

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

March 8, 2024

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

Oahu

Consent to Sublease Grant of Non-Exclusive Easement S-5602, STC TWO LLC, Grantee, to DISH Wireless L.L.C., Sublessee, Kawaihoa, Kailua, Koolaupoko, Oahu, Tax Map Key: (1) 4-2-098:Portion of 047.

APPLICANT:

STC TWO LLC, a Delaware Limited Liability Company, as Sublessor, to DISH Wireless L.L.C., a Colorado Limited Liability Company, as Sublessee.

LEGAL REFERENCE:

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

"Revision to Sublease Rent Participation Policy" adopted by the Board of Land and Natural Resources (Board) on May 26, 2000, agenda item D-24, as amended on January 26, 2001, under agenda item D-8, and August 24, 2012, under agenda item D-13. (Attached and labeled as **Exhibit A**)

LOCATION:

Portion of Government lands of Kawaihoa, situated at Kailua, Koolaupoko, Oahu, identified by Tax Map Key: (1) 4-2-098:Portion of 047, as shown on the attached map labeled **Exhibit B**.

EASEMENT AREA:

465 square feet, more or less.

TRUST LAND STATUS:

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

EASEMENT CHARACTER OF USE:

Wireless Communications Antenna and Communications Facilities purposes.

SUBLEASE CHARACTER OF USE:

Wireless Communications Antenna and Communications Facilities purposes.

TERM OF EASEMENT:

35 years, commencing on November 1, 1998 and expiring on October 31, 2033.
Last rental reopening occurred on November 1, 2018; next and last rental reopening is scheduled for November 1, 2028.

TERM OF SUBLEASE:

10 years, commencing on August 1, 2023 and expiring on July 31, 2033.

ANNUAL EASEMENT RENTAL:

\$26,600.00, due semi-annually.

ANNUAL SUBLEASE RENTAL:

\$19,200.00.

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

Additional rent of 30% of the gross revenues received from the sublease.

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 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." The proposed dispositions are de minimis actions that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR

DCCA VERIFICATION:

SUBLESSOR:

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

SUBLESSEE:

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

BACKGROUND:

July 24, 1988 (Agenda Item D-20): The Board of Land and Natural Resources ("Board") approved the issuance of a Non-Exclusive Easement to Primeco Personal Communications, L.P. over land that is a portion of Governor's Executive Order No. 1277 for corporation yard purposes issued to the City and County of Honolulu ("C&C"). At the time, the C&C approved the requested disposition which would work in conjunction with the replacement of an existing pole used for the civil defense sirens. Both the applicant's antenna and the civil defense sirens would occupy the new pole installed by the applicant.

February 12, 1999 (Agenda Item D-8): Board amended previous board action resulting from the notification from Primeco that Sprintcom., Inc. ("Sprint") had purchased all of Primeco's interest and requested the easement be issued to Sprint.

March 15, 2001: Grant of Non-Exclusive Easement S-5602 ("GL5602") was issued to Sprint for a term of 20 years commencing November 1, 1998, to and including October 31, 2018.

May 13, 2010 (Agenda Item D-16): Board authorized 1) consent to the assignment from Sprintcom, Inc. to STC TWO LLC and 2) amendment of the easement area and term. An additional 250 square feet was requested by STC TWO LLC for the installation of two new cabinets to house additional equipment serving the communication tower and added 15 years to the easement term, amending the expiration dated to October 31, 2033, to recapture the cost of the improvements being spent for the easement area.

REMARKS:

Pursuant to the "Revision to Sublease Rent Participation Policy" ("Policy") adopted by the Board at its meeting of May 26, 2000, agenda item D-24, the Board authorized the Chairperson to consent to subleases where no sandwich profits exist in two situations: 1) the lease has no provision which allows for sandwich profits or 2) the sublease involves improved property and according to this policy, the State is not entitled to any sandwich profits.

The Policy was amended at the Board meeting of January 26, 2001, under agenda item D-8 where it was decided that the Policy shall apply to leases under the direct management of the Land Division. In addition, the Board also amended the staff recommendation by stating that "... *the following formulae generally reflect the intent of the Board regarding the calculation of sublease sandwich profit and shall serve as **guidelines** (emphasis added) in such calculation. The Board authorizes staff to use their discretion in representing the State's interest in applying these formulae to address the varying subleasing arrangements that may not fit neatly into the formulae*".

The Policy was further refined or elaborated at the meeting of August 24, 2012, under agenda item D-14. Specifically, the Policy determined that "... participation in sublease rents is warranted considering the age of the improvements (including but not limited to the extent to which the improvements have been depreciated or amortized), lessee's expenditure to maintain the same in relation to the sublease revenues, and the extent to which the lessee actually occupies and uses the lease premises for its own business."

Full text of the above-mentioned submittals can be found in Exhibit A.

According to the Board submittal in 2010 when the grantee STC TWO LLC (STC TWO) requested the amendment, STC TWO was planning to install more improvements at the location. Fourteen (14) years later in 2024, staff could imagine the entire improvement cost would have been substantially, if not entirely¹.

In precedent cases involving telecom facility where subleases were created, the Board authorized the amendment of the relevant leases by asking for a share in the gross revenues of the leases in the rate of 30%, 40%, and 50% for the first, second, and third and beyond subleases respectively.²

¹ Applicant's representative did not have any information pertaining to the total improvement cost back or amortized cost 14 years ago.

² October 24, 2014, Item D-9.

Staff is requesting the Board's approval of the consent to sublease under Grant of Easement No. S-5602, requiring the additional rent of 30% of the gross revenues received from the sublease.

By its application STC TWO through its parent company, Crown Castle, requested a consent to sublease to DISH Wireless L.L.C. ("sublessee") for an initial term of 5 years. Review of the sublease document attached showed that the initial term was 10 years with 5 renewals at 5 years each. STC TWO's agent was informed of the difference of the initial term and that the lease had only 10 years remaining.

Upon approval of the consent to sublease, the sublessee will be adding at their own expense an antenna to the existing monopole and install new wireless equipment on the ground within the existing lease premises and will not alter the character of use. A recent site inspection shows that the Lessee is maintaining the premises (see **EXHIBIT C**) and was informed that prior to any construction/installation of improvements will require review and approval by our office.

RECOMMENDATION:

That the Land Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1-15, 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 as a de minimis action.
2. Consent to the sublease under Grant of Easement No. S-5602 between STC TWO L.L.C, as Sublessor, and DISH Wireless L.L.C., 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:
 - a. The Lessee shall submit construction plans of the Sublessee's improvements to the Land Division for the Chairperson's approval prior to constructing any improvements on the demised premises;
 - b. Require additional rent of 30% of the gross revenues received from the sublease;
 - c. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;

- d. Review and approval by the Department of the Attorney General;
and
- e. Such other terms and conditions as may be prescribed by the
Chairperson to best serve the interests of the State.

Respectfully Submitted,



Patti E. Miyashiro
Land Agent

APPROVED/DENIED:



Dawn N. S. Chang, Chairperson

RT



D-8

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

January 26, 2001

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

Statewide

RESUBMITTAL: Amendment to the Sublease Rent Participation
Policy

BACKGROUND:

On May 26, 2000, under agenda item D-24, the Board of Land and Natural Resources ("Board") approved the "Revision to Sublease Rent Participation Policy" (refer to Exhibit A). The policy was stated as follows:

"The following policy shall apply to leases under the direct management of the Land Division.

- 1) For unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State.
- 2) For improved lands, the Board shall not receive any portion of sublease rents obtained from subleasing improved space unless that right and method of calculation are specifically stated in the lease."

Recently, staff has come across a situation which this sublease policy does not address. The non-profit Waimanalo Teen Project was issued general lease S-5468 under section 171-43.1, HRS, and received nominal rent (25% of fair market) at \$317 per year (see Exhibit B for calculation). Sometime in mid-1999, the Waimanalo Teen Project requested that they be able to sublet part of their building to Castle Medical Center.

On July 9, 1999, under agenda item D-16, the Board approved and amended staff's recommendation to amend General Lease S-5468 by allowing for subleasing under the lease. The Board amended staff's recommendation by deleting the consent to sublease with Castle Medical Center due to concerns regarding the calculation of the sublease sandwich amount and the issue of whether Castle Medical Center was a for-profit operation circumventing the public auction process.

Based on staff's addressing of these concerns, the Board

ITEM D-8

EXHIBIT A

BLNR - Amendment to Sublease
Rent Participation Policy

Page 2

January 26, 2001

consented to the sublease between Waimanalo Teen Project and Castle Medical Center on November 19, 1999 under agenda item D-27. Item 4 of the recommendation was amended as follows:

"Increase of the annual rental by the amount of the annual sandwich rental profit as calculated by the staff appraiser, subject to adjustment upon renegotiation of the sublease or reopening of General Lease S-5468, or change in the policy."

Regarding the added language, Board meeting minutes reveal that there had been concern about a discrepancy in the sandwich rental calculations. The Administrator suggested deferring this item until a Board briefing to discuss a revision to the sublease policy could be conducted. The Waimanalo Teen Project accepted the rent as calculated and indicated a need to get Castle Medical Center onto the property. In response, the Board approved the consent to sublease and added that the consent would be subject to any future change in the sublease policy.

Based on this situation, staff is recommending changes to the Sublease Rent Participation Policy in this submittal. (This submittal was deferred by the Board on December 15, 2000 to allow the new Chairperson and Board Member McCrory the opportunity to comment on this matter.)

REMARKS:

When the Revision to Sublease Rent Participation Policy was drafted, staff did not account for the situation where a non-profit pays less than fair market rent. As such, staff did not address the public policy question of whether a non-profit, which is being subsidized by the State through nominal rent, should be subject to the same sublease policy provisions as lessees who are paying fair market rent.

Upon discussion among staff, including the staff appraiser, we believe that the sublease policy, as approved, should not apply to any lessee who is paying less than fair market rent. In this case, the lessee is receiving a State subsidy and should not be allowed to solely benefit from subleasing the State property without participation by the State, even where the improvements constructed by the lessee are being subleased rather than raw land.

Further, staff noticed that the approved sublease policy stated "for improved lands, the Board shall not receive any portion of sublease rents obtained from subleasing improved space unless that right and method of calculation are specifically stated in the lease." This provision was based on the premise that the lessee constructed the improvements and assumed the risk and therefore should solely benefit from any subleasing arrangements. Staff would like to clarify where the State owns the improvements (i.e., the lessee assumed no risk), then the lease rent would be revised to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent.

RECOMMENDATION:

That the Board amend the Revision to Sublease Rent Participation Policy approved by the Board on May 26, 2000, under agenda item D-24, by:

- A. Amending paragraph 2) of the Recommendation section by replacing the entire "Policy" statement to read as follows:

"Policy

This policy shall apply to leases under the direct management of the Land Division.

insert.

- 1. For lessees paying fair market rent:

- a. If the lessee subleases unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

Annual Sublease Ground Rent	\$
LESS: General Excise Tax	\$()
Net Annual Sublease Ground Rent	\$
LESS: Annual Ground Rent	\$()
Additional Annual Rent	\$
MULTIPLIED by 50%	x .50
Additional Annual Rent Due DLNR	\$

- b. If the lessee subleases improvements owned by the State, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

Annual Sublease Income	\$
LESS: General Excise Tax	\$()
Net Annual Sublease Income	\$
LESS: Allowances	\$()
Management and vacancy loss (eff. inc. x %)	
Repair and maintenance	
Real property tax	
Insurance	
Ground lease rent	
Additional Annual Income	\$
MULTIPLIED by 50%	x .50
Additional Annual Rent Due DLNR	\$

- c. If the lessee subleases improvements not owned by the State, the Board shall not receive any portion of sublease rents from subleasing improved space unless that right and method of calculation are specifically state in the lease.

2. For lessees paying any amount less than fair market rent:

- a. If the lessee subleases unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The calculation delineated in 1.a. above shall be used.
- b. If the lessee subleases improvements owned by the State, the Board shall revise the rent to include as additional rent, ~~100%~~ 100% of that portion of the sublease rent in excess of the original ground rent paid to the State. The calculation delineated in 1.b. above shall be used.
- c. If the lessee subleases improvements not owned by the State, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

Annual Sublease Income	\$
LESS: General Excise Tax	\$()
Net Annual Sublease Income	\$
LESS: Allowances	\$()
Management and vacancy loss (eff. inc. x %)	
Investment return (total invest. X %)	
Repair and maintenance	
Real property tax	
Insurance	
Ground lease rent	
Additional Annual Income	\$
MULTIPLIED by 50%	x .50
Additional Annual Rent Due DLNR	\$ "

- B. Deleting paragraph 4) of the Recommendation section in its entirety.
- C. The remaining approved recommendations of agenda item D-24 shall remain in effect.

Respectfully Submitted,



DIERDRE S. MAMIYA, Asst Administrator

8. **Approved as Amended.**—The staff recommendation was amended to read as follows:

This policy shall apply to leases under the direct management of the Land Division. *Furthermore, the following formulae generally reflect the intent of the Board regarding the calculation of sublease sandwich profit and shall serve as guidelines in such calculation. The Board authorizes staff to use their discretion in representing the State's interest in applying these formulae to address the varying subleasing arrangements that may not fit neatly into the formulae.*

Condition 2.b. was also amended by changing "... [50%] to 100% of that portion of the sublease rent ..."

D-24

STATE OF HAWAII
Department of Land and Natural Resources
Land Division
Honolulu, Hawaii 96813

May 26, 2000

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

STATEWIDE

Subject: RESUBMITTAL - REVISION TO SUBLEASE RENT PARTICIPATION
POLICY

Background

Chapter 171-36(a) (6), 1998 Hawaii Revised Statutes states:

"The lessee shall not sublet the whole or any part of the demised premises except with the approval of the board; provided that prior to the approval, the board shall have the right to review and approve the rent to be charged to the sublessee; provided further that in the case where the lessee is required to pay rent based on a percentage of its gross receipts, the receipts of the sublessee shall be included as part of the lessee's gross receipts; provided further that the board shall have the right to review and, if necessary, revise the rent of the demised premises based upon the rental rate charged to the sublessee including the percentage rent, if applicable, and provided that the rent may not be revised downward;"

On July 9, 1982, under agenda item F-9, the Land Board approved staff's recommendation to adopt a sublease evaluation policy. As stated in this submittal, staff recommended the Board formally adopt the format and procedure used to determine the amount of sandwich profit which was first developed and utilized in 1968. The rationale behind the policy was that the State should not allow anyone to make sandwich profits from the use of State owned property. As stated, the purpose of this policy was "to prevent speculation and to prevent the sublessor from becoming the predominant landlord." The policy also recognized the lessee's right to receive a fair return on his investment. Presently, sandwich profits are estimated using the computation sheet identified as Exhibit A. On the computation sheet, the ground rent and that portion of the rent attributable to the lessee's investment are subtracted from the sublease income to determine what rent, if any, is due DLNR.

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

May 26, 2000. *OR*

EXHIBIT A

ITEM D-24

Problem Definition

In light of the changed economic environment in which we operate – in particular, the dramatic decline in property values since the Japanese bubble burst in or about 1990 – staff revisited the Sublease Evaluation Policy. In evaluating the appropriateness of current policies, staff examined appraisal-related policies, including the sublease rent participation policy. Staff identified the following concerns regarding this policy and accompanying worksheet:

Fairness to Lessees: The current sublease evaluation policy may be unfair to the lessee because it assigns 100% of the sandwich profit to DLNR even though it is the lessee who assumes the risk.

Reduced Marketability: DLNR ground leases may not be as marketable because of the sublease evaluation policy. This may be particularly true in today's depressed economy or when a business savvy lessee is involved.

Lack of Clarity: The current worksheet is open to considerable interpretation and difficult to support.

Cost/Benefit of Implementation: The additional income received may not justify the time spent calculating and applying sandwich profits. For example, one industrial lease may have several subleases with terms of one year or less. Each time these subleases are extended and/or the rents changed, staff must re-evaluate the rents for sandwich profits. Because the law requires that we revise the lessee's rent based on the sublease rent, staff ends up continually changing the lessee's rent based on the sandwich profits determined.

Analysis

Staff's concern is the current worksheet may be too harsh on lessees who essentially act as entrepreneurs and assume much of the risk. This concern was addressed in a January 8, 1987 study done by Ming Chew Associates for the Department of Hawaiian Home Lands (DHHL). The study noted that "many lessees felt that having entered into the original lease in good faith at a set rental, it was unfair to change the rental terms of the lease during "mid-stream" with rental adjustments that were neither discussed nor agreed to during the initial signing of the lease."

The DHHL study also indicated the attempt to prevent speculation is based on the wrong circumstance (the sublease). If the intent is to have lease rents keep up with increases in land value, then the lease should be modified to consider step up rents, percentage rents, rent adjustments based on the CPI, and/or shorter reopening periods. The report stated that in the private sector, most lessors do not participate in sublease rents.

On December 9, 1999, staff conducted a briefing to provide background on the relevant issues of the sublease policy and to explore the Board's views and opinions on different alternatives for the policy.

At this Board briefing, the following issues were discussed:

- 1) The Board questioned whether other large land owners participated in sublease rents and requested that staff expand its survey of other large land owners.
- 2) The Board agreed that a 50% split was more reasonable but questioned the policy's cost/benefit.

Following this Board briefing, staff surveyed large Hawaii landowners and found the following:

Campbell Estate: The estate may take 50% of a sandwich when vacant land is concerned. Once the site is improved, Campbell does not directly participate in sandwich rents.

Bishop Estate: Bishop may also take 50% of a sandwich when vacant land is subleased; however, when a vacant parcel is leased Bishop typically knows what is planned and accounts for this via percentage rent, step-ups, etc. Finding that one of their lessees has created an unexpected sandwich position is rare. Bishop stated that either the lease prohibits such a sandwich or the lessee is being forced to sublease due to difficult economic conditions, hence a sandwich position is unlikely. Bishop would not rule out participating in sandwich rents should one ever exist.

Kaneohe Ranch: Kaneohe Ranch does not directly participate in sandwich rents. Like Bishop, Kaneohe Ranch typically knows what is planned at the start of a lease and does not expect to find unauthorized sandwich positions on its property.

Department of Hawaiian Home Lands: DHHL collects sandwich rents on both vacant and improved sites. The department revises the rent based on 50% of the amount by which the sublease rent exceeds the original rent for that portion of the property. DHHL estimates it receives less than \$5,000 per year in sandwich rents.

Damon Estate: The Damon Estate does not participate in sandwich rents and does not condemn a lessee when one is created. They have no unimproved lands.

Robinson Estate: The Robinson Estate also does not participate in sandwich rents nor does it discourage a lessee from creating a sandwich position. They stated that in fact, much of their lands got developed because sandwich positions on vacant land were permitted. The estate deals only with ground leases.

Based on these findings, staff recommends revisions to the Sublease Evaluation Policy presented at the December 9, 1999 Board briefing to ensure fairness in our dealings with lessees and increase the marketability of our leases.

Staff now believes that when a lessee improves a vacant site and subsequently subleases improved space, the State should not participate in sandwich profits obtained from subleasing that space. Staff recognizes that it is the lessee who has the vision and assumes the risk, and it is the lessee who should benefit.

Staff also believes sublease rent participation should apply when vacant land is leased and subsequently subleased. Staff suggests that when vacant land is subleased the rent paid to the State should be revised to include as additional rent, 50% of that portion of the sublease rent in excess of the rent paid to the State. This leaves the lessee with some economic incentive and allows the State to participate in sandwich profits. This should also help discourage lessees from overtly speculating with State land. The Sublease Participation Worksheet, examples of rent due and rent loss are attached as Exhibits C and D. Note the only expense is G.E. tax (4%) on the sublease rent received, which the sublessor is required to pay.

Staff notes that we are requesting the Board delegate its authority to the Chairperson when sandwich profits do not exist due to: 1) application of the new, recommended policy or; 2) the absence of a sandwich provision in the lease. This request is made to streamline the consent to sublease process.

Policy:

The following policy shall apply to leases under the direct management of the Land Division.

- 1) For unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State.
- 2) For improved lands, the Board shall not receive any portion of sublease rents obtained from subleasing improved space unless that right and method of calculation are specifically stated in the lease.

The Revision to Sublease Rent Participation Policy dated April 28, 2000 was deferred due to concerns the Board had regarding the Sublease Participation Worksheet. The Board questioned the worksheet's clarity and was particularly concerned about deductions for property taxes and miscellaneous allowances. Upon review, staff determined these and all other deductions, with the exception of G.E. tax, should not be included. The revised Sublease Participation Worksheet identified as Exhibits B eliminated these deductions and simplified the line item descriptions.

Recommendation: That the Board:

- 1) Rescind its prior Board action of July 9, 1982, under agenda item F-9, including the computation worksheet identified as Exhibit A.
- 2) Approve the above stated policy.
- 3) Authorize the Chairperson to consent to a sublease when no sandwich profit exists because: 1) the lease has no provision which allows for sandwich profits or 2) the sublease involves improved property and according to the above stated policy, the State is not entitled to a sandwich profit; subject to the review and approval of the Department of the Attorney General.
- 4) Approve the revised Sublease Participation Worksheet identified as Exhibit B.

Respectfully submitted,


Benjamin L. Marx III, Staff Appraiser

Approved for Submittal:

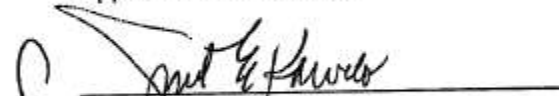

Timothy E. Johns, Chairperson

EXHIBIT A

Format

COMPUTATION SHEET

General Lease No. S-____, _____, Sublessor, sublease to
_____, Sublessee

Gross Annual Sublease Income	\$
Less 4% tax	_____
Effective Income	\$

Less Allowances:

Management, and vacancy loss (Eff. Inc. x %)	-\$
Investment return (Total Inv. x %)	

Other operating expenses paid
by sublessor such as real
property tax, insurance premium,
painting, repair and maintenance,
etc.

Reserves for Replacements

General Lease No. S-____ rental _____

Total Allowances: _____

SANDWICH PROFIT:

\$

Exhibit B

SUBLEASE PARTICIPATION WORKSHEET
LAND ONLY

General Lease No.	xxxx	
Lessee:	xxxx	
Location:	xxxx	
Tax Map Key:	xxxx	
Land Area (sf):		0
Annual Ground Rent:		\$0

CALCULATIONS:

Annual Sublease Ground Rent	\$0
LESS: G.E. tax	0
Net Annual Sublease Ground Rent:	\$0
LESS: Annual Ground Rent	0
Additional Annual Rent	\$0
Additional Annual Rent Due DLNR (50%)	\$0

Exhibit C

SUBLEASE PARTICIPATION WORKSHEET
LAND ONLY

General Lease No.	S-xxxx
Lessee:	John Doe
Location:	Honolulu, Hawaii
Tax Map Key:	(1) x-x-xx:xx
Land Area (sf):	20,000
Annual Ground Rent:	\$5,000

<u>CALCULATIONS:</u>	
Annual Sublease Ground Rent	\$10,000
LESS: G.E. tax	400
Net Annual Sublease Ground Rent:	\$9,600
LESS: Annual Ground Rent	5,000
Additional Annual Rent	\$4,600
Additional Annual Rent Due DLNR (50%)	\$2,300

Exhibit D

SUBLEASE PARTICIPATION WORKSHEET
LAND ONLY

General Lease No.	S-xxxx
Lessee:	John Doe
Location:	Honolulu, Hawaii
Tax Map Key:	(1) x-x-xx:xx
Land Area (sf):	20,000
Annual Ground Rent:	\$10,000

CALCULATIONS:

Annual Sublease Ground Rent	\$10,000
LESS: G.E. tax	400
Net Annual Sublease Ground Rent:	\$9,600
LESS: Annual Ground Rent	10,000
Additional Annual Rent	(\$400)
Additional Annual Rent Due DLNR (50%)	\$0

VALUE ESTIMATE

REVOCABLE PERMIT NO. S-5870 (LOT B of TMK: 4-1-09-01)

TOTAL LAND AREA: = 10.8930 Acres.
Adjustment: Less: Open Stream Ditch = 0.0953 Acre
Net Area = 10.7977 Acres

1. Total value of banana crop products for Oahu in 1990 = \$1,489,000 (10/12/90 Value Date)
2. Total acreage devoted to banana crop products for Oahu in 1990 = 485 acres

THUS: \$1,489,000 ÷ 485 = \$3,070.10 per acre per year
\$3,070.10 × 3.5% = \$ 107.45 per acre per annum lease rental
ROUNDED = \$ 107.00 per acre per annum

VALUATION:

Total Net Land Acres 10.7977 acs. @ \$107.00 p/acre = \$1,155.35
(FAIR MARKET ANNUAL RENTAL)

Adjustment:

Permitted use of land for multi-community facility use +10% = 115.53

TOTAL FAIR MARKET LEASE RENTAL PER ANNUM = \$1,270.88

SPECIAL DISCOUNT (See Attached Board Approval)
Minimum annual rent which is 20% of the market annual rental and 5% management fee which is 5% of the annual market rental) = .25

ADJUSTED FAIR MARKET LEASE RENTAL PER ANNUM = \$ 317.72

ROUNDED = \$ 317.00

FINAL ESTIMATE

\$317.00

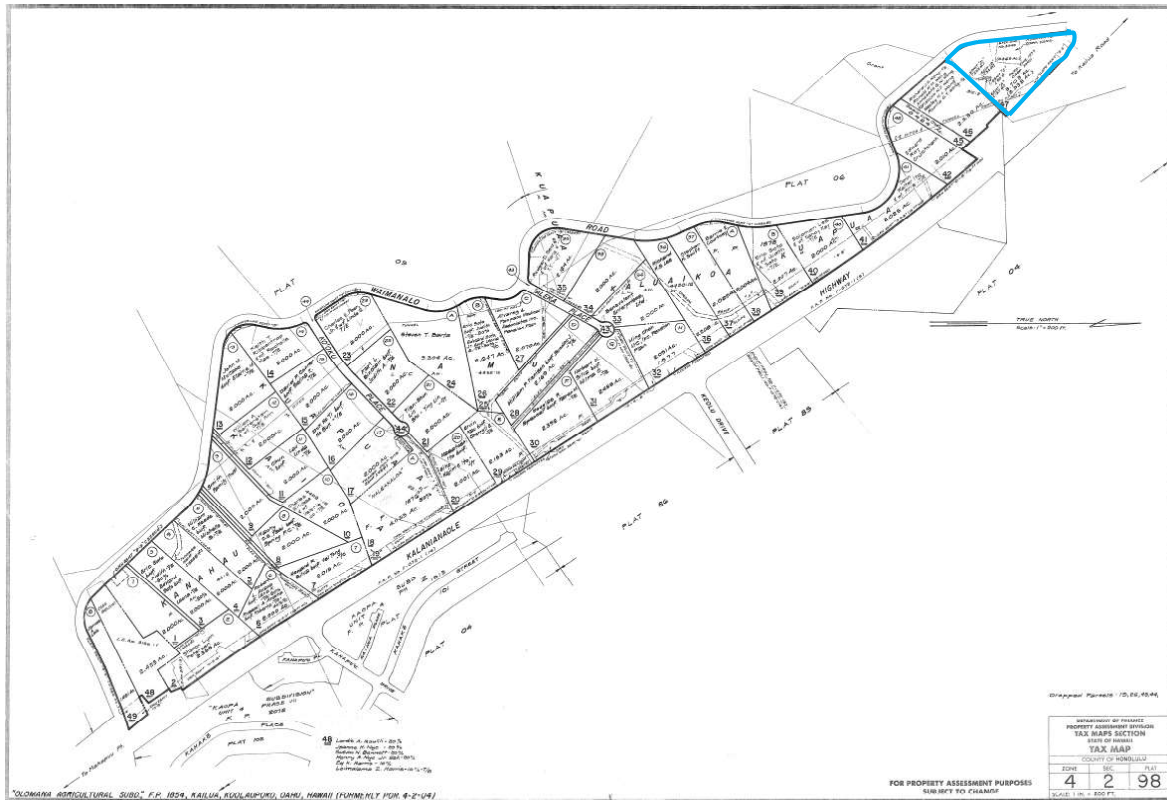
ANNUAL LEASE RENTAL

DATE OF VALUE: October 12, 1990

EXHIBIT B

D-8

Furthermore, the following formulae generally reflect the intent of the Board regarding the calculation of sublease sandwich profit and shall serve as guidelines in such calculation. The Board authorizes staff to use their discretion in representing the State's interest in applying these formulae to address the varying subleasing arrangements that may not fit neatly into the formulae.



TAX MAP KEY: (1) 4-2-098:047

EXHIBIT B

State of Hawai'i
 DLNR, Land Division

INSPECTION REPORT
 Commercial/Industrial/Resort/Other Business

General Information

Document Number: GLS S-5602 or RPS _____
 Inspection Date: 9/19/2023 Inspection Time: 10:20am

Character of Use Wireless Communication antenna & communication facility

Land Agent: Patti Miyashiro
Darlene Bryant-Takamata

Land Administrator: Russell Tsuji

TENANT INFORMATION

Name: STC TWO LLC

Home Phone: _____

Address: 7192 Kalaniana'ole Highway, Ste A-143A #272

Business Phone: _____

Honolulu, Hawaii 96825

Fax: _____

Contact Person: Adrian Catalan

Contact Phone: (808) 358-5556

SITE INFORMATION

TMK: (1) 4-2-098-047

Area: 465 Sq Ft

Site Address: 42-377 Kalaniana'ole Highway

Kailua, Hawaii 96734

FISCAL INFORMATION

ITEM	N/A	CURRENT= COMPLIANCE	DEFAULT = NON-COMPLIANCE	COMMENTS
Rent		X		
Liability Insurance		X		
Fire Insurance	X			
Bond (Surety)		X		\$53,200.00

FIELD INSPECTION RESULTS (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Sublease	X			
Improvements		X		
Premises		X		
Character of Use		X		Communications Facility

Handwritten signature and date: 10/16/23

State of Hawai'i
 DLNR, Land Division

Field Inspection Worksheet
 Commercial/Industrial/Resort/Other Business

FILE REVIEW

LICENSES/PERMITS/CONSENTS

ITEM	DLNR Approval Docs in File			COMMENTS/NOTES/LISTS
	N/A	YES	NO	
Subletting	X			attach copy of list or map if applicable
Improvement Construction Buildings	X			note deadlines for % completion
Improvement Construction Other structures/misc.	X			note deadlines for % completion

FIELD INSPECTION

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
SUBLEASES				
Consents approved	X			
Use adheres to lease purpose	X			
IMPROVEMENTS		X		Per tenant's representatives, future plans for structure will be for its removal and replaced with installation of equipment on existing concrete pad and fenced similar to Easement D. Tenant is aware that prior to construction/installation of improvements will require review and approval by our office. Preliminary plans have been received for review for future installation of equipment/antenna.
Buildings/Residences: roof		X		
paint	X			
exterior		X		
interior	X			
Structures: roads	X			
walkways	X			
fencelines		X		
others				
PREMISES		X		
clean, sanitary, orderly		X		
appropriate storage/use of hazardous materials	X			
CHARACTER OF USE		X		
adheres to lease purpose		X		
Other:				Per tenant representative a tree (c&c property) outside of lease will need to be trimmed to conform to their requirement of clearance of 5 ft from antenna. Advised representative that they will need to work closely with the C&C prior and during the trimming of the tree. Staff is preparing a submittal for consent to sublease requested by the Applicant to DISH Network related to the future plans noted above.

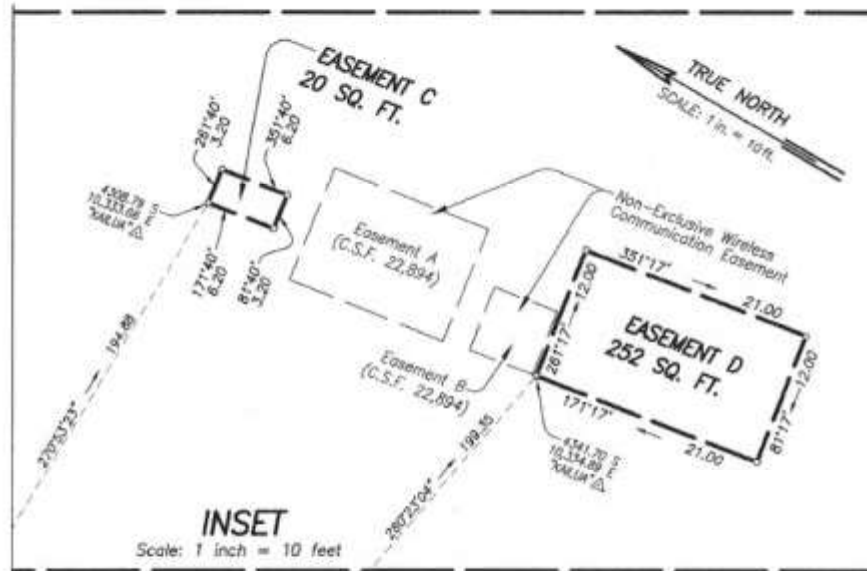


Figure 1: Exhibit attached to the Amendment of GL5602 adding (additional area) Easements C & D.



Figure 2: Lease area in relation to tree on City's property

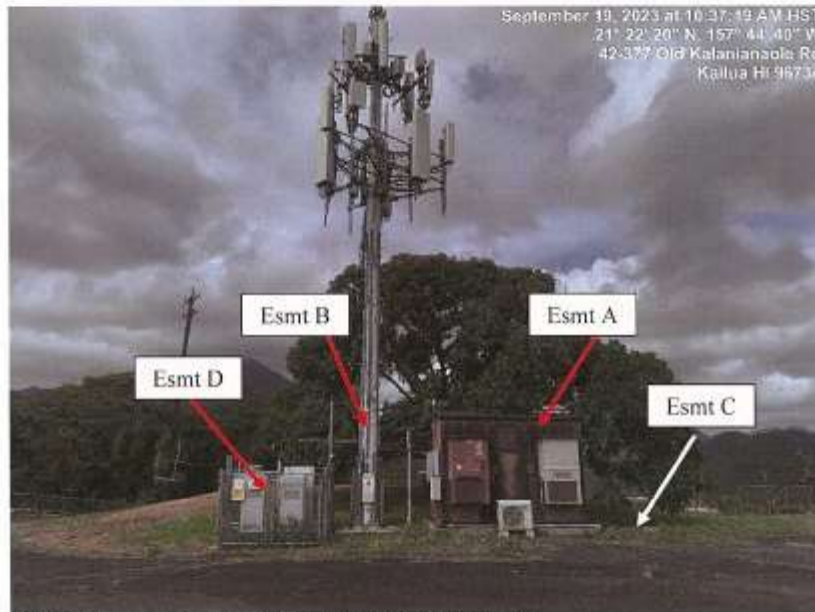


Figure 3: Lease area. Currently Esmt C is only a concrete pad.



Figure 4: Close-up of Portion of Easement D



Figure 5: Easement D and Easement B (base of Antenna)



Figure 6: Doorway to structure within Easement A



Figure 7: View from Easement C towards Easement D