

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

December 12, 2025

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

GL S-3601

HAWAII

Authorize a One-Year Holdover of General Lease No. S-3601, Coca Cola Bottling Company of Hawaii, LLC, Lessee, Waiakea House Lots Extension, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:007.

APPLICANT:

Coca Cola Bottling Company of Hawaii, LLC, lessee, a Washington limited liability company.

LEGAL REFERENCE:

Sections 171-40, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Waiakea House Lots Extension situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-049:007, as shown on the attached map labeled Exhibit A.

AREA:

33,750 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: ML-20 (Limited Industrial; 20,000sf min.)

TRUST LAND STATUS:

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

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 one-year holdover 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 one-year holdover.

Therefore, Staff recommends that the issuance of the subject holdover 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.

PUBLIC TRUST ANALYSIS:

The subject property is zoned Urban and Industrial and has been fully developed and being used for commercial and industrial purposes. An unoccupied improved lot in the middle of other lots developed for industrial purposes is not a suitable site for public use and recreation. Therefore, it is not appropriate for this property to become vacant and unencumbered in order to facilitate the public to access, use and recreate on the property. As the property is ceded land, the current use of the property provides for the betterment of Native Hawaiians, one of the public trust purposes under Section 5(f) of the Admissions Act. Furthermore, having a tenant occupying the property and paying lease rent not only generates revenue to support Department programs, it also alleviates the cost to manage a vacant property. This allows the Department to use its time, revenues and other resources to manage public lands and provide lands for public use which is another public trust purpose under Section 5(f) of the Admissions Act.

The Department and the Board are responsible for managing approximately 1.3

million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boar harbors, parks, and recreational facilities; performing public safety duties (e.g. flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public land; and enforcing the Department's rules and regulations.

To properly perform these fiduciary duties, the Legislature and the Board determined that the Department should use a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects. The SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all State lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

Due to the lease rent revenue collected and the unsuitability for public use, the holdover is consistent with the public trust obligations. as it provides the lessee the opportunity to contribute to the economic wellbeing of the Hilo area and the State.

DCCA VERIFICATION:

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

CURRENT USE STATUS:

Encumbered by General Lease No. S-3601, Coca Cola Bottling of Hawaii, LLC, for bottling work purposes.

CURRENT LEASE TERM AND ANNUAL RENT:

Original term of 55 years, commencing on January 16, 1961, and expiring January 15, 2016. An extension of 10 years was executed in 2016 (approved by the Board 12/11/2015) extending the expiration date of the lease from January 16, 2016 to January 15, 2026 with an annual rent for the extended period of \$29,700.00 payable in two equal semi-annual installments on January 16th and July 16th of each and every year.

HOLDOVER LEASE COMMENCEMENT DATE AND TERM:

January 16, 2026, for a term of one-year, expiring January 15, 2017.

HOLDOVER LEASE ANNUAL RENT:

Continuation of the current annual rental amount and payment terms.

PERFORMANCE BOND:

Continuation of the current bond amount, which is twice the annual rent.

BACKGROUND:

On December 1, 1960, pursuant to Act 4, First Special Session 1960, which authorized the direct issuance of leases to victims of natural disaster (tsunami) for purposes other than residential or agriculture, the Board approved General Lease No. S-3601 (GLS-3601) to Edward Hamilton Inman, as Lessee, for a term of fifty-five (55) years commencing on January 16, 1961, and expiring on January 15, 2016.

On April 28, 1967, the Board approved the Consent to Assignment of GLS-3601, from Edward Hamilton Inman, Assignor, to Allan Dale Starr, Assignee. The consent was executed on August 11, 1967.

On August 27, 1971, item F-6, the Board approved the waiver of the performance bond due to the compliance with building requirements and the confidence that staff had in these lessees to fully and faithfully perform all of the terms and conditions of their respective general leases, subject to the condition that it may be re-imposed upon the failure to continue to perform the terms and conditions

and covenants of their general leases.

October 13, 1978, item F-1-f, Board approved Consent to the Character of Use for Sub-sublease GLS-3601, Pacific Bottling Corporation, Sublessee, to Sure Save Supermarket, Sub-sublessee, authorizing the use of the leasehold property for warehouse and associated office purposes. The Sub-sublessee would be utilizing only a portion of the leasehold property and the term for the sub-sublease would begin on August 1, 1978.¹

On February 10, 1984, item F-1-l, the Board approved the Consent to Assignment of GLS-3601, from Allan D. Starr, Assignor, to William T. White, III, Assignee.

On October 22, 1994, item F-1-a, the Board approved the Consent to Assignment of GLS-3601, from William T. White, III, Assignor, to William T. White, III Trustee of the William T. White, III Revocable Trust under the Declaration of Trust executed on September 7, 1988, Assignee.

On December 13, 2002, item D-43, the Board approved the Consent to Assignment of GLS-3601, from William T. White, III Trust, Assignor, to the William T. White, III Charitable Remainder Unitrust, Assignee; and the Consent to Sublease GLS-3601, William T. White, III Charitable Remainder Unitrust, Sublessor (Lessee), to BCI Coca-Cola Bottling Company of Los Angeles, Sublessee. The Board also reinstated the performance bond equal to twice the annual rent.

On June 9, 2011, item D-3, the Board approved the Consent to Assignment of GLS-3601, from William T. White, III, Trustee of the William T. White III, Charitable Remainder Unitrust, as Assignor, to BCI Coca-Cola Bottling Company of Los Angeles (BCI CCB Co.), as Assignee.

On December 11, 2015, item D-6, the Board approved a 10-year extension, commencing on January 16, 2016, and expiring on January 15, 2026, making the aggregate term for this lease at 65 years.

On June 8, 2017, Lessee BCI CCB Co. converted from a Delaware corporation to a Delaware limited liability company with the name BCI Coca-Cola Bottling Company of Los Angeles LLC (BCI CCB LLC). On October 27, 2017, BCI CCB LLC changed its name to Reyes Coca-Cola Bottling, L.L.C. Around this time,

¹ General Lease No. S-3601 does not require Board approval for subleasing a portion of the leasehold property, however, it requires approval for the consent to the character of use (warehouse and associated office purposes). The original character of use required the premises to be used for the first five (5) years for bottling works purposes and could be used for other purposes after the first five years with prior consent from the Board.

Coca-Cola Refreshments USA, Inc. and its affiliates refranchised their bottling system in North America and sold off the bottling and distribution aspects of their business to distributors such as The Odom Corporation and Reyes Beverage Group. The Odom Corporation is the parent company and owner of all the membership interest in Coca-Cola Bottling of Hawaii, LLC (CCBH). By an Assignment and Assumption of Lease signed in June 2017 but effective as of October 28, 2016, Lessee BCI CCB Co. assigned its interest in GLS-3601 to CCBH.

On January 12, 2018, under agenda item D-15, the Board approved the consent to an after-the-fact assignment of GLS-3601, from BCI Coca-Cola Bottling Company of Los Angeles (now known as Reyes Coca-Cola Bottling, L.L.C.), as Assignor, to Coca-Cola Bottling of Hawaii, LLC (CCBH), as Assignee.

CCBH is compliant with the terms and conditions of the lease and has 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.

With lease expiration date coming up, CCBH has begun its transition into a new location but will need additional time as construction of the new site is ongoing. CCBH is now requesting a one-year holdover of GLS-3601 in order to shut down operations and vacate the premises.

Therefore, the lessee is requesting a one-year holdover of the lease with the option for mutual cancellation before the expiration of the one-year if the lessee has vacated the premises and complied with all terms and conditions of the lease. The lease surrender clause is as follows:

“That the Lessee shall and will, at the expiration or sooner termination of this lease, peaceably and quietly leave and surrender and deliver possession of the demised premises to the Lessor, together with all improvements of whatever kind or nature, now or hereafter situate on the demised premises, owned either by the Lessor or Lessee, in good repair, order and condition, reasonable wear and tear excepted. All improvements shall belong to the Lessor.”

In accordance with the above, upon expiration/mutual cancellation of the holdover, the ownership of the existing improvements will pass to the State.

The lessee is in compliance with all terms and conditions of the lease. Real property taxes are current.

On May 13, 2025, an inspection of the property was conducted by HDLO staff where it has been confirmed that the improvements are in excellent condition.

Staff is recommending approval of a one-year holdover allowing the Lessee additional time to relocate. Staff is also recommending the rent remain at the current rate and the continuation of the current performance bond amount.

RECOMMENDATION:

That the Board:

1. Declare that, after considering the potential effects of the proposed dispositions as provided by Chapter 343, HRS, and Chapter 11-200, 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 di minimis action.
2. For the reasons stated herein, find that the holdover is consistent with the public trust.
3. Authorize a One-Year holdover for General Lease No. S-3601 to Coca Cola Bottling of Hawaii, LLC, as Lessee, for the period of January 16, 2026 to January 15, 2027, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current holdover of lease form, as may be amended from time to time;
 - b. Option for mutual cancellation without penalty prior to the expiration of the one-year holdover if the lessee has vacated the premises and complied with all the terms and conditions of the lease;
 - 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

CMM

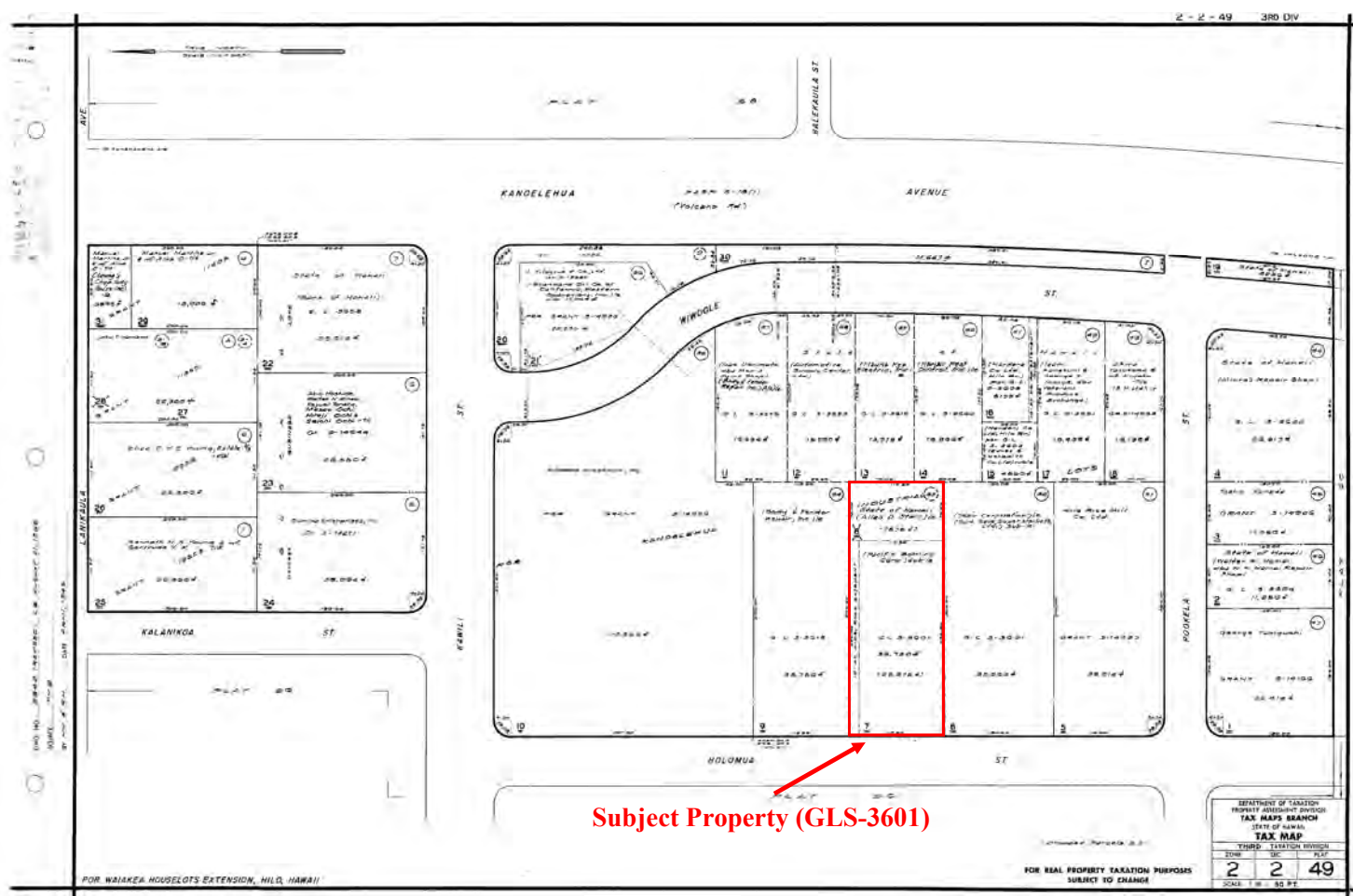
Dan Gushiken
Land Agent

APPROVED FOR SUBMITTAL:

A handwritten signature in black ink, appearing to be 'Dawn N.S. Chang', written over a horizontal line.A small, dark, curved handwritten mark or flourish.

Dawn N.S. Chang, Chairperson

General Lease No. S-3601 (GLS-3601)
Coca-Cola Bottling Company of Hawaii, LLC
45 Holomua St., Hilo, HI 96720
TMK: (3) 2-2-049:007



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EXHIBIT A

