

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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HONOLULU, HAWAII 96813-5097

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IN REPLY REFER TO:

HAR-PM

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

OAHU

**AUTHORIZE ONE-YEAR HOLDOVER OF HARBOR LEASE
NO. H-79-5 TO MATSON TERMINALS, INC., SITUATED AT
THE SAND ISLAND CONTAINER COMPLEX, PIERS 51 TO 53,
HONOLULU HARBOR, OAHU, TAX MAP KEY (1) 1-5-41**

LEGAL REFERENCE: Chapter 171-40, Hawaii Revised Statutes

APPLICANT: MATSON TERMINALS, INC.

LOCATION: Piers 51 to 53, Honolulu Harbor, Oahu, Tax Map Key: (1) 1-5-41, as shown on "Exhibit A".

CURRENT USE STATUS: Encumbered by Governor's Executive Order Nos: 2462, 2844, 2931, and 3401, to be under the control and management of the Harbors Division, Department of Transportation

LEASE AREA: 26,929 s.f. - Buildings and 566,905 s.f. - Land and easements

CHARACTER OF USE: Container Handling Facility.

RENTAL: \$1,932,870.00 per annum for the period of September 6, 2011 to September 5, 2016.

LEASE TERM: Thirty-five (35) years, commencing on September 6, 1981 and expiring on September 5, 2016.

ONE-YEAR HOLDOVER PERIOD: September 6, 2016 to September 5, 2017.

ITEM M-2

LAND TITLE

STATUS: Subsection 5(a) and 5(e) of the Hawaii Admission Act.

ZONING:

State Land Use District: Urban District
City and County of Honolulu: I-3 Waterfront Industrial

CHAPTER 343

ENVIRONMENTAL

ASSESSMENT:

This request is exempt from OEQC requirements pursuant to Sub-Chapter 11-200-8 of the Hawaii Administrative Rules that exempts the “operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.”

DCCA

VERIFICATION:

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

REMARKS:

The State of Hawaii, Department of Transportation (the “Department”), is the lessor under Harbor Lease No. H-79-5 (the Lease), to Matson Terminals, Inc. (Matson). The Lease area constitutes Matson’s main operating hub in Hawaii. This is a thirty-five (35) year lease that began on September 6, 1981 and will expire on September 5, 2016.

The Department and Matson are still in negotiations regarding the conditions of a New Lease at Piers 51 to 53, Honolulu Harbor, based on the existing wharfage based revenue system or a new ground lease structure. Due to the approaching expiration date, Matson requested a holdover until negotiations regarding the New Lease can be finalized.

Chapter 171-40, Hawaii Revised Statutes, states that “the board of land and natural resources may allow the lessee to continue to hold the land for a period not exceeding one year upon such rent, terms, and conditions as the board may prescribe ...”

Expecting negotiations to wrap within a year, the Harbors Division has no objections to a one-year holdover while negotiations are being finalized, all lease conditions and rent to continue at their current rates until the end of the one-year holdover period of September 6, 2016 to September 5, 2017.

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

No significant changes in current management or personnel are being contemplated. Matson has assured the Department of its faithful performance of the terms and conditions of the Lease, until the New Lease is issued.


The Department is satisfied that Matson is qualified and able to continue its business operations.

RECOMMENDATION: That the Board:

Authorize a One-Year Holdover for Harbor Lease No. H-79-5 for the period of September 6, 2016 to September 5, 2017, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

1. The standard terms and conditions of the most current holdover of lease 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 Director of Transportation to best serve the interests of the State.

Respectfully submitted,


FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE CASE
Chairperson and Member
Board of Land and Natural Resources

Exhibit "A" Matson Terminals, Inc. H-79-5

