

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii

August 22, 2014

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

MAUI

REQUEST APPROVAL FOR TERMINATION OF HARBOR LEASE NO. H-86-9 (C) ISSUED TO BRAUN MANAGEMENT CO., LTD. LOCATED AT MAALAEA SMALL BOAT HARBOR, KEALALOA, UKUMEHAME, WAILUKU, MAUI, HAWAII, TAX MAP KEY NO. (2) 3-6-01:34.

REMARKS:

The Braun Management Co., Ltd. (Braun) operates Buzz's Wharf Restaurant located at the Maalaea small boat harbor, Maui, under harbor lease No. H-86-9 (C). Due to the down turn in the economy, Braun has suffered substantial losses for several years which has resulted in the closure of the restaurant.

The Division of Boating and Ocean Recreation (DOBOR) contacted Ms. Sandra Braun-Ortega, Vice President of Braun, to discuss the situation and inform her that they were three months in the arrears on monthly rental payments. Ms. Braun-Ortega confirmed that the restaurant was closed and that they would vacate the premises by July 31, 2014. Ms. Braun-Ortega requested to be released from the remaining term of the lease that expires on July 16, 2017.

According to Hawaii Revised Statutes, §171-20, Notice of breach or default, the Board of Land and Natural Resources (Board) is required to issue a notice of the breach or default of the lease. The Notice of Default for failure to pay rent was dated on July 23, 2014 (See Exhibit A).

Section 7.4, Termination of Contract, of harbor lease H-86-9 (C), states in part, "The State may terminate this contract by giving the Lessee at least ten (10) days written notice, such termination to be effective upon the date specified in such notice, if any of the following events shall occur: (7) The Lessee shall fail to punctually pay the rent or any other payments required hereunder to the State when due;" (See Exhibit B).

DOBOR informed Ms. Braun-Ortega that it was inclined to recommend to the Board that they be released from the remaining term of the lease as long as they agreed to pay the rents due up until the time they vacated the premises on July 31, 2014. Ms. Braun-Ortega indicated that they intended to pay half of the past due rent, \$7,450, by the end of July 2014 and the remaining balance of \$7,450 by August 22, 2014 (See Exhibit C).

Item J-1

Request Approval for Termination of Harbor Lease
No. H-86-9 (C) Issued to Braun Management Co., Ltd.
Located at Maalaea Small Boat Harbor, Kealahou,
Ukumehame, Wailuku, Maui, Hawaii,
Tax Map Key No. (2) 3-6-01:34

August 22, 2014

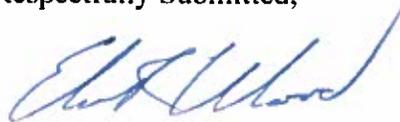
Item J-1

RECOMMENDATION:

That the Board:

1. Approve the termination of harbor lease No. H-86-9 (C) issued to the Braun Management Co., Ltd.;
2. Release the Braun Management Co. Ltd. from the remaining term of the lease subject to the past due rent being paid in full in the amount of \$14,900.

Respectfully Submitted,



Edward R. Underwood
Administrator

Attachments: Exhibit A – Notice of Default letter
Exhibit B – Harbor Lease H-86-9 (C)
Exhibit C – Letter from Sandra Braun-Ortega

APPROVED FOR SUBMITTAL:



William J. Aila, Jr.
Chairperson