

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

April 25, 2025

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

Land Board Members:

SUBJECT: Approve Mediated Settlement of Rental Reopening Dispute Commencing Retroactively on July 30, 2024, and ending July 29, 2034; for Boating Lease No. B-99-1, Waikiki Yacht Club, Lessee, Ala Wai Small Boat Harbor, Honolulu, Oahu, Hawaii, Tax Map: (1) 2-3-037:006 and portion of :012.

APPLICANT:

Waikiki Yacht Club ("WYC"), lessee, a Hawaii non-profit corporation, whose address is 1599 Ala Moana Boulevard, Honolulu, Hawaii 96814.

LEGAL REFERENCE:

Sections 171-6, -7 and -17, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Ala Wai Yacht Basin of Governor's Executive Order 4604 situated on Ala Wai Small Boat Harbor, Honolulu, Hawaii, Island of Oahu, identified by Tax Map Key: (1) 1-2-037:006 and :012 (portion), hereinafter referred to as the "Premises" as shown on the map labeled **Exhibits A-1** and **A-2** attached hereto.

AREA:

Approximate area of 53,770 square feet of fast land and 165,887 square feet of submerged land, more or less.

ZONING:

State Land Use District: Urban and Conservation  
City & County of Honolulu: P-2 General Preservation District, Public Precinct (Waikiki Special District)

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:

Yacht Club facility and ancillary uses.

CHARACTER OF USE:

Private, non-profit, recreational boating and ocean activities facility, and ancillary uses.

TERM OF LEASE:

Original term of 35 years, commencing July 30, 1999, and expiring on July 29, 2034.

RENTAL REOPENINGS:

Boating Lease No. B-99-1 (hereinafter the "Lease") between the State of Hawai'i and WYC provides that the annual lease rental amount shall be redetermined as of the day following the expiration of the 5<sup>th</sup>, 15<sup>th</sup>, and 25<sup>th</sup> years of the lease term. The Lease further provides that the rental amount for the ensuing period shall be the fair market rate at the time of reopening.

As July 30, 2024 would mark the expiration of the 25<sup>th</sup> year of the lease term, DOBOR and WYC engaged in rental reopening negotiations pursuant to the Lease on July 30th, 2024, to establish the rent for the period of July 30th, 2024 through July 29th, 2034.

PREVIOUS ANNUAL LEASE RENT TERMS:

- Initial Lease Rent: July 30, 1999 to July 29, 2004 - \$145,992 per annum or 5% of gross receipts and 10% of mooring fees, whichever is greater.
- 5-Year Rental Reopening: July 30, 2004 to July 29, 2014 - \$150,000 per annum or 5% of gross receipts and 10% of mooring fees, whichever is greater.
- 15-Year Rental Reopening: July 30, 2014 to July 29, 2024 - \$290,000 per annum or 5% of gross receipts and 10% of mooring fees, whichever is greater.

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

A rental reopening is not an "action" under Chapter 343, HRS, and does not trigger the requirement of the preparation of an environmental assessment.

DCCA VERIFICATION:

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>

HISTORY:

WYC, founded in 1944, has long been a cornerstone of Hawai'i's maritime community. With prominent early leaders such as Duke Kahanamoku, WYC quickly became known for its contributions to sailing. In 1947, WYC launched one of the first junior sailing programs in the islands—an effort that continues to cultivate the next generation of watermen and women. Today, the club accommodates approximately 148 vessels, ranging from 20 to 128 feet in length.

At its meeting held on June 14, 1996, under agenda item J-5, the Board of Land and Natural Resources ("Board") authorized the sale of a lease at public auction for 53,770 square feet of fast and 165,887 square feet of submerged lands. WYC was the winning bidder and executed Boating Lease No. B-99-1 on December 1, 1999. The Lease states that the lessee owns the facility's improvements.

REMARKS:

On June 5, 2023, Division of Boating and Ocean Recreation (DOBOR) staff procured services of Brian S. Goto of the Benavente Group LLC to prepare an appraisal to determine the fair market rent for the rental reopening under the original lease term between the State of Hawai'i and WYC. The appraisal was conducted to establish the fair market rental value for the period from July 30, 2024, through July 29, 2034. The appraiser concluded a fair market rental of \$500,000 per annum for the 10-year period.

On April 4, 2024, DOBOR sent WYC a rent reopening offer letter presenting the appraised rent for the term mentioned above.

On April 24, 2024, WYC formally disputed the appraised rental value and engaged Shelly H. Tanaka of John Child & Company to conduct an independent appraisal. WYC's appraisal report, received by DOBOR on July 23, 2024, concluded a rent of \$390,000.00 per annum.

On January 6, 2025, DOBOR sent a letter to WYC requesting non-binding mediation to settle the rent reopening impasse. The parties agreed to retain Dispute Prevention & Resolution Inc. as mediator.

On February 27, 2025, the parties engaged in mediation but could not come to an agreement.

Following the mediation, DOBOR, through its Deputy Attorney General, made a revised offer to WYC's attorney of \$420,000.00.

On March 19, 2025, WYC's Board of Directors voted to accept DOBOR's lease rent offer of \$420,000.00 per year for the remaining 10-year term, effective July 30, 2024. This proposed rent amount is subject to approval by the Board.

If the Board approves the mediated rental amount, WYC will be required to pay the difference between the previously paid rent and the new rent, retroactive to July 30, 2024. WYC has continued to pay the same rental amount as it did for the period immediately preceding the rent reopening (\$290,000.00 per annum), and DOBOR will invoice WYC for the difference between the amount already paid and the amount due under the new rental rate, which would be back rent of \$98,198.98 owed for the period July 30, 2024, through April 30, 2025, due in full within 30 days of the Board's approval of this submittal to which WYC has accepted, see **Exhibit B**.

DOBOR recommends that the Board approve the mediated rental amount of \$420,000.00 per year, as it will provide a stable and predictable revenue stream for the State, as well as allow WYC to continue its successful operations at the Ala Wai Boat Harbor.

RECOMMENDATION:

That the Board:

1. Approve the mediated rental amount of \$420,000.00, or 5% of gross receipts and 10% of mooring fees, whichever is greater, per year for the reopened rent, in Boating Lease No. B-99-1, for the period beginning July 30, 2024, through July 29, 2034, as stated above.
2. Approve the back rent owed by WYC of \$98,198.98, to be paid by WYC within 30 days of the date of approval of this submittal.

Respectfully Submitted,



MEGHAN L. STATTS, Administrator  
Division of Boating and Ocean Recreation

APPROVED FOR SUBMITTAL:



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

Attachments:

- A-1 Location on Oahu
- A-2 Location in Ala Wai Small Boat Harbor and Lease Area
- B Mediation Settlement Letter



## Exhibit A-1

### Ala Wai Small Boat Harbor - Location on Oahu

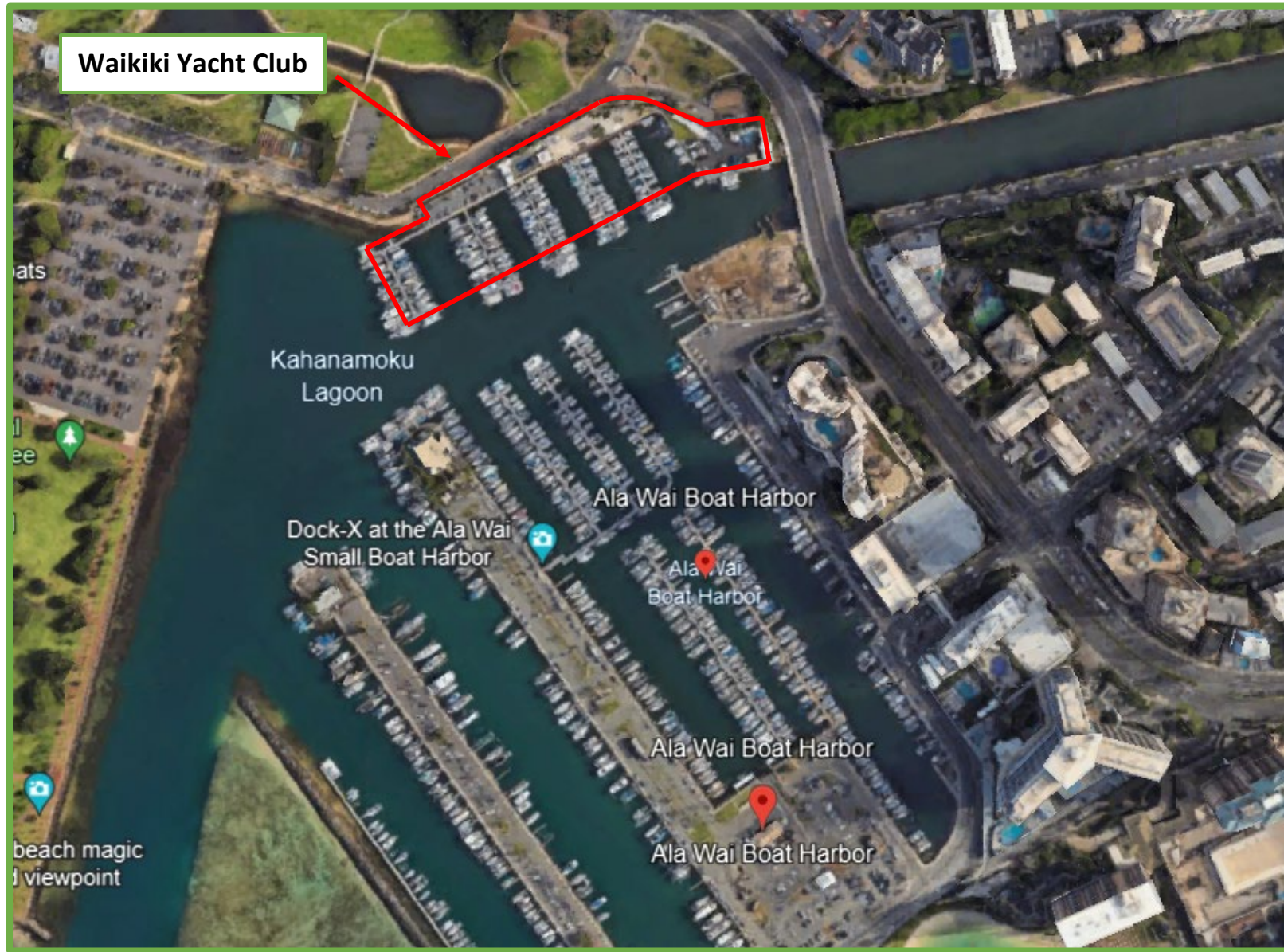






## Exhibit A-2

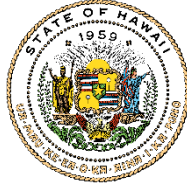
### Waikiki Yacht Club – Location in the Harbor and Lease Area





# Exhibit B

JOSH GREEN, M.D.  
GOVERNOR



ANNE E. LOPEZ  
ATTORNEY GENERAL

MATTHEW S. DVONCH  
FIRST DEPUTY ATTORNEY GENERAL

**STATE OF HAWAII**  
**DEPARTMENT OF THE ATTORNEY GENERAL**  
*Ka 'Oihana O Ka Loio Kuhina*  
425 QUEEN STREET  
HONOLULU, HAWAII 96813  
(808) 586-1500

March 28, 2025

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## **SUBJECT TO HRE RULE 408**

Re: New Lease Rent for Waikiki Yacht Club, Boating Lease No. B-99-1, Beginning July 30, 2024

To the Board Members of the Waikiki Yacht Club,

Following the February 27, 2025, Mediation with Judge Nakatani between the Department of Land and Natural Resources, Division of Boating and Ocean Recreation ("DOBOR") and the Waikiki Yacht Club ("WYC"); DOBOR and WYC were able to come to a tentative agreement on Boating Lease No. B-99-1, regarding WYC's annual minimum lease rent for the 10-year term beginning July 30, 2024.

Pursuant to that agreement, WYC's minimum rent for the 10-year term beginning July 30, 2024, will be **four hundred twenty thousand dollars (\$420,000.00)** per year. This works out to a monthly minimum rent of thirty-five thousand dollars (\$35,000.00) per month.

Additionally, the new rent period began on July 30, 2024, thus the total back rent due, through April 30, 2025, is ninety-eight thousand one hundred ninety-eight dollars and ninety-eight cents (\$98,198.98). This can be paid via a lump sum or can be paid as part of an installment plan, to be mutually agreed upon between WYC and DOBOR.

Exhibit B

Waikiki Yacht Club  
New Lease Rent Agreement  
Page 2 of 2  
March 28, 2025

The new rent rate is contingent upon approval by the Board of Land and Natural Resources ("Board"). DOBOR will seek approval from the Board as soon as possible and currently intends to seek Board approval at the Board's April 25, 2025, meeting. Any installment plan needs to be agreed upon no later than April 10, 2025, because it needs to be part of DOBOR's submittal to the Board, which is due that day.

By your signature, you are agreeing to the new lease amount of four hundred twenty thousand dollars (\$420,000.00) per year for the 10-year period beginning July 30, 2024, and agreeing to the total back rent through April 30, 2025, being ninety-eight thousand one hundred ninety-eight dollars and ninety-eight cents (\$98,198.98).

Very Truly Yours,



John Dubiel  
Deputy Attorney General  
Attorney for the Department of  
Land and Natural Resources Division  
of Boating and Ocean Recreation

#### AGREEMENT AS TO AMOUNTS

DATED: Honolulu, Hawai'i, 4/3/2025.

Michael Buelsing  
Waikiki Yacht Club  
By Michael Buelsing  
Its Commodore

#### AGREEMENT AS TO FORM

/s/ Bruce D. Voss

Bruce D. Voss  
Attorney for Waikiki Yacht Club