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

ISSUANCE OF AN INDUSTRIAL LAND LEASE 
BY NOTICE OF PUBLIC AUCTION (SPACE NOS. 006-113 AND 006-114) 
ELLISON ONIZUKA KONA INTERNATIONAL AIRPORT AT KEĀHOLE 
TAX MAP KEY: (3) 7-3-43: PORTION OF 40  

REQUEST:

Issuance of an Industrial Land Lease for aeronautical, airport related and commercial purposes at Ellison Onizuka Kona International Airport at Keāhole (KOA) by notice of public auction.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Ellison Onizuka Kona International Airport at Keāhole, Kailua-Kona, Island of Hawai‘i, identified by Tax Map Key: 3rd Division, 7-3-43: Portion of 40.

AREA:

Area/Space Nos. 006-113 and 006-114, containing areas of approximately 2,075 square feet each of improved, unpaved land, shown on the attached Exhibit “B”.

ZONING:

State Land Use District: Urban & Conservation
County of Hawai‘i: Industrial (MG-1a) and Open

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-8
CURRENT USE STATUS:
Vacant and unencumbered.

CHARACTER OF USE:
Commercial and business purposes.

PROPERTY CHARACTERISTICS:
Utilities: Utilities are available at the premises.
Improvements: Site is graded and vacant.

TERM OF LEASE:
Thirty (30) years.

COMMENCEMENT DATE:
Upon execution of the lease.

MINIMUM UPSET ANNUAL RENTAL AND RENTAL REOPENING:

*If there are substantial leasehold improvements constructed on the premises, the annual lease rental for the first year shall be waived at the beginning of the lease pursuant to Section 171-6 Powers, HRS.

<table>
<thead>
<tr>
<th>Years</th>
<th>Rental Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 thru 5*</td>
<td>$5,976.00</td>
</tr>
<tr>
<td>6 thru 10</td>
<td>115% x the rental for year 5</td>
</tr>
<tr>
<td>11 thru 15</td>
<td>115% x the rental for year 10</td>
</tr>
<tr>
<td>16 thru 20</td>
<td>Reopening at fair market rent (FMR) thru independent appraisal</td>
</tr>
<tr>
<td>21 thru 25</td>
<td>115% x rental of year 20</td>
</tr>
<tr>
<td>26 thru 30</td>
<td>Reopening at FMR thru independent appraisal</td>
</tr>
</tbody>
</table>

PERFORMANCE BOND:
The sum equal to the total annual rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:
The Applicant shall invest the sum of not less than $125,000.00 for upgrading and improving the leased premises and constructing improvements and other accessory leasehold improvements on the leased premises within one year from the commencement date of the lease. The upgraded and improved leased premises and other accessory improvements shall be constructed in accordance with construction
BLNR – SALE OF AN INDUSTRIAL LAND LEASE BY NOTICE OF PUBLIC AUCTION
ELLISON ONIZUKA KONA INTERNATIONAL AIRPORT AT KEĀHOLE
Page 3

plans, drawings, and specifications approved by the DOTA, in writing, prior to the
commencement of any construction work.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Final Environmental Assessment for Proposed
Kona International Airport Improvements at Keāhole, North Kona, Hawaiʻi, August
2008. The assessment was prepared by the State of Hawaiʻi, DOTA.

If the proposed lease action and potential environmental impacts do not meet the
exemption classifications, then the applicant may be required to prepare an environmental
assessment of environmental impact statement, pursuant to Federal National
Environmental Policy Act and Hawaiʻi Revised Statutes, Chapter 343.

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 to issue an industrial land lease by notice
of public auction at KOA.

RECOMMENDATION:

That the Board authorize the DOT to issue an industrial land lease by notice of public
auction, subject to: (1) terms and conditions herein outlined, which are by reference
incorporated herein; and (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,

JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member