



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
889 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

July 27, 2012

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

OAHU

ISSUANCE OF DIRECT LEASE, TOGETHER WITH A CONSTRUCTION RIGHT-OF-ENTRY TO VAK FISHERIES, LLC AND KIM LU, PORTION OF PIER 19 SHED, HONOLULU HARBOR, ISLAND OF OAHU, TAX MAP KEY: 1<sup>ST</sup>/1-5-39:63 (PORTION)

REQUEST:

Issuance of direct lease together with a construction right-of-entry to VAK Fisheries, LLC and Kim Lu for fishing vessels agent's office and storage of fishing vessel related supplies.

LEGAL REFERENCE:

Sections 171-11, 35, 36 and 95, and Subsection 171-59(b), Hawaii Revised Statutes.

APPLICANT:

VAK Fisheries, LLC, a domestic limited liability company.  
Kim Lu, Member of the LLC in his individual capacity.

LOCATION AND TAX MAP KEY:

Covered paved space within the Pier 19 shed, Honolulu Harbor, Island of Oahu, identified by and designated as portions of Tax Map Plat: 1<sup>st</sup>/1-5-39:63 (Portion) shown and delineated on the attached map labeled Exhibit A.

AREA:

Covered paved space within Pier 19 Shed of 5,250 square feet, more or less.

ZONING:

State Land Use District: Urban District  
City and County of Honolulu: I-3, Waterfront Industrial District

LAND TITLE STATUS:

Section 5(b) “ceded” land of the Hawaii Admission Act.

CURRENT USE STATUS:

Subject public land presently encumbered by Governor’s Executive Order No. 2903, setting aside portions of Honolulu Harbor to the control and management of the Department of Transportation, Harbors Division, for maritime and maritime related use purposes.

CHARACTER OF USE:

Fishing Vessels Agent’s Office and Storage of Fishing Vessel Related Supplies.

TERM OF LEASE:

Five (5) years.

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date.

ANNUAL GROUND LEASE RENTAL:

To be determined by Independent Appraisal.

PERFORMANCE BOND/SECURITY DEPOSIT:

In the first year of the lease term, an amount equal to the annual ground lease rent is required. This amount shall be reduced annually on a graduated scale provided timely payments have been made for the previous year. The minimum required amount in

Years 4 and 5 of the lease, provided timely rent payments have been received in each previous year, shall be equal to three (3) months ground rent.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

This project is exempt from OEQC requirements, pursuant to Sub-Chapter 11-200-8 of the Hawaii Administrative Rules, that exempts the “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.”

DCCA VERIFICATION:

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>

APPLICANT REQUIREMENTS:

Applicant shall be required to pay for an appraisal to determine rent.

REMARKS:

The applicant is an agent representing twenty-one (21) member fishing vessels. The majority of these vessels are located at the adjacent Piers 16 and 17, and the agent has requested for use of a portion of the shed situated at Pier 19 for office and storage of fishing vessel related supplies. In order to keep its planning options open for the future use of the shed, the Harbors Division is recommending an issuance of a short term lease for a period of five (5)-years.

Currently, the only restroom facility within the Pier 19 Shed has been closed by the Division due to non-compliance to ADA standards. Although there are restroom facilities in an adjacent building, the applicant has indicated that they are willing to renovate the restroom facility to meet ADA standards at their own expense for non-exclusive use of the restroom facility.

The applicant has requested a construction right-of-entry to conduct preliminary work by their consultants, contractors, and sub-contractors, to obtain any necessary permits, installation/construction of their proposed leasehold improvements and the restroom facility renovation prior to the commencement of the lease.

The lease and construction right-of entry will be held in the names of VAK Fisheries, LLC and Kim Lu, Member of the LLC in his individual capacity.

RECOMMENDATION:

That the Board authorizes:

1. Issuance of a construction right-of-entry to the Applicants, together with its consultants, contractors, and sub-contractors, to the proposed leasehold lot for the purposes of all preliminary work needed to obtain all required permits, installation/construction of leasehold improvements, and renovation of restroom facility. Expiration of construction right-of-entry shall be upon execution of the subject lease; and
2. Issue a direct lease to VAK Fisheries, LLC and Kim Lu, in his individual capacity, subject to:
  - (a) Terms and conditions herein outlined, which are by reference incorporated herein;
  - (b) Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and
  - (c) Review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,



GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member  
Board of Land and Natural Resources

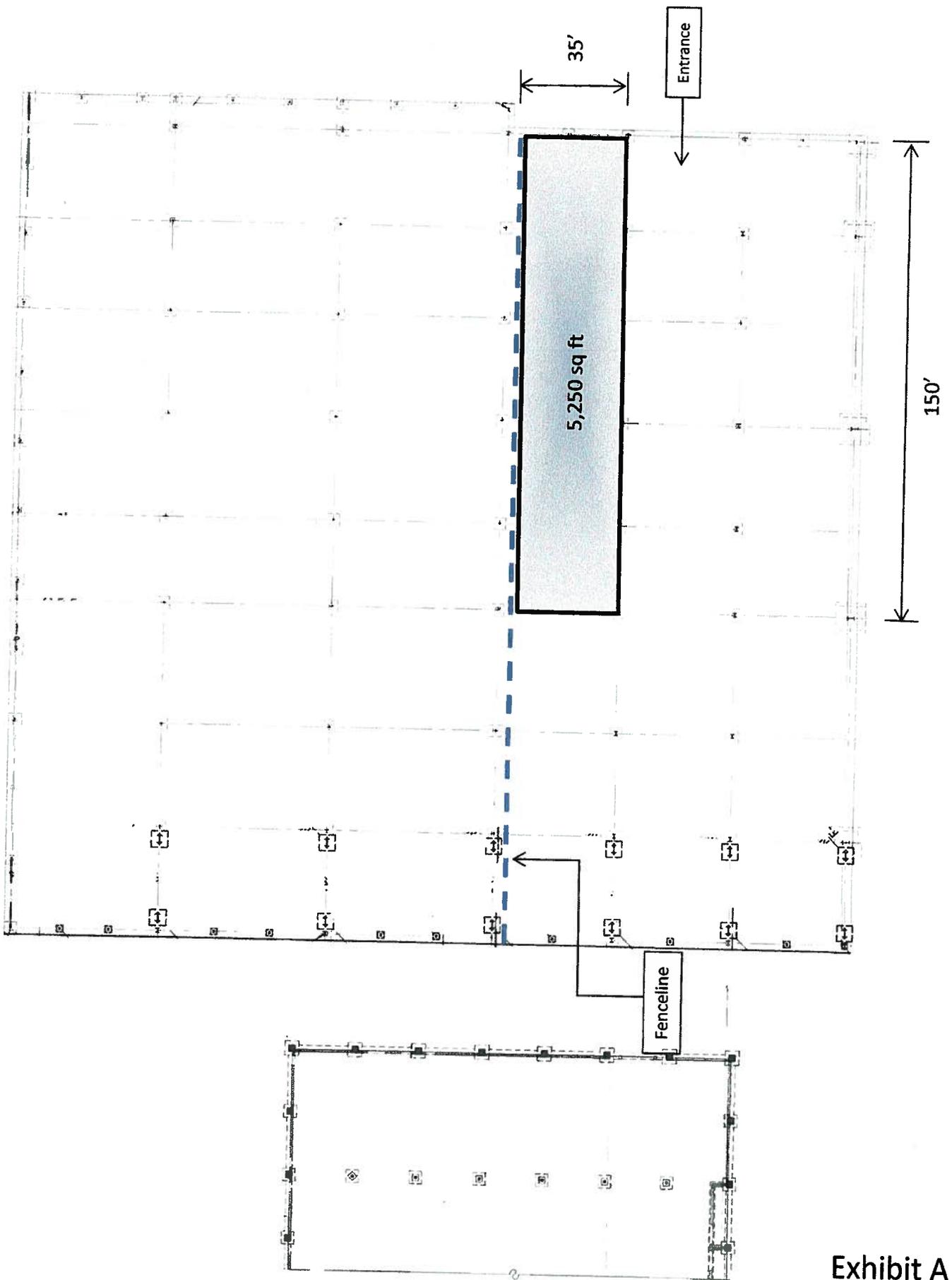


Exhibit A