



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

IN REPLY REFER TO:

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

Oahu

Issuance of Direct Lease to the University of Hawaii for Ocean Research and Education Purposes, and Termination of General Lease No. S-4488 issued to University of Hawaii for the Snug Harbor Facility, Kapalama Basin, Honolulu Harbor, Island of Oahu, Tax Map Key: (1) 1-5-34, por 4, 8, 10, 13, 14, 16, 17, 19, 20, 22, 27, 28 and 32 and (1) 1-5-36, por 1, por 2, and por 10, and (1) 1-5-42, por 5, of Land Court Application 477 and Land Court Consolidation 82 as shown on the attached map labeled Exhibit A.

APPLICANT:

University of Hawaii, whose business and mailing address is 2444 Dole Street, Bachman Hall, Honolulu, Hawaii 96822.

LEGAL REFERENCE:

Section 171-11, -35, -36, -59(a), -96(a), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Honolulu Harbor situated at Iwilei, Honolulu, Oahu, Hawaii, identified by Tax Map Key: (1) 1-5-34, por 4, 8, 10, 13, 14, 16, 17, 19, 20, 22, 27, 28 and 32 and (1) 1-5-36, por 1, por 2, and por 10, and (1) 1-5-42, por 5, of Land Court Application 477 and Land Court Consolidation 82 as shown on the attached map labeled Exhibit A.

AREA:

6.156 acres, more or less.

ZONING:

State Land Use District: Urban District  
City and County of Honolulu CZO: I-3.

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act.

CURRENT USE STATUS:

1346 and 2903 Governor's Executive Order.

CHARACTER OF USE:

Oceanographic Research and Education purposes.

LEASE TERM:

Thirty-five (35) years

COMMENCEMENT DATE:

The first day of the month following the date both the applicant and the Department of Transportation agree that all of the DOT preparatory work has been completed, but in no event will the commencement date be more than 90 days beyond the date that fully executable lease documents have been provided to the applicant.

ANNUAL RENT:

Gratis.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice in January 2013 with a finding of no significant impact (FONSI).

REMARKS:

The Department of Transportation, Harbors Division (DOT) has begun the redevelopment of the former Kapalama Military Reservation into the Proposed Kapalama Container Terminal (KCT) to increase berthing a cargo handling capacity with the Honolulu Harbor.

The University of Hawaii (UH) currently holds a Gratis, sixty-five (65) year lease (General Lease No. S-4488) which will expire February 22, 2038, situated at the Snug Harbor which is in an integral part to the development of the KCT. Over the last few years, DOT and UH has been in discussions regarding the relocation of UH's Marine Center Facility. DOT is now in the process of redeveloping Pier 35 for the UH Marine

Center – Large Vessel Operations to support their ongoing research and education programs in ocean sciences.

In a Memorandum of Agreement dated March 12, 2014 between DOT and UH, DOT has agreed to issue a new thirty-five (35) lease to replace UH's existing lease at Snug Harbor which has a remaining term of 24 years. This new lease shall, among other provisions, require UH to:

1. Perform and pay for all necessary and appropriate maintenance and upkeep on the leased premises including all improvements and the pier and to perform or permit such inspections as DOT may reasonably request from time to time;
2. Be held responsible for complying with all applicable Federal and State environmental laws during the term of the lease and for remediation of any environmental contamination arising from its occupancy in accordance with applicable law;
3. Submit to DOT, Harbors a report of an annual inspection or annual survey that is completed by a State of Hawaii Certified Structural Engineer, or such other inspection or survey documentation as the parties may mutually agree from time to time, at the UH's expense, on each and every one year anniversary of the new lease execution date for the duration of the lease and any subsequent lease(s) thereafter; and
4. Perform all regular and preventative maintenance identified with the annual inspection or survey. Such maintenance shall be completed by the UH within eighteen (18) months from the date that each annual inspection or survey is conducted.

DOT has consistently represented to UH that due to the lack of berthing space in Honolulu Harbor, Piers 34-35 must remain non-exclusive, but priority berthing shall be granted to UH at these piers. UH has acknowledged the shortage of berthing space and understands that periodically Pier 34 will be needed as a layberth. During those times, a non-UH vessel(s) may extend into the wharf frontage and mooring lines will need to be tied to bollards within the UH proposed lease area. UH has agreed to cooperate with DOT to set up procedures for providing access to its site for the purposes of periodic layberthing of non-UH vessel(s).

DOT has conducted and funded the planning (\$0.77 million), lease buy-out of previous tenants (\$0.50 million) whom have vacated. and design (\$1.21 million) relating to the new lease; and will be responsible for the construction (maximum of \$17.0 million) of the proposed lease site. All other development and constructions costs will be the responsibility of UH. In addition to these expenditures, DOT agreed to fund reasonable moving expenses not to exceed \$10,000 with all other moving and transition expenses will be the responsibility of UH.

Although during the thirty-five (35) lease term no revenue will be generated, upon expiration of this lease, it is DOT's position that any future lease to the UH at the subject site should require the payment of fair market rent. However, the UH is not in a position to commit to the payment of rent in the future due to the absence of an available funding sources and other reasons. Therefore, it will be necessary for DOT and UH to reach an agreement on any rent to be charged under any future lease in advance of the expiration and if no agreement is reached on such future lease, the UH shall vacate by the expiration of the thirty-five (35) year term.

DOT and UH has agreed that General Lease S-4488 shall be terminated sixty (60) calendar days from the date of final inspection of the improvements at the proposed lease site situated at Piers 34-35.

RECOMMENDATION:

That the Board:

1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to the University of Hawaii covering the subject area 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 lease document form, as may be amended from time to time;
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.
2. Consent to the termination of General Lease S-4488 effective sixty (60) calendar days from the date of final inspection of the improvements at the proposed lease site situated at Piers 34-35 subject to the following:
  - A. Review and approval by the Department of the Attorney General.
  - B. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State.

Respectfully Submitted,

  
FORD N. FUCHIGAMI  
Director of Transportation

APPROVED FOR SUBMITTAL:

  
WILLIAM KILA, JR., Chairperson

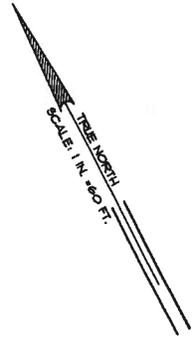
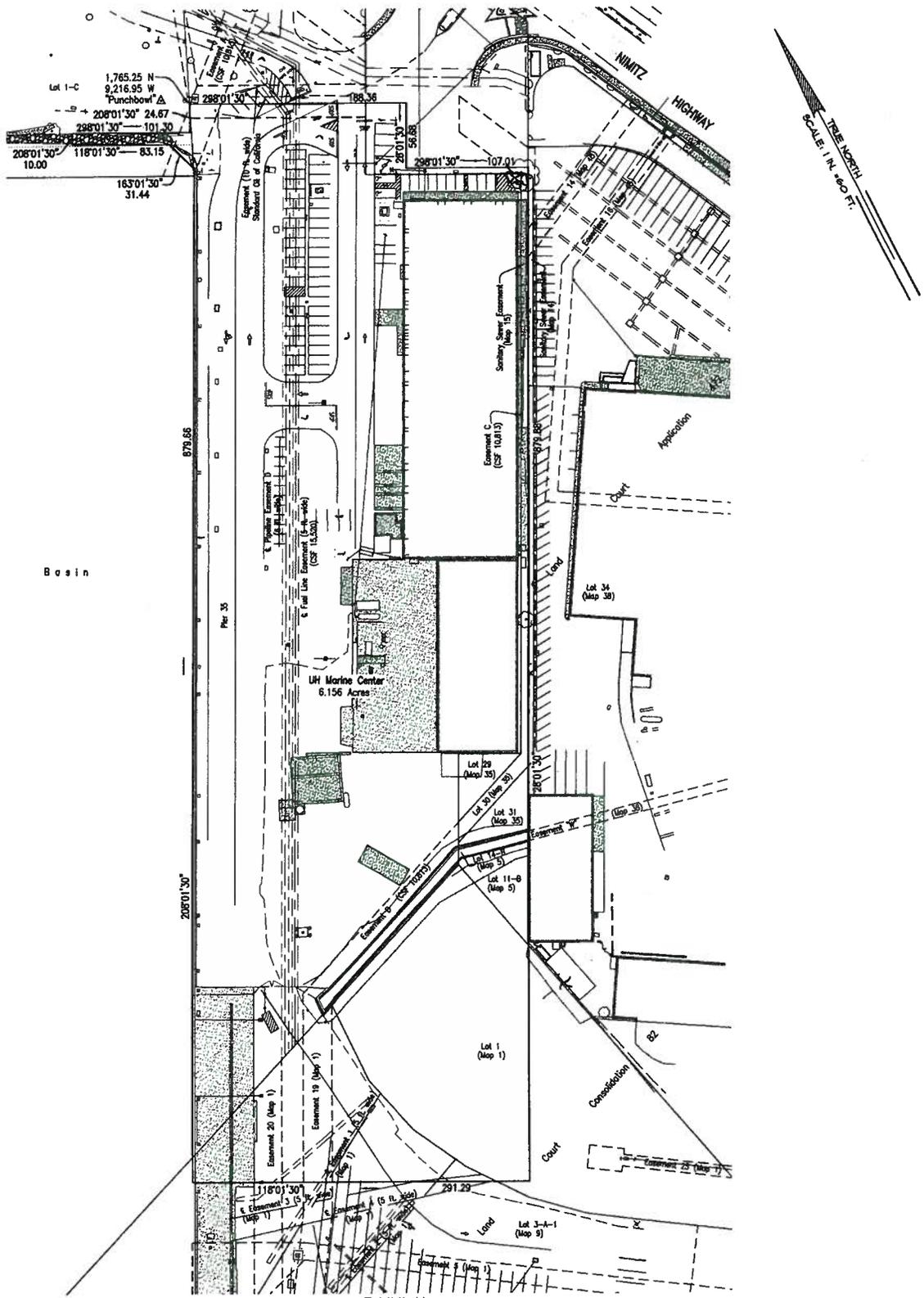
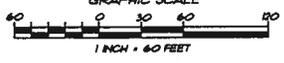


Exhibit Map  
 UH Marine Center  
 Being all of the Following:  
 Pier 35,  
 Lots 11-B and 14-B (Map 5),  
 Lots 29 to 31 (Map 35),  
 and a Portion of Lot 34 (Map 38)  
 of Land Court Application 477  
 and Portions of Lot 1 (Map 1)  
 and Lot 3-A-1 (Map 9)  
 of Land Court Consolidation 82  
 At Iwilei, Honolulu, Oahu, Hawaii

Exhibit A

Tax Map Keys: (1)1-5-34: Por. 4, 8, 10, 13, 14, 16, 17, 19, 20, 22, 27, 28 & 32  
 (1)1-5-36: Por. 1, Por. 2 & Por. 10  
 (1)1-5-42: Por. 5



**UH MARINE CENTER**  
**BEING ALL OF THE FOLLOWING:**  
**PIER 35,**  
**LOTS 11-B AND 14-B (MAP 5),**  
**LOTS 29 TO 31 (MAP 35)**  
**AND A PORTION OF LOT 34 (MAP 38)**  
**OF LAND COURT APPLICATION 477**  
**AND PORTIONS OF LOT 1 (MAP 1)**  
**AND LOT 3-A-1 (MAP 9)**  
**OF LAND COURT CONSOLIDATION 82**  
**AT IWILEI, HONOLULU, OAHU, HAWAII**

Beginning at the North corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 1,765.25 feet North and 9,216.95 feet West, and running by azimuths measured clockwise from true South:

- |     |              |  |
|-----|--------------|--|
| 1.  | 298° 01' 30" | 188.36 feet;   |
| 2.  | 28° 01' 30"  | 56.68 feet;  |
| 3.  | 298° 01' 30" | 107.01 feet;   |
| 4.  | 28° 01' 30"  | 879.88 feet;   |
| 5.  | 118° 01' 30" | 291.29 feet;   |
| 6.  | 208° 01' 30" | 879.66 feet;   |
| 7.  | 163° 01' 30" | 31.44 feet;  |
| 8.  | 118° 01' 30" | 83.15 feet;  |
| 9.  | 208° 01' 30" | 10.00 feet;  |
| 10. | 298° 01' 30" | 101.30 feet;   |
| 11. | 208° 01' 30" | 24.67 feet to the point of beginning and containing an area of<br>6.156 Acres. |

②

-1-



This description is for exhibit purposes and is not an approved subdivided lot.

R. M. TOWILL CORPORATION



Description prepared by:

A handwritten signature in black ink that reads "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16  
Licensed Professional Land Surveyor  
Certificate Number 10059

2024 North King Street, Suite 200  
Honolulu, Hawaii 96819  
December 4, 2014

