REQUEST CONSENT FOR ALOHA PETROLEUM, LTD TO ASSIGN LEASE NO. H-01-08, AT NAWILIWILI HARBOR, KAUAI, TAX MAP KEY NO. 4TH/3-2-04: 17 (PORTION),

LEGAL REFERENCE: Chapter 171-36(a) (5), Hawaii Revised Statutes.

APPLICANT: Aloha Petroleum, Ltd.

LOCATION: Government land situated at Nawiliwili Harbor, Kauai, Tax Map Key No. 4th/3-2-04: 17 (Portion), consisting of 54,153 square feet for a tank farm petroleum storage facility, and 1,410 square feet for a pipeline easement, as described and shown on Exhibits “A” and “B”.

LAND TITLE STATUS: Subsection 5(a) of the Hawaii Admission Act (non-ceded).

LEASE AREA: 54,153 square feet for a tank farm petroleum storage facility, and 1,410 square feet for a pipeline easement at Nawiliwili Harbor, Kauai.

CHARACTER OF USE: For a tank farm petroleum storage facility, and a pipeline easement.

LEASE TERM: 35-year lease, commencing on January 1, 2002 and expiring on December 31, 2036. The next rental step-up will be January 1, 2017.
ANNUAL RENTAL:

$105,913.00

CONSIDERATION: None

RECOMMENDED PREMIUM: Not applicable.

DCCA VERIFICATION:

ASSIGNEE:
Place of business registration confirmed: YES
Registered business name confirmed: YES
Good standing confirmed: YES

REMARKS:

The State of Hawaii, Department of Transportation (the “Department”), is the lessor under Harbor Lease No. H-01-08, to Aloha Petroleum, Ltd. Aloha Petroleum Ltd. is owned by Henger BV Inc. which is Aloha Petroleum Ltd’s sole shareholder. Henger has agreed to sell all of its capital stock to Susser Petroleum Property Company LLC and its parent Susser Petroleum Partners LP. 100% of Aloha Petroleum Ltd’s stock will be owned by Susser Petroleum Property Company LLC. The sale is expected to close on December 16, 2014. Susser Petroleum Partners LP is listed on the NY Stock Exchange under the symbol “SUSP”.

Aloha Petroleum, Ltd will remain the tenant on the DOT lease and will continue to be responsible for the lease. No changes will be made with Aloha Petroleum’s existing management and operations.

The purchase transaction between Henger BV Inc. and Susser Petroleum Property Company LLC and its parent Susser Petroleum Partners LP triggers the assignment provision in the lease. However, the Department has determined that no lease premium is due.

Aloha Petroleum, Ltd. will remain a Top-10 Hawaii company according to Hawaii Business magazine.

Susser Petroleum Partners LP is the highest-volume independent wholesale distributor of motor fuels in Texas, with additional distribution in New Mexico, Oklahoma and Louisiana.

Susser Petroleum Partners LP has supplied more than 1.7 billion gallons of motor fuel in the last 12 months; and
For over 70 years, Susser Petroleum Partners LP has established a solid reputation for integrity, transparency and outstanding customer service.

**BLNR CONSENT NEEDED:**

Consent to assignment of the lease from Aloha Petroleum, Ltd. To Susser Petroleum Property Company LLC is needed.

**RECOMMENDATION:**

That the Board consent to the assignment of the lease from Aloha Petroleum, Ltd to Susser Petroleum Property Company LLC and consent that no premium will be owed to DOT under the lease, subject to the following conditions:

1. Review and approval by the Department of the Attorney General; and

2. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,

ROSS M. HIGASHI
Interim Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:

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