

NOTICE OF SALE

PUBLIC AUCTION SALE OF A STATE OF HAWAII LEASE ON THE ISLAND OF HAWAII

The Department of Land and Natural Resources ("DLNR"), Land Division, Hawaii District Branch, will be conducting a public auction sale of one (1) lease for State lands at the following date and location:

Date & Time: March 27, 2008; 10:00 a.m.*
Place: West Lanai of the State Office Building
75 Aupuni Street, Hilo, Hawaii 96720

***Note:** The date, time and/or place of auction are subject to change by DLNR.

The lease to be auctioned covers the following parcel, which is located on the corner of Komohana Street and Ainaola Drive, Waiakea, South Hilo, Island and County of Hawaii:

Portion of Government lands situated at Waiakea, South Hilo, Island of Hawaii, as shown and described on Government Survey Map CFS. No. 24,345 dated September 20, 2006

Tax Map Key No: (3) 2-4-41:45
Total Area: 2.95 acres, more or less

The lease to be auctioned includes the following terms and conditions.

Permitted Uses: Commercial purposes as allowed under the County of Hawaii ("County") zoning ordinance for the CN-10 (Neighborhood-Commercial) zoning district

Environmental Assessment & FONSI: The successful bidder shall prepare and process an environmental assessment ("EA") and obtain a Finding of No Significant Impact ("FONSI") in accordance with Chapter 343 of the Hawaii Revised Statutes within one year of the auction

Lease Term: 65 years

Commencement Date: 60 days after publication of the Final EA and FONSI

Minimum Upset Annual Rent: \$98,250.00 per annum, payable semi-annually in advance

Stepups in Base Rent: Fixed for the first 10 yrs. Minimum base rent for years 11 through 15 shall be equal to the first year's base rent multiplied by 1.150. Minimum base rent for years 16 through 20 shall be equal to the first year's base rent multiplied by 1.225.

Percentage Rent: 3.5% of annual gross revenues from any of the following uses conducted on the property, including uses conducted by any sublessee: catering establishments, convenience

stores, restaurants, theaters, or any other retail establishments permitted on the property under the County of Hawaii zoning code, as such zoning code may be amended from time to time. Percentage rent shall apply to the extent it exceeds the annual minimum base rent

<u>Rental Reopenings:</u>	Minimum annual rent and percentage rent to be reopened at the end of the 20 th , 30 th , 40 th , and 50 th years of the lease term.
<u>Rent Waiver:</u>	Lease rent for the first twelve (12) months after the commencement date of the lease shall be waived
<u>Performance Bond:</u>	Twice the amount of the annual minimum base rent
<u>Minimum Improvements</u>	Lessee to construct improvements with a cost of at least \$3,000,000.00 within the first three years of the lease term
<u>Encumbrances:</u>	Refer to the draft lease document and exhibits to the lease for encumbrances to the lease. Applicants may, at their own cost, order a title report for the property

APPLICATION AND BIDDING INFORMATION:

Any person wishing to bid and purchase the lease described above must first qualify to bid under the general qualifying criteria and the pre-qualifying criteria as described in the **Public Auction Bid Packet**. Eligibility to bid shall be determined by the information supplied by prospective bidders in the **Application and Qualification Questionnaire** form ("**Application**") provided as **Appendix A** of the Public Auction Bid Packet.

Applications by prospective bidders for the above listed items must be **received** by DLNR no later than **4:00 p.m. on Friday, February 1, 2008** at any one of the District Land Offices listed below. Applicants shall submit one (1) original and five (5) copies of the Application (including copies of all required attachments). Any person who has failed to submit the completed Application and all required attachments (and required copies) by this date and time will not be allowed to Bid. Each applicant shall be informed in writing in advance of the auction date as to the applicant's eligibility to bid at the public auction. See Public Auction Bid Packet for further instructions.

The Public Auction Bid Packet (which describes the auction sale procedures, bidder qualification requirements and other requirements, and contains the Application form, memorandum of lease, and other relevant information) and a draft of the lease document (which contains a survey map and description of the subject property), may be obtained from any of the District Land Offices listed below or downloaded from the DLNR website at www.hawaii.gov/dlnr/land/publicnotices.

Oahu District Land Office, 1151 Punchbowl Street, Room 220, Honolulu, Oahu 96813
Hawaii District Land Office, 75 Aupuni Street, Room 204, Hilo, Hawaii 96720
Maui District Land Office, 54 S. High Street, Room 101, Wailuku, Maui 96793
Kauai District Land Office, 3060 Eiwa Street, Room 306, Lihue, Kauai 96766

Prospective bidders are responsible to thoroughly read and understand the covenants, terms, reservations and conditions contained in the Public Auction Bid Packet and draft lease document. The property is to be leased in an "as is" condition, and prospective bidders are responsible to inspect the property and complete their due diligence prior to submitting an application.

All bidders or authorized representatives must be present in person at the auction. DLNR reserves the right to cancel, postpone, or change the date of the public auction or any other deadlines, to reject any and all Applications or request the submittal of additional information, and to waive any defects when, in the opinion of the Chairperson of the Board of Land and Natural Resources, such action will be in the best interest of the State.

DONE at the office of the Department of Land and Natural Resources, State of Hawaii this 14th day of November, 2007.

/s/ Russell Tsuji
BOARD OF LAND AND NATURAL RESOURCES
for Laura H. Thielen, Chairperson

Honolulu Star-Bulletin, Hawaii Tribune Herald, West Hawaii Today
November 25, 2007