

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

February 24, 2023

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

Hawaii

Mutual Cancellation of Revocable Permit No. S-7931 to Bank of Hawaii for Business Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:022.

APPLICANT:

Bank of Hawaii, a Hawaii corporation.

LEGAL REFERENCE:

Section 171-55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Ocean View Lease Lots, 2nd series, 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, min. 10,000sf)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

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

CURRENT USE STATUS:

Revocable permit for business purposes.

REMARKS:

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 207. The annual rent for the extended term was determined by independent appraisal at that time. Also at that time, staff had several discussions with Bank of Hawaii regarding the option to request a longer-term extension. After lengthy consideration, Bank of Hawaii decided not to pursue the longer-term extension as its plan was to develop a new branch on private land and consolidate its two Hilo branches there.

At its meeting of November 8, 2019, agenda item D-6, Bank of Hawaii requested a 1-year holdover of GLS-3698 in order to shut down operations and vacate the premises. It would be relocating the branch to another site and needed the additional time in order to provide a smooth transition. This extended the expiration date of the lease to January 25, 2021.

Due to economic conditions and supply chain issues resulting from the COVID-19 pandemic, Bank of Hawaii was delayed in its ability to move forward on its plan to develop the new branch. Bank of Hawaii requested a month-to-month revocable permit to continue occupying the property until a new lease is sold at public auction or Bank of Hawaii had completed development of its new branch, whichever came first.

The Board approved issuance of a new revocable permit at its meeting of October 23, 2020 with a commencement date of January 26, 2021, agenda item D-4, and Revocable Permit No. S-7931 was thereafter issued.

Late last year, Bank of Hawaii completed construction and opened its new branch and is now requesting cancellation of its revocable permit. In compliance with Part B, Paragraph 13 which states:

"Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase 1 environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR."

Bank of Hawaii delivered a Phase 1 Environmental Site Assessment to the Hawaii District Land Office on August 3, 2022. The assessment found "no recognized environmental conditions, controlled recognized environmental conditions, and/or significant data gaps in connection with the subject property as defined by ASTM".

Condition A.5 of the permit allows Bank of Hawaii to cancel the permit on 25 days' written notice, which was provided to the Department by letter dated December 20, 2022. Bank of Hawaii estimated it would turn over possession of the property on February 28, 2023. Staff conducted a pre-exit inspection of the property on January 11, 2023 and found the property in good condition and repair (see Exhibit B for inspection photos).

Staff is preparing a separate submittal seeking approval to offer a long-term lease of the property at public auction.

RECOMMENDATION: That the Board:

1. Approve the mutual cancellation of Revocable Permit no. S-7931.

Respectfully Submitted,

Candace Martin

KOM

Candace Martin
Land Agent

gca

APPROVED FOR SUBMITTAL:



Dawn N.S. Chang, Chairperson

RT

EXHIBIT A



EXHIBIT B

Pre-Exit Inspection Photos January 11, 2023







