

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

July 22, 2009

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

Ref. No. GL S-5001  
  
Hawaii

After the Fact Consent to 100% Stock Transfer in Pubtime, Inc., Lessee under General Lease No. S-5001, from Louis Santiago, Transferor, to Elaine Nakatani, Transferee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3<sup>rd</sup>/2-2-32:10.

APPLICANT:

Louis Santiago, as Transferor, to Elaine Nakatani, whose mailing address is 561 Kaanini Street, Hilo, Hawaii 96720, as Transferee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Waiakea situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 3<sup>rd</sup>/2-2-32:10, as shown on the attached map labeled Exhibit A.

AREA:

43,048 square feet.

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:

Business purposes.

TERM OF LEASE:

55 years, commencing on 3/31/1967 and expiring on 3/30/2022. Last rental reopening occurred on 3/31/2002; next rental reopening is scheduled for 3/31/2012.

ANNUAL RENTAL:

\$25,829.00.

CONSIDERATION:

\$380,000.00.

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

PUBTIME, INC.:

Place of business registration confirmed:	YES <u>X</u>	NO
Registered business name confirmed:	YES <u>X</u>	NO
Good standing confirmed:	YES <u>X</u>	NO

REMARKS:

At its meeting of November 19, 1965, Item F-8, as amended on April 15, 1966, Item F-20, the Board of Land and Natural Resources authorized the sale of a lease of the subject land at public auction. One of the conditions of the lease was that the successful bidder complete construction of improvements on the property at a minimum cost of \$75,000 within 18 months of the lease date. The successful bidders were Kiyomi Kobata and Fumie Kobata, husband and wife. General Lease No. S-5001 was subsequently executed by the Kobata's and the State effective as of March 31, 1967. On July 22, 1969, the Board consented to the assignment of the lease to the Kobata's closely held corporation, K. Kobata & Sons, Inc., a Hawaii corporation.

The Kobata's built a restaurant and bar on the premises and operated it for a number of years. At its meeting of December 15, 1995, Item F-1-b, the Board consented to the assignment of the lease from K. Kobata & Sons, Inc. to Rus Sho Den, Inc., a Hawaii corporation. Rus Sho Den, Inc. subsequently went into bankruptcy. At the Board's meeting of October 8, 1999, the Board authorized the assignment of the lease from Mary Loo Woo, Bankruptcy Trustee for Rus Sho Den, Inc., to Pubtime, Inc., a Hawaii corporation (Pubtime). Pubtime has held the lease since the 1999 assignment.

Prior to May 9, 2008, Transferor was the sole shareholder, officer and director of Pubtime. On June 6, 2008, staff received an application seeking the Board's approval of the stock transfer. Included with the application were copies of the Purchase Agreement dated May 9, 2008 between the parties, and Minutes of the Special Meeting of the Stockholders of Pubtime dated May 9, 2008 approving the sale.

Staff began processing the request upon receipt, but noted that Pubtime had been administratively dissolved by the Department of Commerce and Consumer Affairs (DCCA) on December 7, 2007 for failure to file its annual reports. The DCCA reinstated Pubtime on June 6, 2008. However, the stockholder's action approving the sale was taken at the time the corporation was dissolved. Accordingly, staff wrote to Transferor on July 30, 2008 requesting the submission of new stockholder and director resolutions evidencing the approval and ratification the sale of stock in light of the reinstatement of the corporation. The new resolutions were not received until May 14, 2009.

Transferor sold the corporation due to family health issues. Staff is requesting an after-the-fact consent to the stock transfer because Transferee has been operating the premises since May 2008. The Department of Liquor Control for the County of Hawaii approved the transferee's request to transfer the 100% stock interest in Pubtime, Inc. Transferee advises that she has experience in the food and beverage industry as a former part owner of Stratton's restaurant and bar, which was in business at the Country Club Condominium and Hotel on Banyan Drive in the 1990s. Staff inspected the premises on June 9, 2009 and found the premises to be in compliance with the terms and conditions of the lease. The property is well kept and orderly.

Notices of default were issued to Pubtime on May 14, 2008 and March 25, 2009 for failure to maintain the performance bond in place. The defaults were timely cured in both instances. Rent and insurance are current.

The Transferee 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.

The last rental reopening was on 3/31/2002. The next rental reopening is scheduled for 3/31/2012. An appraisal of the property was performed on 3/31/2002. A new rental fee of \$25,829.00 was offered and accepted by Pubtime. There are no outstanding rental issues at this time.

RECOMMENDATION:

That the Board consent to the transfer of 100% of the issued and outstanding stock of Pubtime, Inc. from Transferor Louis Santiago to Transferee Elaine Nakatani with respect to General Lease No. S-5001, subject to the following:

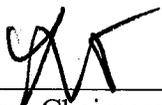
1. The standard terms and conditions of the most current consent to assignment form, as may be modified to reflect the Land Board's consent to the stock transfer;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

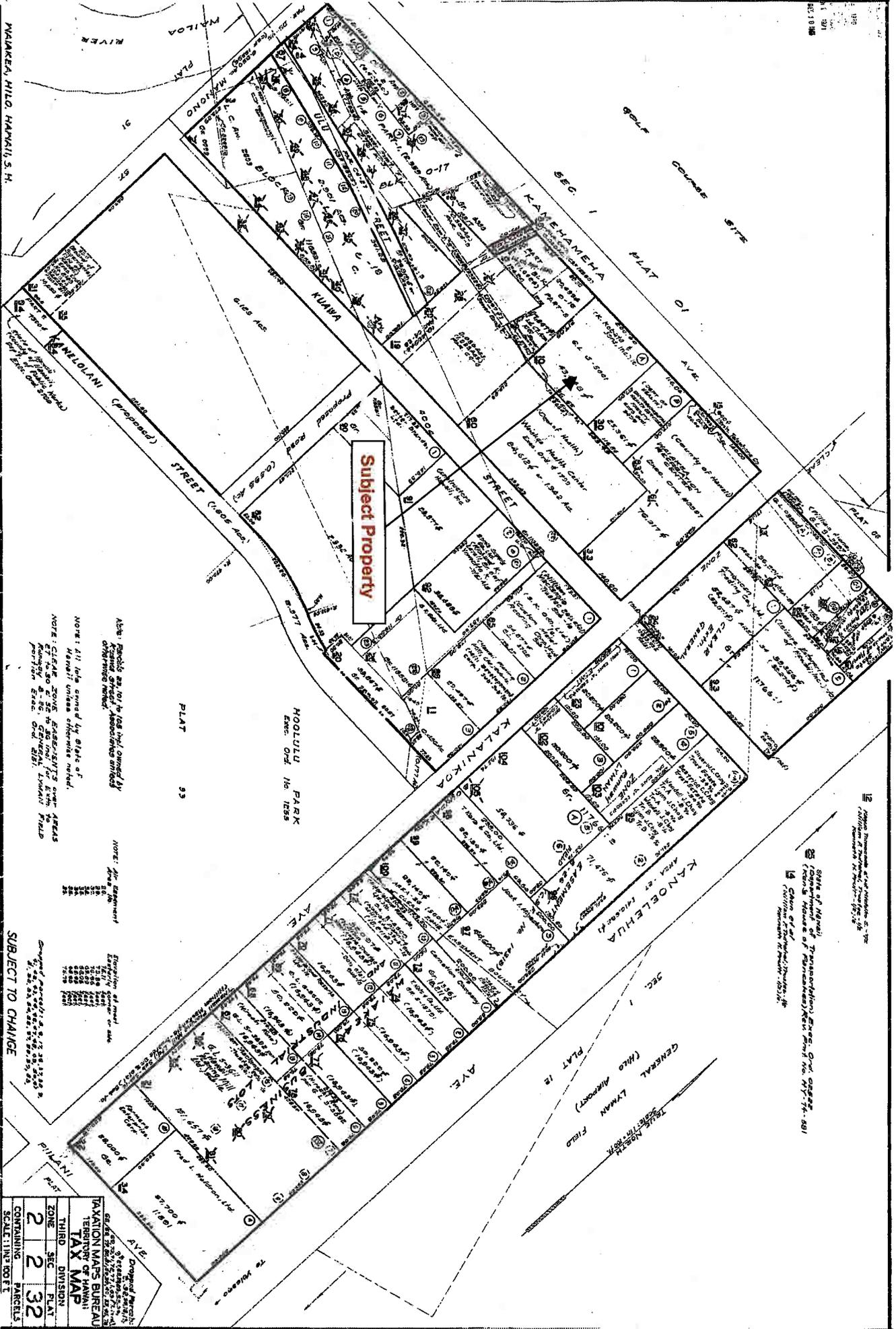
Respectfully Submitted,



*for* Gordon C. Heit  
Land Agent

APPROVED FOR SUBMITTAL:

  
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Laura H. Thielert, Chairperson



Subject Property

NOTE: All lots owned by State of Hawaii unless otherwise noted.  
 NOTE: CLEAR ZONE EMBLEMENTS OVER AREAS 27 to 30 & 32 to 34 incl. for EMBLEM to be placed on State of Hawaii Field.

NOTE: See map of  
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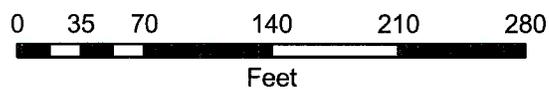
SUBJECT TO CHANGE

State of Hawaii, Department of Public Safety, Office of the Registrar, Honolulu, Hawaii.  
 Division of Land Management, Honolulu, Hawaii.

DIVISION OF LAND MANAGEMENT HONOLULU, HAWAII			
<b>TAX MAP</b>			
ZONE	SEC	PLAT	PARCELS
2	2	32	
CONTAINING PARCELS SCALING 1" = 100'			



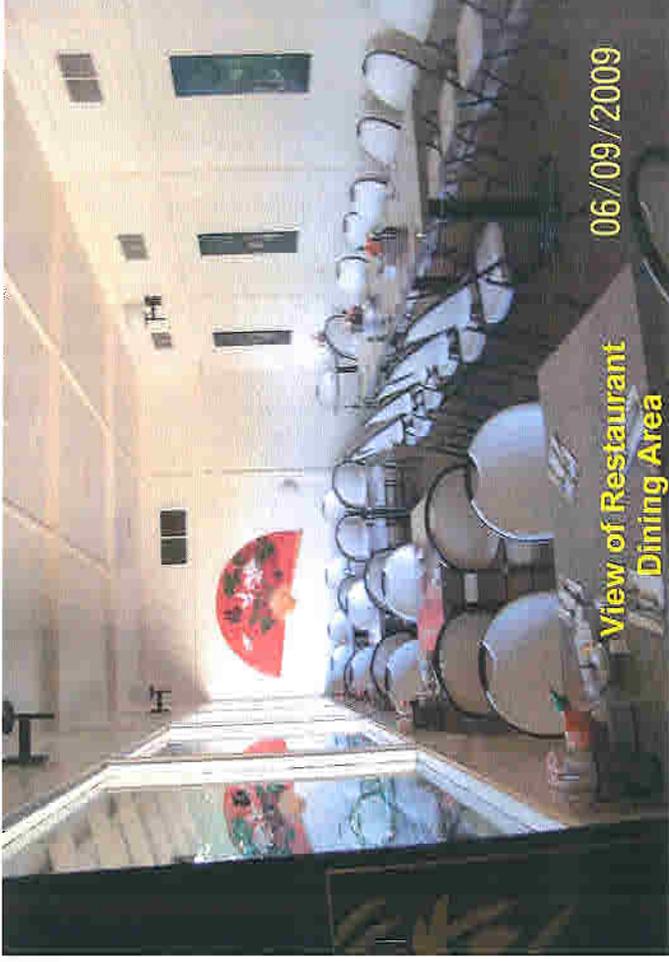
GL S-5001





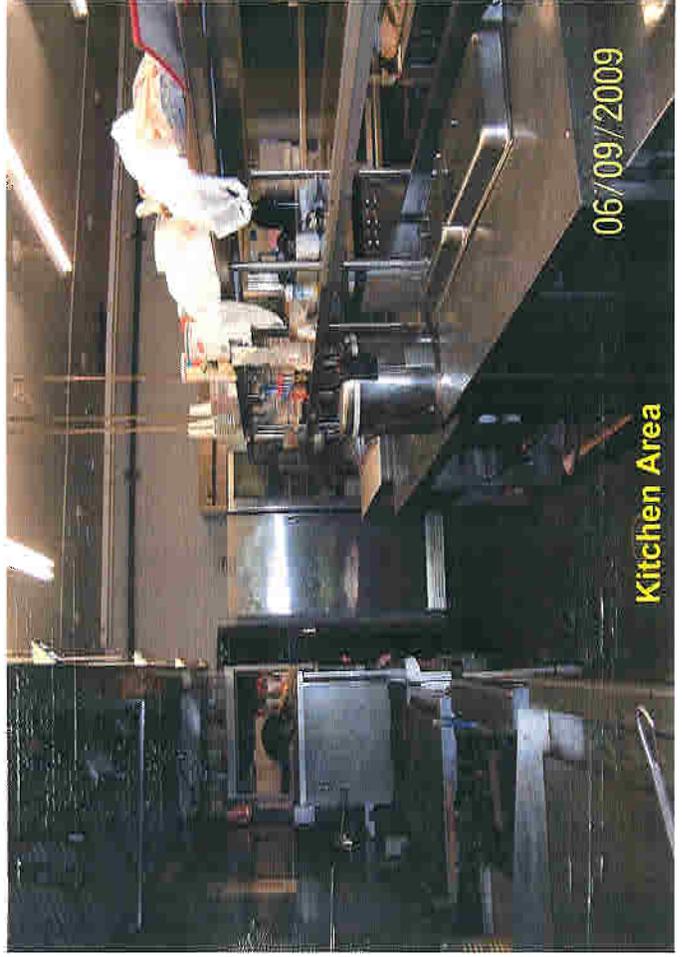
06/09/2009

Sports Bar



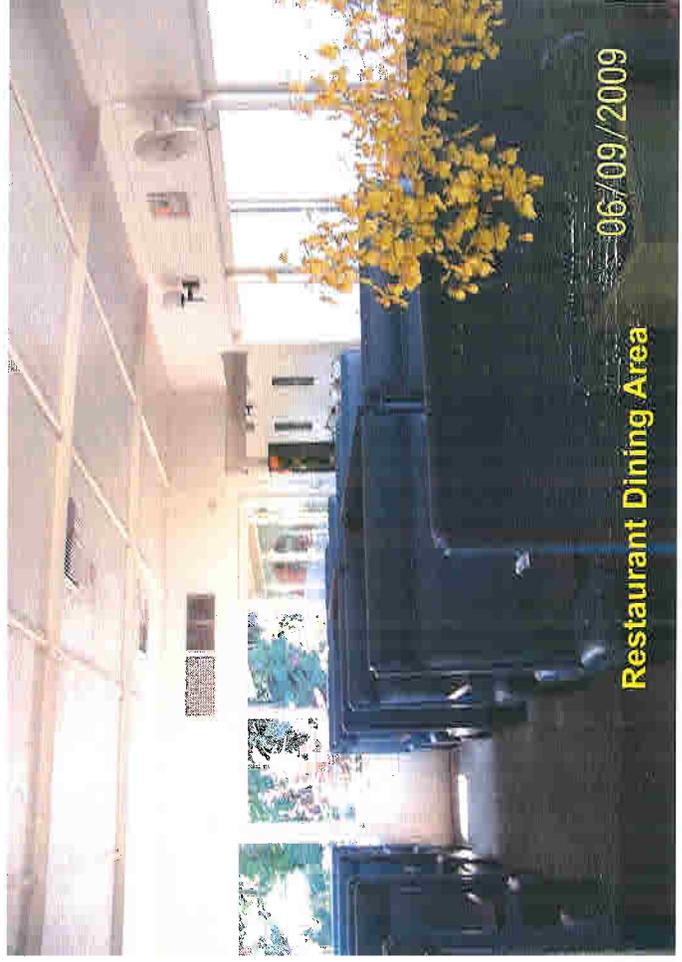
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View of Restaurant Dining Area



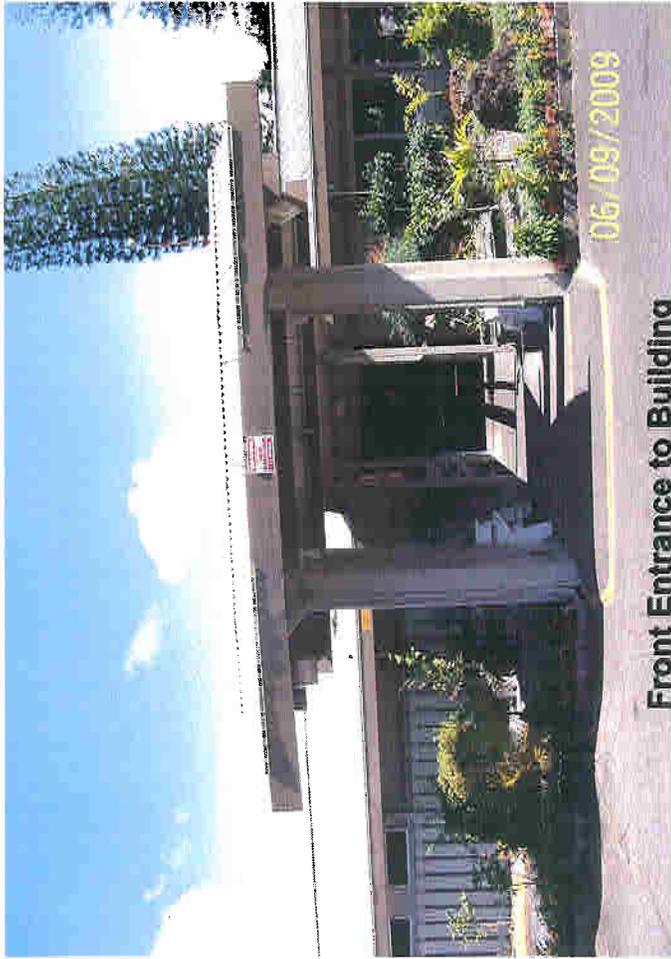
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Kitchen Area



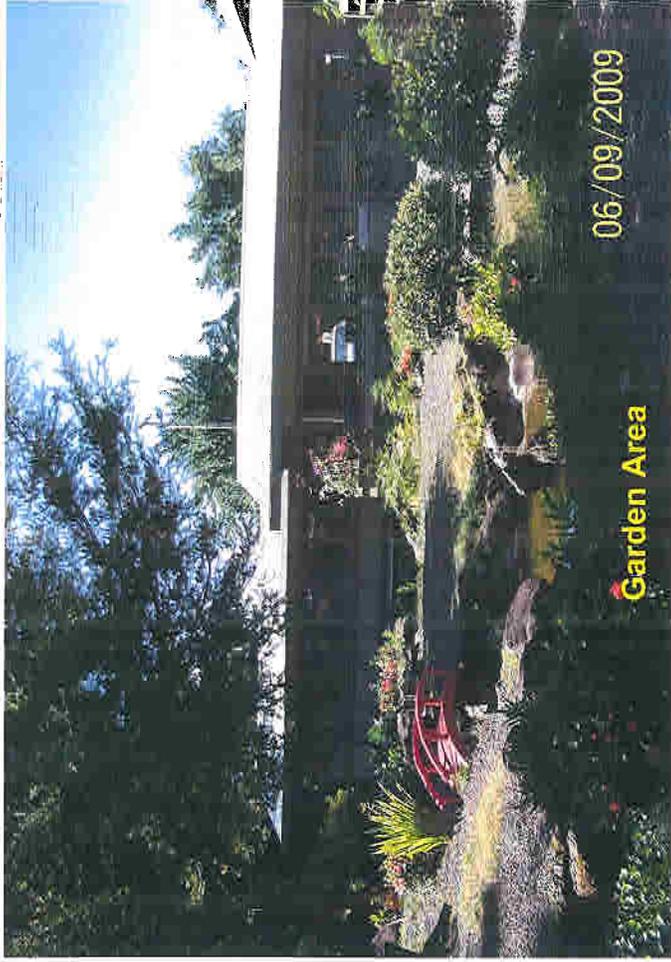
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Restaurant Dining Area



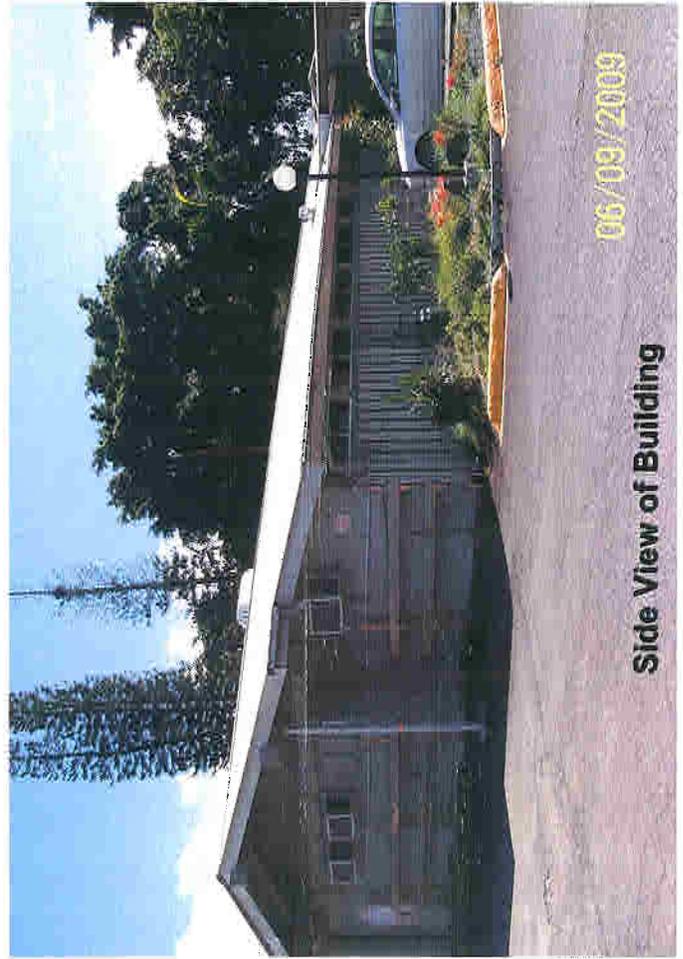
**Front Entrance to Building**

06/09/2009



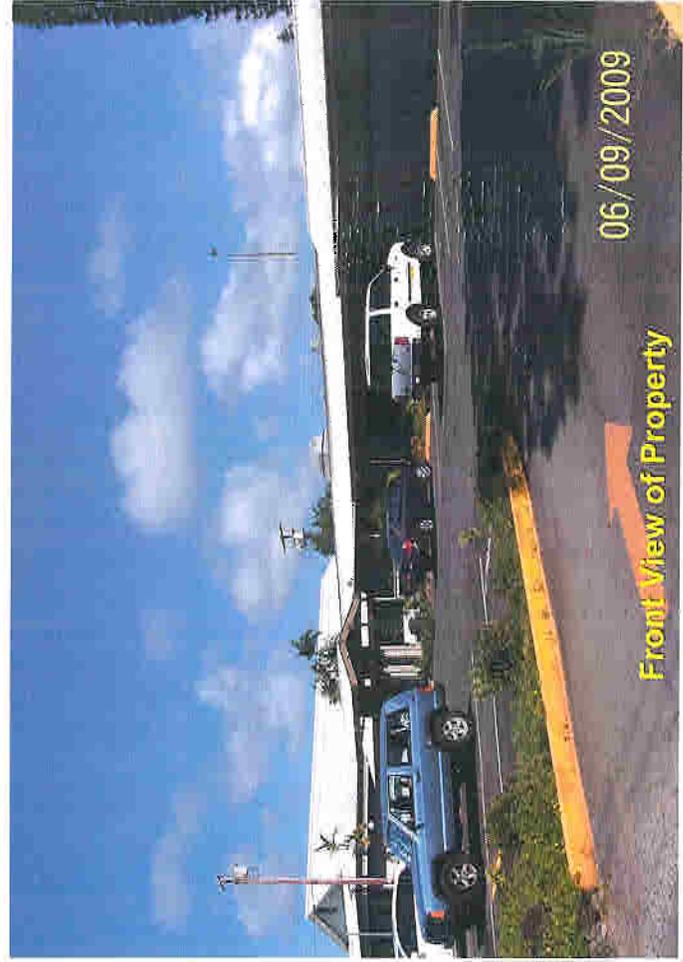
**Garden Area**

06/09/2009



**Side View of Building**

06/09/2009



**Front View of Property**

06/09/2009