

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

June 22, 2007

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

PSF No.:07KD-062  
Kauai

Consent to Assign General Lease No. S-3977, R.K.U.  
Enterprises Inc., Assignor, to P.I.K.A. Inc., Assignee,  
Hanapepe, Waimea, Kauai, Tax Map Key: (4) 1-9-5:7.

APPLICANT:

R.K.U. Enterprises Inc., as Assignor, to P.I.K.A. Inc., a Hawaii  
corporation, whose business address is 1965 Puleleu Street  
Kalaheo, Hawaii, 97641, as Assignee.

LEGAL REFERENCE:

Section 171-36(a) (5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government (Crown) Lands of Hanapepe situated at  
Hanapepe Town Lots First Series, Hanapepe, Waimea Kauai,  
identified by Tax Map Key: (4) 1-9-5:7, as shown on the attached  
map labeled Exhibit A.

AREA:

6,873 Square Feet, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State  
Constitution: NO

CHARACTER OF USE:

Business purposes.

TERM OF LEASE:

55 years, commencing on May 26, 1966 and expiring on May 25, 2021. Last rental reopening occurred on May 26, 2006; next rental reopening is scheduled for May 26, 2016.

ANNUAL RENTAL:

\$11,370.00

CONSIDERATION:

\$20,000.00

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

ASSIGNOR:

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>      </u>	NO	<u>X</u>

ASSIGNEE:

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:

General Lease No. S-3977 was issued to Richard K. and Barbara J. Ueoka on May 26, 1966 for a term of 55 years. On October 21 1974 General Lease S-3977 was assigned to R.K.U. Enterprises Inc., a Hawaii corporation, which Richard K. Ueoka was its President.

Due to the recent rent reopening arbitration (May 26, 2006 to May 25, 2016) Mr. Ueoka has determined that it was no longer economically feasible to continue the lease. Mr. Ian Bagano, President of P.I.K.A. Inc. is agreeable to the assignment. P.I.K.A. Inc. dba Trademark Collision has been doing automotive body repair for 29 years.

A notice of default letter was issued dated May 24, 2007 for \$7,195 delinquent additional rent owed for the period from May 26, 2006 to May 25, 2007. There is also \$5,685 owed for the period from May 26, 2007 to November 25, 2007. Liability insurance expired on May 29, 2006. On file there is a \$4,000 personal surety and \$8,400 certificate from Kauai Community Federal Credit Union that expired on August 6, 2006.

Assignee will be responsible for providing a liability insurance certificate and a \$22,740 performance bond.

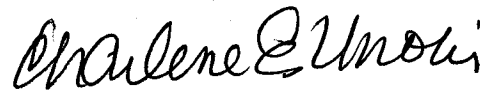
Assignee has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION:

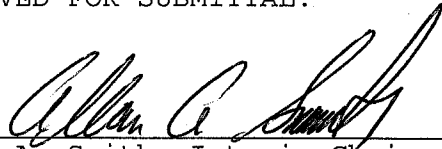
That the Board consent to the assignment of General Lease No. S-S-3977 from R.K.U. Enterprises Inc., as Assignor, to P.I.K.A. Inc., as Assignee, subject to the following:

1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

  
for Thomas Oi  
Kauai District Land Agent

APPROVED FOR SUBMITTAL:

  
Allan A. Smith, Interim Chairperson

