LINDA LINGLE
GOVERNOR

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

RODNEY K. HARAGA
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IN REPLY REFER TO:

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

OAHU

ISSUANCE OF LEASE BY DIRECT NEGOTIATION TO DCL, INC., UNITS FV7E, FV7F AND FV7H, MULTI-USER BUILDING, DOMESTIC COMMERCIAL FISHING VILLAGE, PIER 38, HONOLULU HARBOR, OAHU

LEGAL REFERENCE:	Section 171-11, 35, 36 and 59 (b) Hawaii Revised Statutes.
APPLICANT:	DCL, Inc., whose mailing address is 628 Laumaka Street, Honolulu, Hawaii 96819
LOCATION:	Units FV7E, FV7F and FV7H of the Multi-User Building, Domestic Commercial Fishing Village, Pier 38, Honolulu Harbor, Oahu, Tax Map Key No: 1st/1-5-42:1 (Portion), as shown on the attached Exhibit "A".
STATUS:	Governor's Executive Order Nos. 1396 and 4092 issued to the Harbors Division, Department of Transportation.
AREA:	Approximately 11,767 square feet, more or less of interior space within the Multi-User Building.
ZONING:	State Land Use Commission: Urban City and County of Honolulu: I-3 (Waterfront Industrial)
LAND TITLE STATUS:	Subsection 5(a) of the Hawaii Admission Act, non-ceded.

ITEM M-4

CHARACTER OF USE: Construction, installation, operation, use, maintenance and repair of improvements necessary for the storage, processing, and wholesale distribution of seafood products and ancillary services and products, including, but not limited, to the operation of a seafood restaurant, and retail sales of seafood products and produce.

TERM: Thirty-five (35) Years, the commencement date to be determined by the Director of Transportation.

LEASE RENTAL:

Subject to the waiver of lease rental provided below, the annual base rental for the first twenty-five (25) years of the lease term, as determined by independent appraisal, shall be as follows:

Years 1 through 5	$109,223.40
Years 6 through 10	$125,606.91
Years 11 through 15	$144,447.95
Years 16 through 20	$166,115.14
Years 21 through 25	$191,032.41
Years 26 through 35	Rental Renegotiation

The annual rental for each five (5)-year periods for the first twenty-five (25) years of the lease is based on a 115% increase of the last year of the previous five (5)-year period.

In addition to the above annual base rental, the applicant is required to pay the common area maintenance fees estimated at 14 cents per square foot per month for the calendar year 2006.

WAIVER OF LEASE RENTAL: The provisions of the lease require the lessee to make substantial improvements to the premises, in an amount not less than $1,000,000.00, including, without limitation, constructing and installing all interior utility lines, equipment and appurtenances necessary for the purpose of the lease. As a result, the lessee's obligation to pay rent to the State during the period of such construction shall be waived for a period not to exceed one year, and the waiver of rental shall terminate as of the date the lessee occupies the premises and commences operations.

CHAPTER 343, ENVIRONMENTAL ASSESSMENT: The Harbors Division had both Draft and Final Environmental Assessments done for the Domestic Commercial Fishing Village Project, and a Finding of No Significant Impact was found for the project in June of 1998. The subject lease falls under the aforementioned Environmental Assessments.

REMARKS: The lease, by direct negotiation rather than by public auction, is appropriate in this instance in order to provide the applicant a facility wherein they would be able to continue the close association necessary for convenient and efficient processing of fresh fish. Concurrent to this objective is the desire to consolidate major commercial fishing activities in a modern and more efficient environment where the complete range of seafood processing can be accomplished.

The lease for Units FV7E, FV7F and FV7H of the Multi-User building will be submitted to the Department of the Attorney General for review and approval as to form.

RECOMMENDATION:

That the Board authorize the issuance of a lease by direct negotiation to the applicant, subject to the terms and conditions outlined above and incorporated herein by reference and such terms and conditions as may be prescribed by the Director of Transportation.

Respectfully submitted,

RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:

PETER T. YOUNG
Chairperson and Member

Domestic Commercial Fishing Village
Multi-User Building

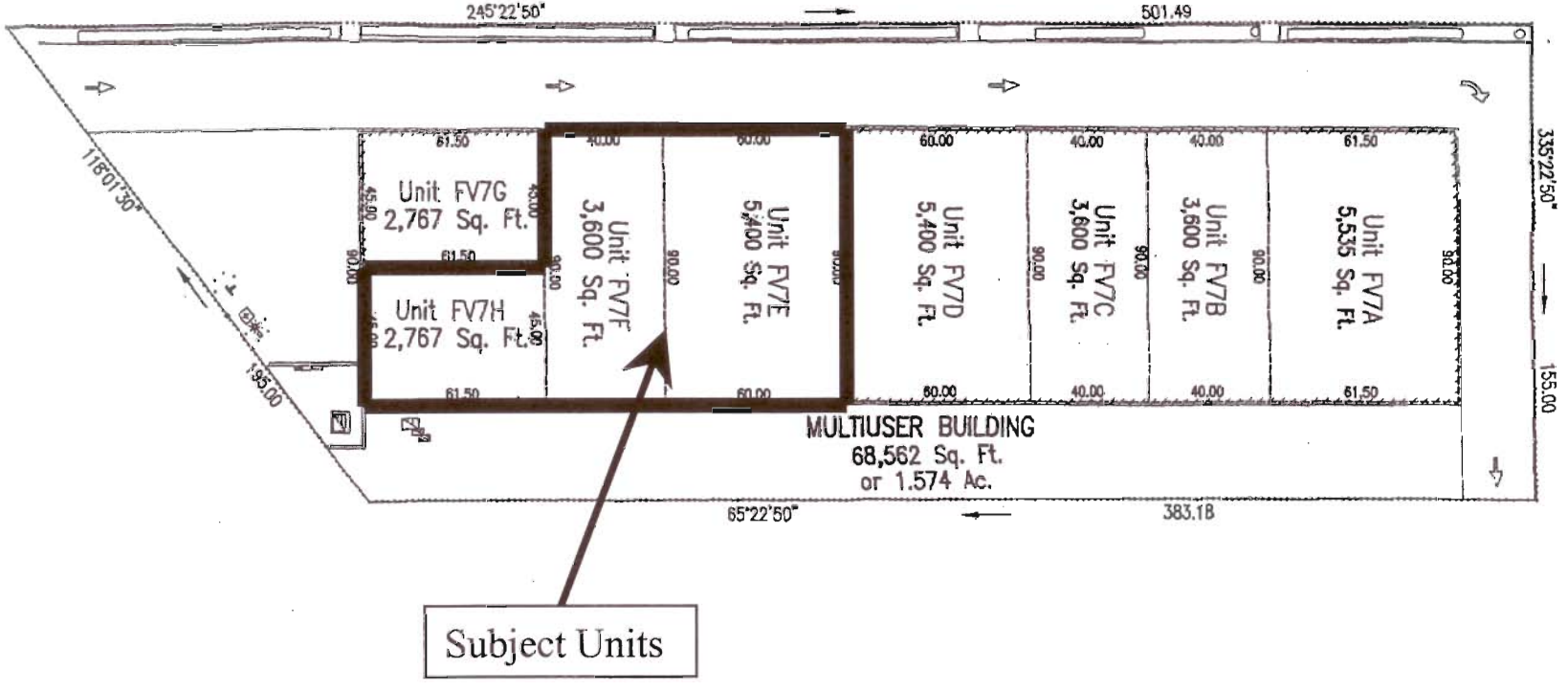

EXHIBIT "A"