

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

November 14, 2025

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

Ref. No.: GLS-3599

HAWAII

Consent to Sublease General Lease No. S-3599, Central Supply, Inc., Lessee, to Top Notch Automotive, Inc., Sublessee; Lot 22 Kanoelehua Industrial Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-050:090.

APPLICANT:

Central Supply, Inc. (CSI), a Hawaii corporation, as Sublessor, to Top Notch Automotive, Inc. (TNA), a Hawaii Corporation, as Sublessee.

LEGAL REFERENCE:

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

LOCATION:

Portion of Government lands of Lot 22 Kanoelehua Industrial Lots, Waiakea situated at South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-050:090, as shown on the attached map labeled Exhibit A.

AREA:

Total Area of State Parcel: 33,750 square feet more or less.

Subleased Area for TNA: 5,650 square feet, more or less<sup>1</sup>

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

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

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<sup>1</sup> Sublessee utilizes a 4,500 sq. ft. portion of building 31B Makaala St. and a parking area fronting the building of approximately 1150 sq. ft.

LEASE CHARACTER OF USE:

Solely for uses allowed under the current County of Hawaii Zoning Code, ML-20, Limited Industrial purposes.

SUBLEASE CHARACTER OF USE:

Wholesale distribution purposes which is an allowed use under the current County of Hawaii Zoning Code.

TERM OF LEASE:

Original Term: Commencing on January 16, 1961, and expiring on January 15, 2016.

Extension: Commencing on January 16, 2016, and expiring on January 15, 2026.

Last rental reopening occurred on January 16, 2011; Rent was reopened for extended term from January 16, 2016, to January 15, 2026.

TERM OF SUBLEASE:

Original term was for three years, commencing on May 16, 2019, and expiring on May 15, 2022.

Second term was for an additional three years, commencing on May 16, 2022, and expiring on May 15, 2025.

Current request is for a term that shall commence on May 16, 2025, and expire on December 31, 2025.

ANNUAL LEASE RENTAL:

\$27,843.75 per annum.

ANNUAL SUBLEASE RENTAL:

\$54,000.00 per annum (\$4,500.00 per month).

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

Staff has considered adjustments to the Annual Lease Rent based on the Board's Sublease Rent Participation Policy. CSI is requesting a consent to sublease to TNA from May 16, 2025, through December 31, 2025. Staff is recommending increasing the annual lease rent for the period of May 16, 2025, through December 31, 2025, by \$356.00/yr., making the total annual lease rent for that period \$28,199.75. Please see the attached Memorandum on In-House Recommendation – Sublease Participation Calculation (Exhibit B).

## 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 to Exemption Type No. 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," and Part 1, Item 40 that states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existing."

The proposed action involves the issuance of a sublease for a property that is zoned urban and industrial and located within the existing Kanoelehua Industrial area. The surrounding area is also a part of the larger Hilo Community Economic District. The subject property and surrounding area have all been heavily disturbed and developed which does not make this a sensitive environment. Further, the proposed action is consistent with the historical and existing uses of the site and surrounding area, therefore, cumulative impacts are not anticipated as a result of the issuance of the sublease.

Therefore, Staff recommends that the issuance of the subject sublease be considered a de minimis action 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 <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:

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>

## BACKGROUND:

General Lease No. S-3599 (GLS-3599) was issued to Kaneko Jelly, Ltd. for a term of fifty-five (55) years pursuant to Act 4, First Special Session of 1960, which authorized the direct issuance of leases to victims of a natural disaster (tsunami).

The original lease, with a commencement date of January 16, 1961, was

scheduled to expire on January 15, 2016, restricted the use of the 33,750 square foot property to jelly processing purposes. A warehouse building encompassing an area of approximately 6,000 square feet was constructed in compliance with the building requirements of the lease in 1961. An additional warehouse building approximately 4,800 square feet in area was constructed in 1977.

At its meeting of August 12, 1977, under agenda item F-1-b, the Board consented to the assignment of GLS-3599 from H.H. Jelly, Inc., formerly known as Kaneko Jelly, Ltd., as Assignor, to Norman Koshiyama, as Assignee. At the same meeting, under item F-1-c, the Board consented to the assignment of GLS-3599 from Norman Koshiyama, as Assignor, to Big Island Builders, Inc., as Assignee.

Big Island Builders, Inc. encountered financial problems and First Hawaiian Bank assumed the lease in foreclosure and, in accordance with the Finding of Fact, Summary Judgment and Interlocutory Decree of Foreclosure in Civil Case No. 87-023, GLS-3599 was assigned from Wayne Metcalf III, the appointed and acting commissioner, to Tadao Roy Van Dyke Kimura, Trustee of the Tadao Roy Van Dyke Kimura Trust dated January 22, 1982, as Assignee, and consented to by the Board at its meeting of July 8, 1988 under item F-1-f.

At its meeting of January 26, 1996, under item F-1-f, the Board consented to the assignment of GLS-3599 from Tadao Roy Van Dyke Kimura, Trustee of the Tadao Roy Van Dyke Kimura Trust dtd. January 22, 1982, as Assignor, to Vince M. Kimura, as Assignee.

Furthermore, at its meeting of April 9, 1999, under item D-25, the Board consented to the assignment of lease from Vince M. Kimura, as Assignor, to Central Supply, Inc. (CSI), as Assignee. CSI is a plumbing supplies business, where Vince Kimura is the President/Treasurer.

At its meeting of March 14, 2014, under item D-7, the Board consented to a ten (10) year extension of GLS-3599, pursuant to Act 207, Session Laws of Hawaii 2011, in order to amortize the cost of improvements to the property, which included the replacement of the roof along with interior office renovations to the warehouse 31A (rear warehouse in respect to driveway) at a cost in excess of \$40,100.00. Under the same agenda item D-7, the Board also approved an amendment of GLS-3599 to change the character of use from "jelly processing" to "uses allowed under the current County of Hawaii Zoning Code, ML-20, limited industrial", and to update the lease provision titled "Assignments, etc." (Section 22 of the lease) with the current language used by the Department of Attorney General for assignment and subleasing provisions.

In relation to the ten-year extension mentioned above, the lessee disputed the rent determination, and through mediation a new rent was agreed upon. At its meeting of August 12, 2016, item D-2, the Board approved (1) the mediated settlement of rent dispute for GLS-3599 of \$0.825 per square foot or \$27,843.75 per year, and (2) changed the start date of the new rent to the first day of the ten-

year extension of the lease from March 14, 2014 to January 16, 2016.

On October 13, 2023, the Board approved two consecutive terms for the consent to sublease GLS-3599 from CSI, as Lessee/Sublessor, to Top Notch Automotive, Inc. (TNA), as Sublessee, for wholesale distribution purposes. The initial term from May 16, 2019, until May 15, 2022, and an additional term from May 16, 2022, until May 15, 2025.

REMARKS:

CSI is now requesting consent to sublease to TNA for another additional term commencing on May 16, 2025, and expiring on December 31, 2025.

TNA utilizes approximately 4,500 square feet of the 6,000 square foot warehouse, identified as building 31B (front warehouse in respect to driveway), the parking area fronting building 31B (3,500 sq. ft.) and also the outside area along the south side of the building 31B having dimensions of approximately 10' x 115' (1,150 sq. ft.). CSI uses a large portion of the leased premises for the storage of inventory for its plumbing supply business. As noted above, the total parcel area is 33,750 square feet and CSI uses approximately 24,600 square feet (or about 73% of the parcel area) for its own business operations. Also as noted above, CSI invested \$40,100 in the premises in 2014 to qualify for a 10-year lease extension. GLS-3599 will expire on January 15, 2026, and CSI has requested a thirty (30) year extension of said lease, and if approved a new annual market rent will be determined.

Prior to the extension of GLS-3599 in 2016, the lease did not require Board approval for subleasing a portion of the property. As part of the 10-year extension approved in 2014, the lease terms were amended to update the assignment and subleasing provision to the current lease language, which now requires CSI to obtain Board approval for any subleases. CSI is compliant with all other lease terms and conditions.

This request for sublease is after-the-fact as we received the new sublease agreement on June 3, 2025. Staffing shortage and operational backlog have further delayed the processing of this request. With that being said, staff is recommending that the Board retroactively approve the after-the-fact consent for subleasing GLS-3599 to Top Notch Automotive, Inc., along with the increase in annual rent of \$365.00/yr. for the period beginning May 16, 2025, through December 31, 2025.

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, 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 General Lease No. S-3599 between Central Supply, Inc., as Sublessor, and Top Notch Automotive, Inc., 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 standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;
  - b. Increase the annual lease rent an additional \$356.00/yr. for the period beginning May 16, 2025, through December 31, 2025, or if the sublease is terminated earlier than December 31, 2025, for any reason, then through the last day of such shorter sublease term;
  - 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,

*Dan Gushiken*

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Dan K. Gushiken  
Land Agent

*CMM*

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APPROVED FOR SUBMITTAL:

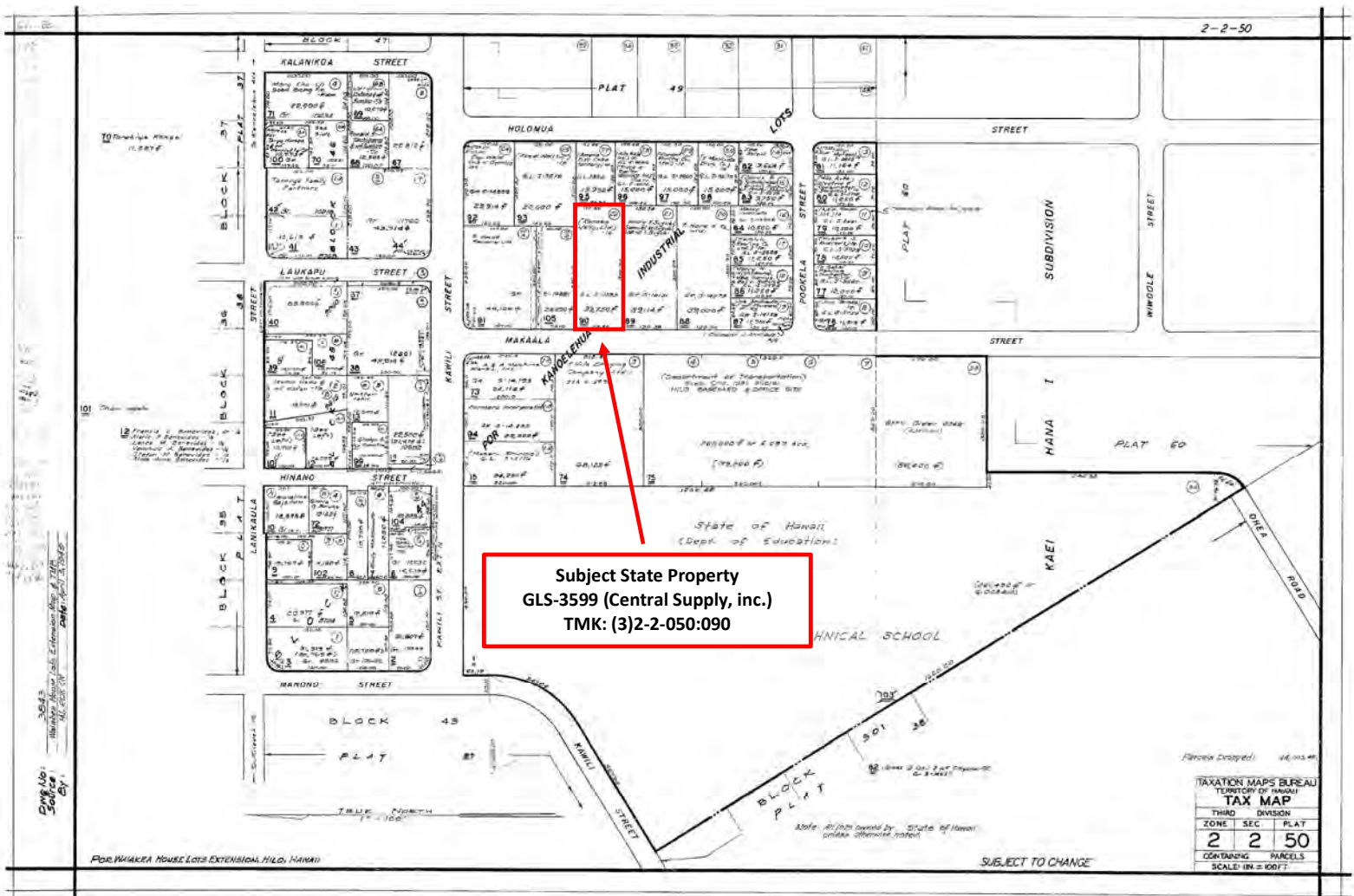


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Dawn N. S. Chang, Chairperson

**GLS-3599 Central Supply, Inc.**  
**TMK: (3)2-2-050:090**

**Exhibit A**





**Subject State Property  
GLS-3599 (Central Supply, inc.)  
TMK: (3)2-2-050:090**

## Exhibit A





JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



DAWN N. S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

## Exhibit B



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**LAND DIVISION**

75 Aupuni Street, Room 204  
Hilo, Hawaii 96720  
PHONE: (808) 961-9590  
FAX: (808) 961-9599

October 24, 2025

### MEMORANDUM

TO: Dawn N. S. Chang, Chairperson

THROUGH: Ian C. Hirokawa, Division Administrator

FROM: Dan Gushiken, Land Agent

SUBJECT: In-House Recommendation – Sublease Participation Calculation

GL No.: S-3599  
Lessee/Sublessor: Central Supply, Inc.  
Sublessee: Top Notch Automotive, Inc.  
Location: Waiakea, South Hilo Hawaii  
Lease Area: 33,750 square feet  
(Total building area ~ 10,800 sq. ft.)  
Sublease Area: 9,150 square feet (4,500 sq. ft. building space; 1150 sq. ft. outside space, 3,500 sq. ft. parking space)  
Tax Map Key: (3) 2-2-050:090  
Char. of Use: Limited industrial purposes

Pursuant to the "Revision to Sublease Rent Participation Policy" adopted by the Board at its meeting of July 9, 1982, Item F-9, as amended at its meeting of May 26, 2000, Item D-24, and further amended at its meetings of January 26, 2001, Item D-8, and August 24, 2012, Item D-14, approved as amended, staff has been requested to provide an in-house evaluation of the sublease premium due to the State for the subleasing of a portion of GL S-3599, Central Supply, Inc., Lessee/Sublessor to Top Notch Automotive, Inc., Sublessee. The sublease documents and information provided by Lessee were analyzed and staff applied the policy approved by the Land Board as noted above.

The following calculations are for the requested sublease term beginning May 16, 2025 through December 31, 2025. The calculation allows for the return on investment for improvements and allowances for property insurance, General Excise Tax, and Real Property Tax. Sublease participation calculations do not include allowance for maintenance or repairs as Lessee did not provide those figures. There is currently no

mortgage on the property. CSI has recently expanded its business with a new retail store in the same area. They are currently utilizing the State leased property for additional inventory storage but is left with extra space that is not necessary for their operations. So, to maximize the leased property, CSI is subleasing a portion of the front warehouse to help the small business community, and not merely for profit. Therefore, staff is recommending an increase in annual lease rent of only 10% of the excess in revenue after lease rent and allowances are considered.

**CALCULATION:**

<b>Annual Lease Rent:</b>	<u><b>\$27,843.75</b></u>
<b>Annual Sublease Rent:</b>	
Annual Sublease Rent (\$4,500.00 per month)	\$54,000.00
Less G. E. Tax (4.712%)	-\$ 2,544.48
<b>Income to Lessee from Sublease</b>	<u><b>\$51,455.52</b></u>
<b>Allowances<sup>1</sup>:</b>	
Real Property Tax (2025 taxes)	\$ 3,707.18
Insurance	\$ 1,896.39
Investment Return (4.25%)	\$ 2,154.82
<b>Total Allowances</b>	<u><b>\$20,051.79</b></u>
<b>Income to Lessee from Sublease:</b>	\$51,455.52
<b>Less Total Allowances:</b>	- \$20,051.79
<b>Less Annual Lease Rent:</b>	- \$27,843.75
<b>Total:</b>	<u><b>\$ 3,559.98</b></u>
<b>Excess Income Less Allowances &amp; Lease Rent</b>	\$ 3,559.98
<b>x 10%</b>	<u><b>x 0.10</b></u>
<b>Additional Annual Rent Due (5/16/2025 – 12/31/2025)</b>	<u><b>\$ 356.00</b></u>

Based on the analysis above, staff is recommending that the Board approve the increase of the annual lease rent an **additional \$356.00/yr. for the period beginning May 16, 2025 through December 31, 2025.**

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<sup>1</sup> Real Property Tax: Prorated area of property being subleased (9,150 sq. ft.) out of the total area (33,750 sq. ft.) is 27.11% of the total 2025 property tax (\$13,674.60) listed by the Hawaii County Real Property Tax Office.

Insurance: Prorated area of property being subleased (9,150 sq. ft.) out of the total area (33,750 sq. ft.) is 27.11% of the total insurance premium of the property (\$6995.15).

Investment Return: Prorated area of the portion of building being subleased (4,500 sq. ft.) out of total area of building 31B on property (6000 sq. ft.) is 75%, times the amount of improvements made since 2016 (\$67,602.34), times 4.25% return on investment.



Approved/Disapproved:

A handwritten signature in black ink, appearing to be 'Dawn'.

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Dawn N. S. Chang, Chairperson

10/22/2025

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Date