

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

July 22, 2016

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

Kauai

Consent to Assign General Lease No. S-4257, Kahnahan, Inc., Assignor, to aFein Holdings, LLC, Assignee, Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008.

After-the-Fact Consent to Sublease under General Lease No. S-4257, aFein Holdings, LLC, Lessee, to Dorland and Associates, Inc., CPAs, Island Rental Cars, LLC, and Kevin Jones, Sublessees; Kapaa Town, Kawaihau, Kauai, Tax Map Key: (4) 4-5-009:008 portion.

CONSENT TO ASSIGNMENT

APPLICANT(S):

Kahnahan, Inc., Hawaii corporation, as Assignor, to aFein Holdings, LLC, Hawaii limited liability corporation, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government (Crown) lands of Kapaa situated at Kapaa Town Lots, Kawaihau, Kauai, identified by Tax Map Key: (4) 4-5-009:008, as shown on the attached map labeled Exhibit A.

AREA:

Lease: 15,280 sq. ft., more or less.
Subleases: 5,481 square feet, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

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

CHARACTER OF USE:

Business purposes.

TERM OF LEASE:

50 years, commencing on August 12, 1969 and expiring on August 11, 2019. Last rental reopening occurred on August 12, 2009.

ANNUAL RENTAL:

\$31,200.00, due in semi-annual installments of \$15,600.00 on February 12th and August 12th of each year.

CONSIDERATION:

If the requested consent to assignment is approved by the Board, aFein Holdings, LLC will pay \$21,528 of back rent that Kahnahan, Inc. owed the State.

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

ASSIGNOR: Kahnahan, Inc.

Place of business registration confirmed: YES

Registered business name confirmed: YES

Good standing confirmed: YES

ASSIGNEE: aFein Holdings, LLC

Place of business registration confirmed: YES

Registered business name confirmed: YES

Good standing confirmed: YES

CONSENT TO SUBLEASE

APPLICANT(S):

aFein Holdings, LLC, Hawaii limited liability company, as Sublessor.

Dorland and Associates, Inc., CPAs, Hawaii corporation, as Sublessee.

Island Rental Cars, LLC, Hawaii limited liability corporation, as Sublessee.

Kevin Jones, Individual, as Sublessee.

LEGAL REFERENCE:

Section 171-36(a)(6), Hawaii Revised Statutes, as amended.

SUBLEASE CHARACTER OF USE:

Business purposes.

TERM OF SUBLEASES:

Three (3) years and two (2) months, commencing on June 9, 2016 and expiring on August 11, 2019.

ANNUAL SUBLEASE RENTAL:

See attached Exhibit C.

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

See attached Exhibit C.

DCCA VERIFICATION:

SUBLESSOR: aFein Holdings, LLC

Place of business registration confirmed: YES

Registered business name confirmed: YES

Good standing confirmed: YES

SUBLESSEE: Dorland and Associates, Inc., CPAs

Place of business registration confirmed: YES

Registered business name confirmed: YES

Good standing confirmed: YES

SUBLESSEE: Island Rental Cars, LLC

Place of business registration confirmed: YES

Registered business name confirmed: YES

Good standing confirmed: YES

Sublessee Kevin Jones is a natural person and is not required to register with the Department of Commerce and Consumer Affairs.

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1. Pay back rent owed to the State for General Lease S-4257 in the amount of \$21,528.
2. Post the required performance bond for General Lease S-4257.

REMARKS:

General Lease No. S-4257 (GL S-4257) was originally awarded to Hiroshi Azeka and Patsy T. Azeka. The lease is for fifty years commencing on August 12, 1969 and expiring on August 11, 2019.

At its meeting of February 26, 1988, item F-1-a, the Board granted consent to the assignment of GL S-4257 to Martin J. Kahn and Carole Ann Kahn.

At its meeting held on March 27, 1997, the Board granted consent to the assignment of GL S-4257 to Kahnahan, Inc., which consisted of Martin J. Kahn as president and William R. Hancock as vice president of the corporation.

Kahnahan, Inc. has been in default of rent payments since August 12, 2015. A Notice of Default was sent out on September 8, 2015 and received by Lessee on September 21, 2015. Kahnahan, Inc. also had a performance bond that expired on December 2, 2014. A Notice of Default was sent out on February 11, 2016 and received on February 26, 2016.

During an inspection of the property, staff discovered Kahnahan, Inc. was subleasing the offices and warehouses on the property. These businesses included Kauai Canvas, LLC, Dorland & Associates, Inc., CPAs, Island Rental Cars, LLC and Kevin Jones. Kahnahan, Inc. did not receive prior Board approval for the subleases. A Notice of Default for unauthorized subleasing was sent out on January 19, 2016 and received February 12, 2016.

Martin J. Kahn and William R. Hancock has had a tenuous business relationship over the past few years, with little to no communication between them. Martin J. Kahn told staff that he wished to forfeit or reassign the lease to a tenant so that Kahnahan, Inc. could be dissolved.

During the default period, Aaron Feinberg expressed an interest in taking over the lease from

Kahnahan, Inc. Aaron Feinberg is the owner of Kauai Canvas, LLC and aFein Holdings, LLC. Aaron Feinberg intends to continue to use the remaining years on the lease for business purposes. Kauai Canvas, LLC prints photos and art on canvas cloth for their clientele. Kauai Canvas, LLC occupies a warehouse and upstairs office in Building 2.

On May 2, 2016, Aaron Feinberg gave staff an assignment document signed by Martin J. Kahn and William R. Hancock, which transferred the ownership of General Lease S-4257 from Kahnahan, Inc. to aFein Holding, LLC. Kahnahan, Inc.'s only condition is that aFein Holdings, LLC pay the State \$21,528 for Kahnahan, Inc.'s back rent, if the consent to assignment is approved by the Board.

Aaron Feinberg has worked with staff since January 2016 to cure the defaults associated with the lease. Staff received a check from Aaron Feinberg for the amount of \$21,528 to cover the back rent that was owed by Kahnahan, Inc. to the State. If the assignment is approved, staff will send the check to the Fiscal Office to be deposited and the default on rent will be cured. Aaron Feinberg also obtained the required liability insurance and is in the process of posting a \$62,400 performance bond required under the lease. See Exhibit D.

In addition to the consent to assignment, the applicant wishes to receive Board approval to continue subleasing the remaining office and warehouse spaces. Aaron Feinberg will manage the subleases under his company, aFein Holdings, LLC. aFein Holdings, LLC will be the intended sublessor and Dorland and Associates, Inc., CPAs, Island Rental Cars, LLC and Kevin Jones will be the sublessees.

Christine Dorland is a Certified Public Accountant and the owner of Dorland and Associates, Inc., CPAs. She occupies an office on the bottom of Building 1. Christine Dorland provides her clients with tax and accounting services.

Darrell Edwards is the owner of Island Rental Cars, LLC. He occupies one of the warehouses in Building 2. Darrell Edwards uses the space to detail cars that he rents to customers.

Kevin Jones occupies the upstairs office in Building 1. Kevin Jones provides physical therapy services for his clients under the business name Power Plus Personal Training.

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

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-4257 from Kahnahan, Inc., as Assignor, to aFein Holdings, LLC, as Assignee, subject to the following:

CONSENT TO ASSIGNMENT

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

CONSENT TO SUBLEASE

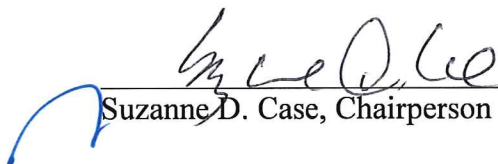
1. The Lessee shall submit construction plans of the Sublessee's improvements to the Land Division for the Chairperson's approval prior to constructing any improvements on the demised premises;
2. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;
3. Review and approval by the Department of the Attorney General; and
4. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Kurt Yasutake
Land Agent

APPROVED FOR SUBMITTAL:

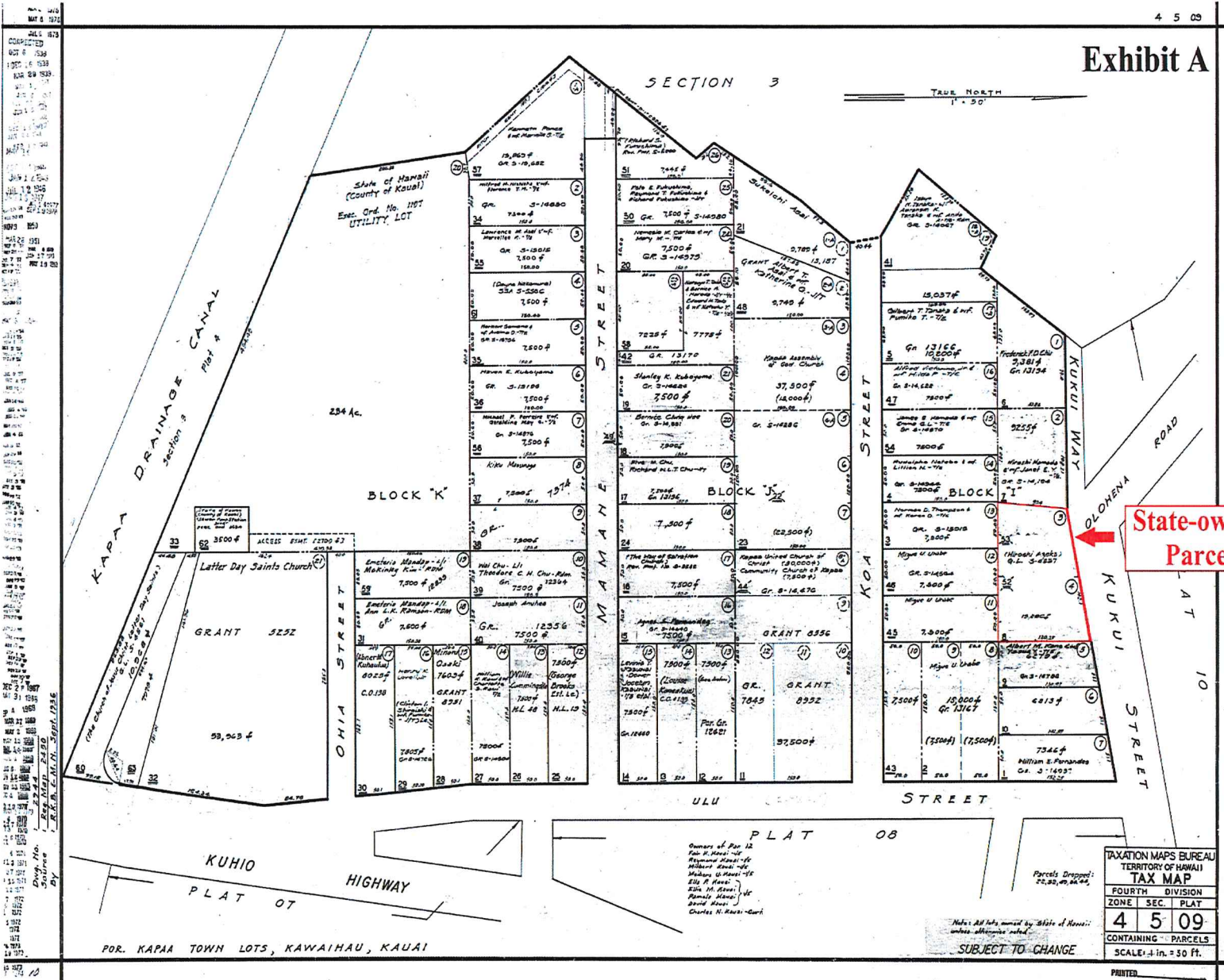


Suzanne D. Case, Chairperson

July 22, 2016

BLNR - Consent to Assignment
of GL No. S-4257

Exhibit A



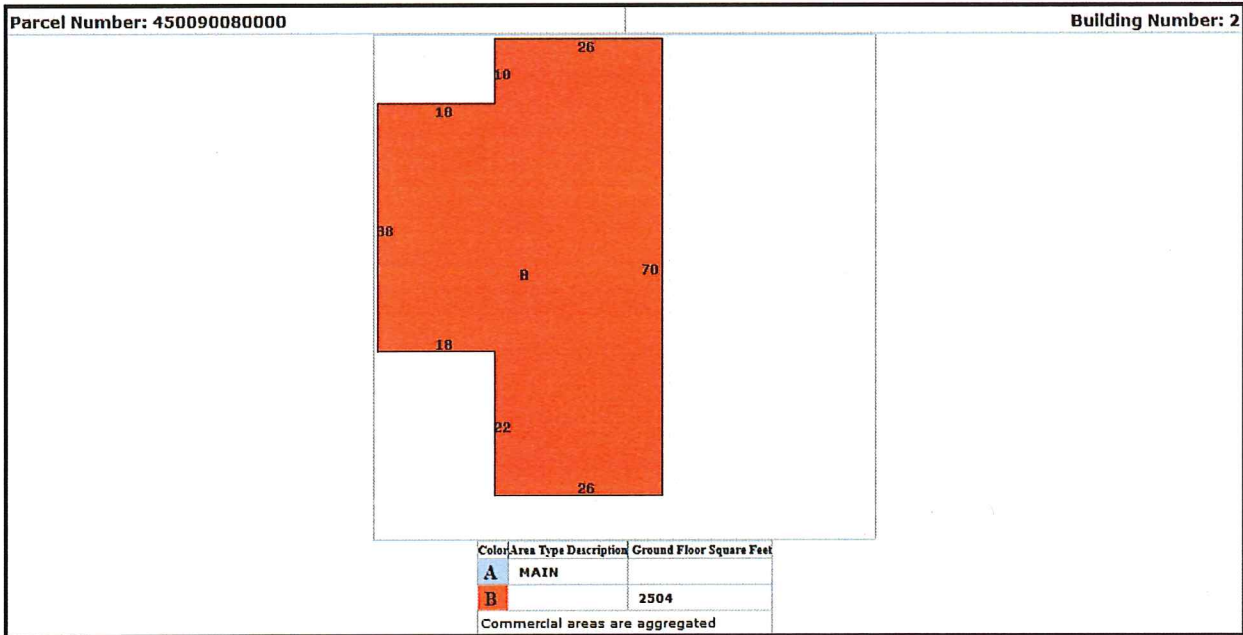
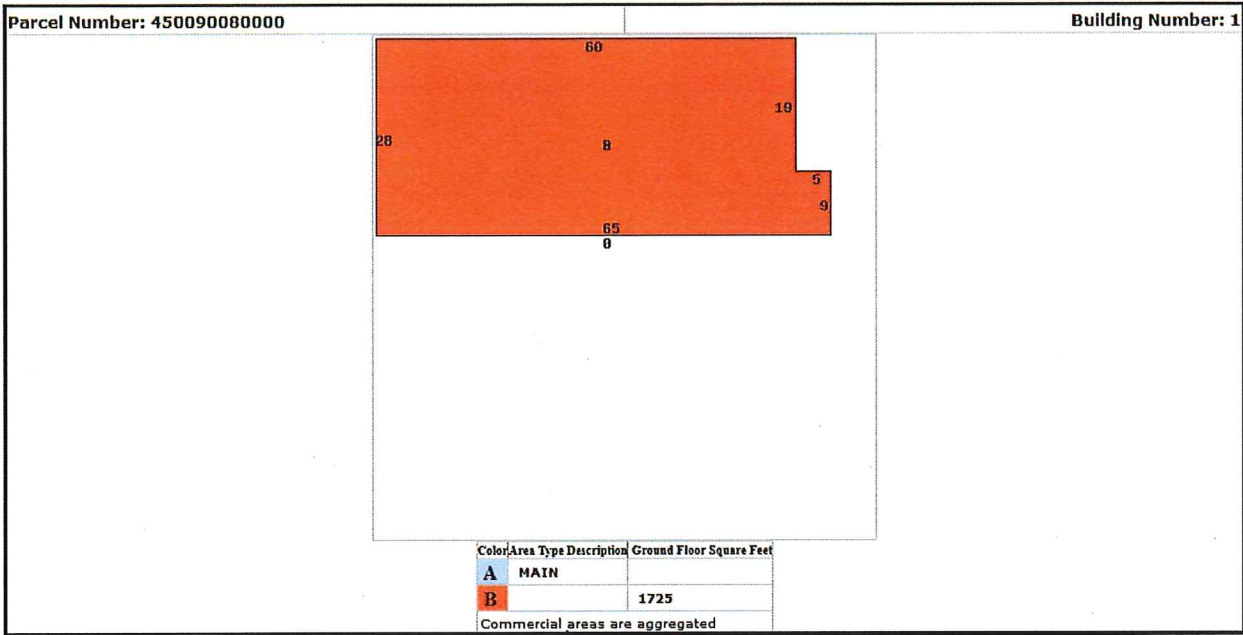


Exhibit B



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

July 22, 2016

MEMORANDUM

TO: Suzanne D. Case, Chairperson

THROUGH: Russell Y. Tsuji, Land Division Administrator

FROM: Kurt Yasutake, Land Agent

SUBJECT: Sublease Sandwich Calculation

GL No.: S-4257

Lessee: aFein Holdings, LLC.

Sublessees: Dorland and Associates, Inc., CPA's, Darrell Edwards DBA
Island Rental Cars, LLC., Kevin Jones

Location: Kapaa, Kawaihau, Kauai

Lease Area: 15,280 acres

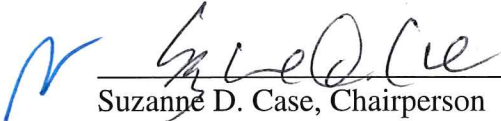
Sublease Area: 5,481 square feet

Tax Map Key: (4) 4-5-009:008

Based on a review of the lease and sublease, I have applied the sublease rent participation policy, approved by the Board on May 26, 2000, Item D-24, and amended January 26, 2001, Item D-8, as follows.

The lessee is paying fair market rent and is only subleasing improvements that are not owned by the State pursuant to paragraph 1.c. of the policy. According to the policy, the "Board shall not receive any portion of sublease rents from subleasing improved space unless that right and method of calculation are specifically stated in the lease." We have reviewed the lease and find no such provision stating a specific right and method of calculation. Therefore, we find that no additional rental is due to the Department.

Approved/Disapproved:


Suzanne D. Case, Chairperson

7/8/16
Date

cc: District Branch Files
Central Files

Exhibit C

AFEIN HOLDINGS LLC

0001

Princeville HI 96722-3612

59-7990/3213

Date 5/2/16

Pay to the Order of State of Hawaii - DARR \$ 21,528
Twenty one Thousand Five Hundred Twenty Eight Dollars



KAUAI COMMUNITY

FEDERAL CREDIT UNION 4495 Palao Street • Lihua, Hawaii 96706
YOUR ISLAND YOUR FAMILY YOUR CREDIT UNION 808 245 8781 • Web Site www.kcfcu.org

MEMO

[Signature]

MP

Exhibit D



CERTIFICATE OF LIABILITY INSURANCE

AFEIHO

OP ID: LS

DATE (MM/DD/YYYY)

04/18/16

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Business Ins. Services, Inc. 4485 Pahe'e Street, Suite #140 Lihue, HI 96766 Mica Furtado		Phone: 808-245-2773 Fax: 808-245-2718	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
INSURED aFein Holdings LLC c/o Aaron Feinberg Princeville, HI 96722		INSURER(S) AFFORDING COVERAGE INSURER A: Dongbu Insurance Co INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:		

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	X		DGL1600101-00	04/15/16	04/15/17	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COM/OP AGG \$ Included
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR					EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DED	RETENTION \$					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	<input type="checkbox"/> Y/N	N/A				WC STATU-TORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/>					OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Kapaa, HI 96746
State of Hawaii, Department of Land and Natural Resources are named as additional insured under the policy to the extent set forth in the policy provisions.

APR 27 '16

DLNR KDLD RCVD

CERTIFICATE HOLDER**CANCELLATION**

SOHDLNR

State of Hawaii, Department of
Land and Natural Resources
P.O. Box 624
Honolulu, HI 96809

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2010 ACORD CORPORATION. All rights reserved.



KAUAI COMMUNITY
FEDERAL CREDIT UNION
YOUR ISLAND. YOUR FAMILY. YOUR CREDIT UNION.

Certificate of Deposit Receipt

This receipt is issued to:

AFEIN HOLDINGS LLC

PO BOX 223612

PRINCEVILLE, HI 96722-3612

HELD JOINTLY WITH:

STATE OF HAWAII, DEPARTMENT OF LAND AND
NATURAL RESOURCES, LAND DIVISION

KAUAI COMMUNITY FEDERAL CREDIT UNION

4493 PAHE'E STREET

LIHUE, HI 96766

Account Number: _____

Share ID: _____

Amount: \$ 62,400.00

Date Opened: 05/12/16

Term: 24 months

Maturity Date: _____

Dividend Rate: 1.40%

Annual Percentage Yield: 1.40%

The account evidenced by this receipt is subject to and further explained in the terms and conditions contained in the Truth-in-Savings disclosure. The account is Not Negotiable and Not Transferable. Only the items checked apply.

☒ Fixed Dividend Rate ☒ Early Withdrawal Penalty Applies

☐ Additions Permitted

☒ Automatically Renewable ☐ Single Maturity (not automatically renewable)

Dividends will be:

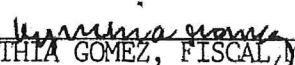
☐ mailed to the owner(s).

☒ paid to AFEIN HOLDINGS LLC account No. _____


I/we apply to Kauai Community Federal Credit Union for the account indicated above. By signing below, I/we acknowledge and agree to the terms and conditions of the Membership and Account Agreement, Truth-in-Savings Rate and Fee Schedule, Electronic Fund Transfer Agreement and Disclosure, Funds Availability Policy, if applicable, and to any amendments the Credit Union makes from time to time which are incorporated herein. I/We acknowledge receipt of a copy of the Agreements and Disclosures applicable to the accounts and services requested herein.



AFEIN HOLDINGS LLC
BY AARON C. FEINBERG, SOLE MEMBER



CYNTHIA GOMEZ, FISCAL MANAGEMENT OFFICER
STATE OF HAWAII, DEPARTMENT OF LAND AND
NATURAL RESOURCES

Witness  _____

PM 12:53:32

Notary not required if witnessed by KCFCU staff.

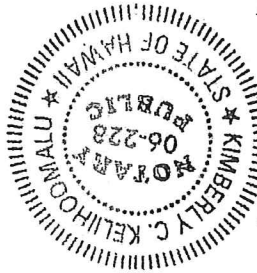
JUN 1 '16

DLNR KOLE ROUD

STATE OF HAWAII)
) SS.
CITY & COUNTY OF HONOLULU)

On this 8 day of June, 2016 before me personally appeared CYNTHIA GOMEZ, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii



Kimberly C. Kelihoomalu

My commission expires:

Doc. Date: undated # Pages: 2

Name: Kimberly C. Kelihoomalu 1st Circuit

Doc. Description: GL 4257

CD Receipt for

Kimberly Kelihoomalu

Signature Date 6/8/16

NOTARY CERTIFICATION

