

DAVID Y. IGE
GOVERNOR



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

FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

RESCIND PRIOR BOARD ACTION OF APRIL 8, 2016, ITEM M-9,
SALE OF AN AIR CARGO LEASE BY NOTICE OF PUBLIC AUCTION
NEW CARGO BUILDING (SPACE No. 139-115)
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

HAWAI'I

REQUEST:

Sale of an Air Cargo Lease for aeronautical and business purposes in the New Cargo Building at Hilo International Airport (ITO) by notice of public auction.

LEGAL REFERENCE:

Sections 171-14, -16, -17, -41, and other applicable sections of Chapter 171, Hawai'i Revised Statutes, as amended

LOCATION AND TAX MAP KEY:

Portion of ITO, Hilo, Island of Hawai'i, identified by
Tax Map Key: 3rd Division, 2-1-12: Portion of 90.

AREA:

Bldg/Room No. 139-115, containing an area of approximately 13,517 square feet, as shown on the attached Exhibit "B".

ZONING:

State Land Use District:	Urban
County of Hawai'i:	Industrial (ML-20)

LAND TITLE STATUS:

Section 5(a) lands of the Hawai'i Admission Act: Ceded
DHHL 30% entitlement lands pursuant to Hawai'i Admission Act YES___ NO X

ITEM M-12

BLNR – RESCIND PRIOR BOARD ACTION OF APRIL 8, 2016, ITEM M-9,
SALE OF AN AIR CARGO LEASE BY NOTICE OF PUBLIC AUCTION
NEW CARGO BUILDING, HILO INTERNATIONAL AIRPORT
PAGE 2

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Air cargo operations

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available in the premises
Improvements: All improvements exist on the premises

TERM OF LEASE:

Thirty (30) years

COMMENCEMENT DATE:

Upon execution of the Lease

MINIMUM UPSET ANNUAL RENTAL AND RENTAL REOPENING:

Should there be additional leasehold improvements constructed on the premises, the annual lease rental for the first year is waived pursuant to Section 171-6 Powers, HRS;

Years 2 thru 5	\$145,983.60
Years 6 thru 10	\$167,881.20
Years 11 thru 15	\$193,063.44
Years 16 thru 20	Reopening at fair market rent (FMR) thru independent appraisal
Years 21 thru 25	115% x rental of year 20
Years 26 thru 30	Reopening at fair market rent (FMR) thru independent appraisal

PERFORMANCE BOND:

An amount equal to the annual rent then in effect.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The new cargo building at ITO was included in the April 2003 Final Environmental Assessment (FEA). The FEA was prepared in support of: (1) Federal actions consisting of approval of the Airport Layout Plan in July, 2013, and (2) the State of Hawai'i actions consisting of environmental approval and construction of proposed Hilo International Airport Improvements. The FEA was prepared pursuant to Chapter 343, Hawai'i

BLNR – RESCIND PRIOR BOARD ACTION OF APRIL 8, 2016, ITEM M-9,
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PAGE 3

Revised Statutes and the Administrative Rules, Title 11, Chapter 200 of the State of
Hawai'i Department of Health

REMARKS:

At its meeting on April 8, 2016, Item M-9, the Board approved the sale of an air cargo lease by notice of public auction for Space No. 139-115 at ITO.

By way of a letter dated June 22, 2016, Hawaiian Airlines, Inc. (HA) requested from the Department of Transportation (DOT) its existing direct lease, State Lease No. DOT-A-15-0002 (“the Lease”) be amended by replacing its existing premises, Space No. 139-116 with Space No. 139-115. Space No. 139-115 is larger by approximately 2,550 square feet, and in HA’s opinion, would better serve its air cargo operation. In order to satisfy HA’s request, this rescission is necessary so Space No. 139-115 would be available for lease to HA.

Should the Board approve this rescission, the DOT shall seek the Board’s approval to amend HA’s Lease to reflect HA’s request for Space No. 139-115. The DOT has no objections to HA’s request.

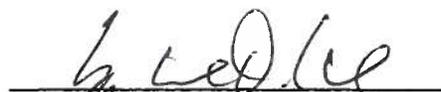
RECOMMENDATION:

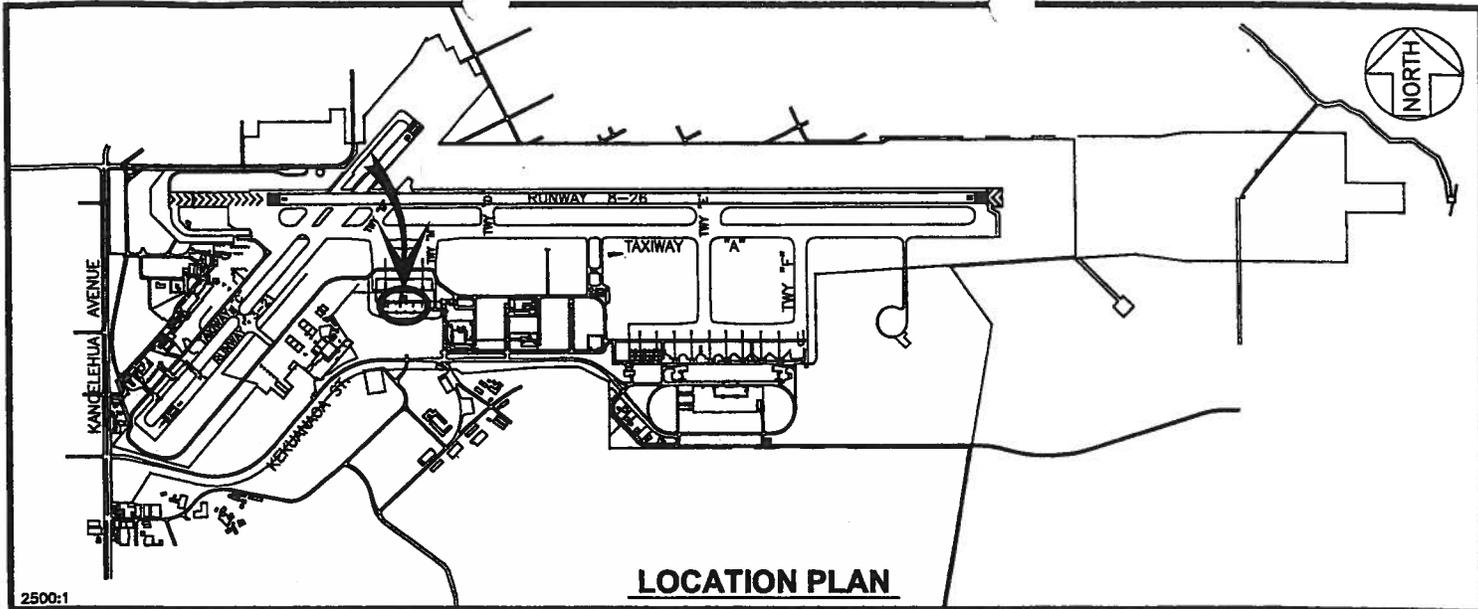
That the Board rescind its Prior Board Action of April 8, 2016, Item M-9, Sale of an Air Cargo Lease by Notice of Public Auction, New Cargo Building at ITO (Space No. 139-115), subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions 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 lease form and content.

Respectfully submitted,


FORD N. FUCHIGAMI
Director of Transportation

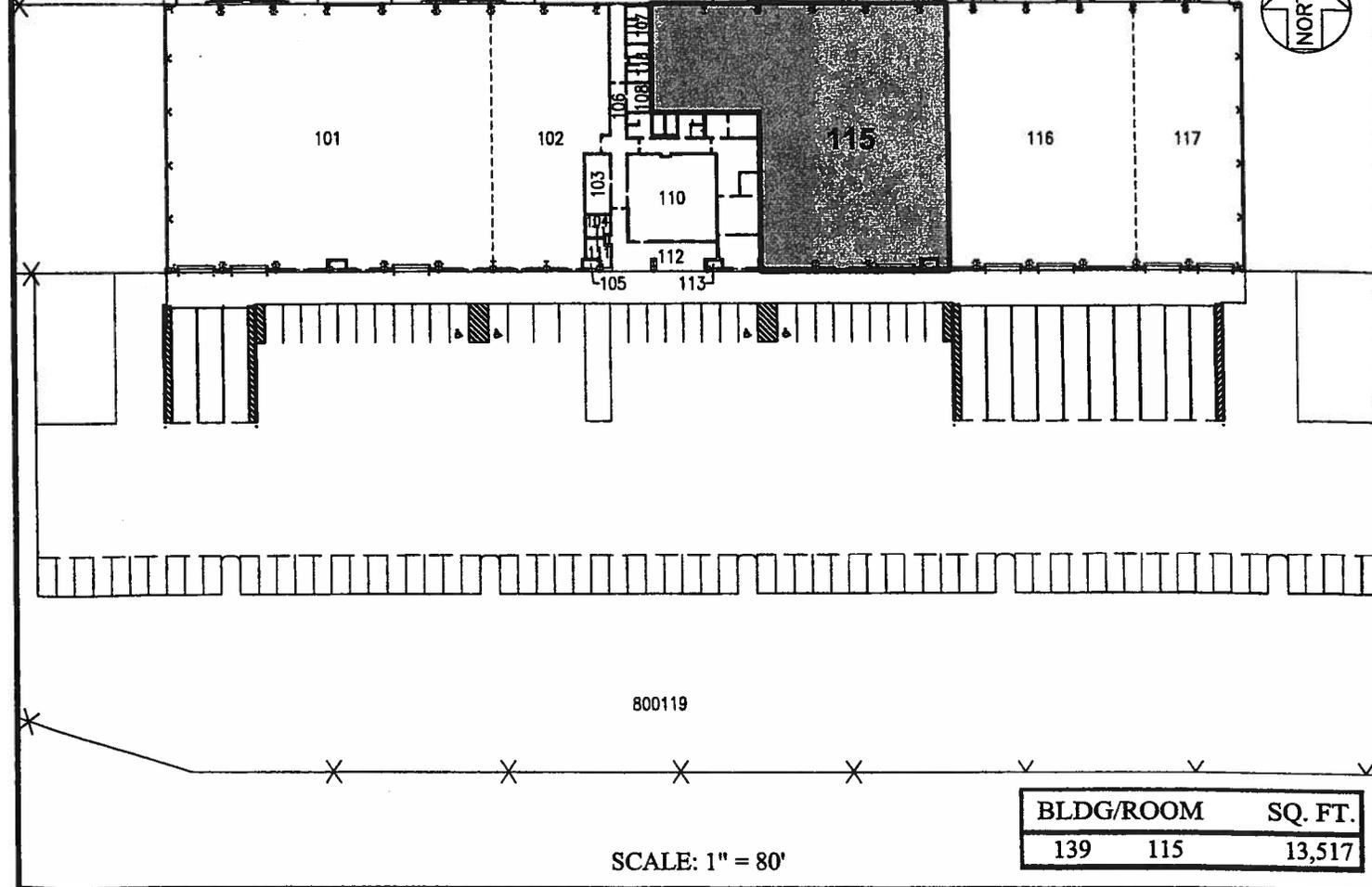
APPROVED FOR SUBMITTAL:


SUZANNE D. CASE
Chairperson and member



BLDG 139 527101

HOLD CARGO BUILDING



DATE : MARCH 2016 EXHIBIT: **B**



**BUILDING 139
HOLD CARGO BUILDING
GROUND LEVEL**

139115
PLAT 31

DAVID Y. IGE
GOVERNOR



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APR 8 2016

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

SALE OF AN AIR CARGO LEASE BY NOTICE OF PUBLIC AUCTION
NEW CARGO BUILDING (SPACE NO. 139-115)
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

HAWAI'I

REQUEST:

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LOCATION AND TAX MAP KEY:

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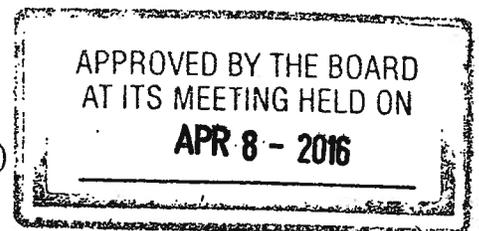
AREA:

Bldg/Room No. 139-115, containing an area of approximately 13,517 square feet, as shown on the attached Exhibit "B".

ZONING:

State Land Use District:
County of Hawai'i:

Urban
Industrial (ML-20)



LAND TITLE STATUS:

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DHHL 30% entitlement lands pursuant to Hawai'i Admission Act YES ___ NO X

ITEM M-9

BLNR – SALE OF AN AIR CARGO LEASE BY NOTICE OF PUBLIC AUCTION
NEW CARGO BUILDING, HILO INTERNATIONAL AIRPORT
PAGE 2

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Air cargo operations

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available in the premises
Improvements: All improvements exist on the premises

TERM OF LEASE:

Thirty (30) years

COMMENCEMENT DATE:

Upon execution of the Lease

MINIMUM UPSET ANNUAL RENTAL AND RENTAL REOPENING:

Should there be additional leasehold improvements constructed on the premises, the annual lease rental for the first year is waived pursuant to Section 171-6 Powers, HRS;

Years 2 thru 5	\$145,983.60
Years 6 thru 10	115% x the minimum upset rental
Years 11 thru 15	115% x the rental for year 10
Years 16 thru 20	Reopening at fair market rent (FMR) thru independent appraisal
Years 21 thru 25	115% x rental of year 20
Years 26 thru 30	Reopening at fair market rent (FMR) thru independent appraisal

PERFORMANCE BOND:

An amount equal to the annual rent then in effect.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

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BLNR – SALE OF AN AIR CARGO LEASE BY NOTICE OF PUBLIC AUCTION
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Revised Statutes and the Administrative Rules, Title 11, Chapter 200 of the State of Hawai'i Department of Health

REMARKS:

In accordance with Section 171-14, -16, 17, -41 and other applicable sections of Chapter 171, HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by notice of public auction, the Department of Transportation (DOT) proposes a sale of an air cargo lease by notice of public auction in its new cargo building at ITO.

RECOMMENDATION:

That the Board authorize the DOT to sell an air cargo lease by notice of public auction, 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 lease form and content.

Respectfully submitted,

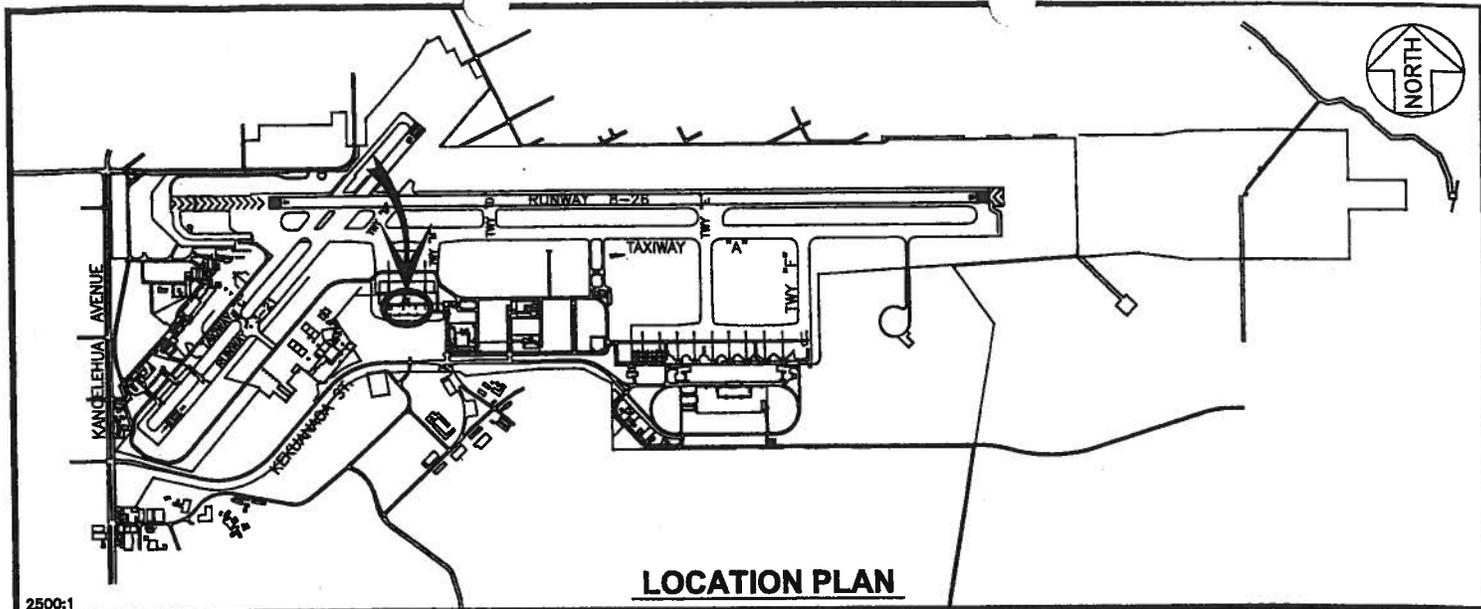


FORD N. FUCHIGAMI
Director of Transportation

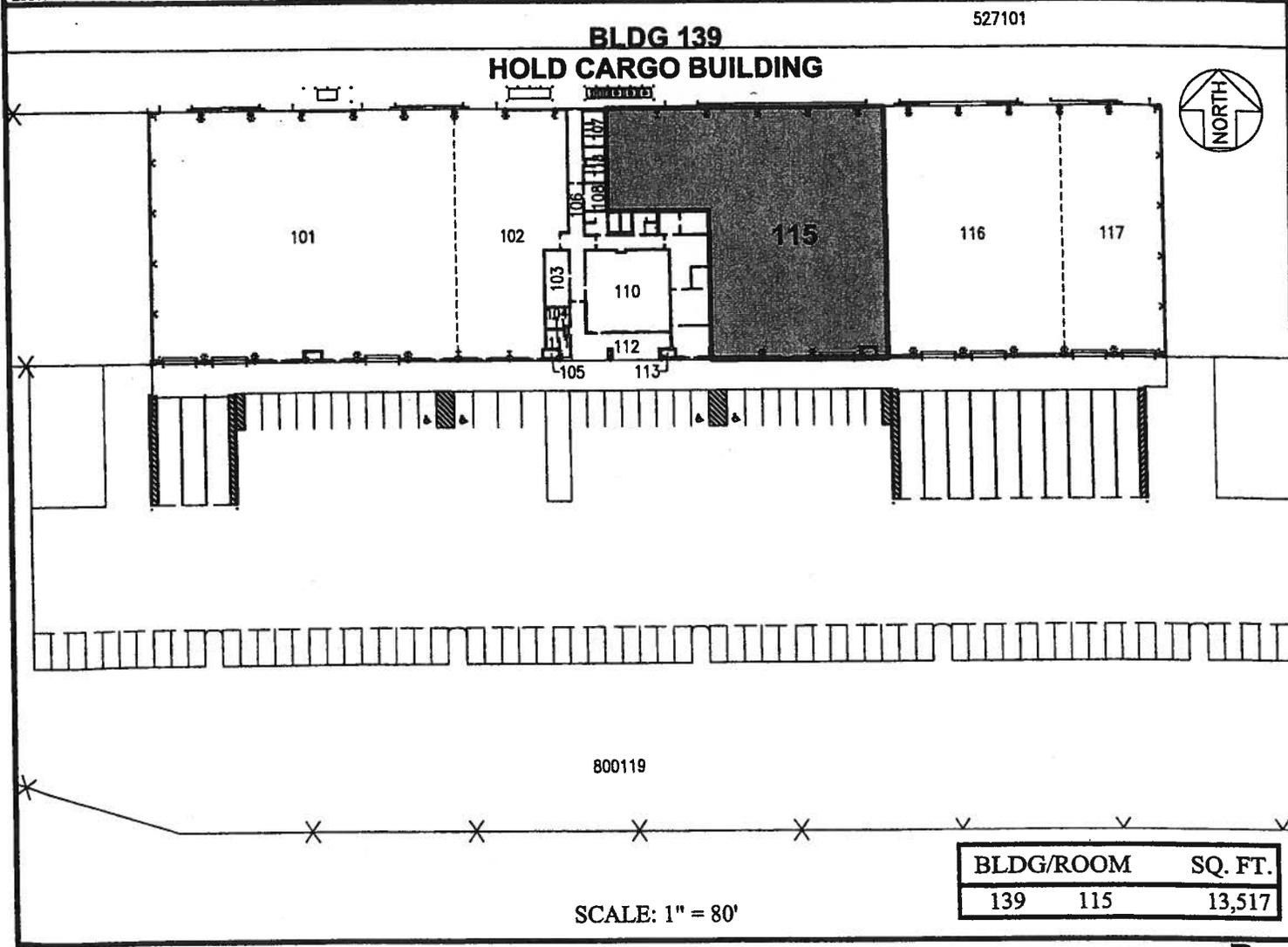
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and member



LOCATION PLAN



800119

SCALE: 1" = 80'

BLDG/ROOM	SQ. FT.
139 115	13,517

DATE : MARCH 2016

EXHIBIT: **B**



**BUILDING 139
HOLD CARGO BUILDING
GROUND LEVEL**

139115
PLAT 31