

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

January 22, 2021

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

Oahu

Authorize a One-Year Holdover of General Lease No. S-5219, SubCom, LLC,  
Lessee, Sand Island, Honolulu, Oahu, Tax Map Key (1) 1-5-041:333

APPLICANT:

SubCom, LLC, a Delaware limited liability company.

LEGAL REFERENCE:

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

LOCATION:

Portion of Government land and submerged land and ship berthing easement situated at Sand Island, Honolulu, Oahu, identified by Tax Map Key (1) 1-5-041:333, as shown on the map attached as **Exhibit A**.

AREA:

Depot Area: 1.615 acres  
Berthing Easement: 0.952 acre

ZONING:

State Land Use District: Urban/Conservation  
City and County of Honolulu LUO: I-3/P-2

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 Hawaii Administrative Rules (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 November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Type 1 that states, "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", Item 40 that states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existing." (See **Exhibit B**)

DCCA VERIFICATION:

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

CURRENT USE STATUS AND CHARACTER OF USE:

Encumbered by General Lease No. S-5219 for terminal project site and ship berthing easement. The Lessee shall use or allow the premises leased to be used solely for commercial and industrial purposes of establishing a cable ship berth and depot for maintenance, repair, and storage of transoceanic submarine telecommunication cables.

TERM OF LEASE:

Original term of 30 years, commencing on November 21, 1991 and expiring on November 20, 2021.

CURRENT ANNUAL RENTAL:

\$196,740 per annum paid semi-annually.

HOLDOVER LEASE COMMENCEMENT DATE AND TERM:

November 21, 2021 for a term of one-year, expiring November 20, 2022.

HOLDOVER LEASE ANNUAL RENT:

The current annual rent of \$196,740 was effective since November 21, 2010. Staff recommends applying an annual increase of 1.5%<sup>1</sup> from 2010 to 2020 to derive the annual rent payable during the requested holdover, i.e.  $\$196,740 \times 1.15 = \$226,251$ , say, \$226,250, payable equally on November 21, 2021 and May 21, 2022.

PERFORMANCE BOND:

Continuation of the current bond amount.

---

<sup>1</sup> In annual renewal of revocable permit, Land Division has been using 1.5% per annum as an increase for cases that did not have any appraisal done.

REMARKS:

General Lease No. S-5219 was issued to AT&T Submarine Systems, Inc., for a term of thirty (30) years, commencing on November 21, 1991. It encumbers 1.615 acres of wharf area for ship depot purposes, which includes a warehouse and sheds for housing of equipment. The lease also consists of 0.952 acre of submerged lands used for docking a communication cable laying ship.

At its meeting of February 11, 2011, agenda item D-16. The Board gave its consent to the assignment of the subject lease to SubCom, LLC.

Division of Aquatic Resources (DAR) utilizes the adjacent State parcel for fisheries research center pursuant to Governor's Executive Order No. 4618. DAR expressed its interest in expanding the research center into the subject parcel upon the expiration of the lease in November 2021. Meanwhile, SubCom, LLC indicated its need to stay at the present premises for a period after November 2021 as finding and building an alternate site will take time. The Department of Transportation, Harbors Division (DOT)<sup>2</sup> was invited to the discussion among the stakeholders about an alternate berthing location.

Upon discussions among DAR, SubCom, LLC and Land Division, it was agreed that SubCom, LLC would apply for a holdover at the present location. By a separate request under today's agenda, DAR requests the Board authorize setting aside the subject lands to DAR. Land Division will continue to manage the lease on behalf of DAR until DAR is ready to move into the subject premises for construction of its new improvements.

DAR will keep SubCom, LLC informed of its progress on the design, planning, and construction of the new DAR improvements. Upon the expiration of the requested holdover, staff may bring a request for the issuance of a revocable permit to SubCom, LLC to the Board if DAR is not ready to occupy the premises at that time.

Staff did not solicit comments from agencies, other than DAR and DOT, as the request is for housekeeping purpose only. The subject lease is in compliance pertaining to rent, insurance and performance bond. There are no other issues or concerns and staff has no objections to the request.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed dispositions as provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, 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-5219 for the period of November 21, 2021 to November 20, 2022, under the terms and conditions cited

---

<sup>2</sup> DOT also expressed its interest in using the berth easement area due to congestion at Honolulu Harbor. Staff will address this after SubCom, LLC is ready to vacate the premises and the executive order to DAR is issued.

above, which are by this reference incorporated herein and further subject to the following:

- 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,

*Barry Cheung*

---

Barry Cheung  
District Land Agent

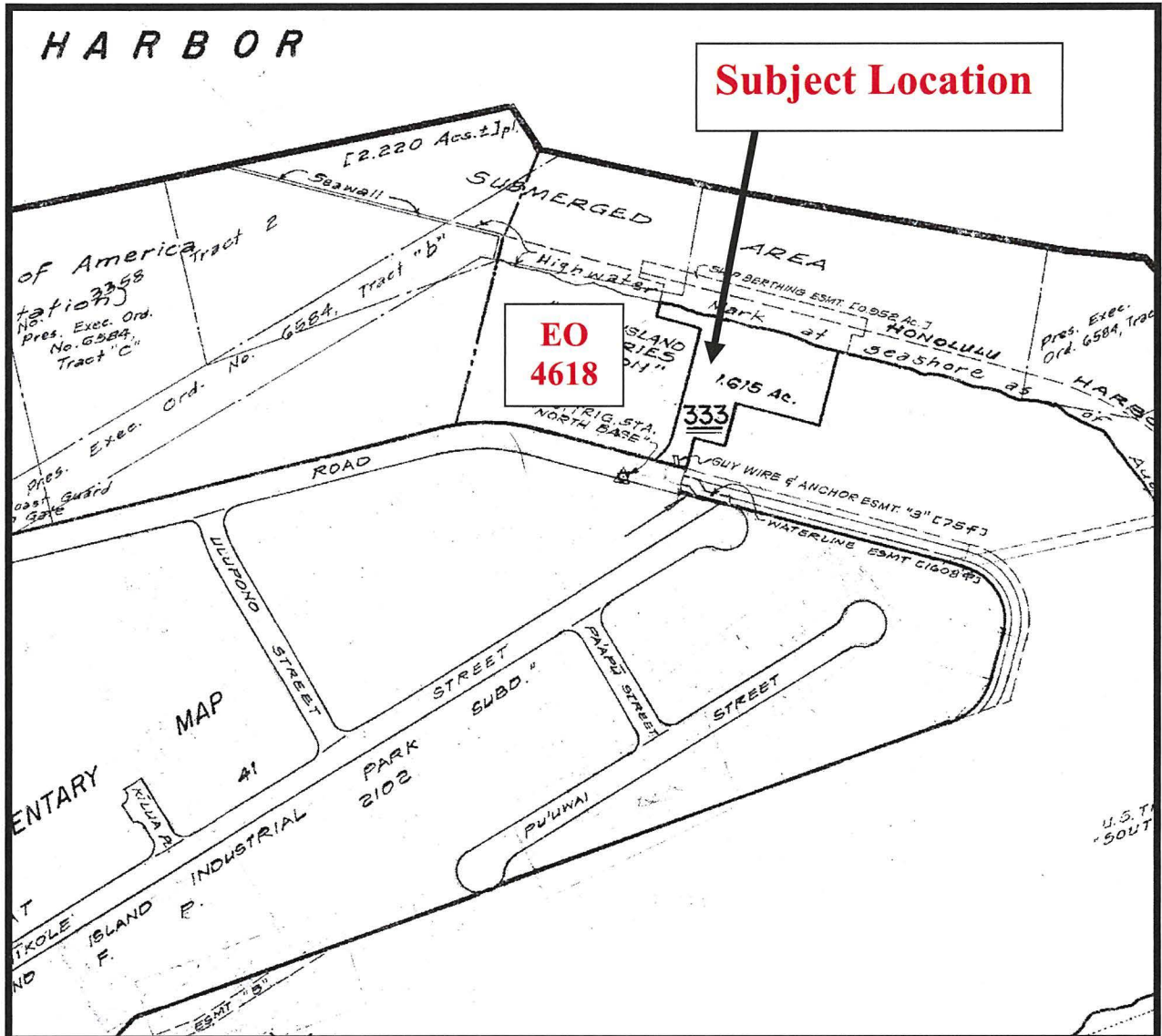
APPROVED FOR SUBMITTAL:

*Suzanne D. Case*

---

Suzanne D. Case, Chairperson

RT



TMK (1) 1-5-041:333

EXHIBIT A

**EXEMPTION NOTIFICATION**

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200.1-15, HAR

Project Title: One-Year Holdover of General Lease No. S-5219, SubCom, LLC, Lessee.

Reference No.: GL5219.

Project Location: Sand Island, Honolulu, Oahu, Tax Map Key: (1) 1-5-041:333.

Project Description: One-year holdover of General Lease No. S-5249 in order to allow additional time for the lessees to move operations to its new location.

Chap. 343 Trigger(s): Use of State Land.

Exemption Class No.: In accordance with Hawaii Administrative Rules (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 November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Type 1 that states, "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", Item 40 that states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existing."

The Applicant is continuing the existing use, as such, staff believes that the request would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Cumulative Impact of Planned Successive Actions in Same Place Significant? No, the request is for continued use of the property, therefore, Staff believes the request would involve negligible impact to the subject area.

Action May Have Significant Impact on Particularly Sensitive Environment? Staff is not aware of any particularly sensitive environmental issues and use of the area would involve negligible impact.

Consulted Parties: Department of Transportation, Harbors Division and Division

**EXHIBIT B**



of Aquatic Resources.

Analysis:

Based on the above mentioned, Staff believes there would be no significant impact to sensitive environmental or ecological receptors.