



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

FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
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IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE
TO INTERNATIONAL IN-FLIGHT CATERING COMPANY, LTD.
HONOLULU INTERNATIONAL AIRPORT
TAX MAP KEYS: (1) 1-1-003: 151 AND (1) 1-1-003: PORTION OF 001

O'AHU

PURPOSE:

Issuance of a direct lease to International In-Flight Catering Company, LTD., to renovate, operate, use and maintain a certain facility for an Airline Catering Operation at Honolulu International Airport.

LESSEE:

International In-Flight Catering Company, LTD. (IICC), whose mailing address is 310 Rodgers Boulevard, Honolulu, Hawai'i 96819-1833

LEGAL REFERENCE:

Section 171-59 (b), Hawai'i Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portion of Honolulu International Airport, Island of O'ahu, State of Hawai'i, identified by Tax Map Keys: 1st Division, 1-1-003: 151 and portion of 001

AREA:

Building/Room No. 151-100, containing approximately 90,653 square feet, more or less; and Area/Space No. 004-105, containing approximately 68,069 square feet, as shown and delineated on the attached map labeled Exhibit A.

BLNR – ISSUANCE OF A DIRECT LEASE
TO INTERNATIONAL IN-FLIGHT CATERING COMPANY, LTD.
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ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Non-Ceded – Section 5(a) lands of the Hawaiian Admissions Act
DHHL 30% entitlement lands pursuant to the Hawai‘i State Constitution: NO

CHARACTER OF USE:

Airline Catering

LEASE TERM:

Ten (10) Years

COMMENCEMENT DATE:

Upon execution of the Lease document

ANNUAL LEASE RENTAL:

Annual Building and Ground Rental for the First Five (5)-Year Period: \$1,620,626.07 per annum, based upon a building rental rate of \$13.80 per square foot per annum, and a ground rental rate of \$5.43 per square foot per annum, established in the Airports Division Procedures No. 4.5 (Schedule of Rates and Charges) for Honolulu International Airport.

Annual Building and Ground Rental for the Second Five (5)-Year Period: \$1,863,719.98 per annum, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$1,620,626.07 and 115%).

MINIMUM IMPROVEMENTS REQUIREMENT:

\$3,500,000.00 (Three Million, Five Hundred Thousand Dollars).

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and commercial aviation needs of the island of O‘ahu through the year 2005 and was prepared for the State of Hawai‘i, Department of Transportation, Airports Division by KFC Airport, Inc.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

REMARKS:

In accordance with Section 171-59 (b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation, Airports Division (Airports Division) proposes to issue a direct lease to IICC to renovate, operate, use and maintain a certain facility for Airline Catering at Honolulu International Airport.

IICC currently occupies adjacent Building/Room No. 150 for its Airline Catering operation. With an investment of 3.5 million dollars, IICC has requested that Airports Division extend its current contract. While Airports Division is in favor of the Airline Catering operation, it is unable to commit this facility to a long term lease. Building/Room No. 150 is being considered for demolition, to allow for additional ramp space. Consequently, Airports Division is requiring IICC to relocate its Airline Catering operation to Building/Room No. 151-100.

In addition to IICC, there are two other In-Flight Catering companies operating Airline Catering under long term leases at Honolulu International Airport.

Airports Division believes the issuance of a directly negotiated lease to IICC will continue to encourage Airline Catering competition at Honolulu International Airport.

RECOMMENDATION:


That the Board authorize the Department of Transportation to issue a direct lease to IICC, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such additional 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 the lease form and content.

Respectfully submitted,

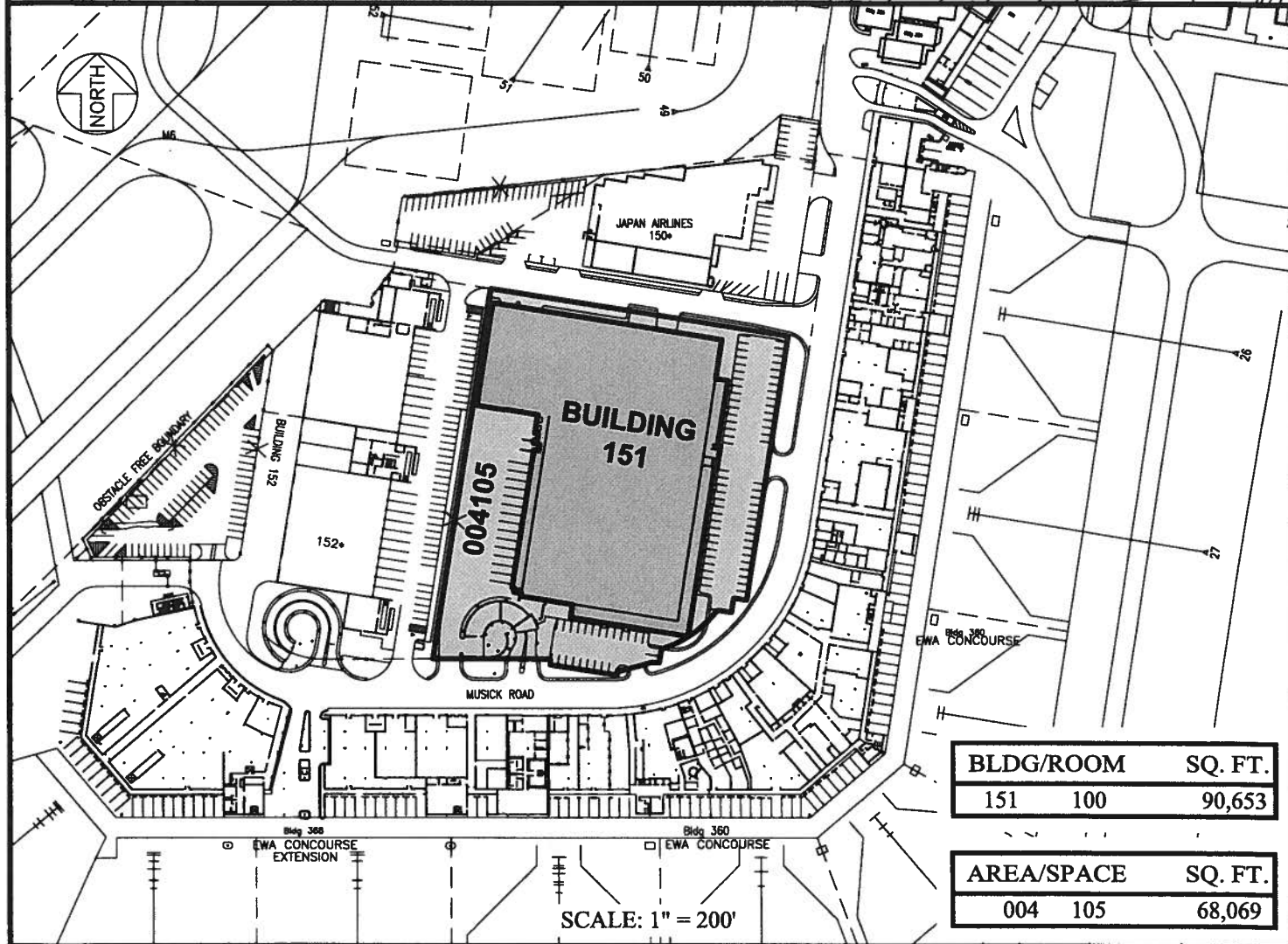
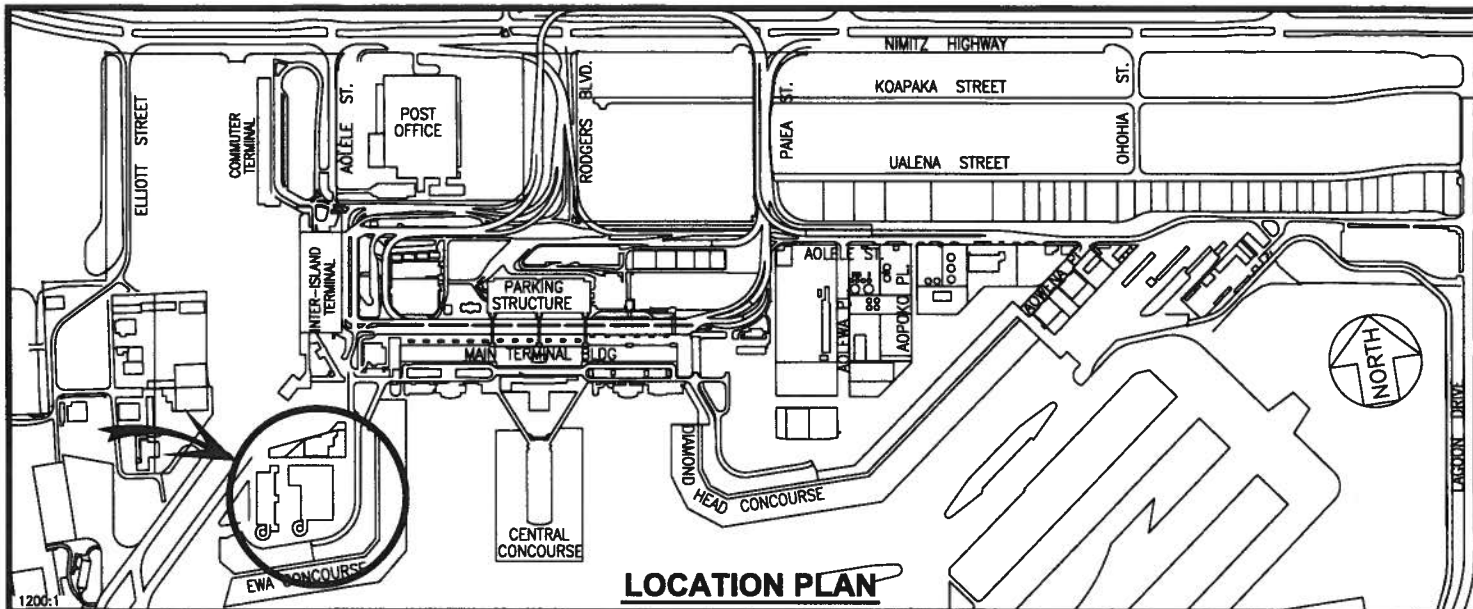


FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



DATE : SEPTEMBER 2016

EXHIBIT: **A**



**INTERNATIONAL
IN-FLIGHT CATERING
COMPANY, LTD.**

BUILDING 151

**004105
BLDG 151
PLAT F1**

HONOLULU INTERNATIONAL AIRPORT

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