

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 Punchbowl Street
Honolulu, Hawaii 96813-5097

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

Board of Land and
Natural Resources
Honolulu, Hawaii

OAHU

Consent to Sublease of Harbor Lease No. H-05-24, Fresh Island Fish, LLC to General Services Administration, Situated at the Domestic Commercial Fishing Village, Pier 38, Honolulu Harbor, Iwilei, Honolulu, Oahu, TMK: 1st/1-5-42 (Portion)

APPLICANT:

Fresh Island Fish, LLC, as Sublessor, to General Services Administration (GSA), as Sublessee.

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

LEASE LOCATION AND AREA:

Unit FV8, Pier 38, Domestic Commercial Fishing Village, Pier 38, Honolulu Harbor, Iwilei, Honolulu, Oahu, being a portion of Governor's Executive Order Nos. 1346 and 4092 issued to the Harbors Division, Department of Transportation, Tax Map Key 1st/ 1-5-42 (Portion), consisting of 27,364 square feet, more or less, as shown on the map labeled Exhibit "A"

SUBLEASE AREA:

3,644 square feet, situated on the 2nd floor of structure situated on Unit FV8.

LAND TITLE STATUS:

Non-Ceded, Acquired after statehood.

ITEM M-5

LEASE CHARACTER OF USE:

Construction, installation, operation, use, maintenance and repair of improvements necessary for the storage, processing and wholesale distribution of seafood products and retail sales of seafood products and ancillary uses

SUBLEASE CHARACTER OF USE:

Office space for the National Oceanic & Atmospheric Administration Fishery Group's operations related to the fishing industry.

TERM OF LEASE:

Thirty-five (35) years, effective September 14, 2005 and expiring on September 13, 2040. First automatic rental step-up will occur September 14, 2010.

TERM OF SUB-LEASE:

Ten (10) years, effective the date of acceptance of the premises by Sublessee, with the option to terminate in whole or in part any time after the fifth (5th) year of sublease with sixty (60) days written notification.

ANNUAL LEASE RENTAL:

\$73,616.46 per annum paid in monthly installments.

ANNUAL SUB-LEASE RENTAL:

\$202,249.48 per annum

REMARKS:

On June 15, 2010, Fresh Island Fish, LLC (FIF) submitted a request to sublease a portion of its building to the General Services Administration (GSA) for the use by the National Oceanic & Atmospheric Administration. Harbors Lease No. H-05-24 was issued to FIF on September 2005 for unimproved land with a requirement to make substantial improvements to the Premises, in an amount no less than two million dollars (\$2,000,000.00). FIF subsequently met this requirement with the construction of improvements at a cost of approximately \$4,862,907.00.

FIF is to provide substantial improvements prior to occupancy by the sublessee, including but not limited to, a public/freight elevator from the parking lot to the second floor to comply with Handicapped Accessibility Standards, handicapped bathroom facilities in the sublease space, etc.

Although the sublease is for ten (10) years, GSA may terminate the sublease after the fifth (5th) year which poses a degree of risk to FIF.

An evaluation of the sublease confirms that participation in the sublease is not warranted due to FIF's substantial investment in the building as well the tenant improvements to be funded by FIF under its agreement with GSA prior to occupancy.

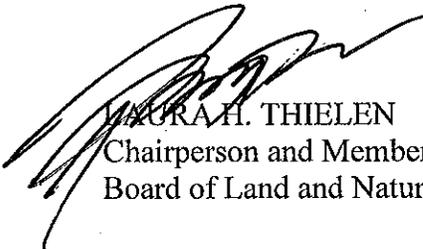
RECOMMENDATION: That the Board:

- A. Consent to the sublease of Harbor Lease No. H-05-24 by Fresh Island Fish, LLC, as Sub-Lessor, and General Services Administration, as Sub-Lessee, subject to the following terms and conditions.
 - 1. Review and approval by the Department of the Attorney General.
 - 2. Such other terms and conditions as may be prescribed by the Director of Transportation.

Respectfully submitted,


for BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

APPROVED FOR SUBMITTAL:


M. GRAH. THIELEN
Chairperson and Member
Board of Land and Natural Resources

DOMESTIC COMMERCIAL FISHING VILLAGE PROJECT MAP

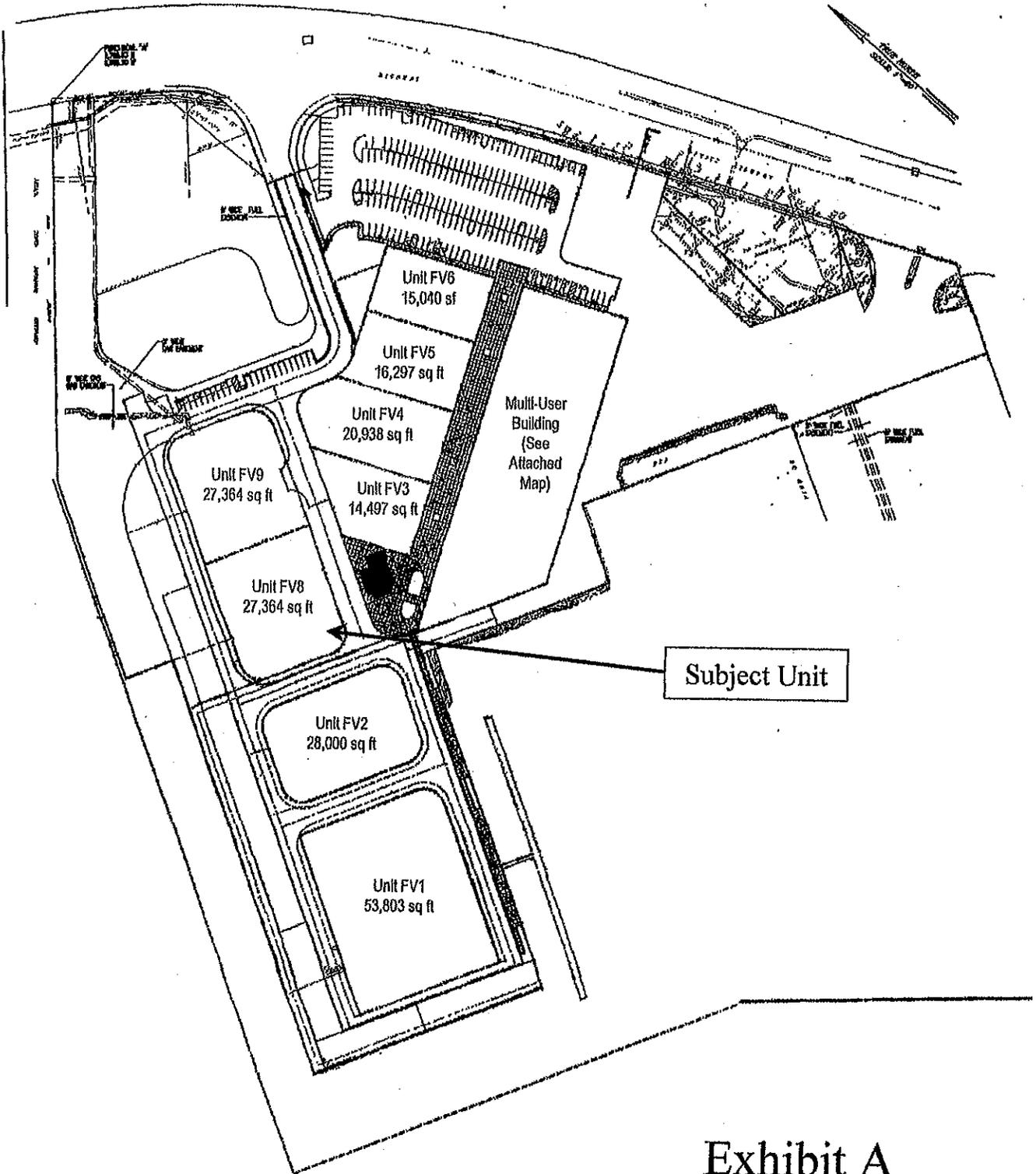


Exhibit A