

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

May 23, 2025

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

Ref No. GL6096

Oahu

Amend General Lease No. S-6096 Issued to Honolulu Museum of Art for Youth Education and Art Center Purposes, Kulaokahua, Honolulu, Oahu, Tax Map Key: (1) 2-4-002:020.

The purpose of amending the document is to change the lease language for future rental reopenings so that such reopenings will be based on the Board's then prevailing minimum rent policy.

APPLICANT:

Honolulu Museum of Art, a Hawaii nonprofit corporation and an Internal Revenue Code Section 501(c)(3) tax-exempt organization.¹

LEGAL REFERENCE:

Sections 171-6 and -43.1, Hawaii Revised Statutes ("HRS"), as amended.

LOCATION:

Portion of Government lands situated at Kulaokahua, Honolulu, Oahu, identified by Tax Map Key: (1) 2-4-002:020, as shown on the maps attached as Exhibits A1 and A2.

AREA:

2.688 acres, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: BMX-3

¹ The lease was originally issued to Honolulu Academy of Arts, a Hawaii nonprofit corporation, dba Honolulu Museum of Art on November 13, 2016. Tenant changed its name to Honolulu Museum of Art on December 1, 2020, as shown on website of Business Registration Division, Department of Commerce and Consumer Affairs.

TRUST LAND STATUS:

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

CHARACTER OF USE:

Encumbered by General Lease No. S-6096 for youth education and art center purposes including but not limited to classes, workshops, lectures and the display of arts purposes.

TERM OF LEASE:

Sixty-five years, commencing on December 1, 2016 and expiring on November 30, 2081.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules ("HAR") § 11-200.1-15 and -16 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 General 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". Part 1, Item 40, that states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existing." The subject request is a de minimis action that will probably have minimal or no significant effect on the environmental and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR, as a de minimis action.

DCCA VERIFICATION:

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

BACKGROUND:

At its meeting on June 9, 2016, under agenda item D-5, the Board of Land and Natural Resources ("BLNR") authorized the issuance of a sixty-five (65) year direct lease to the Honolulu Academy of Arts dba Honolulu Museum of Art ("HOMA") for Youth Education and Art Center Purposes. This request was due to HOMA wanting to expand their programs focusing on demands from the community and public schools for expanded programs. The expansion triggered the need for additional funding. HOMA believed that

a long tenure would be more appealing to possible donors that would be contributing significant amounts. HOMA received enough funds to expand their programs and to complete a new wing that includes a state-of-the-art glazing and kiln house that doubles the size of the ceramics studio and incorporates a glazing studio. A courtyard space was integrated next to the new wing to be a creative hub designed for community gathering and an extension of the interior for special events and artmaking.

DISCUSSION:

Rent for the above lease was set at \$480.00 per year, further subject to rental openings every 10 years during the lease term. The specific language in the lease regarding reopening on page 2, paragraph C. states, “the Board may determine the rental for an ensuing period to be discounted rent value attributable to the Lessee’s non-profit corporate status. If the Board has not made such a determination by eight (8) months prior to the reopening date, then the rental shall be the fair market rental at the time of reopening.”

The current language in the non-profit lease documents prepared by the Department of the Attorney General provides, “The annual rent reserved shall be reopened and redetermined on every tenth (10th) year during the term of the lease, subject to the Board policy on minimum rent applicable at the time of reopening.” It does not require the eight (8) months advance determination by the Board as provided in the subject leases.

Staff believes the current language used for non-profit leases is preferred and easier to administer, further noting that HOMA continues to provide a valuable resource to the community with art classes and workshops for adults and youth, art exhibitions, neighborhood engagement, and events. HOMA intends to continue with the Warriors Eyes on Art program, professional development for Department of Education teachers, other educational programs and outreach programs.

At the time of writing this submittal, HOMA is compliant with the terms and conditions of their leases and have not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions. There are no other pertinent issues or concerns, and staff recommends the Board authorize the requested amendment approve the request.

RECOMMENDATION: That the 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 and -16, 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. Authorize the amendment of General Lease No. S-6096 by deleting the paragraph C. relating to the determination of rent upon reopening in its entirety subject to the

terms and conditions cited above, and further subject to the following:

- a. The most current amendment of lease form, as may be amended from time to time;
- b. Replacing the entire paragraph C. relating to determination of rent upon reopening it with the following: "The annual rent reserved shall be reopened and redetermined on every tenth (10th) year during the term of the lease, subject to the Board policy on minimum rent applicable at the time of reopening";
- c. Review and approval by the Department of the Attorney General; and
- d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Darlene Bryant-Takamatsu
Land Agent

APPROVED FOR SUBMITTAL:



Dawn N. S. Chang, Chairperson





TMK: (1) 2-4-002:020

EXHIBIT A-1

