

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

November 8, 2019

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

GL S-3698

Hawaii

Authorize a One-Year Holdover of General Lease No. S-3698, Bank of Hawaii, Lessee, Waiakea House Lots Extension, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:022.

APPLICANT:

Bank of Hawaii, Lessee, a Hawaii for-profit corporation.

LEGAL REFERENCE:

Sections 171-40 and -55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Waiakea House Lots Extension situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-049:022, as shown on the attached map labeled Exhibit A.

AREA:

29,912 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: CN-10 (Neighborhood Commercial-10,000sf min.)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the “Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon by the Environmental Council on June 5, 2015,” the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 47, which states “Leases of state land involving negligible or no expansion or change of use beyond that previously existing”. Refer to attached Exhibit B.

DCCA VERIFICATION:

Place of business registration confirmed: YES
Registered business name confirmed: YES
Applicant in good standing confirmed: YES

CURRENT USE STATUS:

Encumbered by General Lease No. S-3698, Bank of Hawaii, for business purposes.

CURRENT LEASE TERM AND ANNUAL RENT:

Original term of 55 years, commencing on January 26, 1962 and expiring January 25, 2017. An extension of 3 years was granted in 2016 extending the expiration date of the lease to January 25, 2020. A reopening appraisal performed as of January 26, 2017 set the annual rent for the extended period at \$31,600.00 payable in four equal quarterly installments in January, April, July and October.

HOLDOVER LEASE COMMENCEMENT DATE AND TERM:

January 26, 2020 for a term of one-year, expiring January 25, 2021.

HOLDOVER LEASE ANNUAL RENT:

Continuation of the current annual rental amount and payment terms.

PERFORMANCE BOND:

Continuation of the current bond amount.

BACKGROUND:

General Lease No. S-3698 (GLS-3698) was sold to Bank of Hawaii by way of public auction. The lease was issued for a term of 55 years commencing on January 26, 1962 and expiring January 25, 2017.

At its meeting of December 9, 2016, agenda item D-5, the Board approved a 3-year extension of GLS-3698 pursuant to Act 207¹. The annual rent for the extended term was determined by independent appraisal at that time.

Hawaii District Land Office staff has had several discussions with the lessee regarding its available options regarding extensions pursuant to Act 207 and Act 149². After lengthy consideration, Bank of Hawaii has decided not to pursue another extension of its lease.

Bank of Hawaii is now requesting a one-year holdover of GLS-3698 in order to shut down operations and vacate the premises. It will be relocating the branch to another site and needs the additional time in order to provide a smooth transition.

Staff is recommending approval of a one-year holdover allowing the Lessee additional time to relocate. Staff is also recommending the rent remain at the current rate for the additional time as the rent was recently reopened and set at market rate.

The current lessee is in compliance with the terms and conditions of the lease regarding rent, bond and insurance.

RECOMMENDATION:

That the Board:

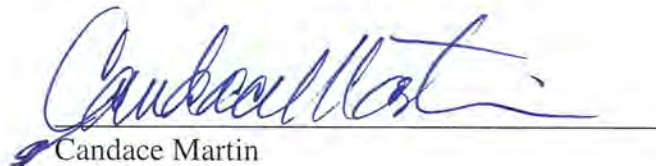
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, Hawaii Administrative Rules, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize a One-Year holdover for General Lease No. S-3698 for the period of January 26, 2020 to January 25, 2021, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

¹ Act 207, Session Laws of Hawaii 2011 amends Section 171-36(b) of the Hawaii Revised Statutes by allowing the Lessee to: Extend or modify the fixed rental period of the lease: provided that the aggregate of the initial term and any extension granted shall not exceed sixty-five years.

² Act 149, Session Laws of Hawaii 2018 adds Sections 171-191, -192 and -193 by creating the "Hilo Community Economic district" thus allowing lessees within this area to extend leases up to 40 years beyond the initial term of the lease.

- a. The standard terms and conditions of the most current holdover of lease form, as may be amended from time to time;
- b. Review and approval by the Department of the Attorney General; and
- c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,


Candace Martin
Land Agent

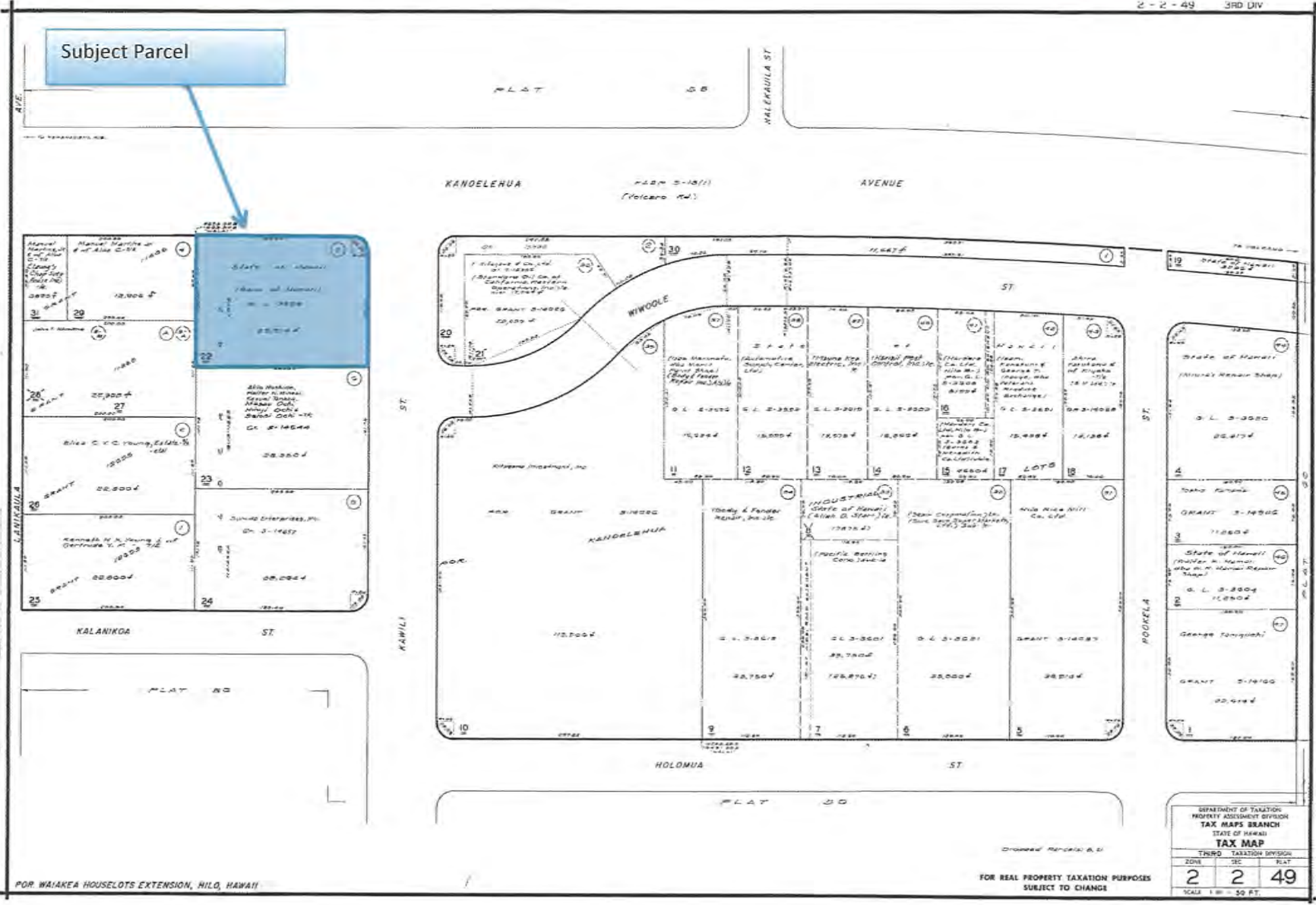
APPROVED FOR SUBMITTAL:


Suzanne D. Case, Chairperson

EXHIBIT A

2-2-49 3RD DIV

Subject Parcel



FOR WAIKOLA HOUSELOTS EXTENSION, HILO, HAWAII

FOR REAL PROPERTY TAXATION PURPOSES
SUBJECT TO CHANGE

DEPARTMENT OF TAXATION PROPERTY ASSIGNMENT DIVISION TAX MAPS BRANCH STATE OF HAWAII		
TAX MAP		
THIRD TAXATION DIVISION		
ZONE	SEC	PLAT
2	2	49
SCALE 1" = 50 FT.		

DAVID Y. IGE
GOVERNOR OF HAWAII



EXHIBIT B

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

October 18, 2019

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes (HRS), and Chapter 11-200.1, Hawaii Administrative Rules (HAR):

Project Title:	One-Year Holdover of General Lease No. S-3698, Bank of Hawaii, Lessee.
Project / Reference No.:	GL S-3698.
Project Location:	Waiakea House Lots Extension, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:022.
Project Description:	One-year holdover of General Lease No. S-3698 in order to allow additional time to Bank of Hawaii to shut down and move operations to its new location.
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No. and Description:	In accordance with HAR § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 47, which states "Leases of state land involving negligible or no expansion or change of use beyond that previously existing".
Cumulative Impact of Planned Successive Actions in Same Place Significant?:	No. The holdover of the lease is a stand alone request that does not involve successive actions at the same place. The proposed use will involve negligible or no expansion or change of use beyond that previously existing.
Action May Have Significant Impact on Particularly Sensitive Environment?: Analysis:	No. There are no particularly sensitive environmental issues involved with the proposed use of the property. The proposed use will involve

negligible or no expansion or change of use beyond that previously existing.

Consulted Parties:

County agencies: Planning Department and Public Works

Recommendation:

That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.