AMENDMENT NO. 1 TO STATE LEASE NO. DOT-A-01-0004 TO ENCUMBER ADDITIONAL AIRPORT LAND FOR ITS AIR CARGO FACILITY LEASE UNITED PARCEL SERVICE CO. LĪHUʻE AIRPORT TAX MAP KEY: (4) 3-5-01: PORTION OF 8 KAUAI

The Department of Transportation, Airports Division ("DOTA") and United Parcel Service Co. entered into State Lease No. DOT-A-01-0004 ("Lease") dated August 14, 2001, to develop, construct, operate and maintain an air cargo facility at Līhuʻe Airport ("LIH"), Island of Kauaʻi.

REQUEST:

United Parcel Service Co. ("UPS") desires to amend the Lease to include areas adjacent to and in place of the areas previously approved by the Land Board on February 9, 2001, Item K-7.

APPLICANT:

UPS, a Delaware corporation, authorized to do business in the State of Hawaiʻi.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaiʻi Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portion of Līhuʻe Airport, Līhuʻe, Island of Kauaʻi, identified by Tax Map Key: 4th Division, 3-5-01: Portion of 8.
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AREA:

Original: Area/Space No. 002-103, containing a land area of approximately 31,872 square feet of improved/unpaved general aviation land, as shown and delineated on the attached Exhibit A dated October 2000.

As Amended: Area/Space No. 002-103, containing a land area of approximately 36,640 square feet of improved/unpaved general aviation land, as shown and delineated on the attached Exhibit A dated February 2019.

ZONING:

State Land Use: Urban
County: Industrial (IG-STP)

LAND TITLE STATUS:

Section 5(a), Hawai‘i Admissions Act
DHHL, 30% entitlement lands Yes____ No X____

CURRENT USE STATUS:

Airport purpose

CHARACTER OF USE:

Air cargo facility

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE

August 1, 2001

ANNUAL LAND RENTALS:

Original: 
Lease years 1-15 $ 26,454.00
Lease years: 16-20 $ 55,457.28
Lease years: 21-25 * FMR
Lease years: 26-30 FMR

As Amended: 
Lease years 1-15 $ 26,454.00
Lease years 16-20 $ 63,753.60
Lease years: 21-25 FMR
Lease years: 26-30 FMR
• FMR - Reopening at 100% of Fair Market Rental determined by independent appraisal.

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect.

ANNUAL LAND RENTAL COMMENCEMENT:

Upon execution of the amendment.

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Environmental Assessment for Līhuʻe Airport Ahukini Road Realignment and General Aviation Subdivision dated March 6, 1997. This Environmental Assessment evaluated the environmental effects of the recommended Airport Plan to realign Ahukini Road and the development of a General Aviation Subdivision. The assessment was prepared by the State of Hawaiʻi, DOTA.

DCCA VERIFICATION:

Place of business registration confirmed: YES X NO
Registered business name confirmed: YES X NO
Good standing confirmed: YES X NO

REMARKS:

The DOTA and UPS entered into the Lease dated August 14, 2001, to develop, construct, operate and maintain an air cargo facility at LIH. The original issuance of the direct Lease by negotiation was determined to encourage competition within the aeronautical, airport-related industries, and therefore, met the requirement set forth in Subsection 171-59(b), HRS, as amended. UPS now requests areas adjacent to and in place of the areas previously approved by the Land Board under the Lease to operate its air cargo facility at LIH. The DOTA, in the public interest, has no objection to UPS's request.
RECOMMENDATION:

That the Board approve Amendment No. 1 to the Lease 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 the amendment’s form and content.

Respectfully submitted,

JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member