

DAVID Y. IGE
GOVERNOR



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

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IN REPLY REFER TO:

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

(Kauai)

Issuance of Direct Lease to The Gas Company, LLC, dba Hawai'i Gas for Construct, Install, and Maintain Storage Facility for Liquid Propane (LPG) and Gas Pipeline Easement Purposes, Nawiliwili Harbor, Lihue, Kauai, Tax Map Key: (4) 3-2-004:016 (Portion), 021, 022, 053.

APPLICANT:

The Gas Company, LLC dba Hawai'I Gas (TGC), a limited liability company whose business and mailing address is P. O. Box 3000, Honolulu, Hawaii 96802 .

LEGAL REFERENCE:

Section 171-11, 35, 35, 59(b), and 95, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Nawiliwili Harbor, situated in Lihue, Kauai, identified by Tax Map Key: (4) 3-2-004:016 (Portion), 021, 022, 053 as shown on the attached map labeled Exhibits A and B.

AREA:

57,297 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Kauai CZO: Industrial

ITEM M-1

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

CURRENT USE STATUS:

Encumbered by Governor's Executive Order Nos. 509 and 1270 to the Department of Transportation for Nawiliwili Harbor Front purposes.

CHARACTER OF USE:

Construct, Install, and Maintain Storage Facility for Liquid Propane (LPG) and Gas Pipeline Easement purposes.

LEASE TERM:

Thirty-five (35) years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

Annual rent to be determined by independent appraiser

METHOD OF PAYMENT:

Quarterly payments, in advance.

RENTAL REOPENINGS:

At the 10th, 20th, and 30th years of the lease term, by independent appraisal.

PERFORMANCE BOND:

Amount equivalent to 18 months of annual rental amount.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

Applicant to comply with requirements of Chapter 343, Hawaii Revised Statutes.

DCCA VERIFICATION:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Applicant in good standing confirmed:	YES

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1. Pay for an appraisal to determine initial rent;
2. Comply with Chapter 343, Environmental Assessment;
3. Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost;
4. Submit and obtain Harbors' for review and approval proposed improvements to be constructed/installed on the subject property;
5. Obtain necessary permits required for the construction of improvements; and
6. Provide Pollution Insurance Coverage in an amount no less than \$5,000,000.00.

REMARKS:

The subject parcel was previously used by Gay & Robinson, Inc for storage as part of their bulk sugar operation until February 28, 2013. Since then the property has been vacant.

TGC currently conceptualized the development of the subject area to include ten (10) 30,000 gallon LPG storage tanks; two (2) filling points which would allow Hawai'i Gas delivery trucks to take LPG from the storage tanks for delivery to residents or businesses on Kauai; security system including fencing and 24-7 CCTV monitoring; and emergency shut-off systems. In addition, TGC proposes to install an underground pipeline from the subject site at Pier 2 to the existing TGC yard at Pier 3 which is approximately 1,500 feet away.

TGC has not had any lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION: That the Board:

Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to The Gas Company, LLC dba Hawai'i Gas 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.

Respectfully Submitted,

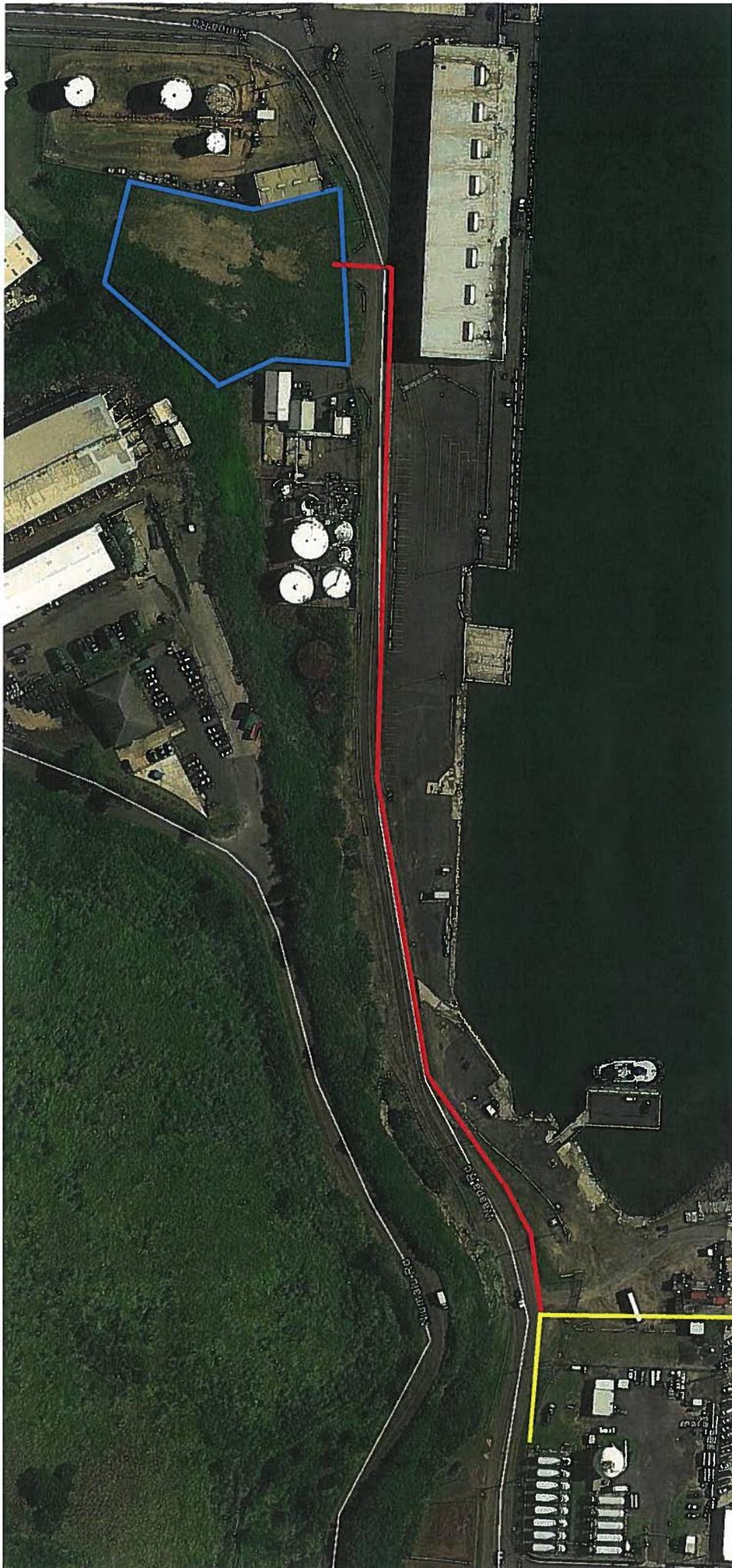


FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE CASE, Chairperson



— Proposed Storage Facility

— Proposed Gas Pipeline

— Existing Gas Pipeline