

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

September 8, 2017

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

Hawaii

**After-the-Fact Consent to Sublease of General Lease No. S-4300, William A. Miller, Sublessor, to 808 Billiards LLC and Aloha Pallets & Distribution LLC, Sublessees; Lot 1-A, Hilo Industrial Development, Pohaku Street Section, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-058:035; and**

**Consent to Sublease of General Lease No. S-4300, William A. Miller, Sublessor, to 808 Billiards LLC and Aloha Pallets & Distribution LLC, Sublessees; Lot 1-A, Hilo Industrial Development, Pohaku Street Section, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-058:035; and**

**Approve a 10-Year Term Extension of General Lease No. S-4300, William A. Miller, Lessee, Pursuant to Act 207, Session Laws of Hawaii 2011; Lot 1-A, Hilo Industrial Development, Pohaku Street Section, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-058:035 & 040.**

APPLICANT:

William A. Miller, single, tenant in severalty, as sublessor and lessee.

LEGAL REFERENCE:

Sections 171-36, Hawaii Revised Statutes, as amended.  
Act 207, Session Laws of Hawaii 2011

LOCATION:

Portion of Government lands at Lot 1-A, Hilo Industrial Development, Pohaku Street Section situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-058:035 & 040, as shown on the attached map labeled Exhibit A.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

LEASE CHARACTER OF USE:

Industrial purposes

SUBLEASE CHARACTER OF USE:

808 Billiards LLC – “billiards game room”  
Aloha Pallets & Distribution LLC – “administration office”

LEASE AREA:

1.435 acres, more or less.

SUBLEASE AREAS:

3,000 square feet for 808 Billiards LLC  
800 square feet for Aloha Pallets & Distribution LLC

TERM OF LEASE:

Original term of 55 years, commencing on May 12, 1970 and expiring on May 11, 2025.

Request for an extension of 10 years commencing on May 12, 2025 and expiring on May 11, 2035.

TERM OF SUBLEASES:

808 Billiards LLC = August 1, 2014 – July 31, 2015,  
August 1, 2015 – July 31, 2017 (optional extended term)  
November 1, 2017 – October 31, 2020  
November 1, 2020 – October 31, 2023 (optional extended term)  
Aloha Pallets = February 1, 2017 – July 31, 2017  
November 1, 2017 – October 31, 2019

ANNUAL RENTAL:

Current rent is \$69,500.00 payable in semi-annual installments of \$34,750.00

ANNUAL SUBLEASE RENTAL:

808 Billiards LLC =	8/01/2014 to present	\$36,000.00
	Effective 11/01/2017	\$48,000.00
	Effective 11/01/2020	\$52,800.00
Aloha Pallets =	02/01/2017 to present	\$10,200.00
	Effective 11/01/2017	\$12,000.00

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

In accordance with the current Rent Participation Policy as approved by the Board of Land and Natural Resources at its meeting of August 24, 2012, agenda item D-14, the State will not receive any portion of the sublease rents. Refer to attached Exhibit B for analysis details.

RENTAL REOPENINGS:

Rental reopenings in the original term were at the end of the 20<sup>th</sup>, 30<sup>th</sup>, 40<sup>th</sup> and 50<sup>th</sup> years of the term. The last rental reopening occurred on May 12, 2010 and the next reopening will be May 12, 2020.

Staff is recommending that the next reopening (May 12, 2020) project the rent for the next ten years with a final reopening on May 12, 2030, thus keeping with the terms as stated in the original lease.

PROPOSED IMPROVEMENTS:

The lessee proposes to purchase and install a new 73.44kW Solar Electric System to power the two warehouses located on the lease land. The total cost of the system is estimated to be \$281,844.00.

DCCA VERIFICATION:

SUBLESSOR/LESSEE: **William A. Miller**

Lessee as an individual is not required to register with the DCCA.

SUBLESSEE:

**808 Billiards LLC**

Place of business registration confirmed:	YES	X	NO
Registered business name confirmed:	YES	X	NO
Good standing confirmed:	YES		NO X*

*\*annual business filings are delinquent, sublessee is working with DCCA to correct*

**Aloha Pallets & Distribution LLC**

Place of business registration confirmed:	YES	X	NO
Registered business name confirmed:	YES	X	NO
Good standing confirmed:	YES	X	NO

APPLICANT REQUIREMENTS:

1. Applicant shall be required to complete approximately \$281,844.00 of proposed improvements to the lease premises by August 31, 2018, and provide the Hawaii District Land Office with copies of receipts for the improvements made prior to November 1, 2018. If due to circumstances beyond the control of the lessee improvements cannot be completed by August 31, 2018, the lessee may request, in writing, an extension of time for completion and if in agreement, the Chairperson may grant an extension.
2. Applicant agrees that once installed the proposed improvements become permanent fixtures and shall not be deemed to be removable personal property.
3. Applicant to ensure sublessees are in good standing with the DCCA before execution of the proposed sublease commencing November 1, 2017.

BACKGROUND:

General Lease No. S-4300 (GLS-4300) was sold at public auction on May 12, 1970 to Commercial Capital Corporation for industrial purposes.

At its meeting of June 25, 1971, the Board of Land and Natural Resources (Board), under the supplemental agenda, consented to an assignment of lease from Commercial Capital Corporation to Pohaku Enterprises, Inc.

At its meeting of March 10, 1995, Item F-1-g, the Board consented to an assignment of lease from Pohaku Enterprises, Inc. to Jack L. Ayers, Jr. Trustee under Revocable Trust Agreement of Jack L. Ayers, Jr., and Elsie M. Ayers, Trustee under Revocable Trust Agreement of Elsie M. Ayers.

On August 25, 1997, the Ayers filed a Chapter 7 bankruptcy petition. As a result, Mary Loo Woo was appointed as Trustee for the case.

At its meeting of August 13, 1999, Item D-16, the Board consented to an assignment of lease from Mary Loo Woo, Bankruptcy Trustee for the Ayers to William A. Miller.

SUBLEASES:

***808 Billiards LLC*** is subleasing approximately 3,000 square feet at the front of Building 2 to operate a billiard game room. It initially began subleasing the area in August 2014 for a one-year term at a monthly rent of \$3,000 with an option to extend the term for an additional two years. The option was exercised and this sublease expired on July 31, 2017. The parties agreed to a month-to-month holdover tenancy with the same monthly rent until a new lease could be drafted and consented to by the Board. That lease, if

consented to will begin on November 1, 2017 with a three-year term, a monthly rent of \$4,000 and an option to extend for an additional three-year term at a monthly rent of \$4,400.

*Aloha Pallets & Distribution LLC* is subleasing approximately 800 square feet at the front of Building 2 for use as its administrative office for operations which are conducted on other property. It initially began subleasing an area of 1,300 square feet in February 2017 for a six-month term at a monthly rent of \$850 with an option to extend the term for an additional two years. The option was not exercised due to a desire to reduce the size of the sublease area to 800 square feet. The parties agreed to a month-to-month tenancy with the same monthly rent and reduced square footage until a new lease could be drafted and consented to by the Board. That lease, if consented to will begin November 1, 2017 with a two-year term at a monthly rent of \$1,000.

#### LEASE EXTENSION:

The current 55-year lease is set to expire on May 11, 2025 and the lessee is requesting a 10 year extension pursuant to Act 207, Session Laws of Hawaii 2011<sup>1</sup> to amortize the cost of improvements to the property.

The lessee is proposing to install two 36.72kW solar electric systems for a combined total of 73.440kW. The system includes 108 solar panels on each of the two warehouse buildings. Each building will have its own bank of 4 inverters, HELCO-required disconnect switches and independent load control centers. The system has a 25-year warranty period and an estimated cost of \$281,844.00.

In February 2017, Bloom Appraisers Inc., lessee consultant, tendered its report regarding the economic life of the proposed improvements to the leasehold premises. The report assesses that the improvements will increase the economic life of the buildings by approximately 15-20 years (refer to Exhibit C).

The Lessee is current with rent, insurance and performance bond. A recent inspection on June 14, 2017, showed good maintenance of the property and existing structures (inspection report attached as Exhibit D). Such maintenance demonstrates the lessee's continuing efforts to keep the buildings in good order and repair. The use of the leased premises by both the lessee and sublessees is in compliance with the original lease and is consistent with commercial/industrial zoning uses.

#### CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with the “Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon by the Environmental Council on June 5,

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<sup>1</sup> Act 207, Session Laws of Hawaii 2011 amends Section 171-36(b) of the Hawaii Revised Statutes by allowing the Lessee to: Extend or modify the fixed rental period of the lease: provided that the aggregate of the initial term and any extension granted shall not exceed sixty-five years.

2015,” the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 47, which states “Leases of State land involving negligible or no expansion or change of use beyond that previously existing” and Class No. 6, Item No. 5, which states “Construction or placement of utilities (telecommunications, electrical, solar panels, drainage, waterlines, sewers) and related equipment (such as transformers, poles, cables, wires, pipes) accessory to existing facilities on state lands”. Refer to attached Exhibit E.

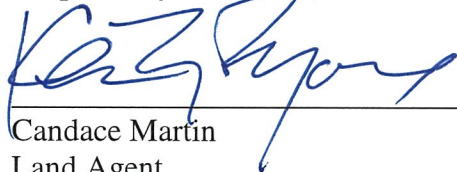
RECOMMENDATION:

That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Consent to an after-the-fact sublease of General Lease No. S-4300 between William A. Miller, as sublessor, and 808 Billiards LLC and Aloha Pallets & Distribution LLC, as sublessees, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
  - A. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time; and
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Consent to sublease of General Lease No. S-4300 between William A. Miller, as sublessor, and 808 Billiards LLC and Aloha Pallets & Distribution LLC, as sublessees, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
  - A. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time; and
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

4. Authorize the extension of General Lease No. S-4300 to William A. Miller 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 extension form, as may be amended from time to time; and
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other conditions as may be prescribed by the Chairperson which are in the best interests of the State.

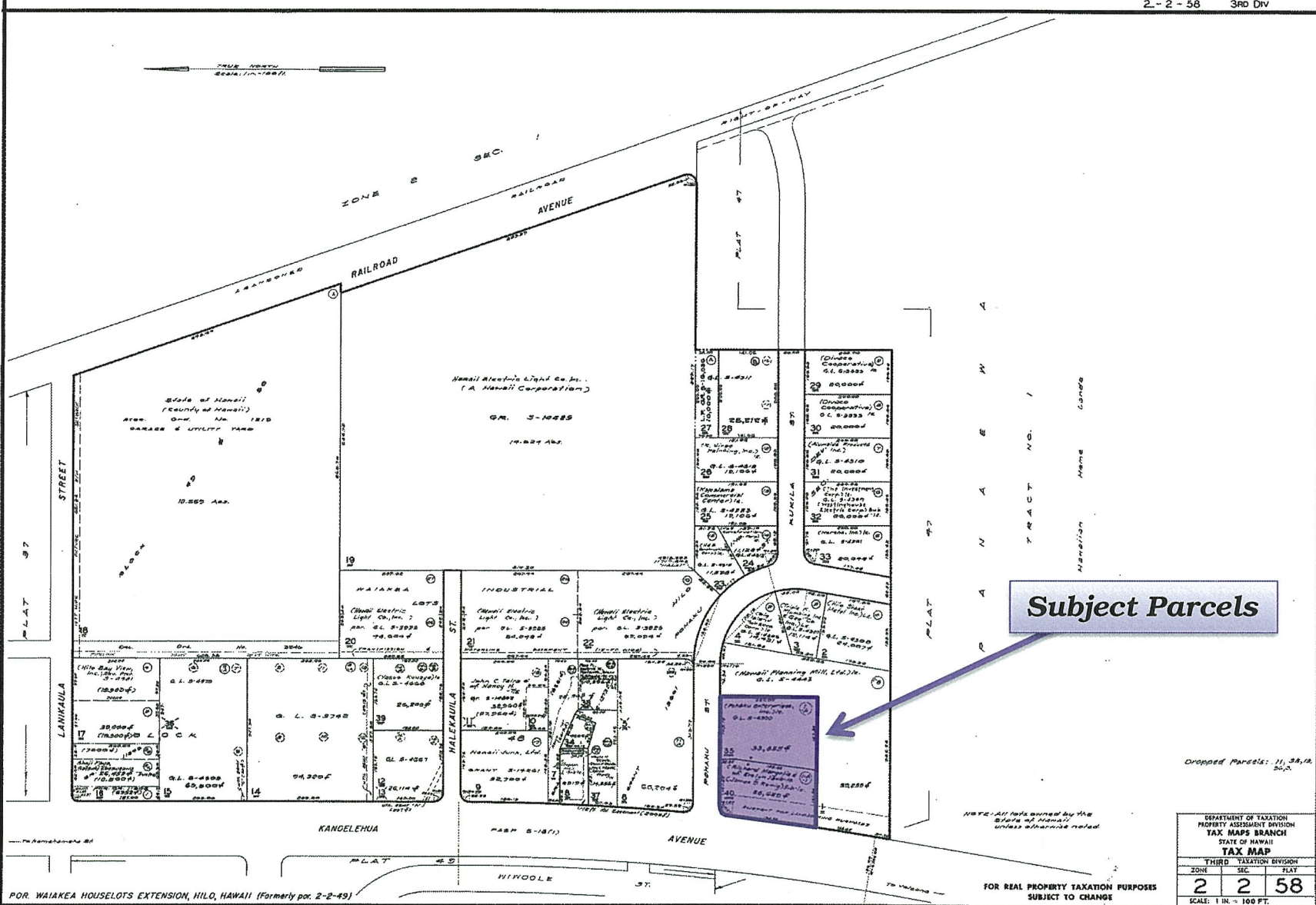
Respectfully Submitted,

  
\_\_\_\_\_  
Candace Martin  
Land Agent

APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
Suzanne D. Case, Chairperson





POR. WAIKAEKA HOUSELOTS EXTENSION, HILO, HAWAII (Formerly por. 2-2-49)

# EXHIBIT A



DAVID Y. IGE  
GOVERNOR OF HAWAII



## EXHIBIT B

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION


POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

August 16, 2017

### MEMORANDUM

TO: Suzanne D. Case, Chairperson

THROUGH: Russell Y. Tsuji, Division Administrator

FROM: Candace Martin, Land Agent 

SUBJECT: In-House Recommendation – Sublease Participation Calculation

GL No.:	S-4300
Lessee/Sublessor:	William A. Miller
Sublessee:	808 Billiards LLC and Aloha Pallets & Distribution LLC
Location:	Waiakea, South Hilo, Hawai'i
Lease area:	1.435 acres more or less
Sublease Area:	3,800 sf. more or less (combined total)
Tax Map Key:	3 <sup>rd</sup> /2-2-058:035 & 040
Character of Use:	Industrial

We have been requested to provide an in-house evaluation of the sublease premium due to the State for the subleasing of a portion of GL S-4300, William A. Miller, Lessee/Sublessor, to 808 Billiards LLC (808 Billiards) and Aloha Pallets & Distribution LLC (Aloha Pallets), Sublessees. The sublease documents and information provided by Lessee were analyzed and staff applied the formula approved by the Land Board on January 26, 2001, agenda item D-8, and modified by the Board at its meeting on August 24, 2012, agenda item D-4, comprising the Rent Participation Policy.

The lease was sold at public auction on May 12, 1970 and required the lessee to complete construction of improvements at a cost of no less than \$200,000 within the first two years of the lease. Two 15,288 square foot metal warehouse buildings were completed in 1972.

The current lessee acquired the lease by assignment in August 1999. Lessee has performed all necessary maintenance on the leased premises over the years to keep the property in above average condition.

The leased premises consists of two parcels of land totaling 1.435 acres or 62,514 square feet (sf) with two 15,288 sf metal warehouse buildings totaling 30,576 sf of subleasable space, a 10,934 sf area set aside as a landscape exclusion bordering Kanoelehua Avenue, side and rear setback areas totaling 5,850 sf and parking area of 15,154 sf.

The lessee occupies 87% (26,776 sf) of the leasable area of the buildings with 808 Billiards leasing 10% (3,000 sf) and Aloha Pallets 3% (800 sf). Three parking stalls are exclusive to Aloha Pallets and the remainder of the parking area is used as common area for 808 Billiards and the lessee. Both sublessees are existing tenants with an agreement for a month-to-month holdover of their prior subleases with new subleases commencing November 1, 2017.

The lease allows the Board to review and approve the sublease rent and, if necessary, to revise the rent of the demised premises based on the rent charged to the sublessee; provided that the rent may not be revised downward. However, the lease does not provide a method for calculating the rent revision.

The most recent Board approved Rent Participation Policy, item 1c, states:

***For lessees paying fair market rent:*** *If the lessee subleases improvements not owned by the State, the Board shall not receive any portion of sublease rents from subleasing improved space unless: (i) that right and method of calculation are specifically stated in the lease, or (ii) participation in sublease rents is warranted considering the age of the improvements (including but not limited to the extent to which the improvements have been depreciated or amortized), lessee's expenditures to maintain the same in relation to sublease revenues, and the extent to which the lessee actually occupies and uses the lease premises for its own business.*

In this case, the lessee pays fair market rent, owns the improvements and the lease does not specifically state a method for calculating the rent participation. The improvements are 45 years old and have been fully amortized and the lessee occupies a large majority of the premises for his own business. However, the lessee is requesting a lease extension in order to amortize the cost of installing a 73.44kW solar electric system on both buildings at an estimated cost of \$281,844.00. If the extension is granted, there will be a large amount to be amortized over the next 10+ years.

The following analysis separates the annual sublease rent income (before the new subleases and after the new subleases) as the rental rate is different for the two time periods. We did not include the optional extended 3-year term commencing in November 2020 as the ground lease is subject to reopening and therefore the rate is unknown.

SUBLEASE ANALYSIS CALCULATIONS: GL S-4300


Period of Sublease	Prior to 11//01/2017	As of 11/01/2017
Annual Sublease Rent Income	\$ 58,200.00*	\$ 64,800.00*
Less G.E. Tax	0.00**	0.00**
Less Real Property Tax	7,826.00	8,503.00
Less Insurance	<u>19,842.00</u>	<u>19,842.00</u>
Total Sublease Rent	\$ 30,532.00	\$ 36,455.00
Annual Income to Land:	\$ 30,532.00	\$ 36,455.00
Annual Ground Rent	(69,500.00)	(69,500.00)
Annual Rental Proceeds to Lessee:	<b>(38,968.00)</b>	<b>(33,045.00)</b>
DLNR Rent Participation:	<u>0%</u>	<u>0%</u>
<b>DLNR portion of Rent Participation</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

\*Combined sublease rent for both units.

\*\*GE Tax is charged in addition to the sublease rent.

The annual sublease profits account for approximately half the total ground lease costs. The income basis of the subleases lies in the improvements that are owned by the lessee. In this case there is no excess income derived from the subleases which would indicate that sandwich profits should be shared. Based on our analysis of the valuation of the subleases and the approved Rent Participation Policy, staff does not believe circumstances warrant the State sharing in the sublease rents.

Approved/Disapproved:

 \_\_\_\_\_  
Suzanne D. Case, Chairperson

\_\_\_\_\_  
Date

Bloom Appraisers Inc.  
Real Estate Appraisers and Consultants  
Bank of Hawaii Building  
120 Pauahi Street, Suite 205  
Hilo, Hawaii 96720  
Phone: (808) 961-3704  
Fax: (808) 961-4600  
Email-bodhi@hawaii.rr.com

February 21, 2017

State of Hawaii Department of Land and Natural Resources  
Land Division  
75 Aupuni Street, Room 204  
Hilo, Hawaii 96720

Attention: Candace Martin

Re: Extension of General Lease No. GLS 4300. Lessee Willaim A. Miller  
Subjects Tax Map Key is: (3) 2-2-058-035 & TMK 3) 2-2-058-040 and address is 933 Kanoelehua  
Avenue and 18 Pohaku Street Hilo, Hawaii 96720

Consulting Letter regarding the Economic Life of the existing improvements without repairs and being completed. This is referred to as is value with Hypothetical or Extra Ordinary Assumptions of improvement that will be completed with approval within the year 2026. This methodology has been approved by Federal and State lending institution for proposed construction projects.

Economic Life of the multipurpose warehouse complex was estimated by Robert G. Bloom, Jr., CGA-162 as of May 11, 2025. The condition, at the time of inspection February 21, 2017, will be in similar condition than it was when we last visited the subject on February 21, 2017. This is considered a hypothetical condition. The estimated effective age was estimated will be 53 years in 2025 with an economic life of 70 years. Deprecation from all sources was estimated to be 75.7% as is without the improvements before 2025. The estimated economic life of the warehouse after the following improvements are completed by a licensed contractor will increase the life expectancy by 15 to 20 years. Repairs that will be completed Energy Program Partners. See contract attached in the addendum. In addition the following repairs will be completed:

- A) A roofing contractor will certify the conditions of both buildings and they both will have more than 10 or more years of economic life.
- B) Electrical contractor will certify the building is up to code.
- C) The owner has been painting the building in as needed basis and will continue to do so.
- D) Parking lot will continue to be maintained.
- E) Plumbing contractor certifies the buildings are up to code.

**CONSULTING LETTER**

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Thank you for a most interesting assignment

Respectfully submitted,

*Robert G. Bloom Jr.*

Robert G. Bloom, Jr. CGA-162  
Certified General Appraiser  
License No. CGA-162  
License Renewal 12/31/2017

Signature: \_\_\_\_\_

Jaime Ortiz Nava, CRA-845  
Certified Residential Appraiser  
License No. CRA-845  
License Renewal 12/31/2017

RGB/JON

**INSPECTION REPORT**  
Commercial/Industrial/Resort/Other Business

**General Information**

Document Number: GLS 4300 or RPS \_\_\_\_\_ Character of Use Industrial Purposes  
 Inspection Date: 06/14/2017 Inspection Time: 11am Land Agent: Candace Martin

**TENANT INFORMATION**

Name: William A. Miller Home Phone: \_\_\_\_\_  
 Address: 933 Kanoelehua Ave. Business Phone: (808) 935-1234  
Hilo, Hawaii 96720 Fax: \_\_\_\_\_  
 Contact Person: Bill Miller Contact Phone: 935-1234

**SITE INFORMATION**

TMK: (3) 2-2-058:035 & 040 Area: 1.435 acres +/-  
 Site Address: 933 Kanoelehua Ave & 18 Pohaku Street  
Hilo, Hawaii 96720

**FISCAL INFORMATION**

ITEM	N/A	CURRENT= COMPLIANCE	DEFAULT = NON-COMPLIANCE	COMMENTS
Rent		<b>X</b>		
Liability Insurance		<b>X</b>		
Fire Insurance		<b>X</b>		
Bond		<b>X</b>		

**FIELD INSPECTION RESULTS** (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Subleases			<b>X</b>	<b>2 Subleases are on the premises without prior Board approval.</b>
Improvements		<b>X</b>		
Premises		<b>X</b>		
Character of Use		<b>X</b>		

**Field Inspection Worksheet**  
Commercial/Industrial/Resort/Other Business

**File Review**

**LICENSES/PERMITS/CONSENTS**

ITEM	DLNR Approval Docs in File			COMMENTS/NOTES/LISTS
	N/A	YES	NO	
Subletting			X	Sublease to 808 Billiards and Aloha Pallets need approvals.
Improvement Construction Buildings	X			note deadlines for % completion
Improvement Construction Other structures/misc.	X			note deadlines for % completion

**Field Inspection**

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
<b>SUBLEASES</b> Consents approved			X	Lessee will provide documents for approval by the Board.
Use adheres to lease purpose		X		
<b>IMPROVEMENTS</b> <u>Buildings/Residences:</u> roof		X		Parking areas well kept
paint		X		
exterior		X		
interior		X		
<u>Structures:</u> roads		X		
walkways		X		
fencelines		X		
others				
<b>PREMISES</b> clean, sanitary, orderly		X		
appropriate storage/use of hazardous materials	X			
<b>CHARACTER OF USE</b> adheres to lease purpose		X		

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
Other:				

6/14/2017 – On site inspection showed a property that is being maintained well. Parking lot is in good repair. Most exterior surfaces recently painted. Two unapproved subleases (808 Billiards & Aloha Pallets Office). Lessee will provide subleases for approval.



06/14/2017 - Inspection of GL S-4300 Photos  
William A. Miller



**FRONT VIEW FROM POHAKU STREET OF BOTH BUILDINGS**

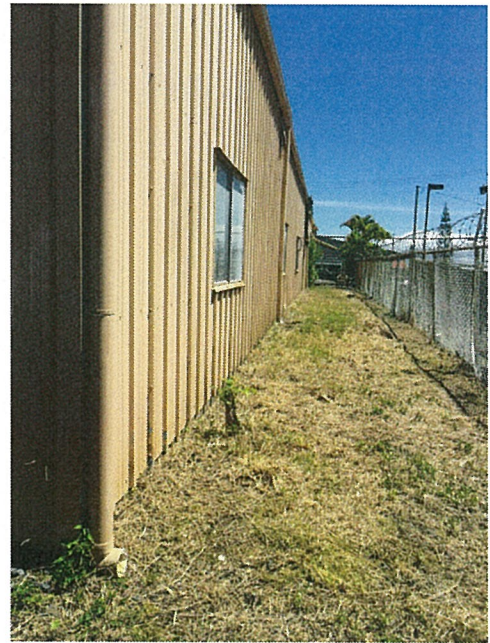


06/14/2017 – Inspection GL S-4300 Photos cont'd.



**REAR OF  
BUILDING #1**

**SIDE OF BUILDING #2**



**REAR OF BUILDING #2**





**BUILDING #1 –  
INSIDE OF RETAIL AREA  
OF FABRIC STORE  
(LESSEE'S BUSINESS)**

**BUILDING #1 –  
STORAGE & OFFICE**







**BUILDING #2 - DEALS  
& STEALS ENTRANCE  
(LESSEE'S BUSINESS)**

**BUILDING #2 –  
FABRIC STORAGE  
(LESSEE USE)**



**BUILDING #2 –  
FABRIC STORAGE  
(LESSEE USE)**



**BUILDING #2 –  
SUBLEASE OFFICE  
SPACE TO ALOHA  
PALLET**



**BUILDING #2 –  
SUBLEASE SPACE TO  
808 BILLIARDS**



DAVID Y. IGE  
GOVERNOR OF HAWAII



## EXHIBIT E

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

### STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

August 17, 2017

#### EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

**Project Title:** Approve a 10-Year Term Extension of General Lease No. S-4300, William A. Miller, Lessee, Pursuant to Act 207, Session Laws of Hawaii 2011

**Project / Reference No.:** GL S-4300

**Project Location:** Lot 1-A, Hilo Industrial Development, Pohaku Street Section, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-058:035 & 040

**Project Description:** Current lessee is requesting a 10-year extension of the term of General Lease No. S-4300 in order to amortize the costs of installing a 73.44kW solar electric system on the leased premises. Improvements will be financed by the lessee.

**Chap. 343 Trigger(s):** Use of State Land.

**Exemption Class No.:** In accordance with the "Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon by the Environmental Council on June 5, 2015," the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 47, which states "Leases of State land involving negligible or no expansion or change of use beyond that previously existing" and Class No. 6, Item No. 5, which states "Construction or placement of utilities (telecommunications, electrical, solar panels, drainage, waterlines, sewers) and related equipment (such as transformers, poles, cables, wires, pipes) accessory to existing facilities on state lands".

**Authorization:** The Board, at its meeting of September 25, 2015, under agenda item D-17, delegated authority to the Chairperson to declare

exempt those actions that are included in the Department-wide exemption list.

Consulted Parties:

County of Hawaii:  
Planning Department

Recommendation:

That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment in accordance with the Department-wide exemption list, Class No. 1, Item No. 47 and Class No. 6, Item No. 5.