the applicant will be able to purchase critical supplies; hire one full-time labor to achieve production goals; pay down high interest indebtedness incurred in making improvements, adding an additional greenhouse and various costs associated with the farm operation.

TURNDOWNS:

The applicant has received turndown letters from American Savings Bank and Bank of Hawaii for the reasons of:

- Insufficient revenue
- Insufficient business parameters requirements

RECOMMENDATIONS:

This loan request is recommended for approval based on Sumitra's diligent work ethic leading to a successful and on-going farm operation, improving sales and achievable future cash flow projections, adequate collateral, good credit history with prompt repayments and satisfactory loan relationship with SALD since 2022.

Date

2-7-25

Recommended by:


Yong Pak

Business Loan Officer I

Date

2/11/25

Reviewed by:


Dean M. Matsukawa

Acting Agricultural Loan Administrator

Date

2/11/25

Approved for submission:


Sharon Hurd

Chairperson, Board of Agriculture

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STATE OF HAWAI'I
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII 96814

February 25, 2025

Board of Agriculture
Honolulu, Hawai'i

Subject: REQUEST THAT THE BOARD OF AGRICULTURE DELEGATE
AUTHORITY TO THE CHAIRPERSON TO FURTHER NEGOTIATE AND
ENTER INTO A MEMORANDUM OF AGREEMENT WITH THE
AGRIBUSINESS DEVELOPMENT CORPORATION REGARDING THE
PURCHASE OF THE WAHIAWĀ DAM SPILLWAY; TMK: (1) 7-1-012:014,
ISLAND OF O'AHU, HAWAI'I

REMARKS:

Act 218, SLH 2023 appropriated \$26 million and authorized the Department of Agriculture, Department of Land and Natural Resources, and Agribusiness Development Corporation to acquire the Wahiawā Irrigation System, on terms negotiated and agreed upon by the office of the Governor, or by eminent domain, and to purchase, repair, and maintain the associated spillway.

On January 3, 2025, Governor Green released \$10 million in general funds to the Agricultural Resource Management (AGR 141) program to acquire a fee simple interest in the spillway, TMK: (1) 7-1-012: 014, and to design dam safety improvements associated with the Wahiawā Dam. A request will be submitted to the Governor to release the remaining \$16 million for construction when the design is further along.

The Memorandum of Agreement between DOA and ADC will identify each entity's responsibilities with regards to funding, land acquisition, and improvements to the dam.

This project is necessary to preserve the system for public access and the agriculture industry by acquiring the Wahiawā Irrigation System and bringing the spillway into compliance with all relevant dam safety requirements. The Wahiawā Irrigation System provides agricultural water to farmers and is necessary for continued irrigation of their crops. The Lake Wilson Reservoir stores water for the irrigation system and is used for recreational activities.

RECOMMENDATION:

That the Board delegate authority to the Chairperson to further negotiate and enter into a Memorandum of Agreement with the Agribusiness Development Corporation regarding the purchase of the Wahiaiwā Dam Spillway.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer
Agricultural Resource Management Division

Attachment – Exhibit “A”

APPROVED FOR SUBMISSION:



SHARON HURD
Chairperson, Board of Agriculture

Exhibit "A"

MEMORANDUM OF AGREEMENT
Between the
State of Hawaii Department of Agriculture
and the
State of Hawaii Agribusiness Development Corporation

This Memorandum of Agreement (MOA), is effective as of _____, by and between the STATE OF HAWAII DEPARTMENT OF AGRICULTURE (HDOA), whose business address is 1428 S. King Street, Honolulu, HI 96814 and the STATE OF HAWAII, AGRIBUSINESS DEVELOPMENT CORPORATION (ADC), whose business address is 235 S. Beretania St. Suite 205, Honolulu, HI 96813. Each may be referred to as a "Party" or collectively as "Parties".

RECITALS

WHEREAS, S.B. 833 was signed into law by the Governor as Act 218, 2023 Haw. Sess. Laws 737 (Act 218);

WHEREAS, Act 218 appropriated general funds to HDOA, the Hawaii Department of Land and Natural Resources (DLNR), and ADC to acquire the Wahiawa irrigation system and preserve the system for public access and the agriculture industry;

WHEREAS, the Wahiawa irrigation system and lands upon which the Wahiawa irrigation system is located, are owned by various private entities, including the Wahiawa Water Company, Inc., Dole Food Company, Inc., and Sustainable Hawaii, LLC;

WHEREAS, Act 218 states that the Office of the Governor shall negotiate with Wahiawa Water Company, Inc., Dole Food Company, Inc., and Sustainable Hawaii, LLC, or any other appropriate owner for the State's fee simple acquisition of the Wahiawa irrigation system;

WHEREAS, Act 218 requires HDOA to acquire from Sustainable Hawaii, LLC, on terms agreed upon by the office of the governor, a fee simple interest in the spillway associated with the Wahiawa irrigation system, located at parcel TMK (1) 7-1-012:014, and appropriated \$5,000,000, or so much thereof as may be necessary for fiscal year 2023-2024, for HDOA to purchase said spillway;

WHEREAS, despite the legislative directive that HDOA acquire the fee simple interest in the spillway associated with the Wahiawa irrigation system, HDOA does not have the statutory authority to hold title to real property in its name;

WHEREAS, pursuant to section 163D-4(a)(6), Hawaii Revised Statutes (HRS), ADC does have the statutory authority to purchase fee simple interests in land, and hold title to real property in its name;

WHEREAS, contingent upon the State's acquisition of the spillway, Act 218 appropriated funds to HDOA out of the general revenues for fiscal year 2023-2024 to repair and expand the spillway associated with the Wahiawa irrigation system in order to bring the spillway into compliance with all relevant dam safety requirements;

WHEREAS, on terms agreed upon by the office of the governor, ADC on behalf of HDOA will acquire the fee simple interest in the Wahiawa irrigation system's spillway, and thereafter make the spillway on parcel TMK (1) 7-1-012:014 available to HDOA for repair and expansion to bring it into compliance with all relevant dam safety requirements;

WHEREAS, pursuant to Act 218, the purchase of the spillway associated with the Wahiawa irrigation system, shall be conditioned on an appraisal of the property pursuant to section 171-30, HRS, and HDOA has ensured that such an appraisal was completed; and

NOW, THEREFORE, in consideration of the promises contained in this MOA, the

Parties have agreed as follows:

1) ADC RESPONSIBILITIES. ADC will purchase the Wahiawa irrigation system's spillway and hold title in its name within one-hundred-twenty days of the Effective Date of this MOA. ADC will be responsible for handling all matters of the transaction to purchase the Wahiawa irrigation system's spillway. Once the Wahiawa irrigation system's spillway is purchased and title transferred to ADC, under reasonable terms to be mutually agreed to by the Parties, ADC will make the property under TMK (1) 7-1-012:014 available to HDOA by acceptable means, for purposes of repairing and expanding the spillway to bring it into compliance with all relevant dam safety requirements. ADC will retain responsibility and liability for any and all fees, charges, and costs not associated with the capital improvements of the spillway.

2) HDOA RESPONSIBILITIES. HDOA will transfer by journal voucher to ADC an amount not to exceed the Five Million Dollars (\$5,000,000.00) allocated to HDOA via Act 218 for the purchase of the Wahiawa irrigation system's spillway. HDOA will transfer the funds within thirty days of the execution of a purchase contract for ADC to purchase the Wahiawa irrigation system's spillway. Once HDOA completes repairs, expansion, and other maintenance as delineated in Act 218, HDOA shall notify ADC that the project has been completed. The property under TMK (1) 7-1-012:014 shall return to ADC within six (6) months after said notification.

3) INTERGOVERNMENTAL COMMUNICATIONS. To provide for consistent and effective communications between HDOA and ADC, each party shall designate a Principal Responsible Party to serve as the central point of contact and communications on matters relating to activities to be provided through this MOA.

HDOA PRINCIPAL RESPONSIBLE PARTY:

**Sharon K. Hurd
Chairperson
1428 S. King Street
Honolulu, HI 96814
808-973-9560
sharon.k.hurd@hawaii.gov**

ADC PRINCIPAL RESPONSIBLE PARTY:

**Wendy L. Gady
Executive Director
Agribusiness Development Corporation
235 S. Beretania St., Suite 205
Honolulu, HI 96813**

808-586-0186

wendy.l.gady@hawaii.gov

4) **AMENDMENT, MODIFICATION AND TERMINATION.** This MOA may be modified or amended only by written, mutual agreement of the Parties. The Parties agree that notwithstanding the above, the transfer of all buildings, structures, signs, or improvements constructed on TMK (1) 7-1-012:014 are final and such transfer shall expressly survive the amendment, modification, and termination of this MOA.

5) **TERMINATION.** Either Party may terminate this MOA within thirty days prior written notice to the other Party.

6) **COUNTERPARTS.** The MOA may be executed by the Parties in one or more counterparts, each of which shall be deemed an original, and said counterparts will together constitute one and the same agreement and shall be binding on each of the Parties notwithstanding that all the Parties are not signatory to the original or the same counterpart. The submission of a signature page by facsimile transmission, or similar electronic submission facility (e.g., e-mail or electronic signature) shall be deemed to constitute an "original" signature page for all purposes, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

THIRD PARTY BENEFICIARY. This MOA is made solely and specifically for the benefit of the Parties, its successors, agents, representatives, and assigns. No other person or entity shall have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this MOA as a third-party beneficiary or otherwise.

[The remainder of this page intentionally left blank; signature page follows.]

**THE PARTIES HERETO HAVE REVIEWED, AGREED TO, AND EXECUTED THIS
MEMORANDUM OF AGREEMENT EFFECTIVE ON THE DATE FIRST NOTED
ABOVE.**

STATE OF HAWAII, DEPARTMENT OF AGRICULTURE

By: _____

**Sharon K. Hurd
Chairperson**

Date: _____

APPROVED AS TO FORM:

Bryan C. Yee

Deputy Attorney General

STATE OF HAWAII, AGRIBUSINESS DEVELOPMENT CORPORATION

By: _____
Wendy L. Gady
Executive Director

Date: _____

APPROVED AS TO FORM:

Delanie D. Prescott-Tate
Deputy Attorney General

APPROVED FOR ADMINISTRATIVE PURPOSES:

**STATE OF HAWAII, DEPARTMENT OF
BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM**

By: _____
James Tokioka
Director

Date: _____

STATE OF HAWAI'I
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAI'I

February 25, 2025

Board of Agriculture
Honolulu, Hawai'i

Subject: REQUEST TO APPROVE RENTAL OFFSET, GENERAL LEASE NOS. S-3151 AND S-3152; DIAMOND B RANCH, LLC, LESSEE; TMK: (2) 2-2-004:029 AND 066, KEOKEA, KULA, MAKAWAO, ISLAND OF MAUI, HAWAI'I

Authority: Section 166E-6, Hawaii Revised Statutes ("HRS"), and Section 4-158-2(a)(3), Hawaii Administrative Rules ("HAR")

Lessee: Diamond B Ranch, LLC

Land Area: S-3151 149.03 gross acres
S-3152 20.980 gross acres

Tax Map Key: S-3151 (2) 2-2-004:066 (see Exhibit "A")
S-3152 (2) 2-2-004:029

Lease Term: 35 years, December 1, 2023, through November 30, 2058 (both leases)

Land Status: Encumbered by Governor's Executive Order No. 4625, dated February 21, 2020, to the Department of Agriculture for agriculture purposes

Annual Base Rental: S-3151 – \$5,500.00 per year, until rental reopening on December 1, 2038
S-3152 – \$ 170.00 per year, until rental reopening on December 1, 2038

Character of Use: Pasture

BACKGROUND:

In 2020, Governor's Executive Order No. 4625 transferred the subject land parcels to the Department of Agriculture for management purposes. The Agricultural Resource Management Division requested and received the Board of Agriculture's ("BOA") approval to dispose of the parcels and by way of public auction and the subject properties were awarded to the successful bidder, Diamond B Ranch, LLC. Thirty-five (35) year leases were issued for both parcels commencing December 1, 2023, through November 30, 2058.

BB

Diamond B Ranch, LLC, submitted expense receipts for equipment and services rendered. The Lessee has been clearing and continues to clear the land in anticipation of having the properties surveyed and fenced. The expenses to prepare the land for surveying and fencing have exceeded the amount totaling two years of rental offset for the lease.

Pursuant to 4-158-2(a)(3), HAR, and the Lease, the BOA may permit the Lessee to offset the cost of land clearance and improvements against not more than two (2) years of base annual rental. The Lessee is requesting rental offsets of two years of base annual lease rent in the amounts of \$11,000.00 for General Lease No. S-3151 and \$340.00 for General Lease No. S-3152.

RECOMMENDATIONS:

That the Board of Agriculture approve the Lessee's request for a rental offset of up to two years of base annual lease rent in accordance with the terms and conditions of General Lease Nos. S-3151 and S-3152 and Section 4-158-2(a)(3), HAR, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer
Agricultural Resource Management Division

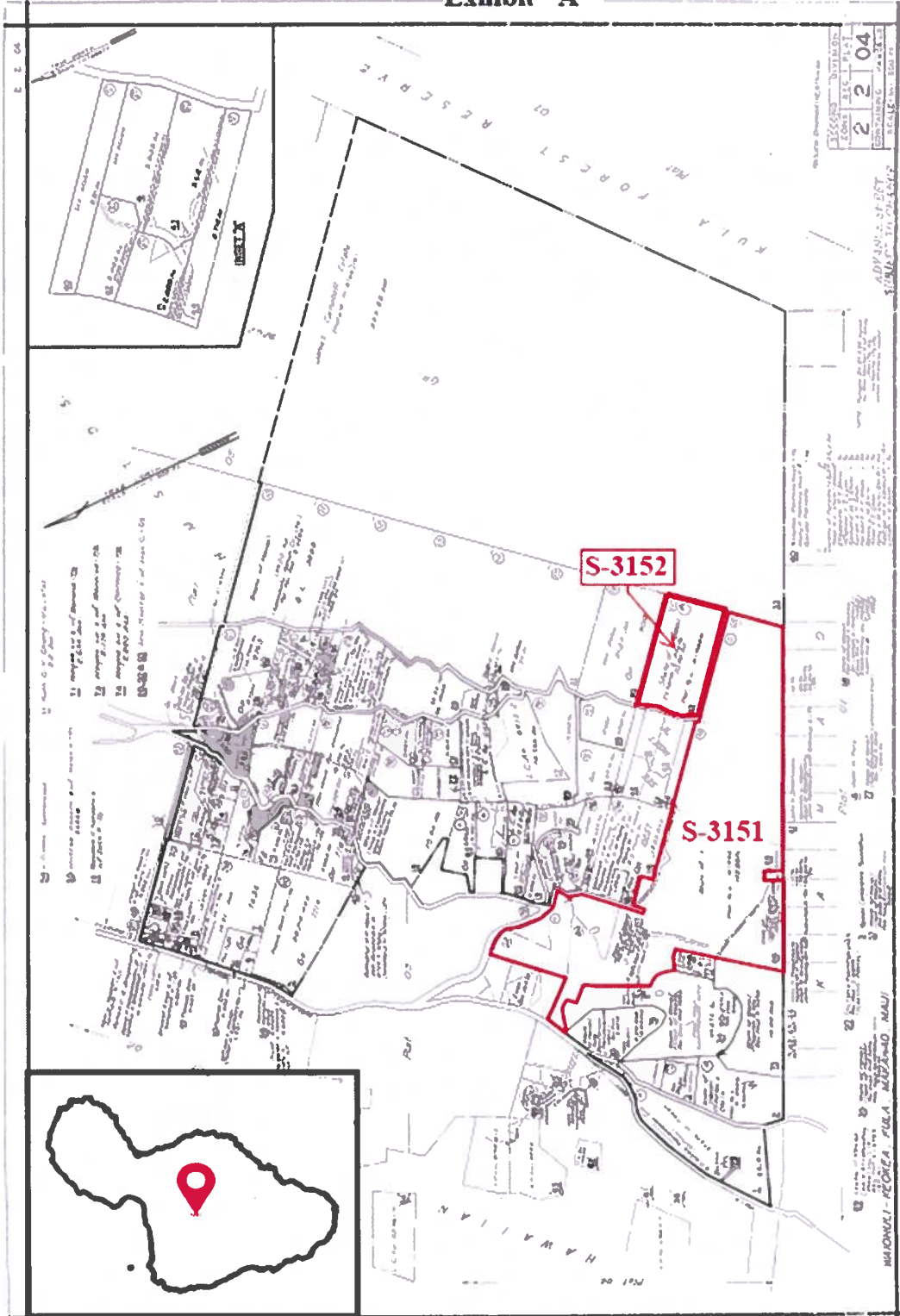
Attachment - Exhibit "A"

APPROVED FOR SUBMISSION:



SHARON HURD
Chairperson, Board of Agriculture

Exhibit "A"



PHOTOS OF GENERAL LEASE NOS. S-3151 AND S-3152



STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

February 25, 2025

Board of Agriculture
Honolulu, Hawaii

Subject:	REQUEST FOR CONSENT TO ASSIGNMENT OF GENERAL LEASE NO. S-4760; MOUNTAIN MEADOWS, INC., LESSEE/ASSIGNOR; PANA'EWA PLANT COMPANY, LLC., ASSIGNEE; TMK: 3 rd DIV/2-2-056:039, LOT 13, PANA'EWA AGRICULTURAL PARK, WAIAKEA, SOUTH HILO, ISLAND OF HAWAII, HAWAII
Authority:	Section 166-7 and 9 Hawaii Revised Statutes, ("HRS"), and Section 4-153-33(a)(6)(B) Hawaii Administrative Rules ("HAR")
Lessee/Assignor:	Mountain Meadows, Inc.
Assignee:	Pana'ewa Plant Company, LLC.
Land Area:	18.698 acres
Tax Map Key:	3 rd Div/2-2-056:039 (Exhibit "A")
Lease Term:	55-years, January 1, 1982 through December 31, 2036
Land Status:	Encumbered by Governor's Executive Order No. 3378, dated February 26, 1988, to the Department of Agriculture for Agricultural Park Purposes
Annual Base Rent:	\$5,360.00 per year
Character of Use:	Diversified Agriculture
Consideration:	\$1,450,000.00

BACKGROUND:

On May 7, 1982, the Department of Land and Natural Resources executed General Lease S-4760, a 55-year lease, to Donald S. Shintaku and Helen E. Shintaku. General Lease S-4760 was transferred to the Department of Agriculture by Governor's Executive Order No. 3378, dated February 26, 1988. On July 24, 2009, General Lease S-4760 was assigned to Mountain Meadows, Inc.

Since taking over General Lease S-4760 in 2009, Raymond Tanouye, owner of Mountain Meadows Inc., has utilized the subject property to cultivate a large variety of landscaping plants, providing plant materials to many landscaping companies on the Big Island. Unfortunately, due to health problems, his ability to maintain his farming operation has become difficult. In accordance with Section

4-153-33(a)(6)(B), HAR, and the terms of the lease, Mountain Meadows, Inc. is requesting to assign General Lease S-4760 to Pana'ewa Plant Company, LLC, which is owned and operated by Kainoa Kodani and Miriam Jacintho.

Kainoa Kodani has over 19 years of farming experience. He is the President and General Manager of Haiku Landscape Corporation where he oversees over 50 employees and is actively involved in all activities related to the cultivation of their landscaping plant materials. Mr. Kodani would like to develop his own farming operation on the Big Island, where he plans to continue Mountain Meadows' current operation supplying the Big Island's landscaping industry with premium plant materials at a fair price.

Miriam Jacintho has over 30 years of farming and managerial experience. She is also a manager with Haiku Landscape Corporation with a wide range of responsibilities. Ms. Jacintho is actively involved in the cultivation of their landscaping plant materials. She also oversees and trains the nursery staff and manages the office staff to ensure efficient operations and financial oversight.


Pana'ewa Plant Company, LLC qualifies as an agricultural company with more than 75 percent of its officers qualifying as a Bona fide farmer with more than two (2) years of full-time farming experience and satisfies the eligibility requirements pursuant to Sections 4-153-1 and 13, HAR.

There is a consideration of \$1,450,000.00 for the assignment of lease. This assignment will include a farm structure, shade houses, equipment, vehicles, trailers, tools, and a large plant inventory. General Lease S-4760 does not include a participation clause.

RECOMMENDATION:

That the Board of Agriculture approve the assignment of General Lease S-4760 from Mountain Meadows, Inc., Lessee/Assignor, to Pana'ewa Plant Company, LLC, Assignee, and the consideration of \$1,450,000.00. All related documents are subject to the review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,


BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

Attachments - Exhibit "A"

APPROVED FOR SUBMISSION:


SHARON HURD
Chairperson, Board of Agriculture

Photos
General Lease S-4760







STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII 96814

February 25, 2025

Board of Agriculture
Honolulu, Hawai'i

Subject: REQUEST FOR APPROVAL FOR CONVERSION OF GENERAL LEASE NOS. S-5488 AND S-5489 TO A NEW GENERAL LEASE FOR NEW TOWN & COUNTRY STABLES, INC.; TMK NOS: (1) 4-1-008:054 AND 059, WAIMANALO, KO'OLAUPOKO, ISLAND OF O'AHU, HAWAII

Authority: Sections 166E-4, and 11, Hawaii Revised Statutes ("HRS"), and Sections 4-158-8, Hawaii Administrative Rules ("HAR")

Lessee: New Town & Country Stables, Inc.

Land Area: S-5488 21.628 gross acres
S-5489 10.739 gross acres

Tax Map Key: S-5488 (1) 4-1-008:059 (see Exhibit "A")
S-5489 (1) 4-1-008:054

Land Status: Encumbered by Governor's Executive Order No. 4535 to the Hawai'i Department of Agriculture ("HDOA") for Non-Agricultural Park Lands purposes dated August 29, 2017.

Lease Term: S-5488 35 years, May 1, 1996 to April 30, 2031
S-5489 35 years, May 1, 1996 to April 30, 2031

Current Rent: S-5488 \$12,600.00 per year until re-opening on 5/1/2026
S-5489 \$1,089.00 per year until re-opening on 5/1/2026

Character of Use: S-5488 Special equestrian, pasture, and employee residence
S-5489 Pasture and rodeo arena

BACKGROUND:

New Town & Country Stables, Inc., owned and operated by Henry “Bud” Gibson and Kathleen Gibson, is a livestock feeding and handling facility in a pasture and corral system. Operating for over 60 years, the Gibsons have supplied the island of O’ahu with a yearly average of 240,000 pounds of beef.

Pursuant to Section 4-158-8, HAR, the Lessee is requesting a conversion of General Lease S-5488 and S-5489 into two (2) new leases with a sixty-five (65) year term with the character of use as Pasture. The board may agree to enter into a new lease. After such approval, the Department, or staff, must complete the following when issuing a new lease:

- Require an appraisal of the parcels in accordance with Section 4-158-21, HAR, to determine the annual base rental for the initial fifteen (15) years of the new lease;
- Impose other lease terms, provisions, restrictions, and conditions as provided in this chapter as may be required to protect the State’s interest;
- Require a payment of annual lease rent by appraisal and a premium computed at twenty-five (25) percent of the annual base rent for each year of the lease equal to the number of years the lessee has occupied the land, not to exceed seven (7) years; and
- Require those qualifying to meet the bona fide farmer criteria as defined in Section 4-158-1, HAR.

Pursuant to Section 4-158-21, HAR, appraisals have been completed to determine the fair market rental for the subject parcels for the converted lease terms. The appraised annual rental for TMK: (1) 4-1-008:059 (GLS-5488) is \$54.00 per year. The appraised annual rental for TMK: (1) 4-1-008:054 (GLS-5489) is \$27.00 per year. The appraisals are enclosed with this submission as Exhibit “B.” In accordance with Section 4-158-8(b)(4), HAR, the lessee shall pay an annual premium equal to 25% of the annual base rental for a period not to exceed seven (7) years for each lease.

Further, the Board and Lessee must mutually agree to cancel the existing General Lease No. S-5488 and General Lease No. S-5489 by executing mutual cancellation of lease documents subject to execution of the converted general leases documenting the effective dates. The effect of such cancellation will ensure that only one lease is in full force and effect.

New Town & Country Stables, Inc. has a past due annual lease balance of approximately \$95,823.00 to the HDOA. Lessee has proposed to pay \$6,311.50 as a settlement payment toward the past due balance. The proposal also includes the closure of the large capacity cesspool and the installation of a septic system at the lessee’s expense. Pursuant to Section 4-158-2 (10), HAR, the board has the power to “waive rental payments due to natural catastrophes and other external factors beyond the lessee’s control and determine the period for the waiver.”

RECOMMENDATION:

That the Board of Agriculture:

1. Approve the Department of Agriculture to convert General Lease Nos. S-5488 and S-5489 into new leases with the Department of Agriculture for 65-year terms each with the Character of Use as "Pasture" for each lease.
2. Accept the fair market rental of \$54.00 per year for TMK: (1) 4-1-008:059 (GLS-5488) and \$27.00 per year for TMK: (1) 4-1-008:054 (GLS-5489).
3. Determine and approve settlement of the past due annual rental due to HDOA for the period August 19, 2017, to present.
 - a. Waive \$89,511.50 of past due annual lease rents for General Lease S-5488 and S-5489, and accept \$6,311.50;
 - b. New Town & Country Stables will, at their own cost, close the large capacity cesspool and install a septic system, or other plumbing system as approved by the State of Hawai'i Department of Health;
 - c. Delegate to the Chairperson to enter a fully executed settlement agreement reflecting the same.
4. Approve the Mutual Cancellation of General Lease Nos. S-5488 and S-5489, contingent upon the execution of a settlement agreement as stated above and subject to the execution of the new general leases.

All related documents shall be subject to review as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the chairperson to best serve the interest of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer
Agricultural Resource Management Division

Attachment – Exhibits "A" and "B"

APPROVED FOR SUBMISSION:



SHARON HURD
Chairperson, Board of Agriculture

Photos





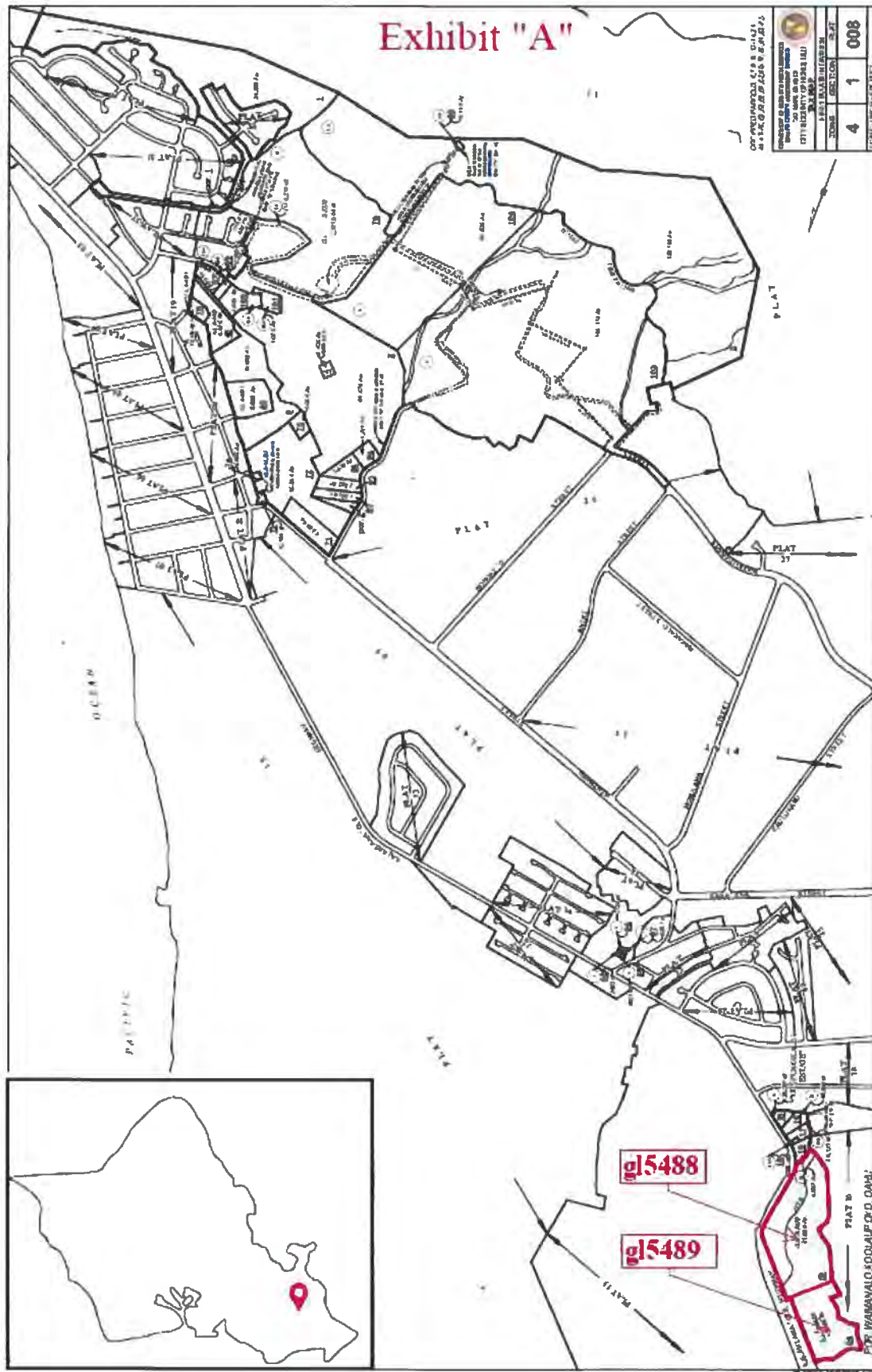


Exhibit “B”

S-5488 & S-5489 Appraisal Reports

B24

APPRAISAL REPORT

**Determination of Annual Fair Market Rent
Lease Rent Reopening, State of Hawaii General Lease S-5488
Tax Map Key (3) 4-1-008:059, 41-1800 Kalanianaʻole Highway,
Waimanalo, Island of Oahu, State of Hawaii**

Lessee: New Town and Country Stables, Inc.

Date of Report

April 2, 2024

Prepared For

**Mr. Brian Kau, P.E.
Administrator and Chief Engineer
State of Hawaii
Department of Agriculture
1428 South King Street
Honolulu, Hawaii 96814**

Prepared By

**ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Hawaii 96793**



April 2, 2024

Mr. Brian Kau, P.E.
Administrator and Chief Engineer
State of Hawaii
Department of Agriculture
1428 South King Street
Honolulu, Hawaii 96814

**RE: Determination of Annual Fair Market Rent
Lease Rent Reopening, State of Hawaii General Lease S-5488
Tax Map Key (3) 4-1-008:059, 41-1800 Kalaniana'ole Highway,
Waimanalo, Island of Oahu, State of Hawaii**

Dear Mr. Kau:

In accordance with your request, I have prepared the accompanying appraisal report which determines the annual fair market rental value of the following:

Tax Map Key (1) 4-1-008:059, containing approximately 21.628 acres of gross land area, situate at 41-1800 Kalaniana'ole Highway, Waimanalo, Island of Oahu, State of Hawaii.

The final value estimate is based on the on-site inspection of the demised property; determination of highest and best use; research and study of available market data; application of the appraisal process; and a review of current and projected economic and real estate market conditions.

Based upon my analyses, the estimated annual fair market rent of the subject property as of April 2, 2024, subject to the "Certification," "Assignment Conditions," and "Assumptions and Limiting Conditions," is:

**FIFTY FOUR DOLLARS
(\$54 per Annum)**

The following appraisal report presents my analysis of data along with other pertinent materials on which the assignment results are predicated. Thank you for the opportunity to assist with this assignment.

Respectfully submitted,

ACM Consultants, Inc.

Ted Yamamura, SRA, R/W-AC
Executive Vice President

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CERTIFICATION

The undersigned does hereby certify that to the best of my knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- (4) I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- (5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (8) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- (9) I have made a personal inspection of the property that is the subject of this report.
- (10) Ashley Haleakala provided significant real property appraisal assistance to the person signing this certification including data collection and market analysis. As of the date of this report, Ashley Haleakala has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.
- (11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- (12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (13) As of the date of this report, Ted Yamamura has completed the continuing education program for Designated Members of the Appraisal Institute.

ACM Consultants, Inc.


Ted Yamamura, SRA, R/W-AC
Certified General Appraiser
State of Hawaii, CGA-160
Expiration: December 31, 2025

PART I - INTRODUCTION**APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

This Appraisal Report complies with the reporting requirements set forth under Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. It summarizes the data, reasoning, and analyses that support the appraiser's opinion of value, and supporting documentation regarding the data, reasoning, and analyses is retained in the appraiser's workfile. The report is based on the scope of work, intended use, intended user, definition of value, assignment conditions, statement of assumptions and limiting conditions, and certifications that are stated in the report.

SCOPE OF WORK

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report, including the following definition of market value, assignment conditions, statement of assumptions and limiting conditions, and certifications as contained in the report. The Appraiser has at a minimum performed a visual inspection of the observable areas of the subject property(ties), considered the neighborhood and its characteristics, viewed each of the comparable sales, and researched, verified, and analyzed data from public and/or private sources that were deemed to be reliable. An analysis of Highest and Best Use was conducted and the conclusion was the basis upon which valuation was derived. All typical approaches to value were considered although only the most relevant were used in the report. The valuation methodology employed is deemed sufficient to develop credible assignment results. Finally, the analysis, opinions and conclusions were reported in this appraisal report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the annual fair market rent of the following property:

State of Hawaii General Lease S-5488

Tax Map Key (1) 4-1-008:059, containing approximately 21.628 acres of gross land area, situate at 41-1800 Kalaniana'ole Highway, Waimanalo, Island of Oahu, State of Hawaii. ("subject property")

The "subject property" is synonymous with the "subject parcel" in this appraisal report.

The intended use of this report is to provide real property information, real estate market data, and an informed rental value conclusion to enable the Department of Land and Natural Resources Land Division to offer the Lessee.

Definition of Market Rent¹

"The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and*
- The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs)."*

CLIENT/INTENDED USER

The State of Hawaii, Department of Agriculture is the Client. The intended users are the Client and their duly authorized representatives and assigns. Any other use by any other person or entity for any other purpose, without exception, is explicitly unauthorized. No other user is intended.

PROPERTY INSPECTION/DATE OF REPORT/EFFECTIVE DATE

The subject property was viewed by Ted Yamamura and Roy Hasegawa on April 2, 2024, with input regarding property characteristics from the Lessee. The date of this appraisal report and the effective date of valuation is April 2, 2024.

ASSIGNMENT CONDITIONS

The following assumptions and conditions were incorporated for analysis, purposes of comparison, and determination of assignment results.

There is no personal property (FF&E) included in this valuation.

Extraordinary Assumptions² An extraordinary assumption is defined as *"an assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."* Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. The application of an extraordinary assumption could have an effect on the value of the property.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th Edition, 2022, Chicago, Illinois

² The Appraisal Standards Board. *Uniform Standards of Professional Appraisal Practice (USPAP)*. 2024 Edition. Washington, DC: The Appraisal Foundation, 2024.

(1) At the time of viewing the subject property, the property pins and boundary markers were not visible to the Appraiser. As such, the approximate boundaries viewed by the Appraiser, based on publicly available maps and/or maps provided by the Client, are assumed to be correct. It is also assumed that there are no encroachments between the subject and its adjacent properties.

(2) The appraiser has relied on data provided by third parties in this appraisal report. Such data may include, but is not limited to, flood maps, multiple listing real estate services, tax assessment records, public land records, satellite imagery, virtual street views, property data services, surveys, engineering reports, and property data aggregations. After examination of the data and data sources, the appraiser has used only the data he or she considers reliable. The appraiser assumes there are no material omissions and makes no guarantees, express or implied, regarding the accuracy of this data. The appraiser reserves the right to make appropriate revisions if additional or more accurate data is discovered.

(3) Assignment results developed in this appraisal are based on the assumption that the subject property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. Since the Appraiser is not an expert in the detection of such substances and conditions, it is possible that tests and inspections made by a qualified environmental expert would reveal the existence of hazardous materials and detrimental environmental conditions on or around the subject property that would negatively affect the assignment results.

There were no other extraordinary assumptions.

Hypothetical Condition³ A hypothetical condition is defined as *"a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."* Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of the data used in an analysis. The application of the hypothetical condition could have an effect on the value of the property.

This appraisal is not subject to any hypothetical conditions.

³ The Appraisal Standards Board. *Uniform Standards of Professional Appraisal Practice (USPAP)*. 2024 Edition. Washington, DC: The Appraisal Foundation, 2024.

PART II – FACTUAL DATA

NEIGHBORHOOD DESCRIPTION



The subject is located on the island of Oahu. Oahu is the third largest of the four major islands and is by far the most populous. Oahu contains about 10% of Hawaii's land, 80% of the population, and accounts for about 80% of the state's economic output. Tourism, the federal government, and medical services are the three largest sectors of the Oahu economy. Honolulu is the capitol city of Hawaii and the largest city in Hawaii. The major gateways to Hawaii are Honolulu Harbor, located within downtown Honolulu, and Honolulu International Airport, located four to five miles west from downtown Honolulu.

The City & County of Honolulu is the official municipal and cultural entity of the entire island of

Oahu and 124 minor outlying islands and atolls known as the Northwestern Hawaiian Islands, extending 1,367 miles to the Kure Atoll. Oahu is the third largest of the Hawaiian Islands with a total land area of 608 square miles. It is the most populous of the four counties of Hawaii (approximately 70% of the resident population of the state), with a total resident population of 958,207 (2010 Census) and an 8.8 percent change since 2000.

Geographically, the urbanized Honolulu core is delineated by the coastal plain and steeply inclining hillsides between the Pacific Ocean and the Koolau Mountains, by the Koko Head Crater to the east and Pearl Harbor, the largest natural harbor in the United States, to the west. Honolulu's center encompasses about 85 square miles.

The City and County of Honolulu is the economic center of the State of Hawaii. Honolulu's downtown business district, located adjacent to Honolulu Harbor, functions as the State's major business, financial, and employment center. Honolulu Harbor and Honolulu International Airport provide the major sea and air transportation centers of the State and the Pacific region. Honolulu Harbor provides the overseas shipping link between Honolulu and the U.S. Mainland as well as international ports. The port of Honolulu offers a Foreign Trade Zone wherein duty-free merchandise can be transacted and stored. Honolulu International Airport is the State's major air transportation center handling both national and international flights, inter-island flights and air cargo transport. The primary economic activities of the City and County of Honolulu include tourism, visitor support facilities, government, agriculture, and construction.

The subject is located in Waimanalo in the District of Ko'olaupoko on the island of Oahu. The geographic area surrounding the subject property is defined mostly by physical boundaries, and encompasses an area known as Windward Oahu. Windward Oahu is located on the eastern side of the Ko'olau mountain range, approximately 15 miles from Honolulu International Airport and the Downtown Honolulu areas.

The windward side of Oahu comprises the northeasterly section of the island and encompasses the communities of Kaneohe and Kailua. The region spreads northwest from Waimanalo to the north shore community of Kahuku. Principal access to the windward area is via four major roadways. The Likelike Highway runs from Kalihi Valley through the Ko`olau mountain range and into Kaneohe and intersects with Kamehameha Highway in the commercial neighborhood of Kaneohe. The Pali Highway runs from Nu`uanu Valley through the Ko`olau mountain range and turns into Kalaniana`ole Highway which connects with Kailua, one of two major towns in Windward Oahu. The recently completed H-3 Freeway runs from Halawa Valley on the western side of the Ko`olau mountain range to the Marine Corps Base Hawaii, on the Mokapu peninsula.

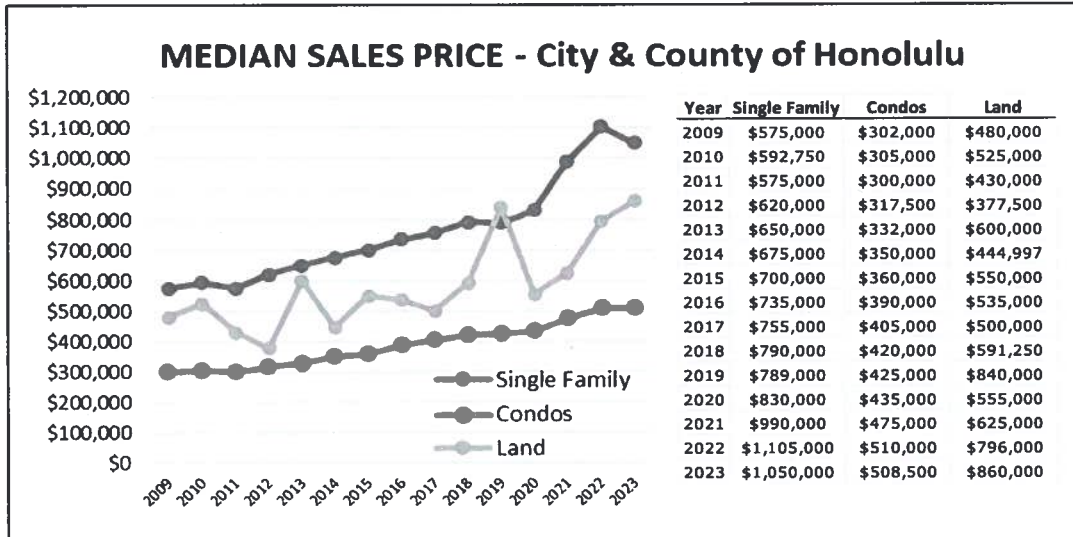
The Windward side of Oahu is generally cooler and wetter than the rest of the island as it is situated at the base of the Ko`olau mountains. This climate is due to the rising of the trade winds as it encounters the Ko`olau mountains, thus, leading to increased precipitation on this side of the island. The wet climate creates green, lush vegetation on this side of the island.

Once an agriculture community, the area now includes two well-developed towns, Kaneohe and Kailua. It is also home to the Marine Corps Base Hawaii, which is located across Kaneohe Bay on the Mokapu peninsula. Of the two Windward communities, Kaneohe has a larger commercial base with numerous commercial establishments and public services. It is home to Windward Mall, which is the largest shopping mall on the Windward side. In terms of higher educational institutions, the Windward Community College and Hawaii Pacific University-Hawaii Loa campuses are located in Kaneohe. Separating Kaneohe from Kailua is Kamehameha Highway. This stretch of roadway provides access to the Hawaiian Memorial Park, as well as the Pali and Ko`olau Golf Courses. Kailua is known as a beach community and Kailua Beach was once named "America's Best Beach". It is also home to Lanikai Beach with its pristine white sand. Onshore trade winds coming off of the ocean create some of the most popular windsurfing spots in the world. Kailua is mostly a residential community with small commercial districts in the heart of Kailua Town.

All public utilities including electricity, water, sewer, and telephone service are available to the Windward communities. Police, fire, and ambulatory services are available within the area. Public transportation is available by Oahu Transit Service Inc (The Bus) to all parts of the island.



CITY & COUNTY OF HONOLULU – MARKET TRENDS



Source: Honolulu Board of Realtors - HiCentral MLS, Ltd.

The most recent statistics, as of February 2024, indicate monthly median prices at \$1,075,000 for single family homes and \$512,500 for condominiums.

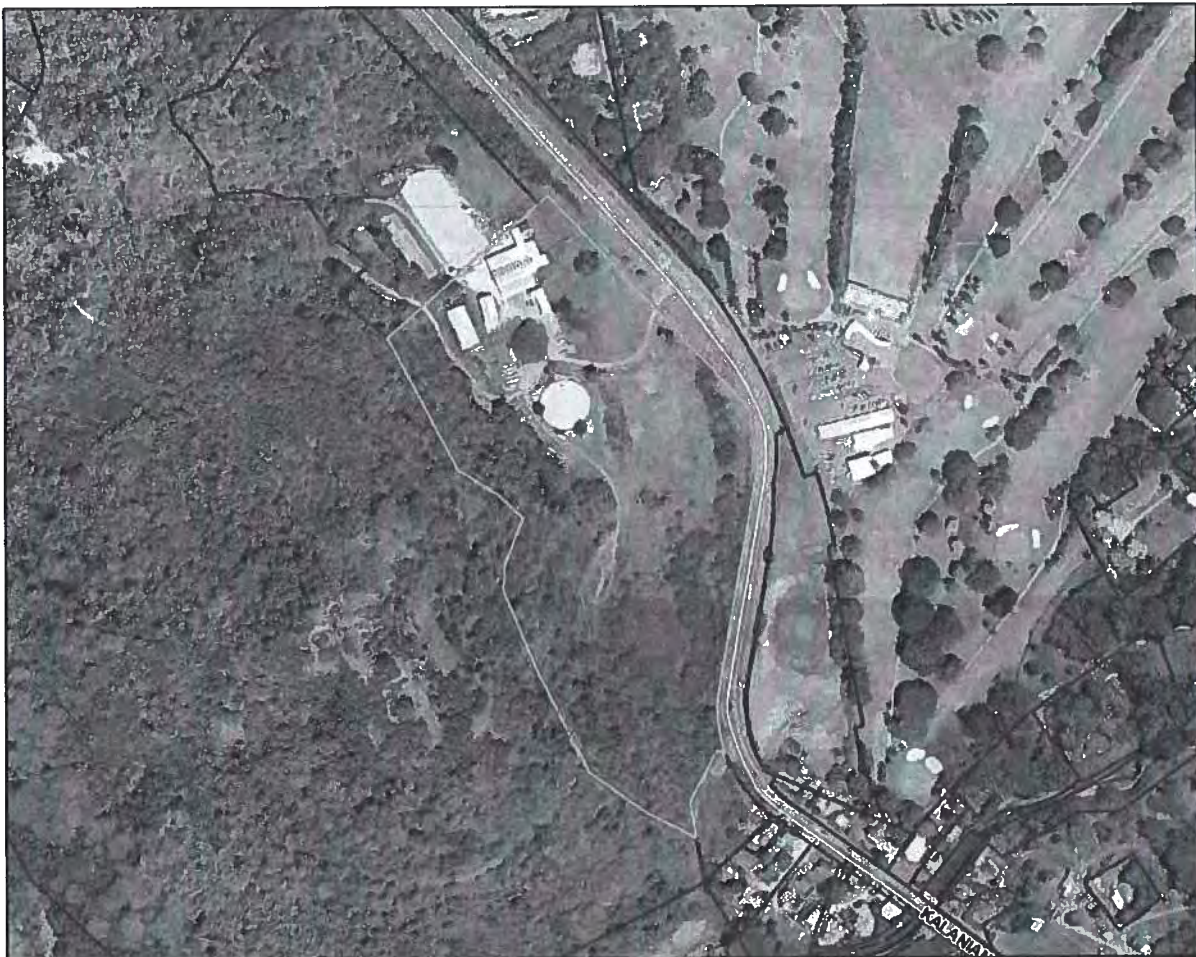
PROPERTY AND SITE DATA

The subject property is identified as Tax Map Key (1) 4-1-008:059 and further described below.

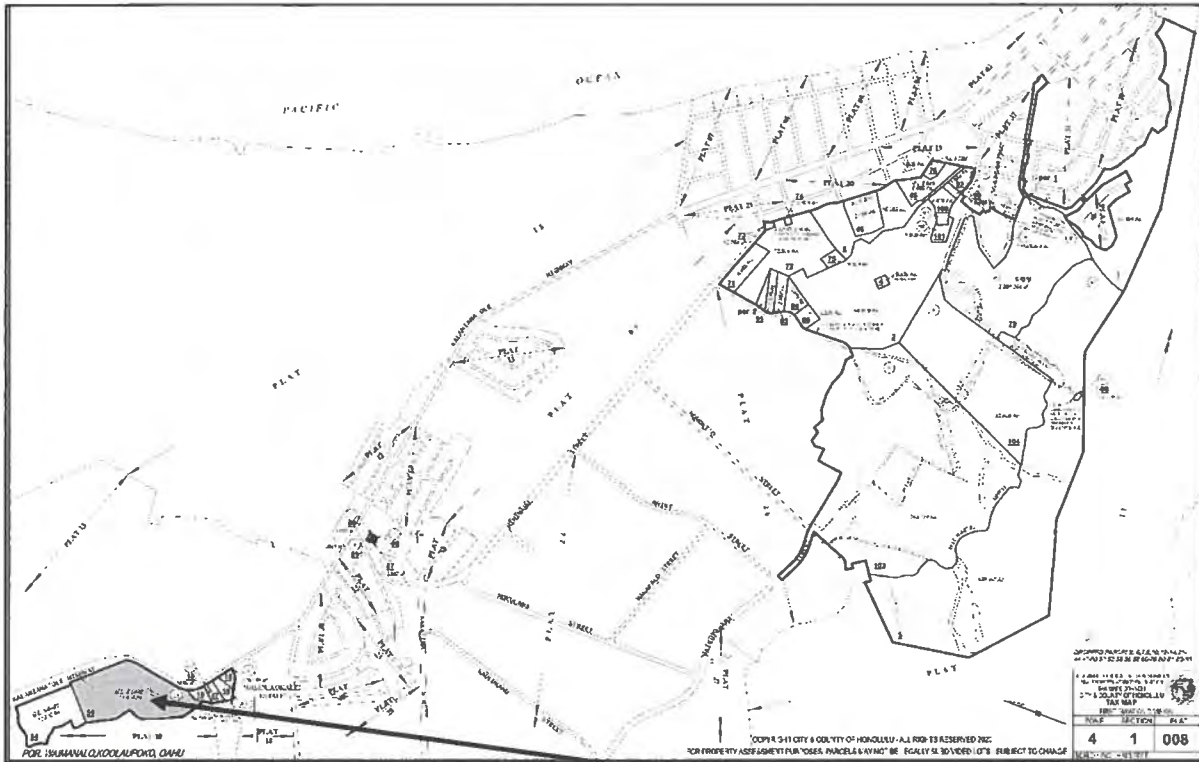
<i>Identification and Location</i>	Portion of the Government (Crown) Land of Waimanalo, Koolaupoko, Waimanalo, Island of Oahu, State of Hawaii 41-1800 Kalanianaʻole Highway Waimanalo, Hawaii 96795
<i>Real Estate Assessment and Taxes (2024)</i>	Assessed Land: \$791,600 Improvements: \$218,800 Tax: \$1,231.77 (2023)
<i>Census Tract</i>	0113.00
<i>Owner of Record</i>	State of Hawaii
<i>5 Year Transaction History</i>	No market transactions within the prior 5 years.
<i>State Land Use</i>	Agricultural District.
<i>County Zoning</i>	The present zoning of the subject parcel is AG-2 General Agricultural District.
<i>Development Plan Area</i>	The subject is designated as Agricultural Areas under the Koʻolau Poko Sustainable Communities Plan.
<i>Size, Shape, and Other Physical Characteristics</i>	21.628 acres of gross land area, more or less Irregular in shape; typical island views. Parcel is surrounded by other agriculture properties.
<i>Topography and Soil Conditions</i>	Level to irregular sloping terrain. Soil is composed of dirt and rock. The subject was part of a rock quarry that has been abandoned, and topography is emblematic of quarrying operations with highly irregular terrain and soil conditions. Portions of the site has been terraced, leveled, filled with soil, and planted with grass over the years.
<i>Access/Utilities</i>	Access to the subject property is via Kalanianaʻole Highway, which is a paved public roadway servicing the greater Koolaupoko area. Electrical and water service are available to the subject site.
<i>Flood Status</i>	The subject is located within Map Number 15003C0380H, dated November 5, 2014, and is situated in Zone X and XS. Zone X and XS indicates areas determined to be outside the 0.2% annual chance floodplain.



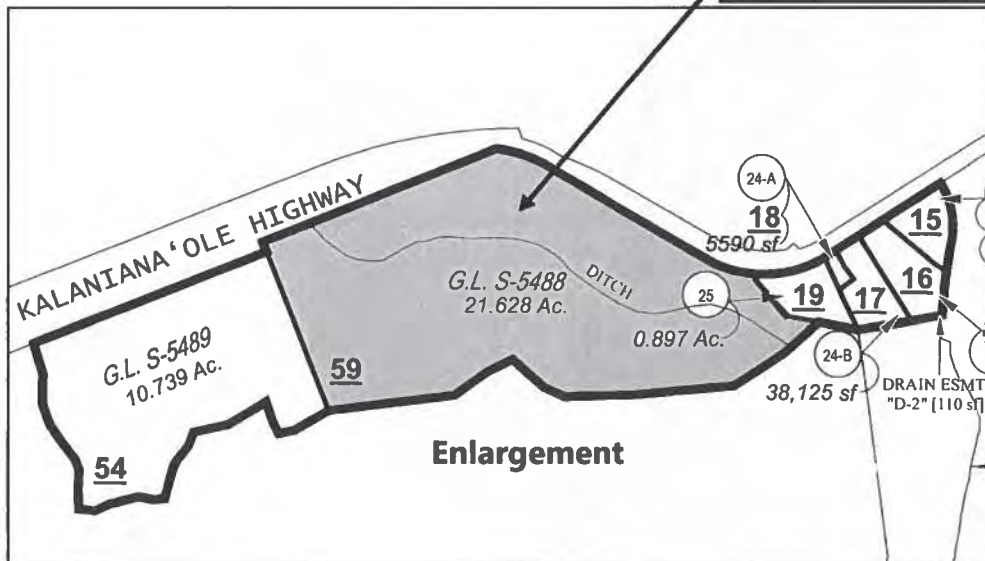
<i>Encumbrances, Detrimental Conditions, Easements and Restrictions</i>	<p>Utility easement has no readily apparent adverse affect on the subject site. There were no other readily apparent or known adverse conditions or encroachments affecting the subject site.</p> <p>No archeological, historical, environmental, engineering, soils, topographic, drainage, or wetland studies were provided to the Appraiser which may have an impact on the final value estimate. It is therefore assumed that there are no detrimental conditions concerning these factors which may influence the final value estimate.</p>
<i>Improvements</i>	None.



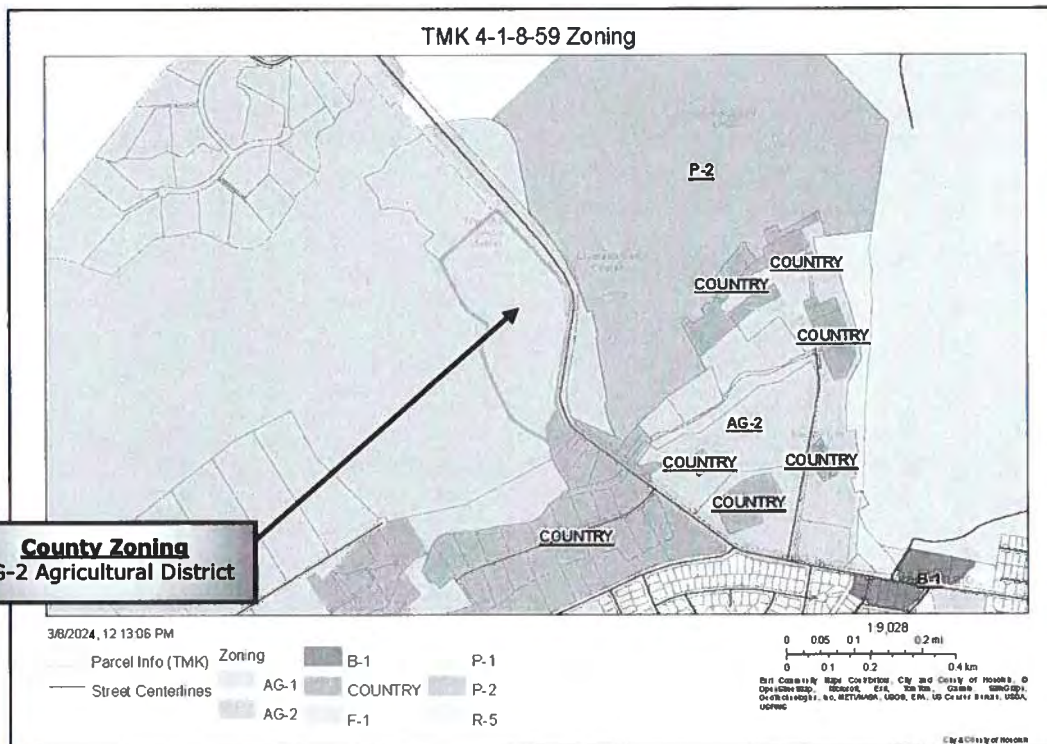
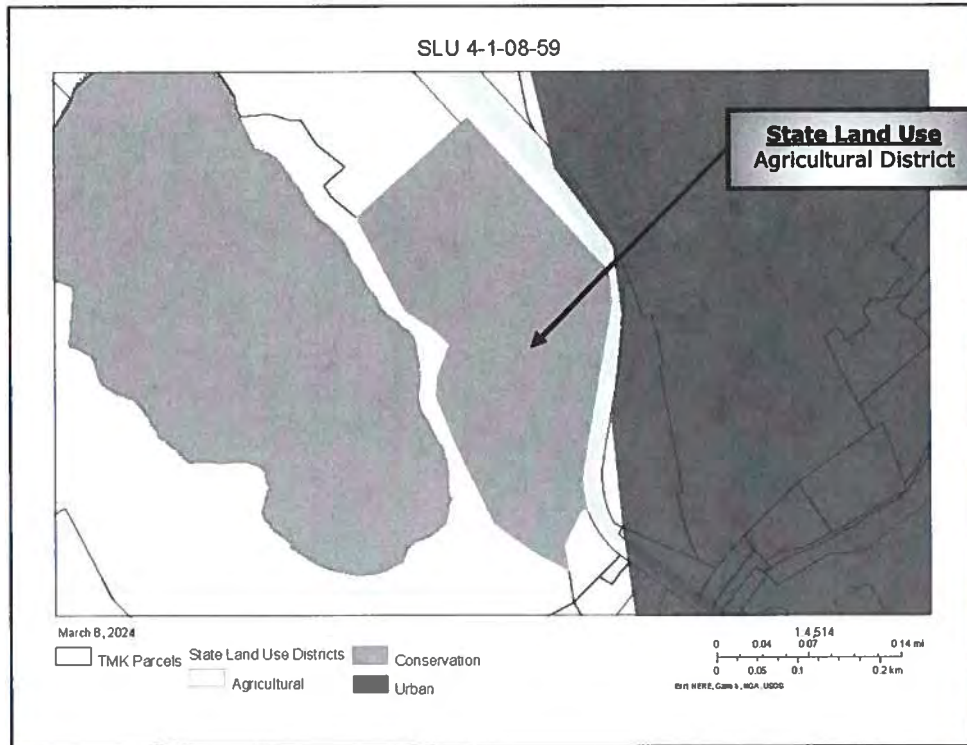
TAX MAP LOCATION OF THE SUBJECT PROPERTY



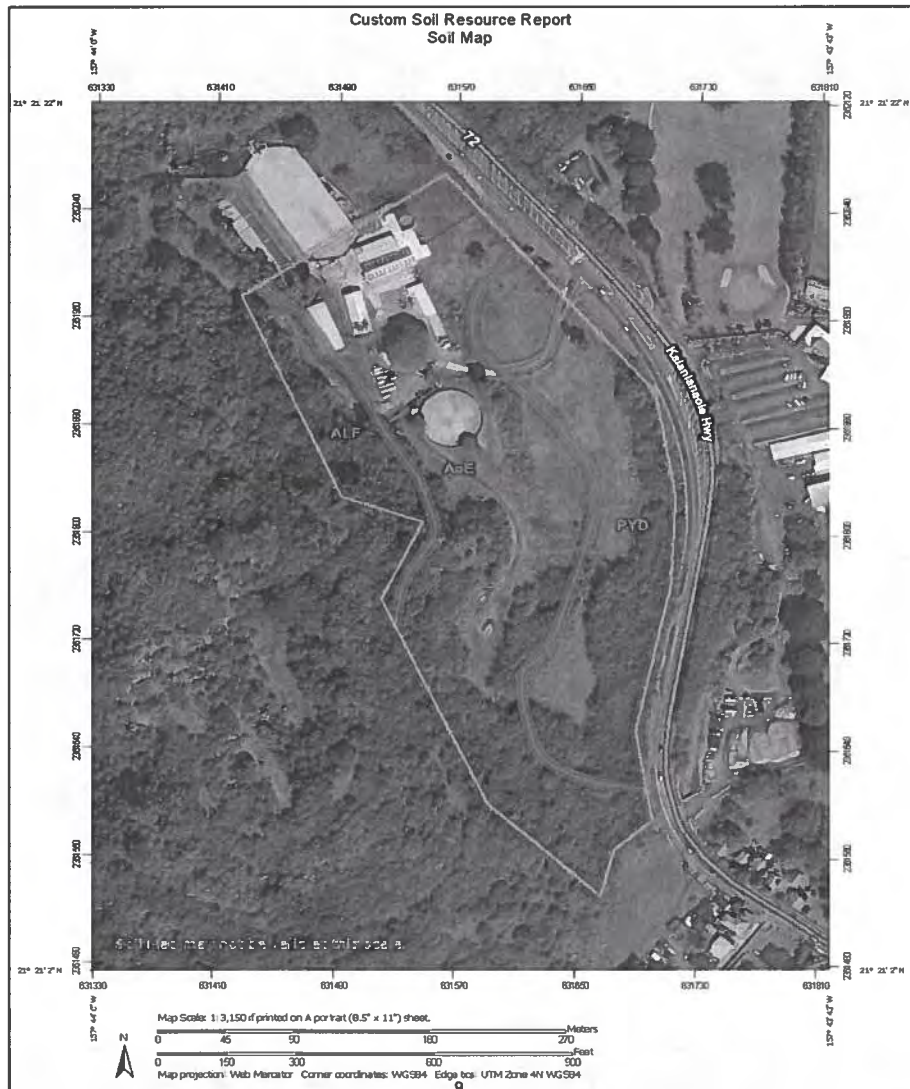
Subject Property



STATE LAND USE AND COUNTY ZONING MAPS



USDA SOIL MAP



According to the USDA, National Cooperative Soil Survey map, the subject property is comprised predominantly of the following soil types.

Map Unit ID	Map Unit Description	Approximate % of Land Area	Farmland Classification
AeE	Alaeloa silty clay, older substrate, 15 to 35 percent slopes, MLRA 167	58.8%	Not prime farmland
ALF	Alaeloa silty clay, 40 to 70 percent slopes	10.0%	Not prime farmland
PYD	Papaa clay, 6 to 25 percent slopes	31.2%	Not prime farmland

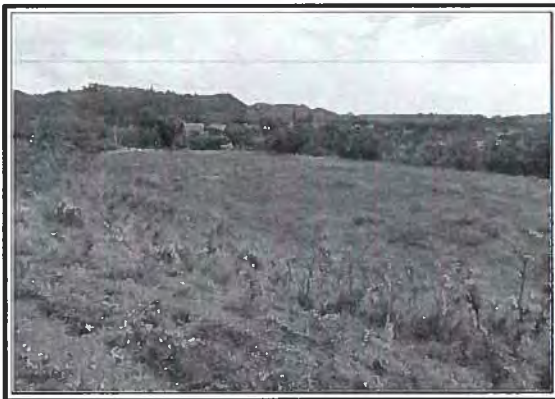
PHOTOGRAPHS OF THE SUBJECT PROPERTY



Overall View of Parcel



Overall View of Parcel



Overall View of Parcel



Overall View of Parcel



Overall View of Parcel



Street Scene - Kalanianaʻole Highway



LEASE IDENTIFICATION AND DESCRIPTION

<i>Lease Identification</i>	GL S-5488
<i>Lessor</i>	State of Hawaii
<i>Lessee</i>	New Town and Country Stables, Inc.
<i>Tax Map Key</i>	(1) 4-1-008:059
<i>Location</i>	41-1800 Kalanianaʻole Highway, Waimanalo, Hawaii
<i>Area Description</i>	Portion of the Government (Crown) Land of Waimanalo, Koolaupoko, Waimanalo, Island of Oahu, State of Hawaii 21.628 acres, more or less
<i>Lease Terms</i>	35 years; commencing on May 1, 1996, up to and including April 30, 2031. The annual rental shall be reopened and redetermined at the expiration of the 10 th , 20 th , and 30 th years of the term.
<i>Current Lease Rent</i>	\$12,600 per annum
<i>Character of Use</i>	The Lessee shall use or allow the premises leased to be used solely for special equestrian (breeding and training of equine animals), pasture, and employee residence purposes. In accordance with appraiser instructions by the Client, lease character of use is Pasture for this appraisal assignment. "Pasture" means the conduct of livestock operation consisting of keeping cattle, primarily, and others, in a minor role, such as horses and sheep where animals graze the land for feed produced thereon. Compatible uses as woodland management, wildlife management and the cultivation of feed crops to be used strictly within the premises is permitted. The operation of commercial activities such as feedlots (excepting a private feedlot designed to feed the Lessee's own cattle), dairy milking parlors, or boarding of horses is not permitted.
<i>Significant Lease Conditions</i>	<u>Commercial operations.</u> The Lessee, its employees, customers, guests, agents and/or invitees shall not display or offer for sale or sell any article(s) or merchandise whatsoever within the premises without the prior written approval of the Lessor and upon such terms and conditions established by the Lessor. No commercial activities whatsoever shall be allowed within the premises without the prior written approval of the Lessor. <u>Restriction on residential use.</u> The premises, or any portion, shall not be utilized for residential purposes; except for one (1) employee dwelling as provided herein. The construction or placement of any other structure(s) on the premises for residential purposes is strictly prohibited.



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LEGAL DESCRIPTION OF THE SUBJECT PROPERTY



STATE OF HAWAII
SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU

C.S.F. No. 25,583

February 15, 2017

(REVISED – FEBRUARY 2017)
PORTION OF
THE GOVERNMENT (CROWN) LAND OF WAIMANALO

PARCEL 59

Waimanalo, Koolaupoko, Oahu, Hawaii

Beginning at the north corner of this parcel of land and at a jog on the southwest side of Kalanianaʻole Highway, Federal Aid Project No. F-072-1(14), the coordinates of said point of beginning referred to Government Survey Triangulation Station "WAIMANALO RIDGE" being 759.34 feet North and 791.38 feet East, thence running by azimuths measured clockwise from True South:-

1. 317° 46' 380.89 feet along the southwest side of Kalanianaʻole Highway, F.A.P. No. F-072-1(14);
2. 317° 46' 60.00 feet along the southwest side of Kalanianaʻole Highway, F.A.P. No. F-072-1(14);
3. 317° 46' 187.70 feet along the southwest side of Kalanianaʻole Highway, F.A.P. No. F-072-1(14);
4. Thence along the southwest side of Kalanianaʻole Highway, F.A.P. No. F-072-1(14) on a curve to the right with a radius of 945.00 feet, the chord azimuth and distance being:
343° 54' 59.3" 282.49 feet;

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C.S.F. No. 25,583

February 15, 2017

5. 82° 30' 44.3" 10.00 feet along a jog on the west side of
Kalaniana'ole Highway, F.A.P. No. F-072-
1(14);
6. Thence along the west side of Kalaniana'ole Highway, F.A.P. No. F-072-1(14) on a
curve to the right with a radius of 935.00
feet, the chord azimuth and distance being:
356° 48' 34.3" 140.12 feet;
7. 271° 06' 24.3" 10.00 feet along a jog on the west side of
Kalaniana'ole Highway, F.A.P. No. F-072-
1(14);
8. Thence along the west side of Kalaniana'ole Highway, F.A.P. No. F-072-1(14) on a
curve to the right with a radius of 945.00
feet, the chord azimuth and distance being:
5° 19' 39.3" 139.11 feet;
9. 9° 32' 54.3" 326.60 feet along the west side of Kalaniana'ole
Highway, F.A.P. No. F-072-1(14);
10. Thence along the west side of Kalaniana'ole Highway, F.A.P. No. F-072-1(14) on a
curve to the left with a radius of 555.00
feet, the chord azimuth and distance being:
359° 32' 54.3" 192.75 feet;
11. Thence along the west side of Kalaniana'ole Highway, F.A.P. No. F-072-1(14) on a
curve to the left with a radius of 405.00
feet, the chord azimuth and distance being:
346° 03' 48.3" 49.24 feet;
12. 27° 30' 151.15 feet along R.P. 942, L.C.Aw. 8002 to Ahia;
13. 350° 45' 103.00 feet along R.P. 942, L.C.Aw. 8002 to Ahia;
14. 117° 20' 150.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390;
15. 125° 55' 201.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390;
16. 154° 06' 324.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390;

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C.S.F. No. 25,583

February 15, 2017

- | | |
|--------------|---|
| 17. 157° 47' | 238.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 18. 183° 30' | 75.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 19. 201° 13' | 140.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 20. 133° 00' | 93.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 21. 123° 00' | 132.00 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 22. 152° 22' | 420.42 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 23. 227° 46' | 565.11 feet along the remainder of the Government
(Crown) Land of Waimanalo; |
| 24. 227° 46' | 35.00 feet along a jog on the southwest side of
Kalaniana'ole Highway, F.A.P. No. F-072-
1(14) to the point of beginning and
containing an AREA OF 21.628 ACRES. |

Vehicle access into and from Kalaniana'ole Highway, F.A.P. No. F-072-1(14) shall not be permitted over and across Courses 1, 3 and 24 of the above-described Parcel 59.

SUBJECT, HOWEVER, to an easement for road purposes over the existing dirt road, over and across the above-described Parcel 59 in favor of Parcel 54, said easement as shown on map attached hereto and made a part hereof.

C.S.F. No. 25,583

February 15, 2017

SUBJECT, ALSO, to Hawaiian Electric Company Pole and Electric Line
Easement (6.00 feet wide) over, under and across the above-described Parcel 59 as shown
on map attached hereto and made a part thereof.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: Bell 3. Yonashiro
Gerald Z. Yonashiro
Land Surveyor rk

Compiled from CSF 22,003
and other Govt. Survey Records.

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PART III – DATA ANALYSIS AND CONCLUSIONS**HIGHEST AND BEST USE**

In the highest and best use analysis of the subject parcel, the appraiser has considered *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*⁴

The subject is zoned AG-2 General Agricultural District and designated in the State Land Use Agricultural District. There are no anticipated changes in land use and based upon its location, land area, zoning, and predominant use in the neighborhood, the highest and best use of the subject parcel, if vacant and available, would be those uses permitted under the City and County of Honolulu agricultural zoning ordinance.

THE APPRAISAL PROCESS - VALUATION METHODOLOGY OF PASTURE LANDS

The appraisal methodology to determine the annual fair market rent for State of Hawaii pasture lands is generally based on a recognized cattle industry formula in conjunction with a method originally developed by the Agricultural Specialist of the State of Hawaii, Department of Land and Natural Resources. The formula considered the relationships of the following factors, namely:

- (1) the animal unit carrying capacity based upon pastureland classification and land ratings from the Land Study Bureau and USDA Natural Resources Conservation Service Web Soil Survey;
- (2) the average annual livestock weight gain as expressed in terms of total pounds per animal unit per year (AUY). AUY is the relationship between number of acres of land area required to sustain one animal unit for one year;
- (3) the average farm price of beef as expressed in terms of price per pound (live weight); and,
- (4) application of an appropriate rent return factor.

Primary data sources include:

- Hawaii Land Study Bureau (LSB)
- University of Hawaii – CTAHR
- University of Hawaii – Hawaii Rangelands
- United States Department of Agriculture
- Hawaii Cattlemen's Council, Inc.

Animal Unit Carrying Capacity of the Land.

"Carrying capacity" means the maximum number of animal units which an area will support over a period of years without injury to the soil, forage resources, tree growth, watershed, or unwarranted interference with other services of the land. §171-1, HRS.

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th Edition, 2022, Chicago, Illinois

"Animal unit" means one mature cow or horse; two yearling steers or heifers; five mature sheep; twelve weaned lambs; two colts. §171-1, HRS.

Land Study Bureau (LSB) Detailed Land Classification

The Land Study Bureau of the University of Hawaii prepared an inventory and evaluation of the State's land resources during the 1960's and 1970's. The Bureau grouped all lands in the State, except those in the urban district, into homogeneous units of land types; described their condition and environment; rated the land on its over-all quality in terms of agricultural productivity; appraised its performance for selected alternative crops; and delineated the various land types and groupings based on soil properties and productive capabilities. These soil properties included:

- a. *Texture* - which refers to the proportion of sand, silt and clay in a particular soil. Medium-textured soils which have nearly equal proportions of sand, silt and clay are generally the most desirable for agriculture because of good tillability and water retention.
- b. *Structure* - which refers to the cohesion of soil material into aggregates or clumps. The size, shape and amount of these clumps affect the pore spaces which contain the air and moisture necessary for growth.
- c. *Depth* - which refers to the distance to which roots can penetrate. Generally, the deeper the rooting depth, the more desirable the soil because more moisture can be stored and more soil volume is available from which nutrients can be obtained.
- d. *Drainage* - refers to the frequency and duration of soil saturation with moisture.
- e. *Parent material* - refers to the geologic material from which a soil has developed. Soils formed from coral have neutral to alkaline reactions and are high in calcium. Most of the soils have developed from volcanic material and under tropical conditions of high temperature and rainfall. These soils tend to be acid and fertility levels are relatively low.
- f. *Stoniness* - affects the productivity of land by limiting the use of machinery and the selection of crops.
- g. *Topography* - refers to slope and surface configuration. Lands with flat terrain are better suited for a wider variety of agricultural uses than lands having steeper slopes. Cultivated lands generally have slopes of less than 20 percent. Lands with slopes between 20 to 35 percent usually are not machine-tilled, but are still suitable for certain uses such as orchards and grazing.
- h. *Climate* - with its elements of temperature, sunlight and rainfall constitutes the exterior environment of land, unlike the soil properties which constitute the interior segment.
- i. *Rain* - is the basic source of irrigation. Ideally, it should fall at the place, in the quantity and at the time when it is needed.



The common practice of grazing management is to "take half and leave half" on a site⁵.

- 1) The "take" half of the amount of forage produced on the site is calculated as 25% to the livestock and 25% to trampling, insects, and decay.
- 2) The "leave" half is assumed to be left alone to protect the soil and increase plant vigor and protection.
- 3) The base (to get to the 25% carrying capacity) is determined by the annual potential production of the soil.

The interaction of particular soil properties, topography and climate served to differentiate land types and provided a basis for correlating and establishing productivity ratings. A five-class productivity rating system was developed with "A" representing the class of highest productivity and "E" the lowest." Utilizing this land classification system, a pasture rating grid was developed by the Land Study Bureau as follows:

1:1 Pasture land = 100% (Base)

Carrying Capacity: 1 acre to support 1 animal unit per year.

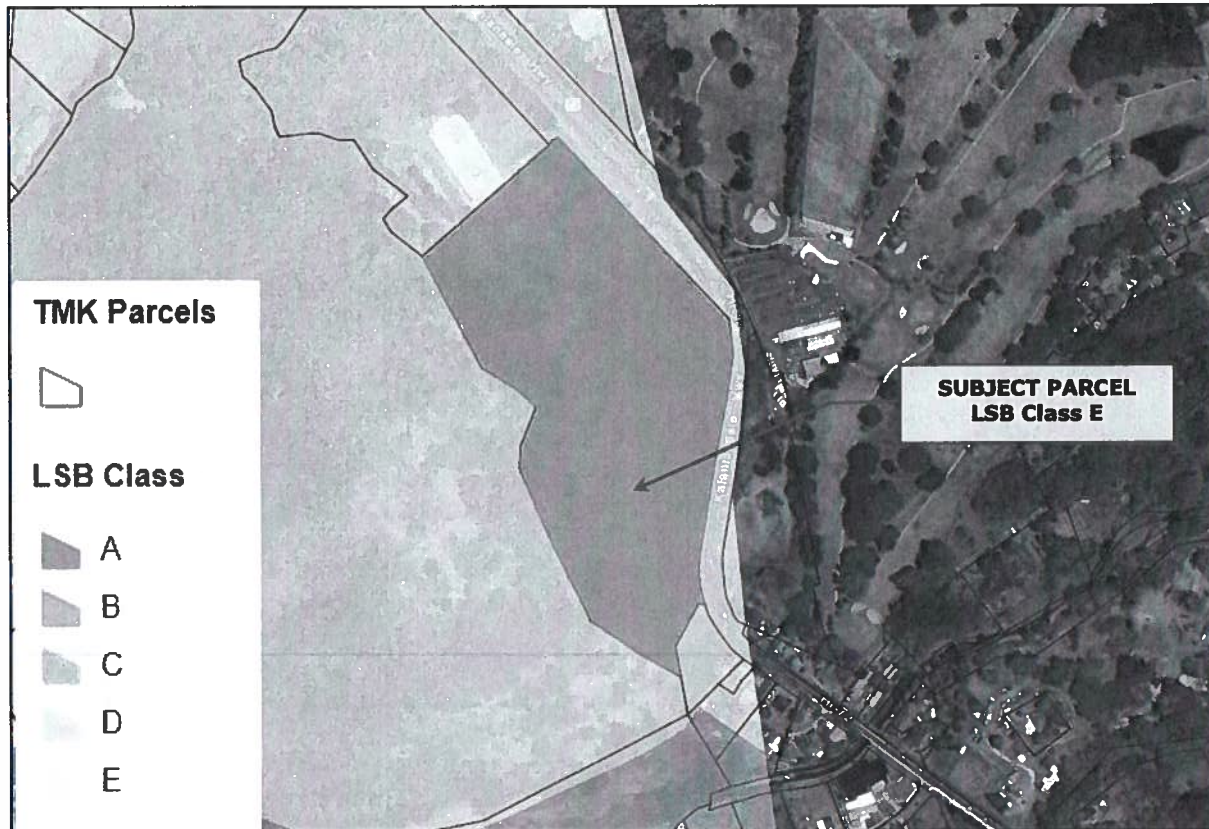
1:1 Pasture land refers to the carrying capacity of the land. Carrying capacity is defined as the number of animal units which can graze on an area of land for a particular period of time without seriously affecting or damaging plant life. 1:1 pasture land refers to one acre of pasture land which will carry one animal unit throughout the year without supplemental feed.

- Class A:** Pasture A. Carrying capacity less than 2.5 acres per AU (animal unit year) or estimated live beef gains 110 pounds per acre per year or more.
- Class B:** Pasture B. Carrying capacity 2.5 – 5 acres per AU or estimated live beef gains 110 – 55 pounds per acre per year.
- Class C:** Pasture C. Carrying capacity 5 – 10 acres per AU or estimated live beef gains 55 – 27 pounds per acre per year.
- Class D:** Pasture D. Carrying capacity 10 – 30 acres per AU or estimated live beef gains 27 – 9 pounds per acre per year.
- Class E:** Pasture E. Carrying capacity more than 30 acres per AU or estimated live beef gains 9 pounds or less per acre per year.

Based upon the Land Study Bureau Classification map, information from the City and County of Honolulu Real Property Tax Office, and the Lessee, land acreages of the subject property was allocated as follows:

Pasture E –21.628 acres

⁵ Appraisal Institute, "Rural Valuation Basics", Chicago, Illinois 2019



Average Animal Livestock Weight Gain: Animal live weight gain is the estimated growth of an animal unit (AU) expressed in pounds per day, and subsequently converted into an annual estimate.

Based upon general information provided by the Hawaii Cattlemen's Council, Inc., Dr. Mark Thorne, State Range Extension Specialist, and other cattle ranchers, growing animals after weaning will gain between 0.5 to 2 pounds per day. In recent years, the industry has faced ongoing drought conditions and both Kikuyu and Pangola grass pest infestations and diseases. Based upon the locational, climate and precipitation conditions, soil characteristics, and the supply and quality of grass of the subject property, the appraiser concluded that the average animal livestock weight gain associated with pasture grazing was nearly 1 pound per day or based upon discussion with ranchers, between 300 to 365 pounds per year.

Farm Price of Beef: Historically, the applicable farm price of beef in Hawaii was available from the State of Hawaii Department of Agriculture, Hawaii Monthly Livestock Review publication; however, due to budget constraints, that publication was suspended in November 2009. Consultation with Dr. Mark Thorne, University of Hawaii Cooperative Extension, Range and Grazing Specialist and the Hawaii Cattlemen's Council, Inc., revealed that the United States Department of Agriculture, National Agricultural Statistics Service (USDA/NASS) and the California feeder steer prices are good sources of statistical information relative to beef prices in the United States and particularly California. The appraiser selected to utilize USDA/NASS cattle price information since it provided a nationwide average, and the price data was then used to estimate Hawaii cattle prices. The following information was gleaned from USDA/NASS and due to the month-to-month price fluctuations, the appraiser elected to use a 3-year average price of beef which would provide a more reliable indication of beef prices.

PRICES RECEIVED FOR BEEF CATTLE - UNITED STATES
(Dollars per cwt)

Trailing 12 Months	2021-2022	2022-2023	2023-2024
February	\$112.00	\$137.00	\$158.00
March	\$113.00	\$139.00	\$164.00
April	\$118.00	\$139.00	\$171.00
May	\$118.00	\$141.00	\$173.00
June	\$121.00	\$140.00	\$181.00
July	\$122.00	\$142.00	\$181.00
August	\$123.00	\$141.00	\$182.00
September	\$124.00	\$143.00	\$181.00
October	\$123.00	\$145.00	\$182.00
November	\$129.00	\$151.00	\$180.00
December	\$137.00	\$154.00	\$172.00
January	\$135.00	\$156.00	\$172.00
12-month Average	\$122.92	\$144.00	\$174.75

3-year national average: \$147.22 /cwt.
\$1.47 /lb.

*Source: Agricultural Prices
USDA, National Agricultural Statistics Service*

According to the Hawaii Cattlemen's Council, Inc., and Dr. Thorne, a discount is required to address shipping costs, weight loss of Hawaii cattle at California markets, and other cattle preparation and logistical costs that are unique to Hawaii cattle ranches. Confidentially, the current discount is approximately \$65 per cwt (hundredweight) average, or \$0.65 per pound. Thus, the estimated liveweight farm price of beef was concluded to be **\$0.82 per pound** (\$1.47 national average less \$0.65 discount).

Annual Rental Return Factor: The broadly utilized and accepted annual rental return on pastureland for State of Hawaii pasture leases is 25 percent. Additionally, within the local cattle industry, 25 percent share of gross income is generally accepted as an appropriate basis for determining economic land rent for pasture lands. The appraiser utilized a 25% annual rental return factor.

ANNUAL RENT DETERMINATION OF THE SUBJECT PROPERTY

<i>Gross Land Area (Acres)</i>	21.628
<i>Animal Unit Carrying Capacity - Pasture Rating E</i>	1 AUU per 30.00 Acres
<i>Total Animal Units (21.628 Acres/30.00 Acres per AUU)</i>	0.72
<i>Animal Weight Gain (lbs/Year)</i>	365
<i>Total Annual Weight Gain (lbs)</i>	263
<i>3 Yr Avg National Farm Price of Beef (\$/lb)</i>	\$1.47
<i>Hawaii Adjusted Price of Beef (\$/lb)</i>	\$0.82
<i>Total Gross Annual Income</i>	\$215.66
<i>Rental Return Factor</i>	25%
<i>Indicated Annual Ground Rent</i>	\$53.92
<i>Rounded</i>	\$54.00

TOTAL ANNUAL LEASE RENT = \$54 per Annum

PART IV – EXHIBITS AND ADDENDA**ASSUMPTIONS AND LIMITING CONDITIONS**

The research, analysis, and value conclusions contained in this appraisal are guided and influenced by the following assumptions and conditions, and constitute the framework of our study.

- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. The property is appraised free and clear of any or all existing liens, encumbrances, and assessments unless otherwise noted, and having responsible ownership and competent management.
- Legal descriptions referenced in the report were obtained from public documents from the State of Hawaii, Bureau of Conveyances, or were furnished by the client or other third-party, and were assumed to be correct. However, no warranty is given for their accuracy.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- The Appraiser has viewed, as far as possible, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structurally or by other components. The appraisal assumes that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures which would render it more or less valuable. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist.
- The appraiser is not qualified to detect hazardous waste and/or toxic materials. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he/she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- Information provided by the client, property owner, owners' representative, or persons designated by the client or owner to supply said information are accurate and correct unless otherwise specially noted in the appraisal report. Additionally, information from third parties including government agencies, financial institutions, realtors, buyers, sellers, and others and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no warranty is assumed for possible misinformation.

- The analyses, opinions and conclusions of the appraiser are based on the data available at the time of writing. However, the appraiser may revise or modify these elements if new or more reliable data emerges that affects the valuation. The appraiser retains the right to make such adjustments as deemed necessary.
- If analysis contained in this appraisal involve partial interests in real estate, the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
- The appraiser will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- Acceptance of, and/or use of this appraisal report by client or any third party constitutes acceptance of the ACM Consultants, Inc., Certification and Limiting and Contingent Conditions, and any other special assumptions or conditions set forth in the Report. Appraiser liability extends only to stated client, not subsequent parties or users of any type, and the total liability of Appraiser(s) and firm is limited to the amount of fee received by Appraiser.

ZONING ORDINANCE

Chapter 21 Land Use Ordinance

Article 3. Establishment of Zoning Districts and Zoning District Regulations

Sec. 21-3.50 Agricultural districts--Purpose and intent.

- (a) The purpose of the agricultural districts is to maintain a strong agricultural economic base, to prevent unnecessary conflicts among incompatible uses, to minimize the cost of providing public improvements and services and to manage the rate and location of physical development consistent with the city's adopted land use policies. To promote the viability and economic feasibility of an existing agricultural operation, accessory agribusiness activities may be permitted on the same site as an adjunct to agricultural uses. These accessory activities must be compatible with the on-site agricultural operation and surrounding land uses.
 - (b) The intent of the AG-1 restricted agricultural district is to conserve and protect important agricultural lands for the performance of agricultural functions by permitting only those uses which perpetuate the retention of these lands in the production of food, feed, forage, fiber crops and horticultural plants. Only accessory agribusiness activities which meet the above intent shall be permitted in this district.
 - (c) The following guidelines shall be used to identify lands which may be considered for the AG-1 restricted agricultural district:
 - (1) Lands which are within the state-designated agricultural district and designated agricultural by adopted city land use policies;
 - (2) Lands which are predominantly classified as prime or unique under the agricultural lands of importance to the State of Hawaii system; and
 - (3) Lands where a substantial number of parcels are more than five acres in size.
 - (a) The intent of the AG-2 general agricultural district is to conserve and protect agricultural activities on smaller parcels of land.
 - (b) The following guidelines shall be used to identify lands which may be considered for the AG-2 general agricultural district:
 - (1) Lands which are in the state-designated agricultural or urban district and designated agricultural by adopted city land use policies;
 - (2) Lands which are predominantly classified as other under the agricultural lands of importance to the State of Hawaii system; and
 - (3) Lands which are used or are suitable for agricultural purposes and where a substantial number of parcels are less than five acres in size.
- (Added by Ord. 99-12; Am. Ord. 02-63)

Sec. 21-3.50-1 Agricultural clusters.

To promote economy of services and utilities and the most efficient use of the remainder area for agricultural pursuits, agricultural clusters shall be permitted in any agricultural district. (Added by Ord. 99-12)

Sec. 21-3.50-2 Agricultural cluster--Site standards.

- (a) The minimum land area required for an AG-1 district agricultural cluster shall be 15 contiguous acres. The minimum land area required for an AG-2 district agricultural cluster shall be six contiguous acres.
 - (b) The maximum number of farm dwellings in an AG-1 district agricultural cluster shall not exceed one unit per five acres. The maximum number of farm dwellings in an AG-2 district agricultural cluster shall not exceed one unit per two acres.
 - (c) Within agricultural clusters, detached, duplex and multifamily dwellings shall be permitted. Multifamily dwellings shall not exceed four dwelling units in any structure.
 - (d) Within an agricultural cluster, all principal, accessory and conditional uses and structures permitted within the AG-1 restricted agricultural district and AG-2 general agricultural district shall be permitted, subject to the minimum standards and conditions specified in this chapter for these uses.
 - (e) Within an agricultural cluster each dwelling may be sited on a lot not to exceed 5,000 square feet. For structures with more than one dwelling unit, the maximum lot size shall be a multiple of 5,000 square feet per dwelling.
 - (f) Height and yards shall be the same as permitted in AG-1 and AG-2 districts.
 - (g) Parking, loading and sign requirements shall be specified in the approval of the agricultural cluster plan.
- (Added by Ord. 99-12)

Sec. 21-3.50-3 Agricultural cluster--Application requirements.

- (a) The application shall be accompanied by:
 - (1) Project name;
 - (2) A location map showing the project in relation to the surrounding area;
 - (3) (A) An analysis of agricultural use of the proposed cluster, based on projected sales prices and terms, marketability, soils analysis, availability of water, consideration of climate, rainfall and other factors related to agricultural productivity, sufficient to demonstrate that agricultural use will constitute the primary activity undertaken on the land;

- (B) The director shall refer the proposal for review and commentary of this analysis to the state department of agriculture or appropriate soil and water conservation district;
- (4) A site plan showing:
- (A) Metes and bounds of the site, prepared and certified by a registered engineer or surveyor, including any deed restrictions;
 - (B) Total area of project, and if applicable, lot layout and approximate dimensions, lot number of each lot, area of each lot, proposed use of each lot and total number of lots;
 - (C) Locations, names, dimensions, approximate gradients and radius of curves of existing and proposed streets within and adjacent to the project; approximate location and area dimensions of existing and proposed easements; existing and proposed drainage facilities; existing and proposed utilities, including sewers, water, electric, telephone and refuse;
 - (D) Location, size, spacing, setbacks and dimensions of all existing and proposed structures and improvements, including the number and type of dwelling units;
 - (E) The shoreline, shoreline setback lines, beach access, and stream and other setback lines, when applicable;
 - (F) Location with notations, and the sizes of all parcels of land, including streets, improvements, facilities and easements, proposed to be dedicated to the city, or whether the streets, improvements, facilities and easements are to be private;
 - (G) Finished condition to be achieved by proposed grading shown by contours, cross sections, spot elevations or other means, and estimated quantities of cut and fill. Elevations shall be marked on such contours based on city data;
- (5) Verification by the board of water supply of the availability of sufficient agricultural quality water to support agricultural use, whether such water is to be supplied by the board or another water supplier;
- (6) Draft covenants, leases, agreements of sale, mortgages and other instruments of conveyance requiring lot purchasers to maintain land in agricultural use in conformity with federal, state and city laws and regulations, enforceable by the city and either by the applicant, lessee or owner, or an association composed of all lot owners and indicating applicable laws and penalties for violation thereof. All subsequent sales of property, lease and rental agreements shall include these restrictions;
- (7) Notice of all restrictions contained in laws and regulations to be provided to all prospective subdivision lot purchasers, in the sales agreement, deeds, covenants and other instruments of conveyance;
- (8) Notice that building permit applications shall include an agricultural plan for farm dwellings indicating how feasible agricultural use on the lots will be carried out within a period not to exceed five years, to be provided in the sales agreements, deeds, covenants and other instruments of conveyance;
- (9) Other information and documentation as may be required by the director to review and ensure feasible agricultural use within the agricultural cluster in conformity with applicable federal, state, and city laws and regulations;
- (10) Proposals for maintenance and conservation of all common elements.
- (b) All agricultural clusters shall be processed in accordance with Section 21-2.110-1.
- (c) The director shall approve, modify or deny the agricultural cluster application based on whether the application meets the intent of the agricultural district, the intent of the agricultural cluster provision, and the applicant's compliance with requirements of other government agencies.
- (d) The director shall approve final drawings before issuance of building permits in accordance with the approved plan. Before approval of the agricultural cluster plan final drawings by the director, certified deed covenants and/or condominium property regime documents binding any lessees or buyers to the conditions of approval imposed by the director shall be submitted to the department.
- (Added by Ord. 99-12)

Sec. 21-3.50-4 Agricultural uses and development standards.

- (a) Within the agricultural districts, permitted uses and structures shall be as enumerated in Table 21-3.
- (b) Within the agricultural districts, development standards shall be as enumerated in Table 21-3.1.
- (c) Additional Development Standards.
 - (1) Height. The maximum height may be increased from 15 to 25 feet if height setbacks are provided.
 - (2) Height Setbacks. Any portion of a structure exceeding 15 feet shall be set back from every side and rear buildable area boundary line one foot for each two feet of additional height above 15 feet (see Figure 21-3.1).

(Added by Ord. 99-12; Am. Ord. 17-40)

Table 21-3.1
P-2, Agricultural & Country Districts
Development Standards

Development Standard		District			
		P-2	AG-1	AG-2	Country
Minimum lot area (acres)		5	5	3 for major livestock production, 2 for all other uses	1
Minimum lot width and depth (feet)		200	150	150	100
Yards (feet):	Front	30	15	15	15
	Side and rear	15	10	10	10
Maximum building area (percent of zoning lot)		5	10 ²	10 ²	25 ²
Maximum height (feet) ¹		15-25	15-25 ³	15-25 ³	15-30
Height setbacks		per Sec. 21-3.40-1(e)	per Sec. 21-3.50-4(c)	per Sec. 21-3.50-4(c)	per Sec. 21-3.60-4(c)

¹Heights above the minima of the given range may require height setbacks or may be subject to other requirements. See the appropriate section for the zoning district for additional development standards concerning height.

²For nonagricultural structures.

³Fifteen feet for nonagricultural structures and dwellings; up to 25 feet are permitted if height setbacks are provided.
(Added by Ord. 99-12)

STATE OF HAWAII/CITY & COUNTY OF HONOLULU ECONOMIC DATA
Source: State of Hawaii, Department of Business, Economic Development & Tourism

STATE OF THE ECONOMY

Hawaii's major economic indicators were mixed in the fourth quarter of 2023. State general fund tax revenues, wage and salary jobs, and government contracts awarded increased in the quarter compared to the fourth quarter of 2022. However, visitor arrivals and private building authorizations decreased.

In the fourth quarter of 2023, the total number of visitors arriving by air to Hawaii decreased 38,481 or 1.7 percent and the daily visitor census decreased 11,047 or 4.7 percent compared to the fourth quarter of 2022.

In the fourth quarter of 2023, the construction sector lost 700 jobs or 1.8 percent compared with the same quarter of 2022. In the fourth quarter of 2023, the permit value for private construction decreased \$392.2 million or 30.3 percent; however, government contracts awarded increased \$180.0 million or 34.4 percent, compared with the same quarter of 2022. According to the most recent excise tax base data available, contracting tax base increased \$292.4 million or 10.5 percent in the third quarter of 2024, compared with the same quarter of the previous year. For the first three quarters of 2023 contracting tax base increased \$773.3 million or 9.7 percent compared with the same period of the previous year.

In the fourth quarter of 2023, State general fund tax revenues increased \$191.5 million or 9.5 percent over the same period of 2022. The state general excise tax revenue increased \$30.6 million or 2.9 percent, the net individual income tax revenues increased \$139.3 million or 23.3 percent, the net corporate income tax revenues increased \$25.0 million or 37.4 percent, and the transient accommodations tax (TAT) decreased \$3.8 million or 2.1 percent. In 2023, State general fund tax revenues increased \$63.5 million or 0.7 percent compared to the previous year.

Labor market conditions were mixed. Hawaii's non-agricultural wage and salary jobs averaged 637,700 jobs, an increase of 5,000 jobs or 0.8 percent.

The job increase in the fourth quarter of 2023 was due to job increases in both the private sector and the government sector. In this quarter, the private sector added about 1,800 non-agricultural jobs compared to the fourth quarter of 2022. The majority of the private sector industries added jobs in the quarter. The number of jobs increased the most in Health Care and Social Assistance, which added 1,300 jobs or 1.8 percent, followed by Food Services and Drinking Places, which added 1,100 jobs or 1.7 percent, Private Educational Services, which added

900 jobs or 6.1 percent, and Professional and Business Services, which added 700 jobs or 1.0 percent, in the quarter. The Government sector added 3,200 jobs or 2.6 percent. The Federal Government added 400 jobs or 1.1 percent, the State Government added 2,600 jobs or 3.7 percent, and the Local Government added 400 jobs or 2.2 percent in the quarter.

In the third quarter of 2023, total annualized nominal GDP increased \$6,668 million or 6.5 percent, from the third quarter of 2022. In the first three quarters of 2023, total annualized nominal GDP increased \$7,677 million or 7.7 percent from the same period of the previous year. In the third quarter of 2023, total annualized real GDP (in chained 2017 dollars) increased \$1,780 million or 2.1 percent from the third quarter of 2022. In the first three quarters of 2023, total annualized real GDP increased \$1,918 million or 2.3 percent from the same period of the previous year.

In the third quarter of 2023, total non-farm private sector annualized earnings increased \$2,605.1 million or 5.8 percent from the third quarter of 2022. In dollar terms, the largest increase occurred in Health Care and Social Assistance, followed by Transportation and Warehousing; and Accommodation and Food Services; Other Services, except Public Administration; and Professional, Scientific, and Technical Services. During the third quarter of 2023, total government earnings increased \$1,405.9 million or 8.3 percent from the same quarter of 2022. Earnings from the federal government increased \$797.7 million. Earnings from the state and local governments increased \$608.2 million in the quarter.

In the second half of 2023, Honolulu's Consumer Price Index for Urban Consumers (CPI-U) increased 2.9 percent from the same period in 2022. This is 0.5 percentage point below the 3.4 percent increase for the U.S. average CPI-U. It is also lower than the 6.3 percent increase in the Honolulu CPI-U for the second half of 2022 compared to the same period of the previous year. In the second half of 2023, the Honolulu CPI-U increased the most in Apparel (13.0 percent), followed by Other Goods and Services (8.3 percent), Recreation (6.7 percent), Medical Care (4.7 percent), Food and Beverages (4.3 percent), Housing (3.1 percent), and Education and Communication (1.2 percent) compared to the second half of 2022. Transportation decreased 2.6 percent in the second half of 2023 compared to the same period in 2022.



OUTLOOK FOR THE ECONOMY

The August 2023 Maui wildfires continued to impact the state's economy through the fourth quarter of 2023. Although Hawaii's economic recovery was strong during the first 7 months of 2023, economic activity slowed significantly after the Maui wildfires. Maui County has been impacted the most, especially in tourism. Visitor arrivals to Maui County decreased 41.4 percent and visitor expenditures declined 31.3 percent during the last 5 months of 2023, compared with the same period in 2022. Visitor arrivals to the state decreased by 3.7 percent and total visitor expenditures were reduced by 4.8 percent in the five month period following the wildfires, compared to the same period in 2022.

The number of civilians employed in Maui County during the last five months of 2023 fell 3.1 percent compared to the same period in 2022. Maui County's unemployment rate (not seasonally adjusted) was 6.3 percent in the fourth quarter of 2023, an increase of 2.7 percent points from the same quarter in 2022. The statewide unemployment rate (not seasonally adjusted) was 3.0 percent in the fourth quarter of 2023, 0.7 percent lower than the unemployment rate in the fourth quarter of 2022.

The total value of private building permits declined by 14.5 percent in the last 5 months of 2023 compared to the same period of 2022. The permit value for commercial and industrial permits increased by 148.0 percent while the value of residential permits declined by 32.9 percent and the value of additions and alterations decreased by 22.2 percent.

State general excise tax revenue, a comprehensive measure of economic activity, increased by 0.6 percent during the last 5 months of 2023, compared to the same period in 2022.

Hawaii's real gross domestic product (GDP) increased 2.1 percent in the third quarter of 2023 compared to the third quarter of 2022 and reflects a recovery of 97.7 percent from the same period in 2019.

At the national level, U.S. real GDP growth has been stronger than expected. Although the U.S. economy was initially forecast to grow at 0.5 percent in 2023, the most recent estimate by the U.S. Bureau

of Economic Analysis (released February 28, 2024) indicates that U.S. real GDP grew at 2.5 percent in 2023 compared to 2022. The most recent economic projections by the top 50 economic forecasting organizations, published in Blue Chip Economic Indicators (February 9, 2024), indicate that U.S. economic growth is expected to be 2.1 percent in 2024 and 1.7 percent in 2025. DBEDT estimates that Hawaii's real GDP will increase by 1.5 percent in 2024. The forecast then projects 1.9 percent growth in 2025, 2.1 percent in 2026, and 2.2 percent in 2027.

Visitor arrivals are projected to be 9.8 million visitors in 2024, an increase of 1.4 percent from the 2022 level and about the same as previously projected. Visitor arrivals are projected to increase to 10.0 million in 2025, 10.2 million in 2026, and 10.4 million in 2027. Visitor spending is estimated to increase 2.2 percent in 2024. The forecast then projects an increase of 3.9 percent in 2025, 3.4 percent in 2026, and 3.2 percent in 2027.

Non-agriculture payroll jobs are estimated to increase 1.4 percent in 2024. The forecast projects increases of 1.6 percent in 2025 and in 2026, followed by an increase of 1.4 percent in 2027.

The state unemployment rate is expected to be at 2.8 percent in 2024 and will improve to 2.6 percent in 2025, 2.4 percent in 2026, and 2.3 percent in 2027.

Nominal personal income is estimated to increase by 3.8 percent in 2024. The forecast then projects an increase of 3.9 percent in 2025, 4.0 percent in 2026, and 4.1 percent in 2027.

Hawaii's consumer inflation rate, as measured by the Honolulu Consumer Price Index for All Urban Consumers, is estimated to increase 2.8 percent in 2024, which is higher than the projected U.S. consumer inflation rate of 2.6 percent for the same year. The forecast then projects Hawaii's consumer inflation to increase by 2.5 percent in 2025, 2.4 percent in 2026, and 2.2 percent in 2027.

Hawaii's population growth is expected to be flat in 2024, followed by an increase by 0.1 percent in 2025, and increases of 0.2 percent in 2026 and in 2027.



**Table 1. 2023 QUARTERLY ECONOMIC INDICATORS:
STATE OF HAWAII**

SERIES	4th QUARTER			YEAR-TO-DATE		
	2022	2023	% CHANGE YEAR AGO	2022	2023	% CHANGE YEAR AGO
Civilian labor force, NSA (persons) 1/	680,200	675,000	-0.8	676,300	675,850	-0.1
Civilian employed, NSA	655,000	655,100	0.0	652,650	655,650	0.5
Civilian unemployed, NSA	25,200	19,900	-21.0	23,650	20,200	-14.6
Unemployment rate, NSA (%) 1/ 2/	3.7	3.0	-0.7	3.5	3.0	-0.5
Total wage and salary jobs, NSA	638,700	642,700	0.6	623,400	637,100	2.2
Total non-agric. wage & salary jobs	632,700	637,700	0.8	618,100	632,100	2.3
Nat. Resources, Mining, Constr.	38,700	38,000	-1.8	37,300	37,900	1.6
Manufacturing	12,800	13,000	1.6	12,500	12,900	3.2
Wholesale Trade	17,400	17,000	-2.3	17,300	17,300	0.0
Retail Trade	66,500	65,500	-1.5	64,900	64,900	0.0
Transp., Warehousing, Util.	33,600	34,000	1.2	32,900	33,800	2.7
Information	8,800	8,900	1.1	8,500	8,900	4.7
Financial Activities	28,100	26,900	-4.3	27,800	27,100	-2.5
Professional & Business Services	71,800	72,500	1.0	71,300	72,300	1.4
Private Educational Services	14,700	15,600	6.1	14,000	15,100	7.9
Health Care & Social Assistance	73,100	74,400	1.8	72,400	72,900	0.7
Arts, Entertainment & Recreation	12,400	12,800	3.2	11,900	12,700	6.7
Accommodation	38,800	38,700	-0.3	37,000	38,900	5.1
Food Services & Drinking Places	66,300	67,400	1.7	63,500	67,500	6.3
Other Services	26,700	26,700	0.0	26,200	26,900	2.7
Government	123,200	126,400	2.6	120,800	123,100	1.9
Federal	35,100	35,500	1.1	34,700	35,100	1.2
State	69,600	72,200	3.7	67,600	69,200	2.4
Local	18,400	18,800	2.2	18,500	18,800	1.6
Agriculture wage and salary jobs	6,000	5,000	-16.7	5,300	5,000	-5.7
State general fund revenues (\$1,000)	2,022,034	2,213,550	9.5	9,441,315	9,504,830	0.7
General excise & use tax rev. (\$1,000)	1,044,373	1,074,997	2.9	4,263,353	4,474,126	4.9
Income-individual (\$1,000)	598,929	738,229	23.3	3,497,207	3,385,346	-3.2
Declaration estimated taxes (\$1,000)	117,780	96,785	-17.8	1,432,741	1,074,618	-25.0
Payment with returns (\$1,000)	89,512	75,031	-16.2	535,645	413,454	-22.8
Withholding tax on wages (\$1,000)	641,098	681,522	6.3	2,482,684	2,663,916	7.3
Refunds (- relative to State) (\$1,000)	-249,462	-115,109	-53.9	-953,864	-766,642	-19.6
Transient accommodations tax (\$1,000)	185,190	181,345	-2.1	830,056	846,266	2.0
County surcharges (\$1,000) 3/	105,232	110,176	4.7	414,998	441,822	6.5
Private Building Permits (\$1,000)	1,293,459	901,274	-30.3	3,579,323	3,667,169	2.5
Residential (\$1,000)	714,555	343,552	-51.9	1,759,994	1,516,288	-13.8
Commercial & industrial (\$1,000)	88,809	218,220	145.7	407,152	556,361	36.6
Additions & alterations (\$1,000)	490,094	339,502	-30.7	1,412,176	1,594,521	12.9
Visitor Days - by air	21,452,110	20,435,789	-4.7	84,736,187	85,596,149	1.0
Domestic visitor days - by air	18,169,574	16,558,441	-8.9	75,263,260	71,614,659	-4.8
International visitor days - by air	3,282,536	3,877,348	18.1	9,472,927	13,981,489	47.6
Visitor arrivals by air - by air	2,304,691	2,266,210	-1.7	9,138,674	9,488,477	3.8
Domestic flight visitors - by air	1,968,649	1,816,535	-7.7	8,233,186	7,939,297	-3.6
International flight visitors - by air	336,042	449,675	33.8	905,488	1,549,180	71.1
Visitor expend. - arrivals by air (\$1,000)	5,059,303	4,964,488	-1.9	19,653,619	20,708,040	5.4
Hotel occupancy rates (%) 2/	73.3	73.2	-0.1	73.6	74.7	1.2

1/ Labor force and jobs are Hawaii DBEDT monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ 0.5% added to the general excise tax to pay for Oahu's mass transit system and took effect January 1, 2007.

Other counties have since enabled surcharges and are included here.

Source: Hawaii State Department of Business, Economic Development, & Tourism <<https://dbedt.hawaii.gov/economic/>>, Hawaii State Department of Taxation <http://www.hawaii.gov/tax/a5_3txcolrpt.htm> and Hospitality Advisors, LLC.

2/29/2024



**ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII:
2022 TO 2027**

Economic Indicators	2022	2023 1/	2024	2025	2026	2027
	Actual		Forecast			
Total population (thousands) 2/	1,439	1,435	1,435	1,436	1,439	1,442
Visitor arrivals (thousands) 3/	9,234	9,645	9,782	10,010	10,238	10,444
Visitor days (thousands) 3/	85,240	86,340	86,596	88,439	89,971	91,296
Visitor expenditures (million dollars) 3/	19,800	20,918	21,385	22,210	22,967	23,697
Honolulu CPI-U (1982-84=100)	316.1	326.0	335.2	343.7	351.8	359.5
Personal income (million dollars)	88,973	93,219	96,762	100,535	104,557	108,844
Real personal income (millions of 2017\$)	69,266	70,887	71,716	72,624	73,615	74,911
Personal income deflator	128.5	131.5	134.9	138.4	142.0	145.3
Non-agricultural wage & salary jobs (thousands)	618.1	632.2	641.2	651.5	661.9	671.1
Civilian unemployment rate	3.5	3.0	2.8	2.6	2.4	2.3
Gross domestic product (million dollars)	101,083	107,107	111,431	115,819	120,380	124,997
Real gross domestic product (millions of 2017\$)	85,211	87,082	88,388	90,068	91,959	93,982
Gross domestic product deflator	118.6	123.0	126.1	128.6	130.9	133.0
Annual Percentage Change						
Total population	-0.5	-0.3	0.0	0.1	0.2	0.2
Visitor arrivals	36.2	4.4	1.4	2.3	2.3	2.0
Visitor days	30.5	1.3	0.3	2.1	1.7	1.5
Visitor expenditures	50.5	5.6	2.2	3.9	3.4	3.2
Honolulu CPI-U	6.5	3.1	2.8	2.5	2.4	2.2
Personal income	0.0	4.8	3.8	3.9	4.0	4.1
Real personal income	-4.7	2.3	1.2	1.3	1.4	1.8
Personal income deflator (2017=100)	5.0	2.4	2.6	2.6	2.6	2.3
Non-agricultural wage & salary jobs	5.3	2.3	1.4	1.6	1.6	1.4
Civilian unemployment rate 4/	-2.5	-0.5	-0.2	-0.2	-0.2	-0.1
Gross domestic product	8.6	6.0	4.0	3.9	3.9	3.8
Real gross domestic product	1.3	2.2	1.5	1.9	2.1	2.2
Gross domestic product deflator (2017=100)	7.2	3.7	2.5	2.0	1.8	1.6

1/ Some of the indicators are preliminary or estimated such as visitor expenditures, personal income, and gross domestic product

2/ July 1 count.

3/ Visitors who came to Hawaii by air and by cruise ship. Expenditures includes supplementary business expenditures.

4/ Absolute change from previous year.

Source: Hawaii State Department of Business, Economic Development & Tourism, March 6, 2024.

COUNTY ECONOMIC CONDITIONS

Maui County continued to experience the impacts of the August 8, 2023 wildfires. Maui County saw decreases in visitor arrivals, lost jobs, and faced a higher unemployment rate in the fourth quarter of 2023 compared to the same quarter in 2022. Honolulu, Hawaii, and Kauai counties saw increases in visitor arrivals, gained jobs, and experienced lower unemployment rates during the same quarter. The value of private building permits increased in Hawaii County but decreased in Honolulu, Maui, and Kauai counties in the fourth quarter of 2023 compared to the same quarter in 2022.

In the fourth quarter of 2023, the unemployment rate in Honolulu decreased 1.3 percentage point from 3.7 percent to 2.4 percent; the unemployment rate in Hawaii County decreased 1.5 percentage point from 4.0 percent to 2.5 percent; and the unemployment rate in Kauai County decreased 1.3 percentage point from 3.6 percent to 2.3 percent. The unemployment rate in Maui County increased 2.7 percentage points from 3.6 percent to 6.3 percent.

In the fourth quarter of 2023, Honolulu added 5,200 or 1.1 percent of non-agricultural wage and salary jobs compared to the same quarter of 2022. The number of jobs increased the most in Food Services and Drinking Places, which added 1,900 jobs or 4.1 percent. This was followed by Health Care & Social Assistance which added 1,500 jobs or 2.7 percent, Arts, Entertainment & Recreation which added 700 jobs or 9.2 percent, and Private Educational Services which added 600 jobs or 5.1 percent in the quarter. The Government sector added 2,200 jobs or 2.3 percent in the quarter.

In the fourth quarter of 2023, Hawaii County added 2,000 or 2.9 percent of non-agricultural wage and salary jobs over the same quarter of 2022. The number of jobs increased the most in Professional & Business Services which added 600 jobs or 9.4 percent and Retail Trade which added 400 jobs or 4.0 percent. Private Educational Services added 300 jobs or 23.1 percent, Food Services & Drinking Places added 300 jobs or 4.5

percent, and Accommodation added 200 jobs or 3.3 percent in the quarter. The Government sector added 700 jobs or 4.8 percent in the quarter.

Maui County lost 2,400 jobs or 3.2 percent of non-agricultural wage and salary jobs in the fourth quarter of 2023 over the same quarter of 2022. The number of jobs decreased the most in Food Services and Drinking Places which lost 1,100 jobs or 11.7 percent. Retail Trade lost 600 jobs or 6.6 percent and Accommodation lost 600 jobs or 5.2 percent. Health Care & Social Assistance added 500 jobs or 6.3 percent. The Government sector jobs added 200 jobs or 2.3 percent in the quarter.

Kauai County added 300 jobs or a 1.0 percent increase in non-agricultural wage and salary jobs in the fourth quarter of 2023 over the same quarter of 2022. The number of jobs increased the most in Retail Trade which added 200 jobs or 5.1 percent, in Professional & Business Services which added 200 jobs or 6.9 percent, and in Accommodation which added 200 jobs or 4.9 percent. The Government sector added 100 jobs or 2.0 percent in the quarter.

In the fourth quarter of 2023, visitor arrivals by air increased in all counties except Maui County. Visitor arrivals by air increased 10.5 percent in Honolulu, 0.9 percent in Hawaii County, and 1.0 percent in Kauai compared to the same quarter of 2022. Visitor arrivals by air decreased 31.7 percent in Maui County.

In the fourth quarter of 2023, the value of private building permits decreased in all counties except Hawaii County. In the fourth quarter of 2023, private building permits decreased \$393.9 million or 46.5 percent in Honolulu, decreased by \$10.2 million or 5.4 percent in Maui County, and decreased \$1.1 million or 2.2 percent in Kauai County (only residential available) from the same quarter of the previous year. The value of private building permits increased \$13.0 million or 6.2 percent in Hawaii County.



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**Table 2. 2023 QUARTERLY ECONOMIC INDICATORS:
CITY AND COUNTY OF HONOLULU**

SERIES	4th QUARTER			YEAR-TO-DATE		
	2022	2023	% CHANGE YEAR AGO	2022	2023	% CHANGE YEAR AGO
Civilian labor force, NSA (persons) 1/	460,950	455,650	-1.1	458,150	457,000	-0.3
Civilian employed, NSA	443,950	444,500	0.1	442,300	444,450	0.5
Civilian unemployed, NSA	17,000	11,200	-34.1	15,850	12,550	-20.8
Unemployment rate, NSA (%) 1/ 2/	3.7	2.4	-1.3	3.5	2.7	-0.8
Total wage and salary jobs, NSA	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Total non-agric. wage & salary jobs	455,800	461,000	1.1	444,700	455,500	2.4
Nat. Resources, Mining, Constr.	27,900	27,600	-1.1	26,900	27,400	1.9
Manufacturing	9,300	9,600	3.2	9,200	9,500	3.3
Wholesale Trade	13,700	13,200	-3.6	13,600	13,500	-0.7
Retail Trade	43,500	42,400	-2.5	42,400	41,900	-1.2
Transp., Warehousing, Util.	24,500	24,700	0.8	23,900	24,500	2.5
Information	7,300	7,300	0.0	7,000	7,400	5.7
Financial Activities	21,600	20,700	-4.2	21,400	20,900	-2.3
Professional & Business Services	55,400	55,700	0.5	55,200	55,600	0.7
Private Educational Services	11,700	12,300	5.1	11,100	11,900	7.2
Health Care & Social Assistance	54,900	56,400	2.7	54,400	55,000	1.1
Arts, Entertainment & Recreation	7,600	8,300	9.2	7,200	8,100	12.5
Accommodation	17,200	17,300	0.6	15,900	17,300	8.8
Food Services & Drinking Places	45,900	47,800	4.1	43,700	47,200	8.0
Other Services	20,200	20,300	0.5	19,700	20,400	3.6
Government	95,100	97,300	2.3	93,200	94,900	1.8
Federal	32,500	32,800	0.9	32,100	32,500	1.2
State	50,800	52,800	3.9	49,300	50,500	2.4
Local	11,800	11,800	0.0	11,800	11,900	0.8
Agriculture wage and salary jobs	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
State general fund revenues (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
General excise & use tax rev. (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Income-individual (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Declaration estimated taxes (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Payment with returns (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Withholding tax on wages (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Refunds (-) relative to State (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Transient accommodations tax (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
County surcharges (\$1,000) 3/	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Private Building Permits (\$1,000)	846,522	452,670	-46.5	2,010,381	1,848,573	-8.0
Residential (\$1,000)	414,610	70,031	-83.1	806,252	439,209	-45.5
Commercial & industrial (\$1,000)	30,564	120,460	294.1	115,058	175,933	52.9
Additions & alterations (\$1,000)	401,348	262,179	-34.7	1,089,070	1,233,431	13.3
Visitor Days - by air	9,301,904	10,100,042	8.6	36,168,745	40,627,690	12.3
Domestic visitor days - by air	7,223,328	7,294,118	1.0	30,184,967	30,480,575	1.0
International visitor days - by air	2,078,575	2,805,924	35.0	5,983,778	10,147,114	69.6
Visitor arrivals by air - by air	1,269,118	1,402,490	10.5	4,858,170	5,614,956	15.6
Domestic flight visitors - by air	998,485	1,010,609	1.2	4,142,306	4,275,661	3.2
International flight visitors - by air	270,633	391,881	44.8	715,864	1,339,295	87.1
Visitor expend. - arrivals by air (\$1,000)	2,280,530	2,211,363	-3.0	8,693,728	9,011,568	3.7
Hotel occupancy rates (%) 2/	73.6	77.0	3.4	75.6	79.6	4.0

NA Not available.

1/ Labor force and jobs are Hawaii DBEDT monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ 0.5% added to the general excise tax to pay for Oahu's mass transit system and took effect January 1, 2007.

Other counties have since enabled surcharges and are included here.

Source: Hawaii State Department of Business, Economic Development, & Tourism <<https://dbedt.hawaii.gov/economic/>>,
Hawaii State Department of Taxation <http://www.hawaii.gov/tax/a5_3txcolrpt.htm> and Hospitality Advisors, LLC.

2/21/2024

FLOOD MAP



Flood Hazard Map

Title: 15003c0380h 11/5/2014

Notes: Zone X, XS

Map generated
on 03/04/2024



Map Legend

Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.



PROFESSIONAL QUALIFICATIONS – TED YAMAMURA, SRA, CGA, R/W-AC• **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 160, 9/18/1991
Expiration: December 31, 2025

• **PROFESSIONAL AFFILIATIONS**

Member---Appraisal Institute - Honolulu Chapter #67, **SRA** Designation - 1985
Member---International Right of Way Association (IRWA), **R/W-AC** Certification - 2007

• **PROFESSIONAL AND COMMUNITY INVOLVEMENT**

Past Member---State of Hawaii, Commission on Water Resource Management - 2012-2014
Past President---Hawaii Chapter of the Appraisal Institute - 2010
Past Member---County of Maui, Board of Water Supply - 2008-2012
Past Member---State of Hawaii, Board of Land & Natural Resources - 2001-2006
Past President---International Right of Way Association (IRWA), Hawaii Chapter #30 - 2004
Past President---Maui County Council, Boy Scouts of America - 1987

• **EXPERIENCE AND EDUCATION**

Executive Vice President
ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Vice President - Alexander & Alexander, Ltd. - Maui Division - 1979-1982
Assistant Vice President - Honolulu Federal Savings & Loan Assn. - 1974-1979
Veteran - United States Air Force - 1967-1971
Educated: Maui High School and University of Hawaii

• **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

National Highway Institute - *Course FHWA-NHI-141054, Practical Applications in Federal-Aid Highway Program Appraisals*, Wailuku, Hawaii - Online 2023
Appraisal Institute - *National Uniform Standards of Professional Appraisal Practice (USPAP) 2022-2023 Update Course* - Online 2022
International Right of Way Association - *Course 431, Problems in the Valuation of Partial Acquisitions*, Wailuku, Hawaii - Online 2021
Appraisal Institute "*National Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book") Practical Applications*" Honolulu, Hawaii - 2017
International Right of Way Association - *Course 403, Easement Valuation*, Tucson, Arizona - 2008
International Right of Way Association - *Course 410, Reviewing Appraisals in Eminent Domain*, Tucson, Arizona - 2008
International Right of Way Association - *Course 401, The Appraisal of Partial Acquisitions*, Fresno, California - 2007
International Right of Way Association - *Course 409, Integrating Appraisal Standards*, Anaheim, California - 2005
Appraisal Institute - *Course 400, Uniform Standards of Professional Appraisal Practice (USPAP)*, Honolulu, Hawaii - 2003
International Right of Way Association (IRWA) *Course 214, Skills of Expert Testimony*, Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) *Course 102 Examination, "Applied Residential Property Valuation"*, Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "*Narrative Demonstration Report*" Examination, Wailuku, Maui, Hawaii - 1983
Society of Real Estate Appraisers (SREA) *Course 101 Examination, "Introduction to Appraising Real Property"*, Honolulu, Hawaii - 1979

• **CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:**

Appraisal Institute "Excel Applications for Valuation" - 2021
Appraisal Institute "Eminent Domain and Condemnation" - 2019
Appraisal Institute "Fundamentals of the Uniform Appraisal Standards for Federal Land Acquisitions" - 2019
Appraisal Institute "Solving Land Valuation Puzzles" Honolulu, Hawaii - 2018
Appraisal Institute "Income Approach for Residential Appraisers" Honolulu, Hawaii - 2016
Appraisal Institute "The Discounted Cash Flow Model" Honolulu, Hawaii - 2015
Appraisal Institute "Complex Litigation Appraisal Case Studies" Honolulu, Hawaii - 2014
The Seminar Group "Eminent Domain & Condemnation in Hawaii" Honolulu, Hawaii - 2013
University of Hawaii/State of Hawaii Department of Transportation "Federal Highways (FHWA) Highway Noise Policy and Abatement Guidelines Workshop" - 2011
Appraisal Institute "Real Estate Finance, Statistics, and Valuation Modeling" - 2009
Lorman Education Services "Law of Easements: Legal Issues and Practical Considerations in Hawaii" Honolulu, Hawaii - 2006
Lorman Education Services "Eminent Domain in Hawaii" Honolulu, Hawaii - 2006
Appraisal Institute "Mini-Series on USPAP Issues" Honolulu, Hawaii - 2006
International Right of Way Association (IRWA) "Uniform Act Symposium", Anaheim, California - 2005
Lorman Education Services "Zoning and Land Use in Hawaii", Honolulu, Hawaii - 2003
The American Society of Farm Managers & Rural Appraisers "Conservation Easements" Honolulu, Hawaii - 2001
The American Society of Farm Managers & Rural Appraisers "Appraising Rural Residential Properties" - Honolulu, Hawaii - 2001
Appraisal Institute "Valuation of Detrimental Conditions in Real Estate" Honolulu, Hawaii - 2000
Appraisal Institute "Case Studies in Residential Highest and Best Use" Honolulu, Hawaii - 2000
Appraisal Institute "Advanced Sales Comparison Approach" Honolulu, Hawaii - 2000
Appraisal Institute "Appraisal of Nonconforming Uses" Honolulu, Hawaii - 2000
Appraisal Institute "Litigation Skills for the Appraiser: An Overview", Honolulu, Hawaii - 1998
Appraisal Institute "Special Purpose Properties", Honolulu, Hawaii - 1997
Appraisal Institute "Appraising for the Secondary Market", Honolulu, Hawaii - 1996
Appraisal Institute "The Condominium Form and the Small Residential Income Property Appraisal Report Form", Anaheim, California - 1995
Appraisal Institute "Residential Appraisal Review", Chicago, Illinois - 1994
Appraisal Institute "Understanding Limited Appraisals and Appraisal Reporting Options" Chicago, Illinois - 1994
Appraisal Institute "Accrued Depreciation", Las Vegas, Nevada - 1992
Appraisal Institute "Market Analysis", Las Vegas, Nevada - 1992
American Institute of Real Estate Appraisers (AIREA) "Easement Valuation", Los Angeles, California - 1990
Federal National Mortgage Association (FNMA) "Fannie Mae Appraisals", Honolulu, Hawaii - 1990
Society of Real Estate Appraisers (SREA) "Federal Home Loan Bank Board Appraisal Standards", Honolulu, Hawaii - 1989
Society of Real Estate Appraisers (SREA) "Uniform Small Residential Income Appraisal Report", New York - 1989
Society of Real Estate Appraisers (SREA) "Professional Practice", Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) "R-41c and the Appraiser", Las Vegas, Nevada - 1987
American Institute of Real Estate Appraisers (AIREA) "R-41b and Subdivision Analysis", Honolulu, Hawaii - 1985
Society of Real Estate Appraisers (SREA) "Creative Financing and Cash Equivalency", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Appraising Single Family Residences", Honolulu, Hawaii - 1983
International Right of Way Association (IRWA) "Condemnation", Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "Application of Market Extraction's", Honolulu, Hawaii - 1981

• **LEGAL**

Qualified as an expert witness:

First Circuit Court, Honolulu, Hawaii
Second Circuit Court, Maui, Hawaii
Third Circuit Court, Hawaii Island, Hawaii
U.S. District Court, Honolulu, Hawaii
U.S. Bankruptcy Court, Honolulu, Hawaii

Experienced in real estate arbitration assignments in the State of Hawaii



APPRAISAL REPORT

**Determination of Annual Fair Market Rent
Lease Rent Reopening, State of Hawaii General Lease S-5489
Tax Map Key (3) 4-1-008:054, 41-1800 Kalanianaʻole Highway,
Waimanalo, Island of Oahu, State of Hawaii**

Lessee: New Town and Country Stables, Inc.

Date of Report

April 2, 2024

Prepared For

**Mr. Brian Kau, P.E.
Administrator and Chief Engineer
State of Hawaii
Department of Agriculture
1428 South King Street
Honolulu, Hawaii 96814**

Prepared By

**ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Hawaii 96793**



April 2, 2024

Mr. Brian Kau, P.E.
Administrator and Chief Engineer
State of Hawaii
Department of Agriculture
1428 South King Street
Honolulu, Hawaii 96814

**RE: Determination of Annual Fair Market Rent
Lease Rent Reopening, State of Hawaii General Lease S-5489
Tax Map Key (3) 4-1-008:054, 41-1800 Kalaniana'ole Highway,
Waimanalo, Island of Oahu, State of Hawaii**

Dear Mr. Kau:

In accordance with your request, I have prepared the accompanying appraisal report which determines the annual fair market rental value of the following:

Tax Map Key (1) 4-1-008:054, containing approximately 10.739 acres of gross land area, situate at 41-1800 Kalaniana'ole Highway, Waimanalo, Island of Oahu, State of Hawaii.

The final value estimate is based on the on-site inspection of the demised property; determination of highest and best use; research and study of available market data; application of the appraisal process; and a review of current and projected economic and real estate market conditions.

Based upon my analyses, the estimated annual fair market rent of the subject property as of April 2, 2024, subject to the "Certification," "Assignment Conditions," and "Assumptions and Limiting Conditions," is:

**TWENTY SEVEN DOLLARS
(\$27 per Annum)**

The following appraisal report presents my analysis of data along with other pertinent materials on which the assignment results are predicated. Thank you for the opportunity to assist with this assignment.

Respectfully submitted,

ACM Consultants, Inc.

Ted Yamamura, SRA, R/W-AC
Executive Vice President

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CERTIFICATION

The undersigned does hereby certify that to the best of my knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- (4) I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- (5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (8) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- (9) I have made a personal inspection of the property that is the subject of this report.
- (10) Ashley Haleakala provided significant real property appraisal assistance to the person signing this certification including data collection and market analysis. As of the date of this report, Ashley Haleakala has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.
- (11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- (12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (13) As of the date of this report, Ted Yamamura has completed the continuing education program for Designated Members of the Appraisal Institute.

ACM Consultants, Inc.



Ted Yamamura, SRA, R/W-AC
Certified General Appraiser
State of Hawaii, CGA-160
Expiration: December 31, 2025

PART I - INTRODUCTION**APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

This Appraisal Report complies with the reporting requirements set forth under Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. It summarizes the data, reasoning, and analyses that support the appraiser's opinion of value, and supporting documentation regarding the data, reasoning, and analyses is retained in the appraiser's workfile. The report is based on the scope of work, intended use, intended user, definition of value, assignment conditions, statement of assumptions and limiting conditions, and certifications that are stated in the report.

SCOPE OF WORK

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report, including the following definition of market value, assignment conditions, statement of assumptions and limiting conditions, and certifications as contained in the report. The Appraiser has at a minimum performed a visual inspection of the observable areas of the subject property(ties), considered the neighborhood and its characteristics, viewed each of the comparable sales, and researched, verified, and analyzed data from public and/or private sources that were deemed to be reliable. An analysis of Highest and Best Use was conducted and the conclusion was the basis upon which valuation was derived. All typical approaches to value were considered although only the most relevant were used in the report. The valuation methodology employed is deemed sufficient to develop credible assignment results. Finally, the analysis, opinions and conclusions were reported in this appraisal report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the annual fair market rent of the following property:

State of Hawaii General Lease S-5489

*Tax Map Key (1) 4-1-008:054, containing approximately 10.739 acres of gross land area, situate at 41-1800 Kalanianaʻole Highway, Waimanalo, Island of Oahu, State of Hawaii.
("subject property")*

The "subject property" is synonymous with the "subject parcel" in this appraisal report.

The intended use of this report is to provide real property information, real estate market data, and an informed rental value conclusion to enable the Department of Land and Natural Resources Land Division to offer the Lessee.

Definition of Market Rent¹

"The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and*
- The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs)."*

CLIENT/INTENDED USER

The State of Hawaii, Department of Agriculture is the Client. The intended users are the Client and their duly authorized representatives and assigns. Any other use by any other person or entity for any other purpose, without exception, is explicitly unauthorized. No other user is intended.

PROPERTY INSPECTION/DATE OF REPORT/EFFECTIVE DATE

The subject property was viewed by Ted Yamamura and Roy Hasegawa on April 2, 2024, with input regarding property characteristics from the Lessee. The date of this appraisal report and the effective date of valuation is April 2, 2024.

ASSIGNMENT CONDITIONS

The following assumptions and conditions were incorporated for analysis, purposes of comparison, and determination of assignment results.

There is no personal property (FF&E) included in this valuation.

Extraordinary Assumptions² An extraordinary assumption is defined as *"an assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."* Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. The application of an extraordinary assumption could have an effect on the value of the property.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th Edition, 2022, Chicago, Illinois

² The Appraisal Standards Board. *Uniform Standards of Professional Appraisal Practice (USPAP)*. 2024 Edition. Washington, DC: The Appraisal Foundation, 2024.

(1) At the time of viewing the subject property, the property pins and boundary markers were not visible to the Appraiser. As such, the approximate boundaries viewed by the Appraiser, based on publicly available maps and/or maps provided by the Client, are assumed to be correct. It is also assumed that there are no encroachments between the subject and its adjacent properties.

(2) The appraiser has relied on data provided by third parties in this appraisal report. Such data may include, but is not limited to, flood maps, multiple listing real estate services, tax assessment records, public land records, satellite imagery, virtual street views, property data services, surveys, engineering reports, and property data aggregations. After examination of the data and data sources, the appraiser has used only the data he or she considers reliable. The appraiser assumes there are no material omissions and makes no guarantees, express or implied, regarding the accuracy of this data. The appraiser reserves the right to make appropriate revisions if additional or more accurate data is discovered.

(3) Assignment results developed in this appraisal are based on the assumption that the subject property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. Since the Appraiser is not an expert in the detection of such substances and conditions, it is possible that tests and inspections made by a qualified environmental expert would reveal the existence of hazardous materials and detrimental environmental conditions on or around the subject property that would negatively affect the assignment results.

There were no other extraordinary assumptions.

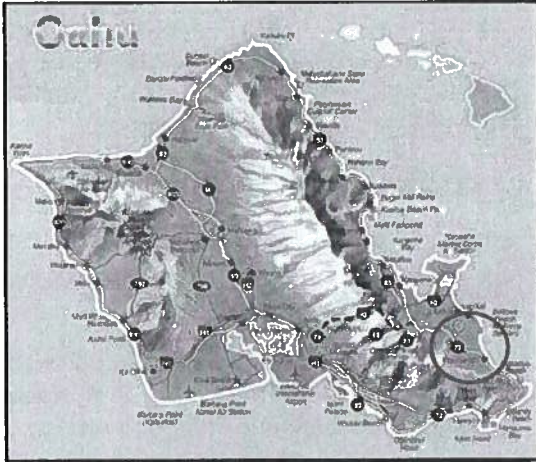
Hypothetical Condition³ A hypothetical condition is defined as "*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*" Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of the data used in an analysis. The application of the hypothetical condition could have an effect on the value of the property.

This appraisal is not subject to any hypothetical conditions.

³ The Appraisal Standards Board. *Uniform Standards of Professional Appraisal Practice (USPAP)*. 2024 Edition. Washington, DC: The Appraisal Foundation, 2024.

PART II – FACTUAL DATA

NEIGHBORHOOD DESCRIPTION



The subject is located on the island of Oahu. Oahu is the third largest of the four major islands and is by far the most populous. Oahu contains about 10% of Hawaii's land, 80% of the population, and accounts for about 80% of the state's economic output. Tourism, the federal government, and medical services are the three largest sectors of the Oahu economy. Honolulu is the capitol city of Hawaii and the largest city in Hawaii. The major gateways to Hawaii are Honolulu Harbor, located within downtown Honolulu, and Honolulu International Airport, located four to five miles west from downtown Honolulu.

The City & County of Honolulu is the official municipal and cultural entity of the entire island of

Oahu and 124 minor outlying islands and atolls known as the Northwestern Hawaiian Islands, extending 1,367 miles to the Kure Atoll. Oahu is the third largest of the Hawaiian Islands with a total land area of 608 square miles. It is the most populous of the four counties of Hawaii (approximately 70% of the resident population of the state), with a total resident population of 958,207 (2010 Census) and an 8.8 percent change since 2000.

Geographically, the urbanized Honolulu core is delineated by the coastal plain and steeply inclining hillsides between the Pacific Ocean and the Koolau Mountains, by the Koko Head Crater to the east and Pearl Harbor, the largest natural harbor in the United States, to the west. Honolulu's center encompasses about 85 square miles.

The City and County of Honolulu is the economic center of the State of Hawaii. Honolulu's downtown business district, located adjacent to Honolulu Harbor, functions as the State's major business, financial, and employment center. Honolulu Harbor and Honolulu International Airport provide the major sea and air transportation centers of the State and the Pacific region. Honolulu Harbor provides the overseas shipping link between Honolulu and the U.S. Mainland as well as international ports. The port of Honolulu offers a Foreign Trade Zone wherein duty-free merchandise can be transacted and stored. Honolulu International Airport is the State's major air transportation center handling both national and international flights, inter-island flights and air cargo transport. The primary economic activities of the City and County of Honolulu include tourism, visitor support facilities, government, agriculture, and construction.

The subject is located in Waimanalo in the District of Ko'olaupoko on the island of Oahu. The geographic area surrounding the subject property is defined mostly by physical boundaries, and encompasses an area known as Windward Oahu. Windward Oahu is located on the eastern side of the Ko'olau mountain range, approximately 15 miles from Honolulu International Airport and the Downtown Honolulu areas.

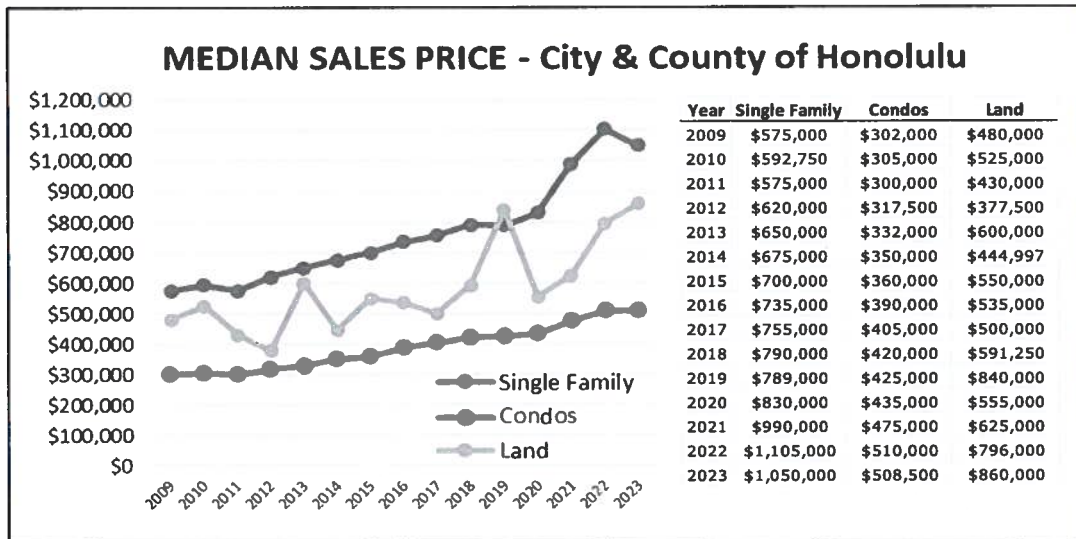
The windward side of Oahu comprises the northeasterly section of the island and encompasses the communities of Kaneohe and Kailua. The region spreads northwest from Waimanalo to the north shore community of Kahuku. Principal access to the windward area is via four major roadways. The Likelike Highway runs from Kalihi Valley through the Ko`olau mountain range and into Kaneohe and intersects with Kamehameha Highway in the commercial neighborhood of Kaneohe. The Pali Highway runs from Nu`uanu Valley through the Ko`olau mountain range and turns into Kalaniana`ole Highway which connects with Kailua, one of two major towns in Windward Oahu. The recently completed H-3 Freeway runs from Halawa Valley on the western side of the Ko`olau mountain range to the Marine Corps Base Hawaii, on the Mokapu peninsula.

The Windward side of Oahu is generally cooler and wetter than the rest of the island as it is situated at the base of the Ko`olau mountains. This climate is due to the rising of the trade winds as it encounters the Ko`olau mountains, thus, leading to increased precipitation on this side of the island. The wet climate creates green, lush vegetation on this side of the island.

Once an agriculture community, the area now includes two well-developed towns, Kaneohe and Kailua. It is also home to the Marine Corps Base Hawaii, which is located across Kaneohe Bay on the Mokapu peninsula. Of the two Windward communities, Kaneohe has a larger commercial base with numerous commercial establishments and public services. It is home to Windward Mall, which is the largest shopping mall on the Windward side. In terms of higher educational institutions, the Windward Community College and Hawaii Pacific University-Hawaii Loa campuses are located in Kaneohe. Separating Kaneohe from Kailua is Kamehameha Highway. This stretch of roadway provides access to the Hawaiian Memorial Park, as well as the Pali and Ko`olau Golf Courses. Kailua is known as a beach community and Kailua Beach was once named "America's Best Beach". It is also home to Lanikai Beach with its pristine white sand. Onshore trade winds coming off of the ocean create some of the most popular windsurfing spots in the world. Kailua is mostly a residential community with small commercial districts in the heart of Kailua Town.

All public utilities including electricity, water, sewer, and telephone service are available to the Windward communities. Police, fire, and ambulatory services are available within the area. Public transportation is available by Oahu Transit Service Inc (The Bus) to all parts of the island.

CITY & COUNTY OF HONOLULU – MARKET TRENDS



Source: Honolulu Board of Realtors - HiCentral MLS, Ltd.

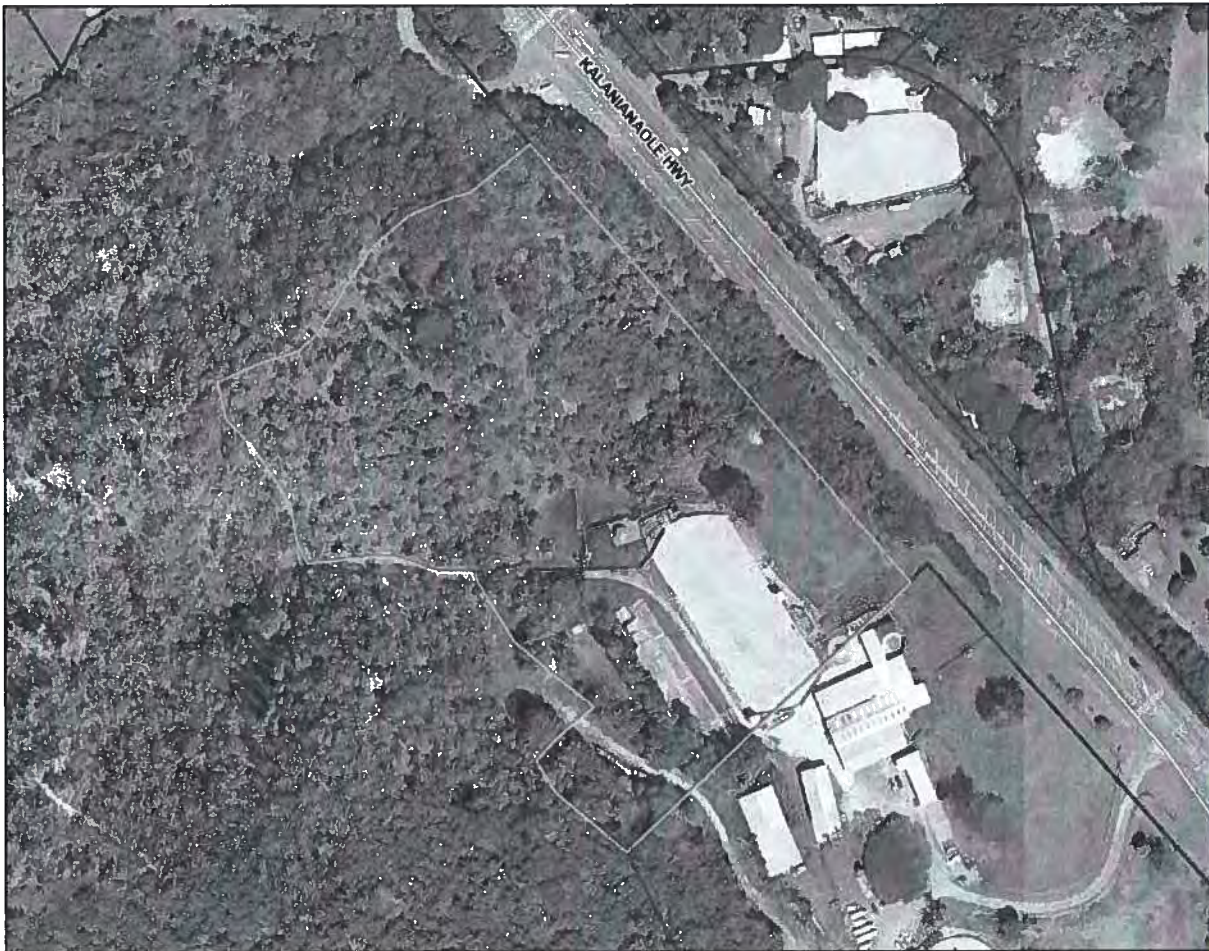
The most recent statistics, as of February 2024, indicate monthly median prices at \$1,075,000 for single family homes and \$512,500 for condominiums.

PROPERTY AND SITE DATA

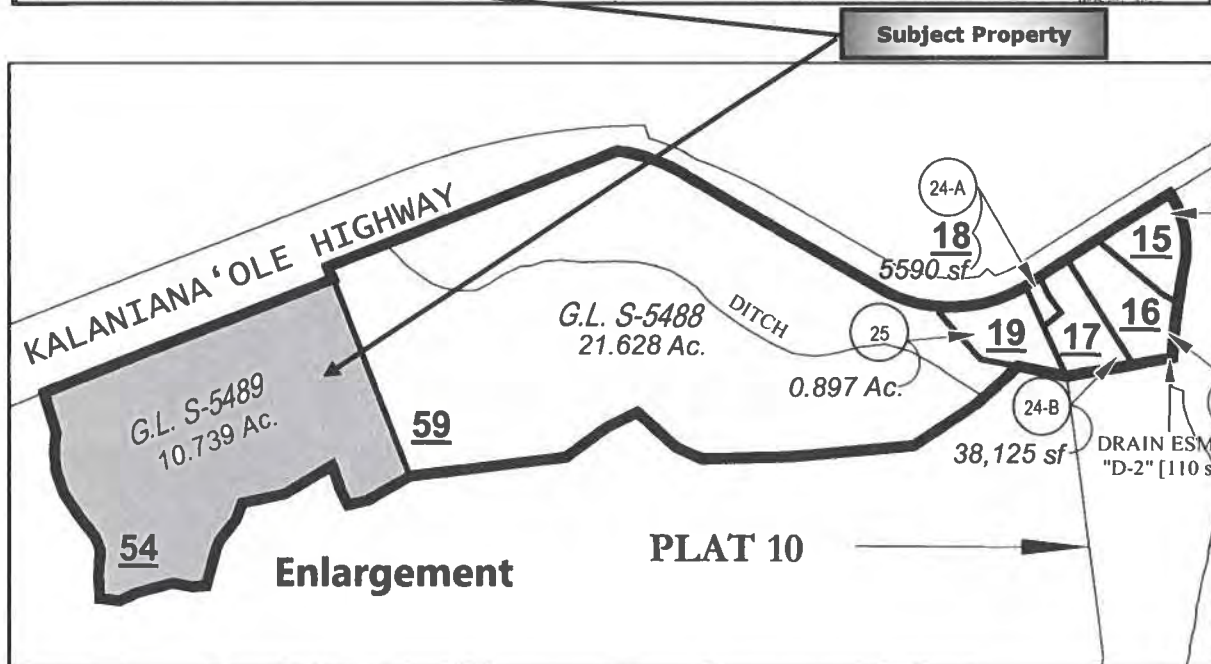
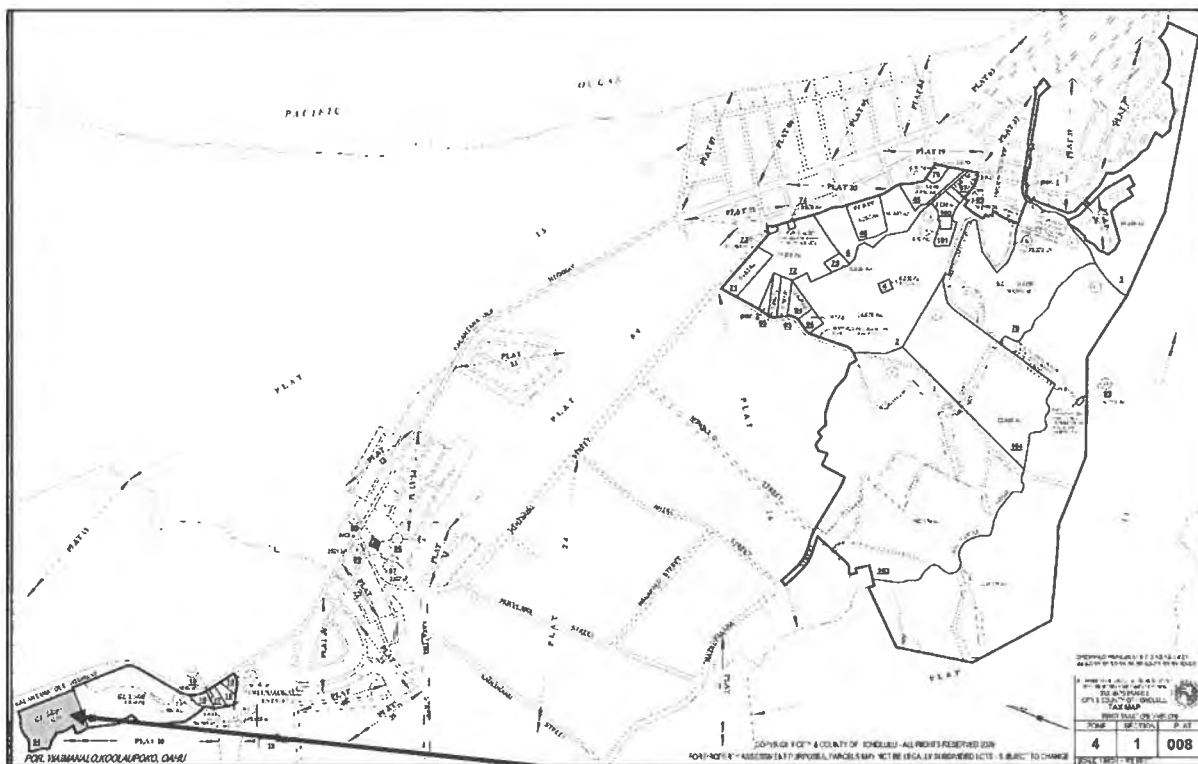
The subject property is identified as Tax Map Key (1) 4-1-008:054 and further described below.

<i>Identification and Location</i>	Portion of the Government (Crown) Land of Waimanalo, Koolaupoko, Waimanalo, Island of Oahu, State of Hawaii 41-1800 Kalanianaʻole Highway Waimanalo, Hawaii 96795
<i>Real Estate Assessment and Taxes (2024)</i>	Assessed Land: \$2,013,000 Improvements: \$7,000 Tax: \$300 (2023)
<i>Census Tract</i>	0113.00
<i>Owner of Record</i>	State of Hawaii
<i>5 Year Transaction History</i>	No market transactions within the prior 5 years.
<i>State Land Use</i>	Agricultural District.
<i>County Zoning</i>	The present zoning of the subject parcel is AG-2 General Agricultural District.
<i>Development Plan Area</i>	The subject is designated as Agricultural Areas under the Koʻolau Poko Sustainable Communities Plan.
<i>Size, Shape, and Other Physical Characteristics</i>	10.739 acres of gross land area, more or less Irregular in shape; typical island views. Parcel is surrounded by other agriculture properties.
<i>Topography and Soil Conditions</i>	Level to irregular sloping terrain. Soil is composed of dirt and rock. The subject was part of a rock quarry that has been abandoned, and topography is emblematic of quarrying operations with highly irregular terrain and soil conditions. Portions of the site has been terraced, leveled, filled with soil, and planted with grass over the years.
<i>Access/Utilities</i>	Access to the subject property is via Kalanianaʻole Highway, which is a paved public roadway servicing the greater Koolaupoko area. Electrical and water service are available to the subject site.
<i>Flood Status</i>	The subject is located within Map Number 15003C0380H, dated November 5, 2014, and is situated in Zone X and XS. Zone X and XS indicates areas determined to be outside the 0.2% annual chance floodplain.

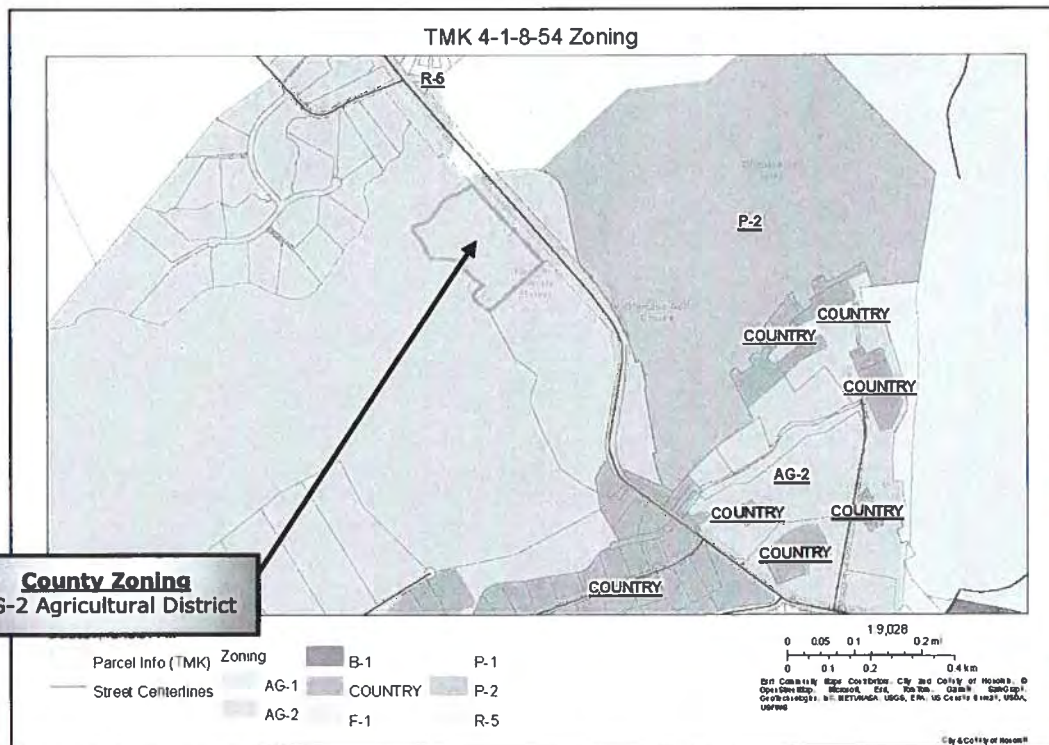
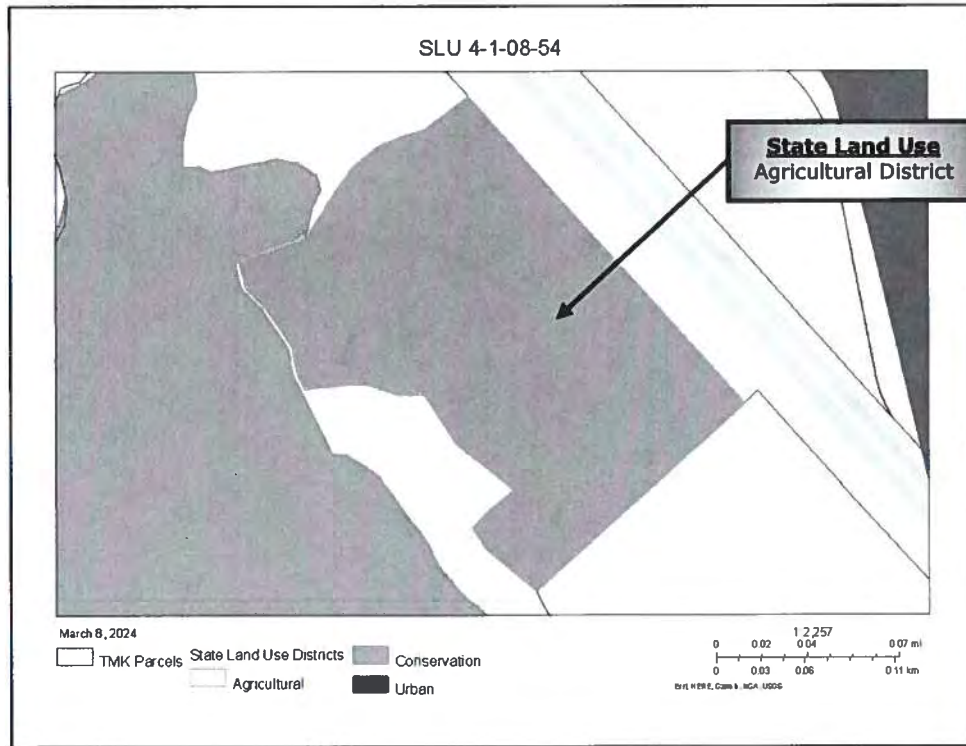
<i>Encumbrances, Detrimental Conditions, Easements and Restrictions</i>	<p>Utility easement has no readily apparent adverse affect on the subject site. There were no other readily apparent or known adverse conditions or encroachments affecting the subject site.</p> <p>No archeological, historical, environmental, engineering, soils, topographic, drainage, or wetland studies were provided to the Appraiser which may have an impact on the final value estimate. It is therefore assumed that there are no detrimental conditions concerning these factors which may influence the final value estimate.</p>
<i>Improvements</i>	None.

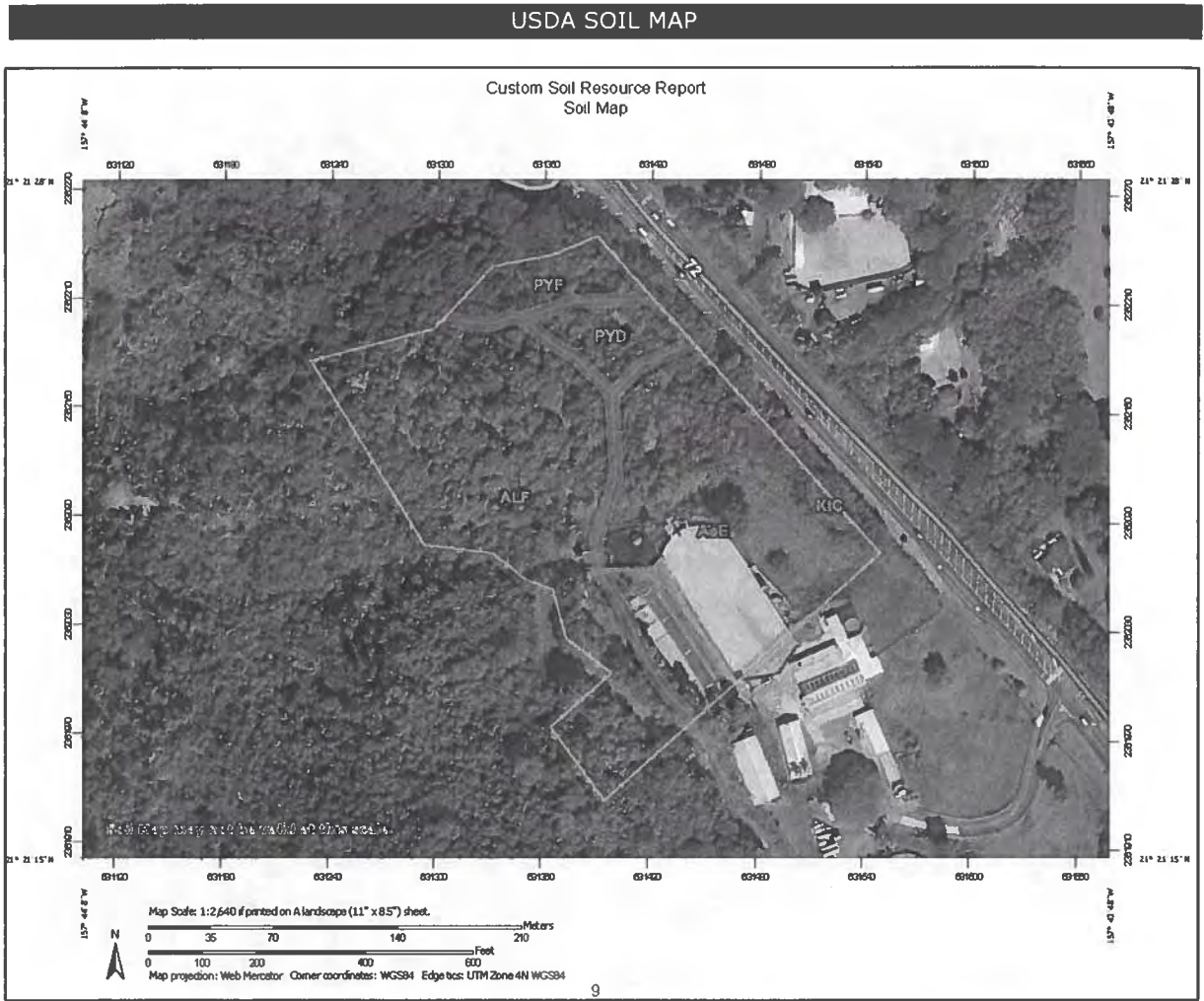


TAX MAP LOCATION OF THE SUBJECT PROPERTY



STATE LAND USE AND COUNTY ZONING MAPS





According to the USDA, National Cooperative Soil Survey map, the subject property is comprised predominantly of the following soil types.

Map Unit ID	Map Unit Description	Approximate % of Land Area	Farmland Classification
AeE	Alaeloa silty clay, older substrate, 15 to 35 percent slopes, MLRA 167	40.1%	Not prime farmland
ALF	Alaeloa silty clay, 40 to 70 percent slopes	47.5%	Not prime farmland
KIC	Kokokahi clay, 6 to 12 percent slopes	0.4%	Not prime farmland
PYD	Papaa clay, 6 to 25 percent slopes	5.8%	Not prime farmland
PYF	Papaa clay, 35 to 70 percent slopes	6.1%	Not prime farmland

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Overall View of Parcel



Overall View of Parcel



Overall View of Parcel



Overall View of Parcel



View of Remaining Vestiges of Rock Quarry



Street Scene - Kalanianaʻole Highway

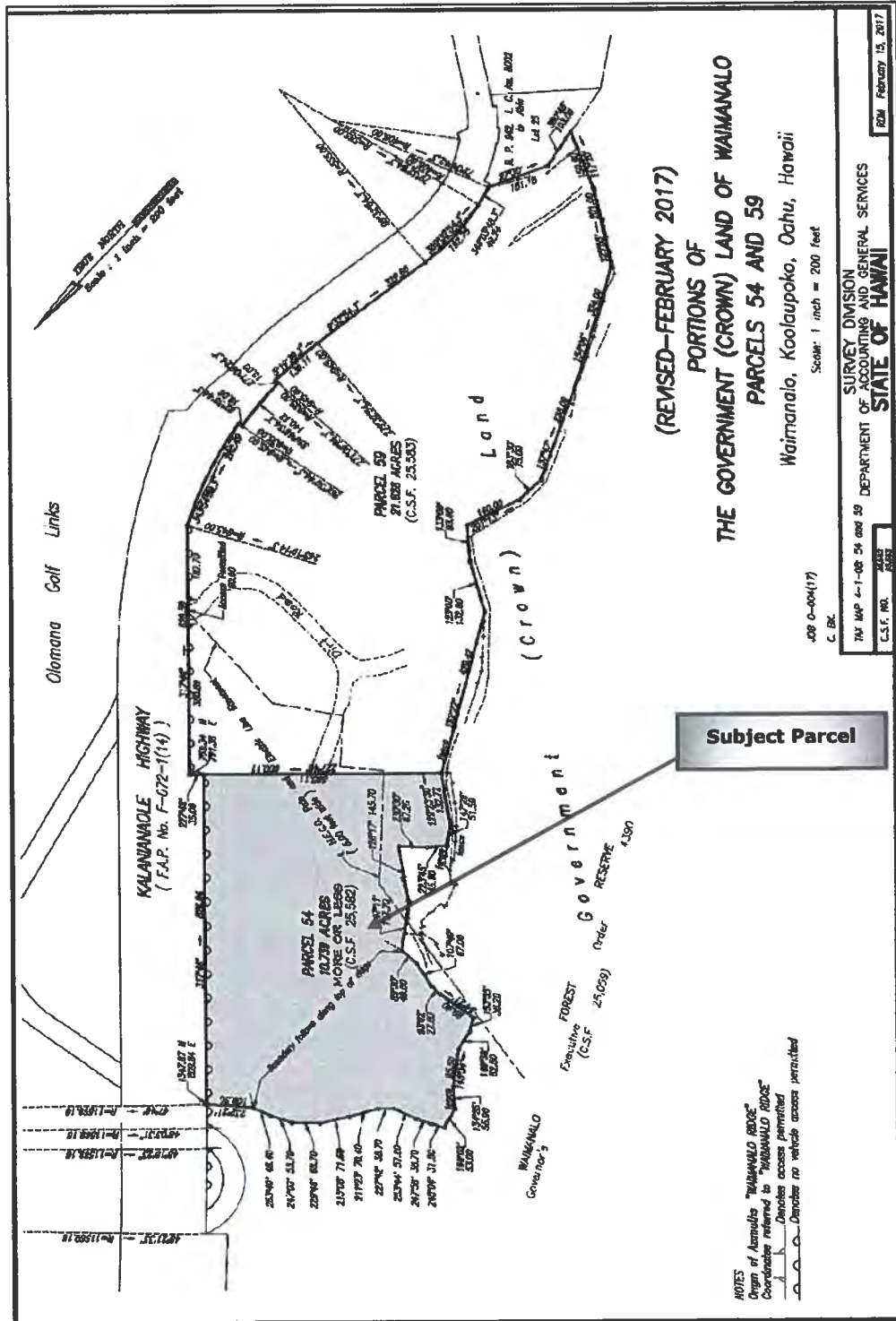


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LEASE IDENTIFICATION AND DESCRIPTION

<i>Lease Identification</i>	GL S-5489
<i>Lessor</i>	State of Hawaii
<i>Lessee</i>	New Town and Country Stables, Inc.
<i>Tax Map Key</i>	(1) 4-1-008:054
<i>Location</i>	41-1800 Kalaniana'ole Highway, Waimanalo, Hawaii
<i>Area Description</i>	Portion of the Government (Crown) Land of Waimanalo, Koolaupoko, Waimanalo, Island of Oahu, State of Hawaii 10.739 acres, more or less
<i>Lease Terms</i>	35 years; commencing on May 1, 1996, up to and including April 30, 2031. The annual rental shall be reopened and redetermined at the expiration of the 10 th , 20 th , and 30 th years of the term.
<i>Current Lease Rent</i>	\$1,089 per annum
<i>Character of Use</i>	The Lessee shall use or allow the premises leased to be used solely for special equestrian (breeding and training of equine animals), pasture, and employee residence purposes. In accordance with appraiser instructions by the Client, lease character of use is Pasture for this appraisal assignment. "Pasture" means the conduct of livestock operation consisting of keeping cattle, primarily, and others, in a minor role, such as horses and sheep where animals graze the land for feed produced thereon. Compatible uses as woodland management, wildlife management and the cultivation of feed crops to be used strictly within the premises is permitted. The operation of commercial activities such as feedlots (excepting a private feedlot designed to feed the Lessee's own cattle), dairy milking parlors, or boarding of horses is not permitted.
<i>Significant Lease Conditions</i>	<u>Commercial operations.</u> The Lessee, its employees, customers, guests, agents and/or invitees shall not display or offer for sale or sell any article(s) or merchandise whatsoever within the premises without the prior written approval of the Lessor and upon such terms and conditions established by the Lessor. No commercial activities whatsoever shall be allowed within the premises without the prior written approval of the Lessor. <u>Restriction on residential use.</u> The premises, or any portion, shall not be utilized for residential purposes; except for one (1) employee dwelling as provided herein. The construction or placement of any other structure(s) on the premises for residential purposes is strictly prohibited.

SURVEY MAP OF THE SUBJECT PROPERTY



(REVISED—FEBRUARY 2017)
PORTIONS OF
THE GOVERNMENT (CROWN) LAND OF WAIMANALO
PARCELS 54 AND 59
Waimanalo, Koolauapoko, Oahu, Hawaii

Scale: 1 inch = 200 feet

009 0-004(17)

C. B.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

EDM February 15, 2017

NOTES
Origin of Aerials "WAIMANALO RIDGE"
Coordinates referred to "WAIMANALO RIDGE"
Denotes access permitted
Denotes no vehicle access permitted



B84

LEGAL DESCRIPTION OF THE SUBJECT PROPERTY



STATE OF HAWAII
SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU

C.S.F. No. 25,582

February 15, 2017

(REVISED – FEBRUARY 2017)
PORTION OF
THE GOVERNMENT (CROWN) LAND OF WAIMANALO

PARCEL 54

Waimanalo, Koolaupoko, Oahu, Hawaii

Beginning at the north corner of this parcel of land and on the southwest side of Kalanianaʻole Highway, Federal Aid Project No. F-072-1(14), the coordinates of said point of beginning referred to Government Survey Triangulation Station “WAIMANALO RIDGE” being 1347.87 feet North and 209.84 feet East, thence running by azimuths measured clockwise from True South:-

- | | | |
|----|--------------|--|
| 1. | 317° 46' | 826.64 feet along the southwest side of Kalanianaʻole Highway, F.A.P. No. F-072-1(14); |
| 2. | 47° 46' | 565.11 feet along the remainder of the Government (Crown) Land of Waimanalo; |
| 3. | 129° 23' 30" | 132.72 feet along Waimanalo Forest Reserve, Governor's Executive Order 4390; |
| 4. | 147° 26' | 51.50 feet along Waimanalo Forest Reserve, Governor's Executive Order 4390; |
| 5. | 223° 45' | 45.90 feet along Waimanalo Forest Reserve, Governor's Executive Order 4390; |

C.S.F. No. 25,582

February 15, 2017

- | | | |
|----|----------|---|
| 6. | 230° 30' | 67.20 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 7. | 128° 17' | 145.70 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |
| 8. | 147° 11' | 117.70 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390; |

Thence along the top of ridge along Waimanalo Forest Reserve, Governor's Executive Order 4390 for the next eighteen (18) courses, the direct azimuths and distances between points along said top of ridge being:

- | | | |
|-----|----------|-------------|
| 9. | 89° 30' | 49.00 feet; |
| 10. | 107° 49' | 67.00 feet; |
| 11. | 93° 02' | 27.60 feet; |
| 12. | 84° 21' | 99.90 feet; |
| 13. | 153° 55' | 36.20 feet; |
| 14. | 169° 38' | 52.50 feet; |
| 15. | 145° 34' | 95.50 feet; |
| 16. | 134° 25' | 55.90 feet; |
| 17. | 166° 02' | 53.00 feet; |
| 18. | 245° 04' | 31.50 feet; |
| 19. | 247° 58' | 38.70 feet; |
| 20. | 253° 44' | 57.80 feet; |
| 21. | 227° 42' | 38.70 feet; |
| 22. | 211° 23' | 70.40 feet; |

- 2 -



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C.S.F. No. 25,582

February 15, 2017

- | | | |
|-----|----------|---|
| 23. | 215° 06' | 71.60 feet; |
| 24. | 229° 46' | 68.70 feet; |
| 25. | 247° 00' | 53.70 feet; |
| 26. | 253° 40' | 46.40 feet; |
| 27. | 232° 21' | 109.50 feet along Waimanalo Forest Reserve,
Governor's Executive Order 4390 to the
point of beginning and containing an
AREA OF 10.739 ACRES, MORE OR
LESS. |

Vehicle access into and from Kalaniana'ole Highway, F.A.P. No. F-072-1(14) shall not be permitted over and across Course 1 of the above-described Parcel 54.

Together with an easement for road purposes over the existing dirt road, over and across Parcel 59 as shown on map attached hereto and made a part hereof.

Subject, however, to Hawaiian Electric Company Pole and Electric Line Easement (6.00 feet wide) over, under and across the above-described Parcel 54 as shown on map attached hereto and made a part thereof.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: *Gerald Z. Yonashiro*
Gerald Z. Yonashiro
Land Surveyor rk

Compiled from CSF 22,002
and other Govt. Survey Records.



PART III – DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

In the highest and best use analysis of the subject parcel, the appraiser has considered *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*⁴

The subject is zoned AG-2 General Agricultural District and designated in the State Land Use Agricultural District. There are no anticipated changes in land use and based upon its location, land area, zoning, and predominant use in the neighborhood, the highest and best use of the subject parcel, if vacant and available, would be those uses permitted under the City and County of Honolulu agricultural zoning ordinance.

THE APPRAISAL PROCESS - VALUATION METHODOLOGY OF PASTURE LANDS

The appraisal methodology to determine the annual fair market rent for State of Hawaii pasture lands is generally based on a recognized cattle industry formula in conjunction with a method originally developed by the Agricultural Specialist of the State of Hawaii, Department of Land and Natural Resources. The formula considered the relationships of the following factors, namely:

- (1) the animal unit carrying capacity based upon pastureland classification and land ratings from the Land Study Bureau and USDA Natural Resources Conservation Service Web Soil Survey;
- (2) the average annual livestock weight gain as expressed in terms of total pounds per animal unit per year (AUY). AUY is the relationship between number of acres of land area required to sustain one animal unit for one year;
- (3) the average farm price of beef as expressed in terms of price per pound (live weight); and,
- (4) application of an appropriate rent return factor.

Primary data sources include:

- Hawaii Land Study Bureau (LSB)
- University of Hawaii – CTAHR
- University of Hawaii – Hawaii Rangelands
- United States Department of Agriculture
- Hawaii Cattlemen's Council, Inc.

Animal Unit Carrying Capacity of the Land.

"Carrying capacity" means the maximum number of animal units which an area will support over a period of years without injury to the soil, forage resources, tree growth, watershed, or unwarranted interference with other services of the land. §171-1, HRS.

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th Edition, 2022, Chicago, Illinois

"Animal unit" means one mature cow or horse; two yearling steers or heifers; five mature sheep; twelve weaned lambs; two colts. §171-1, HRS.

Land Study Bureau (LSB) Detailed Land Classification

The Land Study Bureau of the University of Hawaii prepared an inventory and evaluation of the State's land resources during the 1960's and 1970's. The Bureau grouped all lands in the State, except those in the urban district, into homogeneous units of land types; described their condition and environment; rated the land on its over-all quality in terms of agricultural productivity; appraised its performance for selected alternative crops; and delineated the various land types and groupings based on soil properties and productive capabilities. These soil properties included:

- a. *Texture* - which refers to the proportion of sand, silt and clay in a particular soil. Medium-textured soils which have nearly equal proportions of sand, silt and clay are generally the most desirable for agriculture because of good tillability and water retention.
- b. *Structure* - which refers to the cohesion of soil material into aggregates or clumps. The size, shape and amount of these clumps affect the pore spaces which contain the air and moisture necessary for growth.
- c. *Depth* - which refers to the distance to which roots can penetrate. Generally, the deeper the rooting depth, the more desirable the soil because more moisture can be stored and more soil volume is available from which nutrients can be obtained.
- d. *Drainage* - refers to the frequency and duration of soil saturation with moisture.
- e. *Parent material* - refers to the geologic material from which a soil has developed. Soils formed from coral have neutral to alkaline reactions and are high in calcium. Most of the soils have developed from volcanic material and under tropical conditions of high temperature and rainfall. These soils tend to be acid and fertility levels are relatively low.
- f. *Stoniness* - affects the productivity of land by limiting the use of machinery and the selection of crops.
- g. *Topography* - refers to slope and surface configuration. Lands with flat terrain are better suited for a wider variety of agricultural uses than lands having steeper slopes. Cultivated lands generally have slopes of less than 20 percent. Lands with slopes between 20 to 35 percent usually are not machine-tilled, but are still suitable for certain uses such as orchards and grazing.
- h. *Climate* - with its elements of temperature, sunlight and rainfall constitutes the exterior environment of land, unlike the soil properties which constitute the interior segment.
- i. *Rain* - is the basic source of irrigation. Ideally, it should fall at the place, in the quantity and at the time when it is needed.

The common practice of grazing management is to "take half and leave half" on a site⁵.

- 1) The "take" half of the amount of forage produced on the site is calculated as 25% to the livestock and 25% to trampling, insects, and decay.
- 2) The "leave" half is assumed to be left alone to protect the soil and increase plant vigor and protection.
- 3) The base (to get to the 25% carrying capacity) is determined by the annual potential production of the soil.

The interaction of particular soil properties, topography and climate served to differentiate land types and provided a basis for correlating and establishing productivity ratings. A five-class productivity rating system was developed with "A" representing the class of highest productivity and "E" the lowest." Utilizing this land classification system, a pasture rating grid was developed by the Land Study Bureau as follows:

1:1 Pasture land = 100% (Base)

Carrying Capacity: 1 acre to support 1 animal unit per year.

1:1 Pasture land refers to the carrying capacity of the land. Carrying capacity is defined as the number of animal units which can graze on an area of land for a particular period of time without seriously affecting or damaging plant life. 1:1 pasture land refers to one acre of pasture land which will carry one animal unit throughout the year without supplemental feed.

Class A: Pasture A. Carrying capacity less than 2.5 acres per AUy (animal unit year) or estimated live beef gains 110 pounds per acre per year or more.

Class B: Pasture B. Carrying capacity 2.5 – 5 acres per AUy or estimated live beef gains 110 – 55 pounds per acre per year.

Class C: Pasture C. Carrying capacity 5 – 10 acres per AUy or estimated live beef gains 55 - 27 pounds per acre per year.

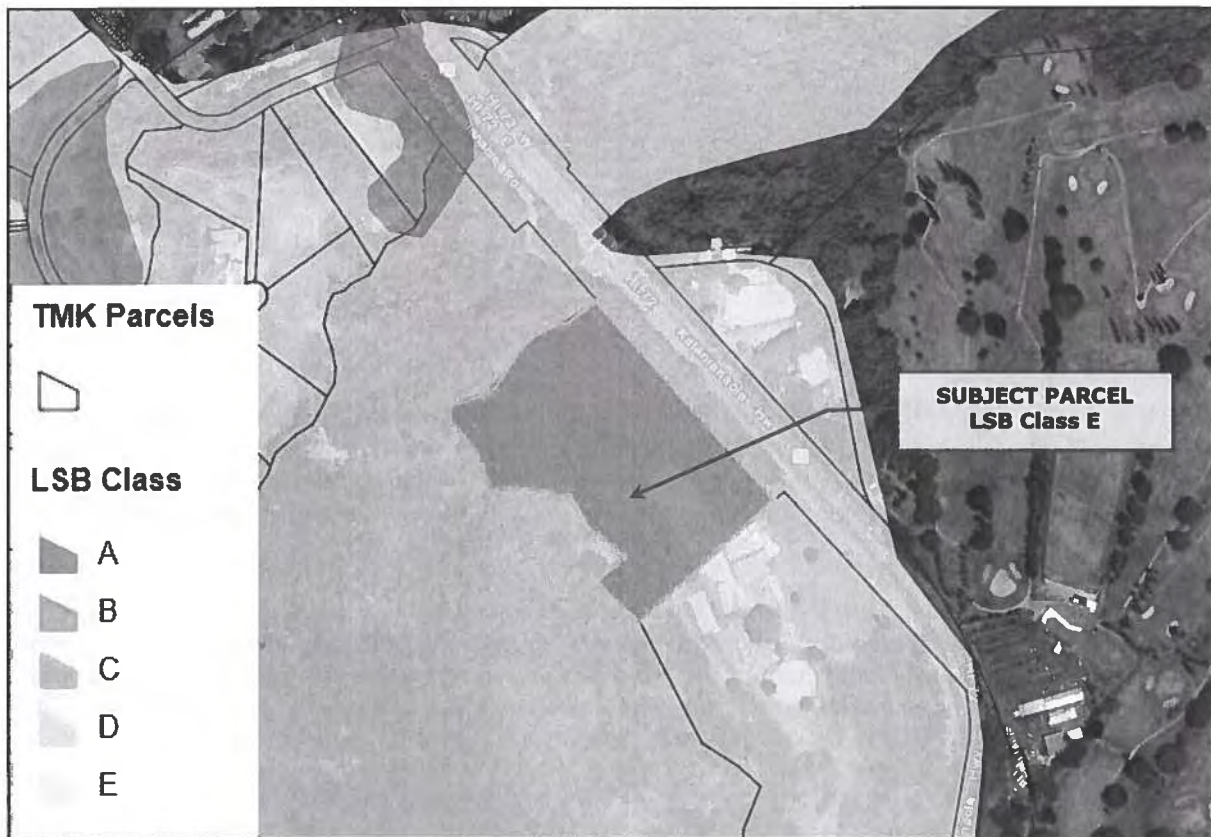
Class D: Pasture D. Carrying capacity 10 – 30 acres per AUy or estimated live beef gains 27 - 9 pounds per acre per year.

Class E: Pasture E. Carrying capacity more than 30 acres per AUy or estimated live beef gains 9 pounds or less per acre per year.

Based upon the Land Study Bureau Classification map, information from the City and County of Honolulu Real Property Tax Office, and the Lessee, land acreages of the subject property was allocated as follows:

Pasture E –10.739 acres

⁵ Appraisal Institute, "Rural Valuation Basics", Chicago, Illinois 2019



Average Animal Livestock Weight Gain: Animal live weight gain is the estimated growth of an animal unit (AU) expressed in pounds per day, and subsequently converted into an annual estimate.

Based upon general information provided by the Hawaii Cattlemen's Council, Inc., Dr. Mark Thorne, State Range Extension Specialist, and other cattle ranchers, growing animals after weaning will gain between 0.5 to 2 pounds per day. In recent years, the industry has faced ongoing drought conditions and both Kikuyu and Pangola grass pest infestations and diseases. Based upon the locational, climate and precipitation conditions, soil characteristics, and the supply and quality of grass of the subject property, the appraiser concluded that the average animal livestock weight gain associated with pasture grazing was nearly 1 pound per day or based upon discussion with ranchers, between 300 to 365 pounds per year.

Farm Price of Beef: Historically, the applicable farm price of beef in Hawaii was available from the State of Hawaii Department of Agriculture, Hawaii Monthly Livestock Review publication; however, due to budget constraints, that publication was suspended in November 2009. Consultation with Dr. Mark Thorne, University of Hawaii Cooperative Extension, Range and Grazing Specialist and the Hawaii Cattlemen's Council, Inc., revealed that the United States Department of Agriculture, National Agricultural Statistics Service (USDA/NASS) and the California feeder steer prices are good sources of statistical information relative to beef prices in the United States and particularly California. The appraiser selected to utilize USDA/NASS cattle price information since it provided a nationwide average, and the price data was then used to estimate Hawaii cattle prices. The following information was gleaned from USDA/NASS and due to the month-to-month price fluctuations, the appraiser elected to use a 3-year average price of beef which would provide a more reliable indication of beef prices.

PRICES RECEIVED FOR BEEF CATTLE - UNITED STATES
(Dollars per cwt)

Trailing 12 Months	2021-2022	2022-2023	2023-2024
February	\$112.00	\$137.00	\$158.00
March	\$113.00	\$139.00	\$164.00
April	\$118.00	\$139.00	\$171.00
May	\$118.00	\$141.00	\$173.00
June	\$121.00	\$140.00	\$181.00
July	\$122.00	\$142.00	\$181.00
August	\$123.00	\$141.00	\$182.00
September	\$124.00	\$143.00	\$181.00
October	\$123.00	\$145.00	\$182.00
November	\$129.00	\$151.00	\$180.00
December	\$137.00	\$154.00	\$172.00
January	\$135.00	\$156.00	\$172.00
12-month Average	\$122.92	\$144.00	\$174.75

3-year national average: **\$147.22 /cwt.**
 \$1.47 /lb.

*Source: Agricultural Prices
USDA, National Agricultural Statistics Service*

According to the Hawaii Cattlemen's Council, Inc., and Dr. Thorne, a discount is required to address shipping costs, weight loss of Hawaii cattle at California markets, and other cattle preparation and logistical costs that are unique to Hawaii cattle ranches. Confidentially, the current discount is approximately \$65 per cwt (hundredweight) average, or \$0.65 per pound. Thus, the estimated liveweight farm price of beef was concluded to be **\$0.82 per pound** (\$1.47 national average less \$0.65 discount).

Annual Rental Return Factor: The broadly utilized and accepted annual rental return on pastureland for State of Hawaii pasture leases is 25 percent. Additionally, within the local cattle industry, 25 percent share of gross income is generally accepted as an appropriate basis for determining economic land rent for pasture lands. The appraiser utilized a 25% annual rental return factor.

ANNUAL RENT DETERMINATION OF THE SUBJECT PROPERTY

<i>Gross Land Area (Acres)</i>	10.739
<i>Animal Unit Carrying Capacity - Pasture Rating E</i>	1 AUU per 30.00 Acres
<i>Total Animal Units (10.739 Acres/30.00 Acres per AUU)</i>	0.36
<i>Animal Weight Gain (lbs/Year)</i>	365
<i>Total Annual Weight Gain (lbs)</i>	131
<i>3 Yr Avg National Farm Price of Beef (\$/lb)</i>	\$1.47
<i>Hawaii Adjusted Price of Beef (\$/lb)</i>	\$0.82
<i>Total Gross Annual Income</i>	\$107.42
<i>Rental Return Factor</i>	25%
<i>Indicated Annual Ground Rent</i>	\$26.86
<i>Rounded</i>	\$27.00

TOTAL ANNUAL LEASE RENT = \$27 per Annum

PART IV – EXHIBITS AND ADDENDA

ASSUMPTIONS AND LIMITING CONDITIONS

The research, analysis, and value conclusions contained in this appraisal are guided and influenced by the following assumptions and conditions, and constitute the framework of our study.

- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. The property is appraised free and clear of any or all existing liens, encumbrances, and assessments unless otherwise noted, and having responsible ownership and competent management.
- Legal descriptions referenced in the report were obtained from public documents from the State of Hawaii, Bureau of Conveyances, or were furnished by the client or other third-party, and were assumed to be correct. However, no warranty is given for their accuracy.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- The Appraiser has viewed, as far as possible, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structurally or by other components. The appraisal assumes that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures which would render it more or less valuable. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist.
- The appraiser is not qualified to detect hazardous waste and/or toxic materials. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he/she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- Information provided by the client, property owner, owners' representative, or persons designated by the client or owner to supply said information are accurate and correct unless otherwise specially noted in the appraisal report. Additionally, information from third parties including government agencies, financial institutions, realtors, buyers, sellers, and others and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no warranty is assumed for possible misinformation.



- The analyses, opinions and conclusions of the appraiser are based on the data available at the time of writing. However, the appraiser may revise or modify these elements if new or more reliable data emerges that affects the valuation. The appraiser retains the right to make such adjustments as deemed necessary.
- If analysis contained in this appraisal involve partial interests in real estate, the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
- The appraiser will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- Acceptance of, and/or use of this appraisal report by client or any third party constitutes acceptance of the ACM Consultants, Inc., Certification and Limiting and Contingent Conditions, and any other special assumptions or conditions set forth in the Report. Appraiser liability extends only to stated client, not subsequent parties or users of any type, and the total liability of Appraiser(s) and firm is limited to the amount of fee received by Appraiser.

ZONING ORDINANCE

Chapter 21 Land Use Ordinance
Article 3. Establishment of Zoning Districts and Zoning District Regulations

Sec. 21-3.50 Agricultural districts--Purpose and intent.

- (a) The purpose of the agricultural districts is to maintain a strong agricultural economic base, to prevent unnecessary conflicts among incompatible uses, to minimize the cost of providing public improvements and services and to manage the rate and location of physical development consistent with the city's adopted land use policies. To promote the viability and economic feasibility of an existing agricultural operation, accessory agribusiness activities may be permitted on the same site as an adjunct to agricultural uses. These accessory activities must be compatible with the on-site agricultural operation and surrounding land uses.
- (b) The intent of the AG-1 restricted agricultural district is to conserve and protect important agricultural lands for the performance of agricultural functions by permitting only those uses which perpetuate the retention of these lands in the production of food, feed, forage, fiber crops and horticultural plants. Only accessory agribusiness activities which meet the above intent shall be permitted in this district.
- (c) The following guidelines shall be used to identify lands which may be considered for the AG-1 restricted agricultural district:
 - (1) Lands which are within the state-designated agricultural district and designated agricultural by adopted city land use policies;
 - (2) Lands which are predominantly classified as prime or unique under the agricultural lands of importance to the State of Hawaii system; and
 - (3) Lands where a substantial number of parcels are more than five acres in size.
- (a) The intent of the AG-2 general agricultural district is to conserve and protect agricultural activities on smaller parcels of land.
- (b) The following guidelines shall be used to identify lands which may be considered for the AG-2 general agricultural district:
 - (1) Lands which are in the state-designated agricultural or urban district and designated agricultural by adopted city land use policies;
 - (2) Lands which are predominantly classified as other under the agricultural lands of importance to the State of Hawaii system; and
 - (3) Lands which are used or are suitable for agricultural purposes and where a substantial number of parcels are less than five acres in size.

(Added by Ord. 99-12; Am. Ord. 02-63)

Sec. 21-3.50-1 Agricultural clusters.

To promote economy of services and utilities and the most efficient use of the remainder area for agricultural pursuits, agricultural clusters shall be permitted in any agricultural district. (Added by Ord. 99-12)

Sec. 21-3.50-2 Agricultural cluster--Site standards.

- (a) The minimum land area required for an AG-1 district agricultural cluster shall be 15 contiguous acres. The minimum land area required for an AG-2 district agricultural cluster shall be six contiguous acres.
- (b) The maximum number of farm dwellings in an AG-1 district agricultural cluster shall not exceed one unit per five acres. The maximum number of farm dwellings in an AG-2 district agricultural cluster shall not exceed one unit per two acres.
- (c) Within agricultural clusters, detached, duplex and multifamily dwellings shall be permitted. Multifamily dwellings shall not exceed four dwelling units in any structure.
- (d) Within an agricultural cluster, all principal, accessory and conditional uses and structures permitted within the AG-1 restricted agricultural district and AG-2 general agricultural district shall be permitted, subject to the minimum standards and conditions specified in this chapter for these uses.
- (e) Within an agricultural cluster each dwelling may be sited on a lot not to exceed 5,000 square feet. For structures with more than one dwelling unit, the maximum lot size shall be a multiple of 5,000 square feet per dwelling.
- (f) Height and yards shall be the same as permitted in AG-1 and AG-2 districts.
- (g) Parking, loading and sign requirements shall be specified in the approval of the agricultural cluster plan.

(Added by Ord. 99-12)

Sec. 21-3.50-3 Agricultural cluster--Application requirements.

- (a) The application shall be accompanied by:
 - (1) Project name;
 - (2) A location map showing the project in relation to the surrounding area;
 - (3) (A) An analysis of agricultural use of the proposed cluster, based on projected sales prices and terms, marketability, soils analysis, availability of water, consideration of climate, rainfall and other factors related to agricultural productivity, sufficient to demonstrate that agricultural use will constitute the primary activity undertaken on the land;



- (B) The director shall refer the proposal for review and commentary of this analysis to the state department of agriculture or appropriate soil and water conservation district;
- (4) A site plan showing:
- (A) Metes and bounds of the site, prepared and certified by a registered engineer or surveyor, including any deed restrictions;
 - (B) Total area of project, and if applicable, lot layout and approximate dimensions, lot number of each lot, area of each lot, proposed use of each lot and total number of lots;
 - (C) Locations, names, dimensions, approximate gradients and radius of curves of existing and proposed streets within and adjacent to the project; approximate location and area dimensions of existing and proposed easements; existing and proposed drainage facilities; existing and proposed utilities, including sewers, water, electric, telephone and refuse;
 - (D) Location, size, spacing, setbacks and dimensions of all existing and proposed structures and improvements, including the number and type of dwelling units;
 - (E) The shoreline, shoreline setback lines, beach access, and stream and other setback lines, when applicable;
 - (F) Location with notations, and the sizes of all parcels of land, including streets, improvements, facilities and easements, proposed to be dedicated to the city, or whether the streets, improvements, facilities and easements are to be private;
 - (G) Finished condition to be achieved by proposed grading shown by contours, cross sections, spot elevations or other means, and estimated quantities of cut and fill. Elevations shall be marked on such contours based on city data;
- (5) Verification by the board of water supply of the availability of sufficient agricultural quality water to support agricultural use, whether such water is to be supplied by the board or another water supplier;
- (6) Draft covenants, leases, agreements of sale, mortgages and other instruments of conveyance requiring lot purchasers to maintain land in agricultural use in conformity with federal, state and city laws and regulations, enforceable by the city and either by the applicant, lessee or owner, or an association composed of all lot owners and indicating applicable laws and penalties for violation thereof. All subsequent sales of property, lease and rental agreements shall include these restrictions;
- (7) Notice of all restrictions contained in laws and regulations to be provided to all prospective subdivision lot purchasers, in the sales agreement, deeds, covenants and other instruments of conveyance;
- (8) Notice that building permit applications shall include an agricultural plan for farm dwellings indicating how feasible agricultural use on the lots will be carried out within a period not to exceed five years, to be provided in the sales agreements, deeds, covenants and other instruments of conveyance;
- (9) Other information and documentation as may be required by the director to review and ensure feasible agricultural use within the agricultural cluster in conformity with applicable federal, state, and city laws and regulations;
- (10) Proposals for maintenance and conservation of all common elements.
- (b) All agricultural clusters shall be processed in accordance with Section 21-2.110-1.
- (c) The director shall approve, modify or deny the agricultural cluster application based on whether the application meets the intent of the agricultural district, the intent of the agricultural cluster provision, and the applicant's compliance with requirements of other government agencies.
- (d) The director shall approve final drawings before issuance of building permits in accordance with the approved plan. Before approval of the agricultural cluster plan final drawings by the director, certified deed covenants and/or condominium property regime documents binding any lessees or buyers to the conditions of approval imposed by the director shall be submitted to the department.
- (Added by Ord. 99-12)

Sec. 21-3.50-4 Agricultural uses and development standards.

- (a) Within the agricultural districts, permitted uses and structures shall be as enumerated in Table 21-3.
- (b) Within the agricultural districts, development standards shall be as enumerated in Table 21-3.1.
- (c) Additional Development Standards.
 - (1) Height. The maximum height may be increased from 15 to 25 feet if height setbacks are provided.
 - (2) Height Setbacks. Any portion of a structure exceeding 15 feet shall be set back from every side and rear buildable area boundary line one foot for each two feet of additional height above 15 feet (see Figure 21-3.1).

(Added by Ord. 99-12; Am. Ord. 17-40)

Table 21-3.1
P-2, Agricultural & Country Districts
Development Standards

Development Standard		District			
		P-2	AG-1	AG-2	Country
Minimum lot area (acres)		5	5	3 for major livestock production, 2 for all other uses	1
Minimum lot width and depth (feet)		200	150	150	100
Yards (feet):	Front	30	15	15	15
	Side and rear	15	10	10	10
Maximum building area (percent of zoning lot)		5	10 ²	10 ²	25 ²
Maximum height (feet) ¹		15-25	15-25 ³	15-25 ³	15-30
Height setbacks		per Sec. 21-3.40-1(e)	per Sec. 21-3.50-4(c)	per Sec. 21-3.50-4(c)	per Sec. 21-3.60-4(c)

¹Heights above the minima of the given range may require height setbacks or may be subject to other requirements. See the appropriate section for the zoning district for additional development standards concerning height.

²For nonagricultural structures.

³Fifteen feet for nonagricultural structures and dwellings; up to 25 feet are permitted if height setbacks are provided.
(Added by Ord. 99-12)

STATE OF HAWAII/CITY & COUNTY OF HONOLULU ECONOMIC DATA
Source: State of Hawaii, Department of Business, Economic Development & Tourism

STATE OF THE ECONOMY

Hawaii's major economic indicators were mixed in the fourth quarter of 2023. State general fund tax revenues, wage and salary jobs, and government contracts awarded increased in the quarter compared to the fourth quarter of 2022. However, visitor arrivals and private building authorizations decreased.

In the fourth quarter of 2023, the total number of visitors arriving by air to Hawaii decreased 38,481 or 1.7 percent and the daily visitor census decreased 11,047 or 4.7 percent compared to the fourth quarter of 2022.

In the fourth quarter of 2023, the construction sector lost 700 jobs or 1.8 percent compared with the same quarter of 2022. In the fourth quarter of 2023, the permit value for private construction decreased \$392.2 million or 30.3 percent; however, government contracts awarded increased \$180.0 million or 34.4 percent, compared with the same quarter of 2022. According to the most recent excise tax base data available, contracting tax base increased \$292.4 million or 10.5 percent in the third quarter of 2024, compared with the same quarter of the previous year. For the first three quarters of 2023 contracting tax base increased \$773.3 million or 9.7 percent compared with the same period of the previous year.

In the fourth quarter of 2023, State general fund tax revenues increased \$191.5 million or 9.5 percent over the same period of 2022. The state general excise tax revenue increased \$30.6 million or 2.9 percent, the net individual income tax revenues increased \$139.3 million or 23.3 percent, the net corporate income tax revenues increased \$25.0 million or 37.4 percent, and the transient accommodations tax (TAT) decreased \$3.8 million or 2.1 percent. In 2023, State general fund tax revenues increased \$63.5 million or 0.7 percent compared to the previous year.

Labor market conditions were mixed. Hawaii's non-agricultural wage and salary jobs averaged 637,700 jobs, an increase of 5,000 jobs or 0.8 percent.

The job increase in the fourth quarter of 2023 was due to job increases in both the private sector and the government sector. In this quarter, the private sector added about 1,800 non-agricultural jobs compared to the fourth quarter of 2022. The majority of the private sector industries added jobs in the quarter. The number of jobs increased the most in Health Care and Social Assistance, which added 1,300 jobs or 1.8 percent, followed by Food Services and Drinking Places, which added 1,100 jobs or 1.7 percent, Private Educational Services, which added

900 jobs or 6.1 percent, and Professional and Business Services, which added 700 jobs or 1.0 percent, in the quarter. The Government sector added 3,200 jobs or 2.6 percent. The Federal Government added 400 jobs or 1.1 percent, the State Government added 2,600 jobs or 3.7 percent, and the Local Government added 400 jobs or 2.2 percent in the quarter.

In the third quarter of 2023, total annualized nominal GDP increased \$6,668 million or 6.5 percent, from the third quarter of 2022. In the first three quarters of 2023, total annualized nominal GDP increased \$7,677 million or 7.7 percent from the same period of the previous year. In the third quarter of 2023, total annualized real GDP (in chained 2017 dollars) increased \$1,780 million or 2.1 percent from the third quarter of 2022. In the first three quarters of 2023, total annualized real GDP increased \$1,918 million or 2.3 percent from the same period of the previous year.

In the third quarter of 2023, total non-farm private sector annualized earnings increased \$2,605.1 million or 5.8 percent from the third quarter of 2022. In dollar terms, the largest increase occurred in Health Care and Social Assistance, followed by Transportation and Warehousing; and Accommodation and Food Services; Other Services, except Public Administration; and Professional, Scientific, and Technical Services. During the third quarter of 2023, total government earnings increased \$1,405.9 million or 8.3 percent from the same quarter of 2022. Earnings from the federal government increased \$797.7 million. Earnings from the state and local governments increased \$608.2 million in the quarter.

In the second half of 2023, Honolulu's Consumer Price Index for Urban Consumers (CPI-U) increased 2.9 percent from the same period in 2022. This is 0.5 percentage point below the 3.4 percent increase for the U.S. average CPI-U. It is also lower than the 6.3 percent increase in the Honolulu CPI-U for the second half of 2022 compared to the same period of the previous year. In the second half of 2023, the Honolulu CPI-U increased the most in Apparel (13.0 percent), followed by Other Goods and Services (8.3 percent), Recreation (6.7 percent), Medical Care (4.7 percent), Food and Beverages (4.3 percent), Housing (3.1 percent), and Education and Communication (1.2 percent) compared to the second half of 2022. Transportation decreased 2.6 percent in the second half of 2023 compared to the same period in 2022.



OUTLOOK FOR THE ECONOMY

The August 2023 Maui wildfires continued to impact the state's economy through the fourth quarter of 2023. Although Hawaii's economic recovery was strong during the first 7 months of 2023, economic activity slowed significantly after the Maui wildfires. Maui County has been impacted the most, especially in tourism. Visitor arrivals to Maui County decreased 41.4 percent and visitor expenditures declined 31.3 percent during the last 5 months of 2023, compared with the same period in 2022. Visitor arrivals to the state decreased by 3.7 percent and total visitor expenditures were reduced by 4.8 percent in the five month period following the wildfires, compared to the same period in 2022.

The number of civilians employed in Maui County during the last five months of 2023 fell 3.1 percent compared to the same period in 2022. Maui County's unemployment rate (not seasonally adjusted) was 6.3 percent in the fourth quarter of 2023, an increase of 2.7 percent points from the same quarter in 2022. The statewide unemployment rate (not seasonally adjusted) was 3.0 percent in the fourth quarter of 2023, 0.7 percent lower than the unemployment rate in the fourth quarter of 2022.

The total value of private building permits declined by 14.5 percent in the last 5 months of 2023 compared to the same period of 2022. The permit value for commercial and industrial permits increased by 148.0 percent while the value of residential permits declined by 32.9 percent and the value of additions and alterations decreased by 22.2 percent.

State general excise tax revenue, a comprehensive measure of economic activity, increased by 0.6 percent during the last 5 months of 2023, compared to the same period in 2022.

Hawaii's real gross domestic product (GDP) increased 2.1 percent in the third quarter of 2023 compared to the third quarter of 2022 and reflects a recovery of 97.7 percent from the same period in 2019.

At the national level, U.S. real GDP growth has been stronger than expected. Although the U.S. economy was initially forecast to grow at 0.5 percent in 2023, the most recent estimate by the U.S. Bureau

of Economic Analysis (released February 28, 2024) indicates that U.S. real GDP grew at 2.5 percent in 2023 compared to 2022. The most recent economic projections by the top 50 economic forecasting organizations, published in Blue Chip Economic Indicators (February 9, 2024), indicate that U.S. economic growth is expected to be 2.1 percent in 2024 and 1.7 percent in 2025. DBEDT estimates that Hawaii's real GDP will increase by 1.5 percent in 2024. The forecast then projects 1.9 percent growth in 2025, 2.1 percent in 2026, and 2.2 percent in 2027.

Visitor arrivals are projected to be 9.8 million visitors in 2024, an increase of 1.4 percent from the 2022 level and about the same as previously projected. Visitor arrivals are projected to increase to 10.0 million in 2025, 10.2 million in 2026, and 10.4 million in 2027. Visitor spending is estimated to increase 2.2 percent in 2024. The forecast then projects an increase of 3.9 percent in 2025, 3.4 percent in 2026, and 3.2 percent in 2027.

Non-agriculture payroll jobs are estimated to increase 1.4 percent in 2024. The forecast projects increases of 1.6 percent in 2025 and in 2026, followed by an increase of 1.4 percent in 2027.

The state unemployment rate is expected to be at 2.8 percent in 2024 and will improve to 2.6 percent in 2025, 2.4 percent in 2026, and 2.3 percent in 2027.

Nominal personal income is estimated to increase by 3.8 percent in 2024. The forecast then projects an increase of 3.9 percent in 2025, 4.0 percent in 2026, and 4.1 percent in 2027.

Hawaii's consumer inflation rate, as measured by the Honolulu Consumer Price Index for All Urban Consumers, is estimated to increase 2.8 percent in 2024, which is higher than the projected U.S. consumer inflation rate of 2.6 percent for the same year. The forecast then projects Hawaii's consumer inflation to increase by 2.5 percent in 2025, 2.4 percent in 2026, and 2.2 percent in 2027.

Hawaii's population growth is expected to be flat in 2024, followed by an increase by 0.1 percent in 2025, and increases of 0.2 percent in 2026 and in 2027.

**Table 1. 2023 QUARTERLY ECONOMIC INDICATORS:
STATE OF HAWAII**

SERIES	4th QUARTER			YEAR-TO-DATE		
	2022	2023	% CHANGE YEAR AGO	2022	2023	% CHANGE YEAR AGO
Civilian labor force, NSA (persons) 1/	680,200	675,000	-0.8	676,300	675,850	-0.1
Civilian employed, NSA	655,000	655,100	0.0	652,650	655,650	0.5
Civilian unemployed, NSA	25,200	19,900	-21.0	23,650	20,200	-14.6
Unemployment rate, NSA (%) 1/ 2/	3.7	3.0	-0.7	3.5	3.0	-0.5
Total wage and salary jobs, NSA	638,700	642,700	0.6	623,400	637,100	2.2
Total non-agric. wage & salary jobs	632,700	637,700	0.8	618,100	632,100	2.3
Nat. Resources, Mining, Constr.	38,700	38,000	-1.8	37,300	37,900	1.6
Manufacturing	12,800	13,000	1.6	12,500	12,900	3.2
Wholesale Trade	17,400	17,000	-2.3	17,300	17,300	0.0
Retail Trade	66,500	65,500	-1.5	64,900	64,900	0.0
Transp., Warehousing, Util.	33,600	34,000	1.2	32,900	33,800	2.7
Information	8,800	8,900	1.1	8,500	8,900	4.7
Financial Activities	28,100	26,900	-4.3	27,800	27,100	-2.5
Professional & Business Services	71,800	72,500	1.0	71,300	72,300	1.4
Private Educational Services	14,700	15,600	6.1	14,000	15,100	7.9
Health Care & Social Assistance	73,100	74,400	1.8	72,400	72,900	0.7
Arts, Entertainment & Recreation	12,400	12,800	3.2	11,900	12,700	6.7
Accommodation	38,800	38,700	-0.3	37,000	38,900	5.1
Food Services & Drinking Places	66,300	67,400	1.7	63,500	67,500	6.3
Other Services	26,700	26,700	0.0	26,200	26,900	2.7
Government	123,200	126,400	2.6	120,800	123,100	1.9
Federal	35,100	35,500	1.1	34,700	35,100	1.2
State	69,600	72,200	3.7	67,600	69,200	2.4
Local	18,400	18,800	2.2	18,500	18,800	1.6
Agriculture wage and salary jobs	6,000	5,000	-16.7	5,300	5,000	-5.7
State general fund revenues (\$1,000)	2,022,034	2,213,550	9.5	9,441,315	9,504,830	0.7
General excise & use tax rev. (\$1,000)	1,044,373	1,074,997	2.9	4,263,353	4,474,126	4.9
Income-individual (\$1,000)	598,929	738,229	23.3	3,497,207	3,385,346	-3.2
Declaration estimated taxes (\$1,000)	117,780	96,785	-17.8	1,432,741	1,074,618	-25.0
Payment with returns (\$1,000)	89,512	75,031	-16.2	535,645	413,454	-22.8
Withholding tax on wages (\$1,000)	641,098	681,522	6.3	2,482,684	2,663,916	7.3
Refunds ("-" relative to State) (\$1,000)	-249,462	-115,109	-53.9	-953,864	-766,642	-19.6
Transient accommodations tax (\$1,000)	185,190	181,345	-2.1	830,056	846,266	2.0
County surcharges (\$1,000) 3/	105,232	110,176	4.7	414,998	441,822	6.5
Private Building Permits (\$1,000)	1,293,459	901,274	-30.3	3,579,323	3,667,169	2.5
Residential (\$1,000)	714,555	343,552	-51.9	1,759,994	1,516,288	-13.8
Commercial & industrial (\$1,000)	88,809	218,220	145.7	407,152	556,361	36.6
Additions & alterations (\$1,000)	490,094	339,502	-30.7	1,412,176	1,594,521	12.9
Visitor Days - by air	21,452,110	20,435,789	-4.7	84,736,187	85,596,149	1.0
Domestic visitor days - by air	18,169,574	16,558,441	-8.9	75,263,260	71,614,659	-4.8
International visitor days - by air	3,282,536	3,877,348	18.1	9,472,927	13,981,489	47.6
Visitor arrivals by air - by air	2,304,691	2,266,210	-1.7	9,138,674	9,488,477	3.8
Domestic flight visitors - by air	1,968,649	1,816,535	-7.7	8,233,186	7,939,297	-3.6
International flight visitors - by air	336,042	449,675	33.8	905,488	1,549,180	71.1
Visitor expend. - arrivals by air (\$1,000)	5,059,303	4,964,488	-1.9	19,653,619	20,708,040	5.4
Hotel occupancy rates (%) 2/	73.3	73.2	-0.1	73.6	74.7	1.2

1/ Labor force and jobs are Hawaii DBEDT monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ 0.5% added to the general excise tax to pay for Oahu's mass transit system and took effect January 1, 2007.

Other counties have since enabled surcharges and are included here.

Source: Hawaii State Department of Business, Economic Development, & Tourism <<https://dbedt.hawaii.gov/economic/>>.Hawaii State Department of Taxation <http://www.hawaii.gov/tax/a5_3txcolrpt.htm> and Hospitality Advisors, LLC.

2/29/2024

**ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII:
2022 TO 2027**

Economic Indicators	2022	2023 1/	2024	2025	2026	2027
	Actual		Forecast			
Total population (thousands) 2/	1,439	1,435	1,435	1,436	1,439	1,442
Visitor arrivals (thousands) 3/	9,234	9,645	9,782	10,010	10,238	10,444
Visitor days (thousands) 3/	85,240	86,340	86,596	88,439	89,971	91,296
Visitor expenditures (million dollars) 3/	19,800	20,918	21,385	22,210	22,967	23,697
Honolulu CPI-U (1982-84=100)	316.1	326.0	335.2	343.7	351.8	359.5
Personal income (million dollars)	88,973	93,219	96,762	100,535	104,557	108,844
Real personal income (millions of 2017\$)	69,266	70,887	71,716	72,624	73,615	74,911
Personal income deflator	128.5	131.5	134.9	138.4	142.0	145.3
Non-agricultural wage & salary jobs (thousands)	618.1	632.2	641.2	651.5	661.9	671.1
Civilian unemployment rate	3.5	3.0	2.8	2.6	2.4	2.3
Gross domestic product (million dollars)	101,083	107,107	111,431	115,819	120,380	124,997
Real gross domestic product (millions of 2017\$)	85,211	87,082	88,388	90,068	91,959	93,982
Gross domestic product deflator	118.6	123.0	126.1	128.6	130.9	133.0
Annual Percentage Change						
Total population	-0.5	-0.3	0.0	0.1	0.2	0.2
Visitor arrivals	36.2	4.4	1.4	2.3	2.3	2.0
Visitor days	30.5	1.3	0.3	2.1	1.7	1.5
Visitor expenditures	50.5	5.6	2.2	3.9	3.4	3.2
Honolulu CPI-U	6.5	3.1	2.8	2.5	2.4	2.2
Personal income	0.0	4.8	3.8	3.9	4.0	4.1
Real personal income	-4.7	2.3	1.2	1.3	1.4	1.8
Personal income deflator (2017=100)	5.0	2.4	2.6	2.6	2.6	2.3
Non-agricultural wage & salary jobs	5.3	2.3	1.4	1.6	1.6	1.4
Civilian unemployment rate 4/	-2.5	-0.5	-0.2	-0.2	-0.2	-0.1
Gross domestic product	8.6	6.0	4.0	3.9	3.9	3.8
Real gross domestic product	1.3	2.2	1.5	1.9	2.1	2.2
Gross domestic product deflator (2017=100)	7.2	3.7	2.5	2.0	1.8	1.6

1/ Some of the indicators are preliminary or estimated such as visitor expenditures, personal income, and gross domestic product

2/ July 1 count.

3/ Visitors who came to Hawaii by air and by cruise ship. Expenditures includes supplementary business expenditures.

4/ Absolute change from previous year.

Source: Hawaii State Department of Business, Economic Development & Tourism, March 6, 2024.

COUNTY ECONOMIC CONDITIONS

Maui County continued to experience the impacts of the August 8, 2023 wildfires. Maui County saw decreases in visitor arrivals, lost jobs, and faced a higher unemployment rate in the fourth quarter of 2023 compared to the same quarter in 2022. Honolulu, Hawaii, and Kauai counties saw increases in visitor arrivals, gained jobs, and experienced lower unemployment rates during the same quarter. The value of private building permits increased in Hawaii County but decreased in Honolulu, Maui, and Kauai counties in the fourth quarter of 2023 compared to the same quarter in 2022.

In the fourth quarter of 2023, the unemployment rate in Honolulu decreased 1.3 percentage point from 3.7 percent to 2.4 percent; the unemployment rate in Hawaii County decreased 1.5 percentage point from 4.0 percent to 2.5 percent; and the unemployment rate in Kauai County decreased 1.3 percentage point from 3.6 percent to 2.3 percent. The unemployment rate in Maui County increased 2.7 percentage points from 3.6 percent to 6.3 percent.

In the fourth quarter of 2023, Honolulu added 5,200 or 1.1 percent of non-agricultural wage and salary jobs compared to the same quarter of 2022. The number of jobs increased the most in Food Services and Drinking Places, which added 1,900 jobs or 4.1 percent. This was followed by Health Care & Social Assistance which added 1,500 jobs or 2.7 percent, Arts, Entertainment & Recreation which added 700 jobs or 9.2 percent, and Private Educational Services which added 600 jobs or 5.1 percent in the quarter. The Government sector added 2,200 jobs or 2.3 percent in the quarter.

In the fourth quarter of 2023, Hawaii County added 2,000 or 2.9 percent of non-agricultural wage and salary jobs over the same quarter of 2022. The number of jobs increased the most in Professional & Business Services which added 600 jobs or 9.4 percent and Retail Trade which added 400 jobs or 4.0 percent. Private Educational Services added 300 jobs or 23.1 percent, Food Services & Drinking Places added 300 jobs or 4.5

percent, and Accommodation added 200 jobs or 3.3 percent in the quarter. The Government sector added 700 jobs or 4.8 percent in the quarter.

Maui County lost 2,400 jobs or 3.2 percent of non-agricultural wage and salary jobs in the fourth quarter of 2023 over the same quarter of 2022. The number of jobs decreased the most in Food Services and Drinking Places which lost 1,100 jobs or 11.7 percent. Retail Trade lost 600 jobs or 6.6 percent and Accommodation lost 600 jobs or 5.2 percent. Health Care & Social Assistance added 500 jobs or 6.3 percent. The Government sector jobs added 200 jobs or 2.3 percent in the quarter.

Kauai County added 300 jobs or a 1.0 percent increase in non-agricultural wage and salary jobs in the fourth quarter of 2023 over the same quarter of 2022. The number of jobs increased the most in Retail Trade which added 200 jobs or 5.1 percent, in Professional & Business Services which added 200 jobs or 6.9 percent, and in Accommodation which added 200 jobs or 4.9 percent. The Government sector added 100 jobs or 2.0 percent in the quarter.

In the fourth quarter of 2023, visitor arrivals by air increased in all counties except Maui County. Visitor arrivals by air increased 10.5 percent in Honolulu, 0.9 percent in Hawaii County, and 1.0 percent in Kauai compared to the same quarter of 2022. Visitor arrivals by air decreased 31.7 percent in Maui County.

In the fourth quarter of 2023, the value of private building permits decreased in all counties except Hawaii County. In the fourth quarter of 2023, private building permits decreased \$393.9 million or 46.5 percent in Honolulu, decreased by \$10.2 million or 5.4 percent in Maui County, and decreased \$1.1 million or 2.2 percent in Kauai County (only residential available) from the same quarter of the previous year. The value of private building permits increased \$13.0 million or 6.2 percent in Hawaii County.

**Table 2. 2023 QUARTERLY ECONOMIC INDICATORS:
CITY AND COUNTY OF HONOLULU**

SERIES	4th QUARTER			YEAR-TO-DATE		
	2022	2023	% CHANGE YEAR AGO	2022	2023	% CHANGE YEAR AGO
Civilian labor force, NSA (persons) 1/	460,950	455,650	-1.1	458,150	457,000	-0.3
Civilian employed, NSA	443,950	444,500	0.1	442,300	444,450	0.5
Civilian unemployed, NSA	17,000	11,200	-34.1	15,850	12,550	-20.8
Unemployment rate, NSA (%) 1/ 2/	3.7	2.4	-1.3	3.5	2.7	-0.8
Total wage and salary jobs, NSA	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Total non-agric. wage & salary jobs	455,800	461,000	1.1	444,700	455,500	2.4
Nat. Resources, Mining, Constr.	27,900	27,600	-1.1	26,900	27,400	1.9
Manufacturing	9,300	9,600	3.2	9,200	9,500	3.3
Wholesale Trade	13,700	13,200	-3.6	13,600	13,500	-0.7
Retail Trade	43,500	42,400	-2.5	42,400	41,900	-1.2
Transp., Warehousing, Util.	24,500	24,700	0.8	23,900	24,500	2.5
Information	7,300	7,300	0.0	7,000	7,400	5.7
Financial Activities	21,600	20,700	-4.2	21,400	20,900	-2.3
Professional & Business Services	55,400	55,700	0.5	55,200	55,600	0.7
Private Educational Services	11,700	12,300	5.1	11,100	11,900	7.2
Health Care & Social Assistance	54,900	56,400	2.7	54,400	55,000	1.1
Arts, Entertainment & Recreation	7,600	8,300	9.2	7,200	8,100	12.5
Accommodation	17,200	17,300	0.6	15,900	17,300	8.8
Food Services & Drinking Places	45,900	47,800	4.1	43,700	47,200	8.0
Other Services	20,200	20,300	0.5	19,700	20,400	3.6
Government	95,100	97,300	2.3	93,200	94,900	1.8
Federal	32,500	32,800	0.9	32,100	32,500	1.2
State	50,800	52,800	3.9	49,300	50,500	2.4
Local	11,800	11,800	0.0	11,800	11,900	0.8
Agriculture wage and salary jobs	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
State general fund revenues (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
General excise & use tax rev. (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Income-individual (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Declaration estimated taxes (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Payment with returns (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Withholding tax on wages (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Refunds ('-' relative to State) (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Transient accommodations tax (\$1,000)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
County surcharges (\$1,000) 3/	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Private Building Permits (\$1,000)	846,522	452,670	-46.5	2,010,381	1,848,573	-8.0
Residential (\$1,000)	414,610	70,031	-83.1	806,252	439,209	-45.5
Commercial & industrial (\$1,000)	30,564	120,460	294.1	115,058	175,933	52.9
Additions & alterations (\$1,000)	401,348	262,179	-34.7	1,089,070	1,233,431	13.3
Visitor Days - by air	9,301,904	10,100,042	8.6	36,168,745	40,627,690	12.3
Domestic visitor days - by air	7,223,328	7,294,118	1.0	30,184,967	30,480,575	1.0
International visitor days - by air	2,078,575	2,805,924	35.0	5,983,778	10,147,114	69.6
Visitor arrivals by air - by air	1,269,118	1,402,490	10.5	4,858,170	5,614,956	15.6
Domestic flight visitors - by air	998,485	1,010,609	1.2	4,142,306	4,275,661	3.2
International flight visitors - by air	270,633	391,881	44.8	715,864	1,339,295	87.1
Visitor expend. - arrivals by air (\$1,000)	2,280,530	2,211,363	-3.0	8,693,728	9,011,568	3.7
Hotel occupancy rates (%) 2/	73.6	77.0	3.4	75.6	79.6	4.0

NA Not available.

1/ Labor force and jobs are Hawaii DBEDT monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ 0.5% added to the general excise tax to pay for Oahu's mass transit system and took effect January 1, 2007.

Other counties have since enabled surcharges and are included here.

Source: Hawaii State Department of Business, Economic Development, & Tourism <<https://dbedt.hawaii.gov/economic/>>,
Hawaii State Department of Taxation <http://www.hawaii.gov/tax/a5_3txcolrpt.htm> and Hospitality Advisors, LLC.

2/21/2024

FLOOD MAP



Flood Hazard Map

Title: 15003C0380H 11/5/2014

Notes: Zone X, XS

Map generated
on 03/04/2024



Map Legend

Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.

PROFESSIONAL QUALIFICATIONS – TED YAMAMURA, SRA, CGA, R/W-AC

• **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 160, 9/18/1991
Expiration: December 31, 2025



• **PROFESSIONAL AFFILIATIONS**

Member---Appraisal Institute - Honolulu Chapter #67, **SRA** Designation - 1985
Member---International Right of Way Association (IRWA), **R/W-AC** Certification - 2007

• **PROFESSIONAL AND COMMUNITY INVOLVEMENT**

Past Member---State of Hawaii, Commission on Water Resource Management - 2012-2014
Past President---Hawaii Chapter of the Appraisal Institute - 2010
Past Member---County of Maui, Board of Water Supply - 2008-2012
Past Member---State of Hawaii, Board of Land & Natural Resources - 2001-2006
Past President---International Right of Way Association (IRWA), Hawaii Chapter #30 - 2004
Past President---Maui County Council, Boy Scouts of America - 1987

• **EXPERIENCE AND EDUCATION**

Executive Vice President
ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Vice President - Alexander & Alexander, Ltd. - Maui Division - 1979-1982
Assistant Vice President - Honolulu Federal Savings & Loan Assn. - 1974-1979
Veteran - United States Air Force - 1967-1971
Educated: Maui High School and University of Hawaii

• **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

National Highway Institute - Course FHWA-NHI-141054, *Practical Applications in Federal-Aid Highway Program Appraisals*, Wailuku, Hawaii - Online 2023
Appraisal Institute - *National Uniform Standards of Professional Appraisal Practice (USPAP) 2022-2023 Update Course* - Online 2022
International Right of Way Association - Course 431, *Problems in the Valuation of Partial Acquisitions*, Wailuku, Hawaii - Online 2021
Appraisal Institute "*National Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book") Practical Applications*" Honolulu, Hawaii - 2017
International Right of Way Association - Course 403, *Easement Valuation*, Tucson, Arizona - 2008
International Right of Way Association - Course 410, *Reviewing Appraisals in Eminent Domain*, Tucson, Arizona - 2008
International Right of Way Association - Course 401, *The Appraisal of Partial Acquisitions*, Fresno, California - 2007
International Right of Way Association - Course 409, *Integrating Appraisal Standards*, Anaheim, California - 2005
Appraisal Institute - Course 400, *Uniform Standards of Professional Appraisal Practice (USPAP)*, Honolulu, Hawaii - 2003
International Right of Way Association (IRWA) Course 214, *Skills of Expert Testimony*, Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) Course 102 Examination, "*Applied Residential Property Valuation*", Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "*Narrative Demonstration Report*" Examination, Wailuku, Maui, Hawaii - 1983
Society of Real Estate Appraisers (SREA) Course 101 Examination, "*Introduction to Appraising Real Property*", Honolulu, Hawaii - 1979



• **CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:**

Appraisal Institute "Excel Applications for Valuation" - 2021
Appraisal Institute "Eminent Domain and Condemnation" - 2019
Appraisal Institute "Fundamentals of the Uniform Appraisal Standards for Federal Land Acquisitions" - 2019
Appraisal Institute "Solving Land Valuation Puzzles" Honolulu, Hawaii - 2018
Appraisal Institute "Income Approach for Residential Appraisers" Honolulu, Hawaii - 2016
Appraisal Institute "The Discounted Cash Flow Model" Honolulu, Hawaii - 2015
Appraisal Institute "Complex Litigation Appraisal Case Studies" Honolulu, Hawaii - 2014
The Seminar Group "Eminent Domain & Condemnation in Hawaii" Honolulu, Hawaii - 2013
University of Hawaii/State of Hawaii Department of Transportation "Federal Highways (FHWA) Highway Noise Policy and Abatement Guidelines Workshop" - 2011
Appraisal Institute "Real Estate Finance, Statistics, and Valuation Modeling" - 2009
Lorman Education Services "Law of Easements: Legal Issues and Practical Considerations in Hawaii" Honolulu, Hawaii - 2006
Lorman Education Services "Eminent Domain in Hawaii" Honolulu, Hawaii - 2006
Appraisal Institute "Mini-Series on USPAP Issues" Honolulu, Hawaii - 2006
International Right of Way Association (IRWA) "Uniform Act Symposium", Anaheim, California - 2005
Lorman Education Services "Zoning and Land Use in Hawaii", Honolulu, Hawaii - 2003
The American Society of Farm Managers & Rural Appraisers "Conservation Easements" Honolulu, Hawaii - 2001
The American Society of Farm Managers & Rural Appraisers "Appraising Rural Residential Properties" - Honolulu, Hawaii - 2001
Appraisal Institute "Valuation of Detrimental Conditions in Real Estate" Honolulu, Hawaii - 2000
Appraisal Institute "Case Studies in Residential Highest and Best Use" Honolulu, Hawaii - 2000
Appraisal Institute "Advanced Sales Comparison Approach" Honolulu, Hawaii - 2000
Appraisal Institute "Appraisal of Nonconforming Uses" Honolulu, Hawaii - 2000
Appraisal Institute "Litigation Skills for the Appraiser: An Overview", Honolulu, Hawaii - 1998
Appraisal Institute "Special Purpose Properties", Honolulu, Hawaii - 1997
Appraisal Institute "Appraising for the Secondary Market", Honolulu, Hawaii - 1996
Appraisal Institute "The Condominium Form and the Small Residential Income Property Appraisal Report Form", Anaheim, California - 1995
Appraisal Institute "Residential Appraisal Review", Chicago, Illinois - 1994
Appraisal Institute "Understanding Limited Appraisals and Appraisal Reporting Options" Chicago, Illinois - 1994
Appraisal Institute "Accrued Depreciation", Las Vegas, Nevada - 1992
Appraisal Institute "Market Analysis", Las Vegas, Nevada - 1992
American Institute of Real Estate Appraisers (AIREA) "Easement Valuation", Los Angeles, California - 1990
Federal National Mortgage Association (FNMA) "Fannie Mae Appraisals", Honolulu, Hawaii - 1990
Society of Real Estate Appraisers (SREA) "Federal Home Loan Bank Board Appraisal Standards", Honolulu, Hawaii - 1989
Society of Real Estate Appraisers (SREA) "Uniform Small Residential Income Appraisal Report", New York - 1989
Society of Real Estate Appraisers (SREA) "Professional Practice", Honolulu, Hawaii - 1988
Society of Real Estate Appraisers (SREA) "R-41c and the Appraiser", Las Vegas, Nevada - 1987
American Institute of Real Estate Appraisers (AIREA) "R-41b and Subdivision Analysis", Honolulu, Hawaii - 1985
Society of Real Estate Appraisers (SREA) "Creative Financing and Cash Equivalency", Honolulu, Hawaii - 1983
Society of Real Estate Appraisers (SREA) "Appraising Single Family Residences", Honolulu, Hawaii - 1983
International Right of Way Association (IRWA) "Condemnation", Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) "Application of Market Extraction's", Honolulu, Hawaii - 1981

• **LEGAL**

Qualified as an expert witness:

First Circuit Court, Honolulu, Hawaii
Second Circuit Court, Maui, Hawaii
Third Circuit Court, Hawaii Island, Hawaii
U.S. District Court, Honolulu, Hawaii
U.S. Bankruptcy Court, Honolulu, Hawaii

Experienced in real estate arbitration assignments in the State of Hawaii