



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

Deputy Directors  
JADE T. BUTAY  
FORD N. FUCHIGAMI  
RANDY GRUNE  
JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE TO SO ONO FOOD PRODUCTS, LLC.  
3129 UALENA STREET, HONOLULU INTERNATIONAL AIRPORT  
TMK: (1) 1-1-14-103 (portion):113:114

OAHU

REQUEST:

Issuance of a direct lease to So Ono Food Products, LLC. for the operation and maintenance of a food processing business.

LEGAL REFERENCE:

Section 261-7 and 171-59, Hawaii Revised Statutes.

APPLICANT / LESSEE:

So Ono Food Products, LLC. (So Ono), a Hawaii limited liability corporation, authorized to do business in the State of Hawaii, whose business address is 3219 Ualena Street, Honolulu, Hawaii 96819.

LOCATION AND TAX MAP KEY:

Portion of Honolulu International Airport, Honolulu, Island of Oahu, identified by Tax Map Key: 1<sup>st</sup> Division, 1-1-14-103 (portion):113:114.

AREA:

Building/Space No. 189-101, containing 2,137 square feet more or less;  
Building/Space No. 189-102, containing 21,891 square feet more or less;  
Building/Space No. 190-101, containing 1,550 square feet more or less;  
Building/Space No. 283-101, containing 756 square feet more or less;  
Lot/Space No. 005-105A, containing a land area of 55,548 square feet more or less;  
Lot/Space No. 005-105B, containing a land area of 16,880 square feet more or less;  
Lot/Space No. 005-105C, containing a land area of 4,464 square feet more or less;  
Lot/Space No. 005-105D, containing a land area of 792 square feet more or less; and

**ITEM M-2**

Lot/Space No. 005-105E, containing a land area of 389 square feet more or less, as shown and delineated on the attached map labeled “Exhibit A”.

ZONING:

State Land Use District: Urban  
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Non-ceded - Direct purchase from private land owner  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES  NO

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 3894, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes.

The Department of Transportation, Airports Division acquired the subject property together with most of the remaining properties (except one) along the ocean (makai) side of Ualena Street, between Lagoon Drive and Paiea Street, in the mid 1990’s from Loyalty Enterprises, Ltd.

CHARACTER OF USE:

Operation and maintenance of a food processing business.

TERM OF LEASE:

Fifteen (15) years.

LEASE COMMENCEMENT DATE:

Upon execution of the lease document.

ANNUAL PROPERTY LEASE RENTAL:

Annual Rental for First (5)-Year Period. For the first five (5) years of the Lease term, beginning upon the commencement date hereof, LESSEE shall pay to LESSOR an annual rental in the sum of FIVE HUNDRED TEN THOUSAND AND 00/100

DOLLARS (\$510,000.00), based upon a ground rental rate of \$4.88 per square foot, per annum, for the property.

Annual Rental for the Second (5)-Year Period. For the second five (5) years of the Lease term, beginning upon the first day of the sixth (6<sup>th</sup>) year of the Lease term, LESSEE shall pay to LESSOR an annual rental in the sum of FIVE HUNDRED EIGHTY-SIX THOUSAND FIVE HUNDRED AND 00/100 DOLLARS (\$586,500.00) based upon the product of the annual rental for the fifth (5<sup>th</sup>) year of the Lease term (\$510,000.00) and 115%.

Annual Rental for the Third (5)-Year Period. For the third five (5) years of the Lease term, beginning upon the first day of the eleventh (11<sup>th</sup>) year of the Lease term, LESSEE shall pay to LESSOR an annual rental in the sum of SIX HUNDRED SEVENTY-FOUR THOUSAND FOUR HUNDRED SEVENTY-FIVE AND 00/100 DOLLARS (\$674,475.00) based upon the product of the annual rental for the tenth (10<sup>th</sup>) year of the Lease term (\$586,500.00) and 115%.

NOTE: That pursuant to Section 171-6 (7) Hawaii Revised Statutes, the Department of Transportation (DOT) is agreeable to waiving the annual lease rent at the beginning or from the commencement date of the Lease for: (a) a period of twelve (12) months; or (b) until LESSEE first physically occupies and uses the Area described herein and delineated in Exhibit A, for the purpose of its food processing business, after receiving or being given such right by STATE, whichever occurs first.

PERFORMANCE BOND:

Sum equal to three times the monthly lease rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$1,800,000.00

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation, dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers 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> |

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to So Ono Food Products, LLC. for the purpose of operating and maintaining a food processing business. The DOT has determined that the issuance of a direct lease to So Ono Food Products, LLC. will encourage competition within the airport-related industries at Honolulu International Airport.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to So Ono Food Products, LLC., subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

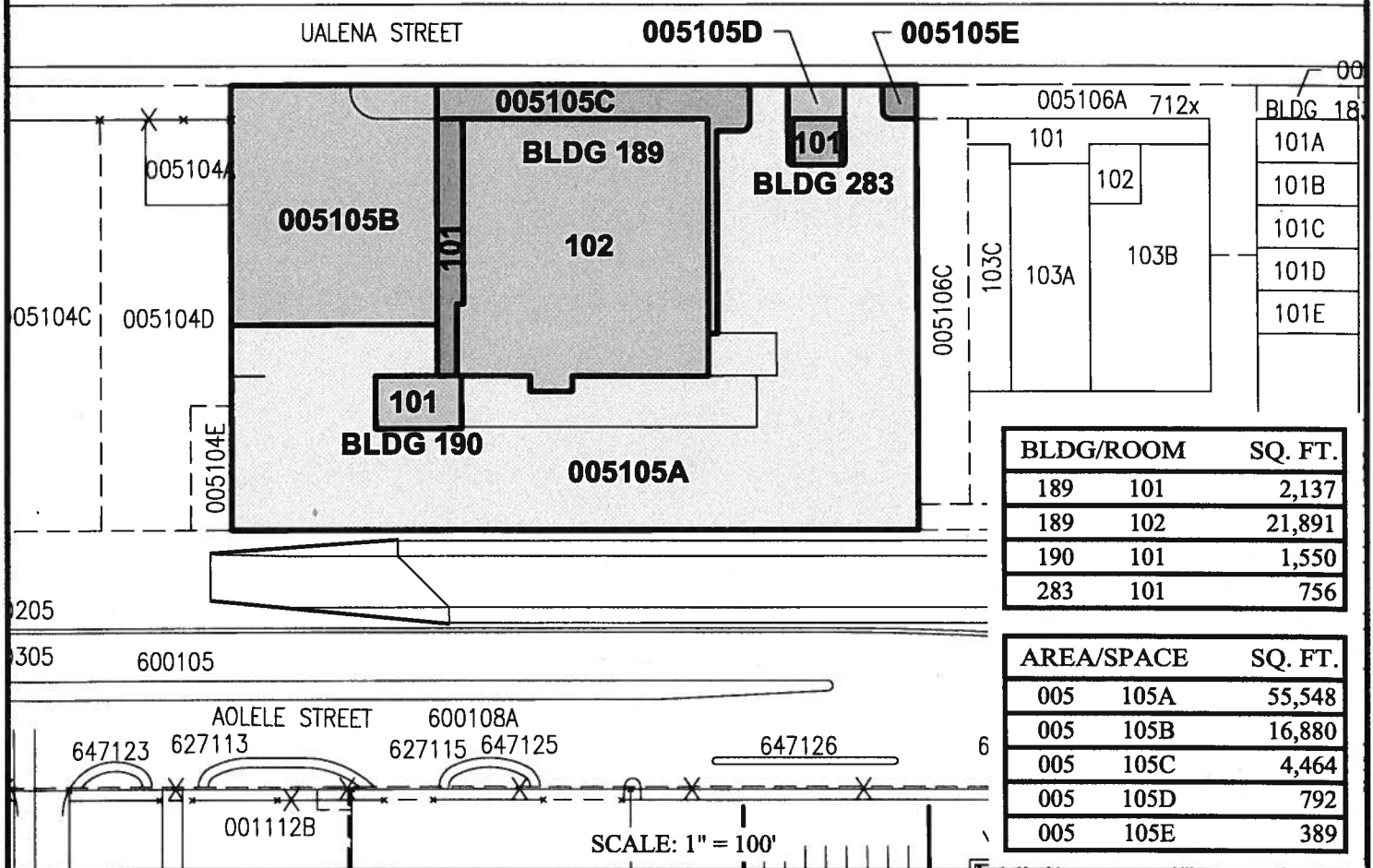
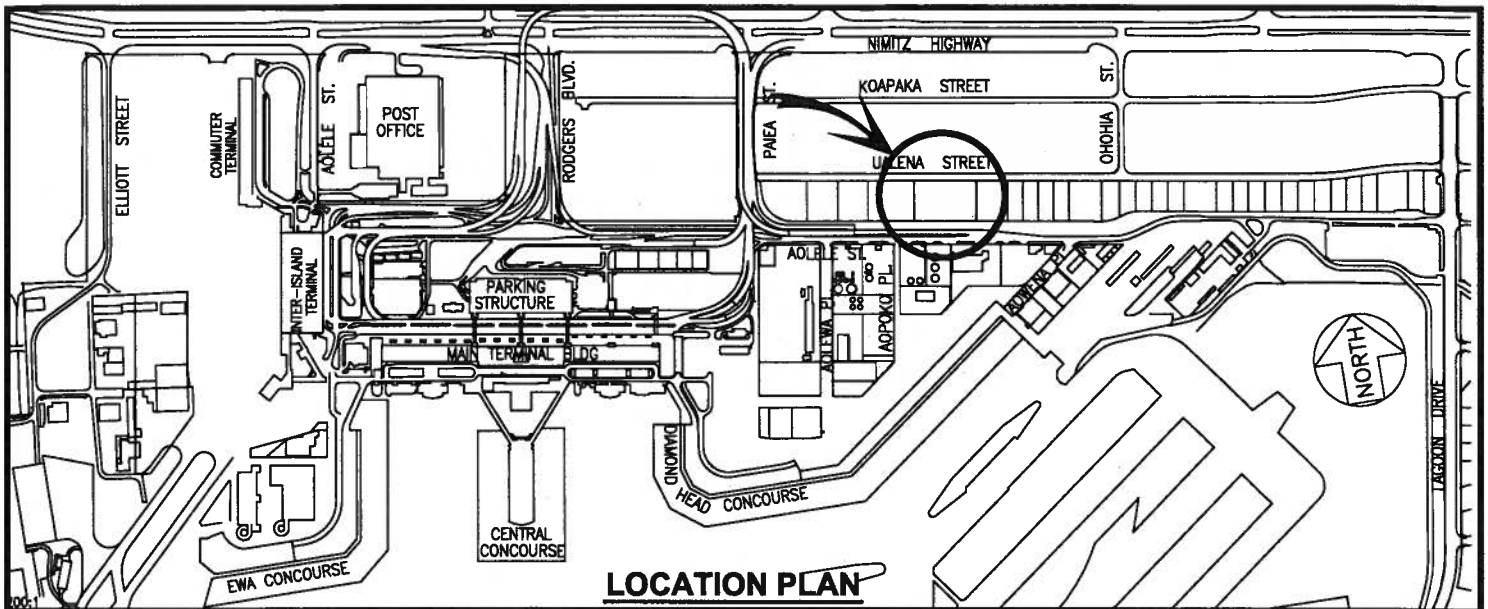


GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member



DATE : JULY 2013

EXHIBIT: **A**



**SO ONO FOOD PRODUCTS, LLC.**

**3129 UALENA STREET**

**005105A-E  
BLDG 189,  
190, 283  
PLAT 16**

**HONOLULU INTERNATIONAL AIRPORT**