

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96819

July 28, 2023

Chairperson and Members
Board of Land and Natural Resources
State of Hawai'i
Honolulu, Hawai'i

Land Board Members:

SUBJECT:

Consent to Sublease Under Harbor Lease No. H-70-14, Keehi Marine, Inc.
("Keehi Marine", Lessee, To: Rick Abille, an Individual, Sublessee, Ke'ehi Small
Boat Harbor, Kalihi-Kai, Honolulu, Hawaii, Tax Map Key: (1) 1-2-023:030.

APPLICANT:

Keehi Marine Inc., a Hawaii corporation, located at 24 Sand Island Access Road,
Honolulu, Hawaii 96819, as Sublessor, to:

Rick Abille, an Individual,

LEGAL REFERENCE:

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

LOCATION:

A portion of Government lands situated at the Keehi Small Boat Harbor, Kalihi-Kai,
Honolulu, Oahu, identified by Tax Map Key: (1) 1-2-023:030, as shown in **Exhibits A-1
and A-2**.

LEASE AREA:

Total lease area is 8.141 acres, consisting of 3.726 acres of fast land and 4.415 acres of
submerged land, more or less.

SUBLEASE AREA:

2,250 square feet (**see Exhibit A-3**)

TRUST LAND STATUS:

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

LEASE CHARACTER OF USE:

Keehi Marine, Inc. Boating Lease No. H-70-14 ("Lease") allows for the following purposes:

The construction, operation, and maintenance of:

- Marine railway for boat repairs
- Marine retail store for the sale of services of marine equipment
- A marina
- A clubhouse for boat clubs

Other related activities as approved in writing by the Lessor.

SUBLEASE CHARACTER OF USE:

Welding shop and marine parts fabrication.

TERM OF LEASE:

Fifty Five (55) years

Original term of Harbor Lease No. H-70-14 of forty-five (45) years commencing February 1, 1971 and ending January 31, 2016.

At its meeting on March 24, 2000, under agenda item J-1, the Board approved a ten (10) year extension commencing February 1, 2016 and ending on January 31, 2026.

TERM OF SUBLEASES:

Commencing January 1, 2015 and continuing on a month-to-month basis.

ANNUAL LEASE RENTAL:

Rent for the first 5 years was set at \$39,600 per year and renegotiates at 5-year intervals.

Original Lease Term (45 Years)

February 1, 1971 to January 31, 1976 - \$ 39,600.00/year

February 1, 1976 to January 31, 1981 - \$ 39,600.00/year
February 1, 1981 to January 31, 1986 - \$ 39,600.00/year
February 1, 1986 to January 31, 1991 - \$105,280.00/year
February 1, 1991 to January 31, 1996 - \$162,500.00/year
February 1, 1996 to January 31, 2001 - \$260,000.00/year
February 1, 2001 to January 31, 2006 - \$295,000.00/year
February 1, 2006 to January 31, 2011 - \$330,000.00/year
February 1, 2011 to January 31, 2016 - \$330,000.00/year

Extended Lease Term (10 Years)

February 1, 2016 to January 31, 2019 - \$576,750.00/year
February 1, 2019 to January 31, 2023 - \$676,750.00/year
February 1, 2023 to January 31, 2026 - \$776,750.00/year

ANNUAL SUBLEASE RENTAL:

\$41,763.00/year (see Exhibit B)

DCCA VERIFICATION:

SUBLESSOR:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

SUBLESSEE:

Individual, not applicable.

REMARKS:

The lease, issued in 1971 to Keehi Drydock Corporation, was assigned to Amfac Distributing Company Ltd. in 1977.

Amfac Marine Supply, Inc., as successor in interest to Amfac Distribution Company Ltd., assigned the lease to Keehi Marine Center LP in 1984.

In 1999, Keehi Marine Center LP was converted from a limited partnership to a corporation (Keehi Marine, Inc.), which is the current lessee.

Keehi Marine's sublease requires the sublessee to carry commercial general liability insurance coverage with the following limits: \$1,000,000 per occurrence; \$1,000,000 per person; and \$1,000,000 property damage. These differ from the limits contained in the

State of Hawaii's leases for general liability insurance, which have limits of at least \$1,000,000 for each occurrence and \$2,000,000 aggregate.

Staff recommends that the sublessees' general liability insurance policy limits be changed to bring them in line with those contained in State leases and be issued by insurance carriers licensed to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII". In addition, staff recommends the State of Hawaii be named as additional insured on the sublessees' general liability insurance policy.


At its meeting on May 13, 2022, under agenda item J-4, the Board approved a mediated settlement of the tenant's base rent reopening for the period beginning February 1, 2016, to the end of its lease on January 31, 2026. Included in the settlement was an agreement for the lessor not to seek participation in the lessee's sublease rents for that 10-year period due to the six-year after-the-fact nature of the rent reopening. However, DOBOR reserved the right to participate in sublease rents if the lease term were extended beyond January 31, 2026.

RECOMMENDATION:

That the Board consent to the subleases under Harbor Lease No. H-70-14 between Keehi Marine, Inc., as Sublessor and Rick Abille, as Sublessee, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:


1. Sublessees' general liability insurance policies shall:
 - a) Contain limits in an amount of at least \$1,000,000 for each occurrence and \$2,000,000 aggregate;
 - b) Be issued by carriers licensed to do business in the State of Hawaii, with an AM Best rating of at least A-, VIII;
 - c) Name the State of Hawaii as additional insured;
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,



EDWARD R. UNDERWOOD, Administrator
Division of Boating and Ocean Recreation

APPROVED FOR SUBMITTAL:



DAWN N. S. CHANG, Chairperson
Board of Land and Natural Resources

Attachments:

- A-1 Keehi Small Boat Harbor on the Island of Oahu
- A-2 Keehi Marine, Inc. location in Keehi Small Boat Harbor
- A-3 Sublessee location on the Premises
- B Sublease Document

Exhibit A-1

Keehi Marine, Inc.



Exhibit A-1

Exhibit A-2



Exhibit A-3

Keehi Marine, Inc.



Rick Abille

Exhibit A-3

Exhibit A-3

SUBLEASE

This Sublease is made as of May 24, 2023, by and between KEEHI MARINE, INC., a Hawaii Corporation, whose address is 24 Sand Island Access Road, Honolulu, Hawaii 96819 (hereinafter called "Sublessor", and **Rick Abille**, whose address is 24 Sand Island Access Road #15, Honolulu, HI 96819 (hereinafter called "Sublessee").

WITNESSETH THAT:

WHEREAS, Sublessor is the current lessee under that certain Lease dated February 1, 1971 (the "Master Lease") by and between the State of Hawaii, as lessor (the "Master Lessor"), and Keehi Drydock Corporation, as lessee, which Master Lease is recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17826, page 428; and

WHEREAS, the land leased pursuant to the Master Lease (the "Land") together with the improvements thereon are known as the Keehi Marine Center (the "Center"); and

WHEREAS, Sublessee desires to sublease from Sublessor those certain Premises more particularly described herein (the "Premises");

NOW, THEREFORE, for and in consideration of the premises and the covenants and agreements contained herein, and other good and valuable consideration, the Sublessor does hereby sublease, demise, and let unto Sublessee the Premises together with the non-exclusive right to use those areas of the Center which are not reserved for the exclusive use of Sublessor or any one Tenant ("Common Areas") for ingress and egress to the Premises and sublessee does hereby hire and take from Sublessor the Premises.

SECTION 1. SPECIFIC SUBLEASE TERMS.

1.1 Name and Address of Sublessee:

Rick Abille
24 Sand Island Access Road #15
Honolulu, HI 96819
Attention: Rick Abille

1.2 Premises.

The "Premises" consist of following:

1.2.1 Land Area: Approximately 2,250 square feet of land

1.2.2 Parking: Sublessee shall have 2 parking stalls

1.3 Term. –

This Sublease shall commence on January 1, 2015 ("commencement Date") and continue on a month to month basis.

Exhibit B

- 1.4 Rent.
 - 1.4.1 "Base Rent" : \$3,480.25 per month including 4.712% Hawaii General Excise Tax.
 - 1.4.2 "Percentage Rent" : N/A.
 - 1.4.3 All other sums designated in the "Standard Terms and Conditions."
- 1.5 Use. The Premises may be used for the following purpose (s) and no other purpose (s) :
 - Welding shops and marine parts fabrication
- 1.6 "Security Deposit" : \$2,577.96
- 1.7 Sublessee's "Prorata Share": 1%
- 1.8 Insurance. Sublessee shall maintain the following types of insurance with the following minimum limits:
 - 1.8.1 Commercial General Liability Insurance (including products, contractual, and personal injury liability) with a minimum per occurrence limit of US\$ 1,000,000 and minimum per person limit of US \$1,000,000 and a minimum limit of US\$ 1,000,000 for property damage.
 - 1.8.2 Casualty Insurance on all of Sublessee's property insuring such property (including all fixtures and improvements) to the full replacement value thereof as of the time of loss. N/A
 - 1.8.3 Business Interruption Insurance as described in the Standard Terms and Conditions. N/A
 - 1.8.4 Environmental Pollution Insurance as described in the Standard Terms and Conditions. N/A
 - 1.8.5 Insurance during any construction upon or improvement or alteration of the Premises shall be maintained as described in the standard Terms and conditions. N/A
- 1.9 Notices. All notices required to be given under this sublease shall be given as follows:

If to Sublessor:

KEEHI MARINE, INC.
24 Sand Island Access Road
Honolulu, Hawaii 96819
Attention :General Manager
Facsimile No. 808 841-6610

If to Sublessee:

Rick Abille
24 Sand Island Access Road #15
Honolulu, HI 96819

or to such other address of which a party hereto shall give the other party ten (10) days' written notice.

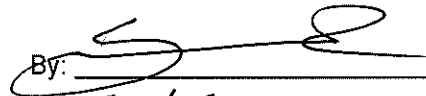
SECTION 2. STANDARD TERMS AND CONDITIONS.

In addition to the foregoing Specific Sublease Terms, Sublessor and Sublessee agree to the Standard Terms and Conditions attached hereto as Exhibit B and incorporated herein by this reference.

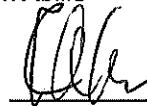
The parties hereto agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterparts.

IN WITNESS WHEREOF, Sublessor and Sublessee have executed these presents as of the day and year first above written.

KEEHI MARINE, INC., a Hawaii
Corporation

By: 
Its: *Sec/Treas*
"Sublessor"

Rick Abille

By: 
Its:
"Sublessee"

- Exhibits: A - Premises
- B - Standard Terms and Conditions

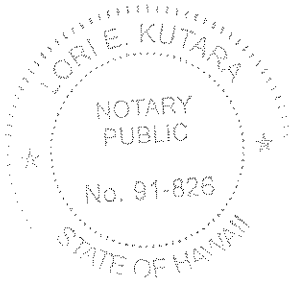
STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On June 14, 2023 in the First Circuit, State of Hawai'i, before me personally appeared YOSHIYUKI MURAOKA, Secretary & Treasurer of KEEHI MARINE, INC. to me personally known, who, being by me duly sworn or affirmed, did say that did say that such person executed the foregoing instrument identified or described as SUBLEASE 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.

The foregoing instrument is dated May 24, 2023 and contained 41 pages at the time of this acknowledgment/certification.



Print Name: Lori E. Kutara
Notary Public, State of Hawai'i
My commission expires: 11-28-23



Acknowledgment of Individual

STATE OF HAWAII

City & COUNTY OF Honolulu } ss.

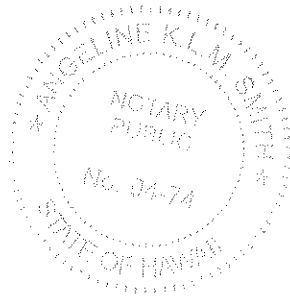
On this 13th day of June, 2023, before me personally appeared Rick Abille, to me known to be the person (or persons) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

[Signature]
Notary Public

Print Name: ANGELINE K.L.M. SMITH

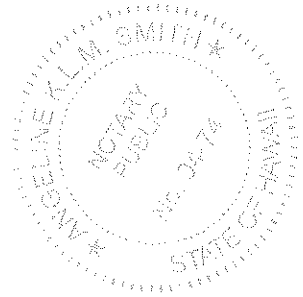
My Commission Expires:

2/22/24



Doc. Date: hand dated # Pages 41
Notary Name: Angeline K.L.M. Smith First Circuit
Doc. Description Sublease

[Signature] 6-13-23
Notary Signature Date



DESCRIPTION OF PREMISES

EXHIBIT A

KEEHI DRYDOCK AND MARINA COMPLEX
KALUAPULU AND KALIWA, KALIHI
HONOLULU, OAHU, HAWAII

Comprising the following:

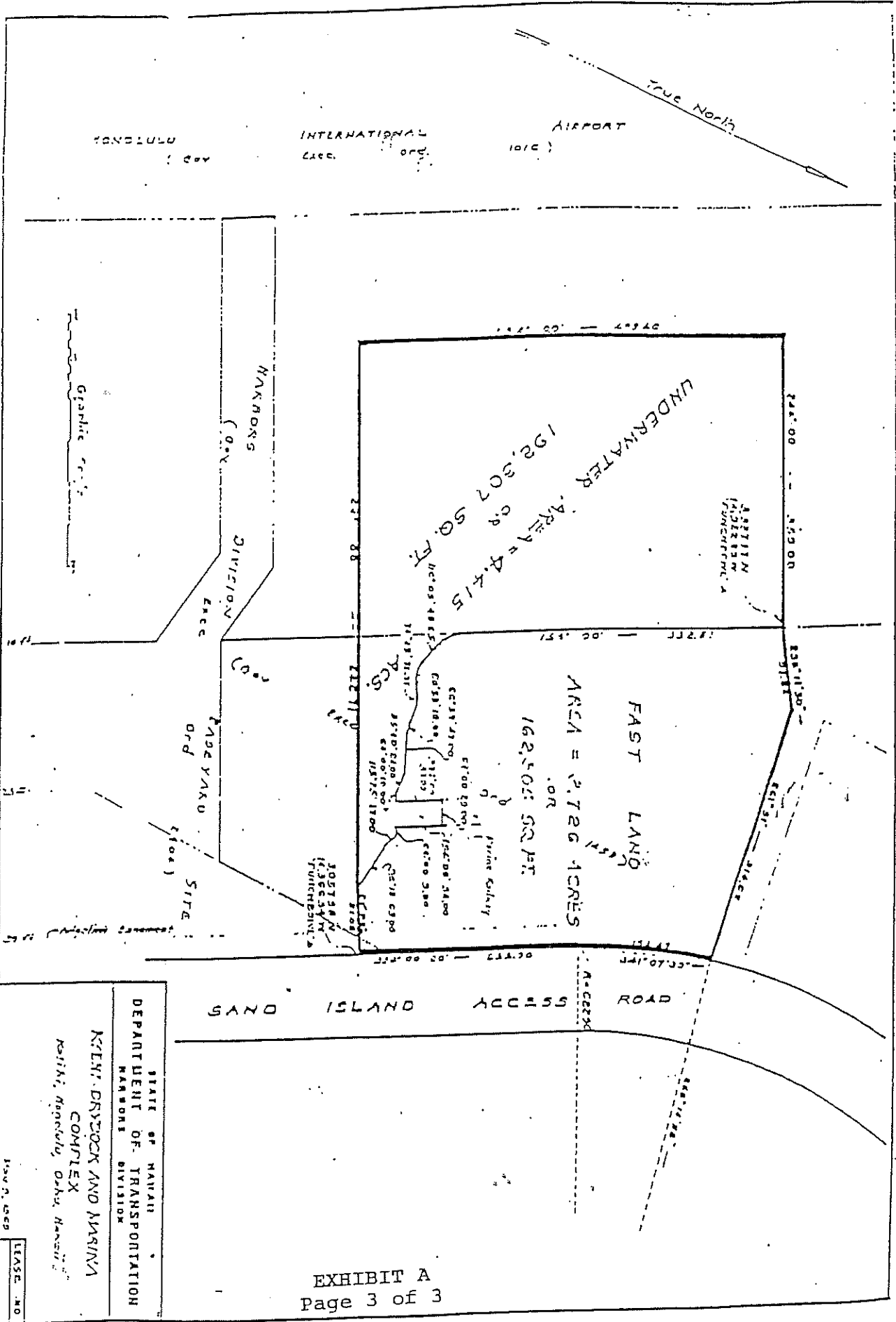
- A. Portion of R.P. 6888 Apana I, L. C. Award 3237 Part I to Hewahewa (Portion of Pahouiki Fish Pond now filled) conveyed to the Territory of Hawaii by the Trustees, Under the Will and the Estate of S. M. Damon by Exchange Deed dated September 5, 1950 and recorded on Pages 181-193 in Liber 2410 filed in the Bureau of Conveyances at Honolulu (Land Office Deed 9318).
- B. Portion of the underwater area (now partially filled) of the sea fishery of Kaliwa, the fishing and other rights having been acquired by the Territory of Hawaii from the Trustees, Under the Will and of the Estate of S. M. Damon by Quit-Claim Deed dated June 20, 1946 (Land Office Deed 7993) and from Jahn Waterhouse, et al, by FINAL ORDER OF CONDEMNATION LAW NO. 16653 dated July 18, 1946 and recorded on Pages 79-94 in Liber 1981 filed in the Bureau of Conveyances at Honolulu (Land Office Deed 7993).
- C. Portion of the underwater area (now partially filled) of the sea fishery of Mokauea acquired by the Territory of Hawaii by EMINENT DOMAIN, LAW NO. 16696 commenced on August 29, 1941 and by Quit-Claim Deed by Hawaiian Dredging Company, Limited, to Territory of Hawaii, dated August 6, 1952 and recorded on Pages 27-40 in Liber 2613 filed in the Bureau of Conveyances at Honolulu (Land Office Deed 10605).

Beginning at the East corner of this parcel of land and on the Southwest side of Sand Island Access Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 3,057.98 feet North and 14,366.54 feet West, thence running by azimuths measured clockwise from True South:

1. 61° 25' 00" 81.00 feet along remainder of Harbors Division Baseyard Site (Governor's Executive Order 2404) and remainder of Harbor Development and Boat Facilities (Governor's Executive Order 1458);
2. 64° 00' 00" 646.71 feet along remainder of Harbor Development and Boat Facilities (Governor's Executive Order 1458) and along remainder of Kaliwa Fishery;

3. 154° 00' 00" 498.46 feet along remainder of Kaliwa Fishery;
4. 244° 00' 00" 350.00 feet along remainder of Kaliwa Fishery;
5. 238° 11' 30" 97.84 feet;
6. 261° 51' 00" 314.62 feet to the Southwest side of Sand Island Access Road;
7. Thence along the Southwest side of Sand Island Access Road, on a curve to the left with a radius of 622.96 feet, the chora azimuth and distance being:
341° 07' 39" 154.47 feet;
8. 334° 00' 20" 255.00 feet along Southwest side of Sand Island Access Road to the point of beginning and containing an area of 354,612 square feet or 8.141 acres.

Subject, however, to the Avigation Easement and other rules and regulations as set forth by Airport Division, Department of Transportation, State of Hawaii. All prehistoric and historic remains found on said demised premises are reserved to the State, its successors and assigns.



HONOLULU

INTERNATIONAL
AIRPORT

TRUE NORTH

HAKKORS
DIVISION
FACE

Graphic scale

UNDERWATER AREA
192,307 SQ. FT.
AREA = 4.415

ARTIST
FURNISHING

FAST LAND
AREA = 2,726 ACRES
OR
162,501 SQ. FT.

TADZYAKU
ORD
SITE

JOSEPH
FURNISHING

SAND ISLAND ACCESS ROAD

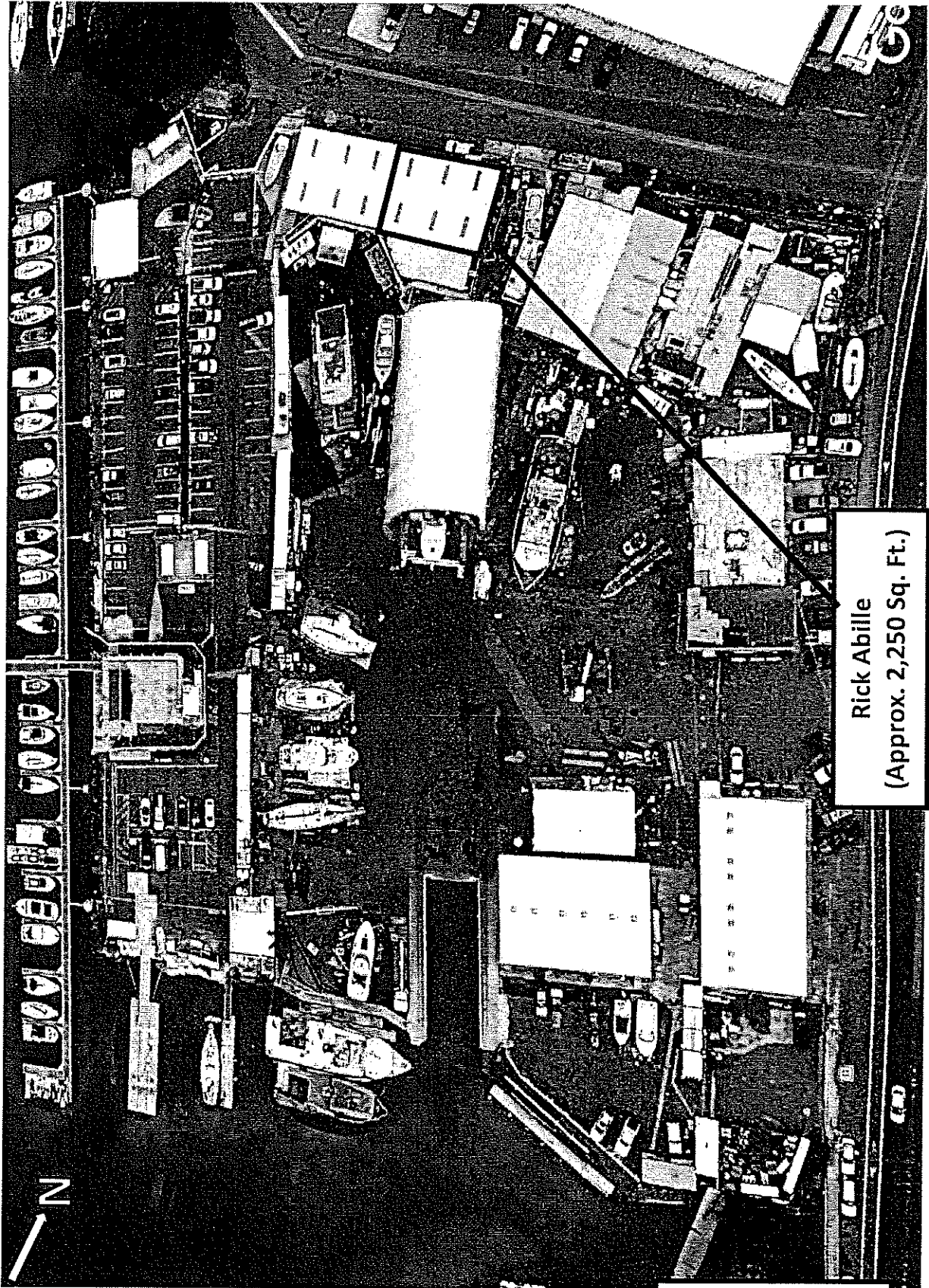
STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
MARINE DIVISION
KLEIN DRYDOCK AND MARINA
COMPLEX
Kalihi, Honolulu, Oahu, Hawaii

Issue No. 1029

LEASE NO.

Exhibit A

Keehi Marine, Inc.



Rick Abille
(Approx. 2,250 Sq. Ft.)

Exhibit A