

NEIL ABERCROMBIE  
GOVERNOR



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

GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
FORD N. FUCHIGAMI  
RANDY GRUNE  
AUDREY HIDANO  
JADINE URASAKI

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

ISLAND MOVERS, INC.  
AMENDMENT NO. 1 TO STATE LEASE NO. DOT-A-13-0028  
FOR THE PURPOSES OF ADDING SPACE AND EXTENDING  
THE TERM OF THE LEASE  
SOUTH RAMP, HONOLULU INTERNATIONAL AIRPORT  
TAX MAP KEY: (1) 1-1-72:35 (PORTION) AND 36

OAHU

REQUEST:

Island Movers, Inc. requests State Lease No. DOT-A-13-0028 (Lease) be amended to:  
(1) add on Area/Space No. 009-161B, consisting of an area of 11,119 square feet, and Area/Space No. 009-162, consisting of an area of 23,140 square feet, to construct a new facility for its Container Freight Forwarding Station and Customs Exam Station; and  
(2) extend the term of the Lease for an additional 20 years to amortize the cost of the new facility, at Honolulu International Airport.

LEGAL REFERENCE:

Section 261-7 and 171-59, Hawaii Revised Statutes, as amended.

APPLICANT:

Island Movers, Inc, a Hawaii corporation, authorized to do business in the State of Hawaii, whose mailing address, is P.O. Box 17865, Honolulu, Hawaii 96817.

LOCATION:

Portion of Honolulu International Airport, Island of Oahu, identified by Tax Map Key: 1<sup>st</sup> Division, 1-1-72: 35 (portion) and 36.

**ITEM M-7**

PREMISES:

Original:

Building No. 223-101, consisting of an area of approximately 33,267 square feet.

Area/Space No. 009-103, consisting of approximately 14,523 square feet;  
Area/Space No. 009-159, consisting of approximately 12,980 square feet;  
Area/Space No. 009-160, consisting of approximately 25,332 square feet; and  
Area/Space No. 009-161A, consisting of approximately 14,195 square feet of improved,  
paved land, as shown and delineated on the attached map labeled Exhibit B.

Additional Premises:

Area/Space No. 009-161B, consisting of approximately 11,119 square feet; and  
Area/Space No. 009-162, consisting of approximately 23,140 square feet of improved,  
paved land, as shown and delineated on the attached map labeled Exhibit C.

ZONING:

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

LAND TITLE STATUS:

Public Law 88-233 - lands of the Hawaii Admission Act – Non-ceded  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES\_\_ NO X

CHARACTER OF USE:

The operation and maintenance of a Container Freight Forwarding Station and Customs  
Exam Station.

TERM OF LEASE:

Original:

Ten (10) years: the original Lease commences July 1, 2014 through June 30, 2024.

Amended Term:

Thirty (30) years: the Lease will commence July 1, 2014 through June 30, 2044.

ANNUAL RENTAL:

Original:

1. Annual Rental for the First Five (5) Years of the Lease Term (Years 1– 5):
  - a. Building Rental. \$268,560.00 per annum.
  - b. Ground Rental. \$278,844.80 per annum.
  
2. Annual Rental for the Second Five (5) Years of the Lease Term (Years 6 – 10):
  - a. Building Rental. \$308,844.00 per annum, based upon the product of 115% and the annual rental for the fifth (5<sup>th</sup>) year of the Lease term (\$268,560.00).
  - b. Ground Rental. \$320,671.52 per annum, based upon the product of 115% and the annual rental for the fifth (5<sup>th</sup>) year of the Lease term (\$278,844.80).

Amended Rental:

1. Annual Rental for the First Five (5) Years of the Lease Term (Years 1– 5):
  - a. Building Rental. \$268,560.00 per annum.
  - b. Ground Rental. \$421,362.24 per annum
  
2. Annual Rental for the Second Five (5) Years of the Lease Term (Years 6 – 10):
  - a. Building Rental. \$308,844.00 per annum, based upon the product of 115% and the annual rental for the fifth (5<sup>th</sup>) year of the Lease term (\$268,560.00).
  - b. Ground Rental. \$484,566.58 per annum, based upon the product of 115% and the annual rental for the fifth (5<sup>th</sup>) year of the Lease term (\$421,362.24).
  
3. Annual Rental for the Third Five (5) Years of the Lease Term (Years 11-15):
  - a. Building Rental. \$355,170.60 per annum, based upon the product of 115% and the annual rental for the tenth (10<sup>th</sup>) year of the Lease term (\$308,844.00).

b. Ground Rental. \$557,251.57 per annum, based upon the product of 115% and the annual rental for the tenth (10<sup>th</sup>) year of the Lease term (\$484,566.58).

4. Annual Rental for the Fourth Five (5) Years of the Lease Term (Years 16-20):

For the fourth five (5) years of the Lease Term, beginning upon the sixteenth (16<sup>th</sup>) year, the annual building and land rental shall be determined separately when due in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to appraisals.

5. Annual Rental for the Fifth Five (5) Years of the Lease Term (Years 21 – 25):

For the fifth five (5) years of the Lease Term, beginning upon the twenty-first (21<sup>st</sup>) year, the annual building and land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period (20<sup>th</sup> year) of the lease term.

6. Annual Rental for the Sixth Five (5) Years of the Lease Term (Years 26-30):

For the Sixth five (5) years of the Lease Term, beginning upon the twenty-sixth (26<sup>th</sup>) year, the annual building and land rental shall be determined separately when due in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to appraisals.

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 Oahu through the year 2005 and was prepared for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

REMARKS:

The Department of Transportation (DOT) and Island Movers, Inc. entered into State Lease No. DOT-A-13-0028, dated March 7, 2014, for the operation and maintenance of a Container Freight Forwarding Station and Customs Exam Station at Honolulu

International Airport. The Lessee is now requesting; (1) Area/Space No. 009161B and 009162 be added to the Lease for the construction of a new facility, and (2) the term of the Lease be extended for an additional 20 years to amortize the cost of the improvements. The DOT, in the Public Interest, has no objection to the Lessee's request.

RECOMMENDATION:

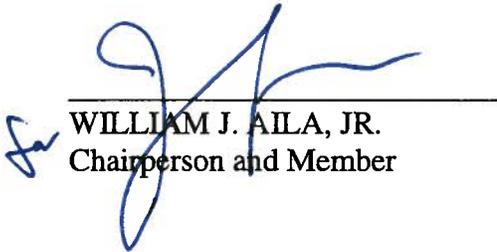
That the Board approves Amendment No. 1 to the Lease, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the amendment of lease form and content.

Respectfully submitted,

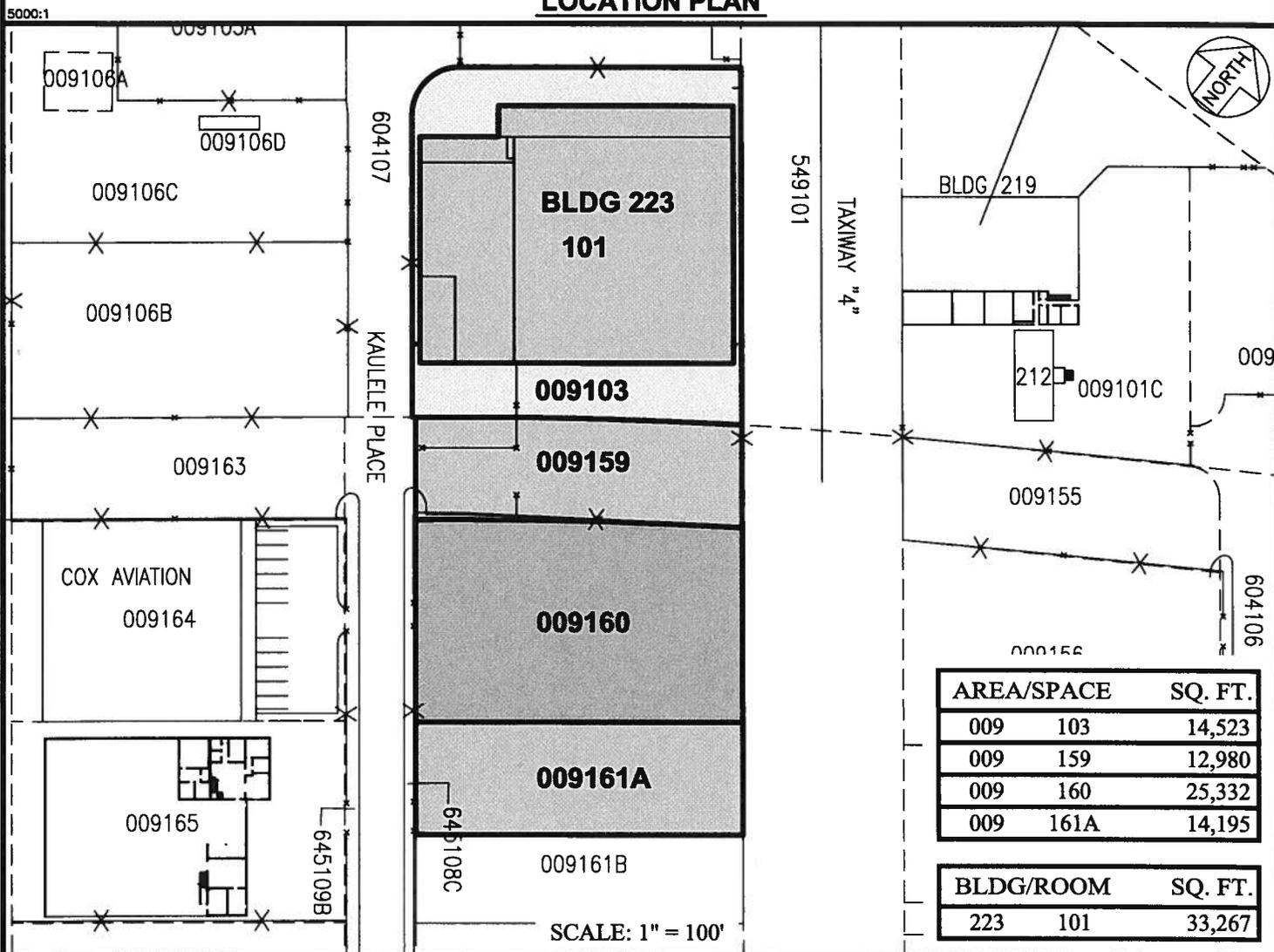
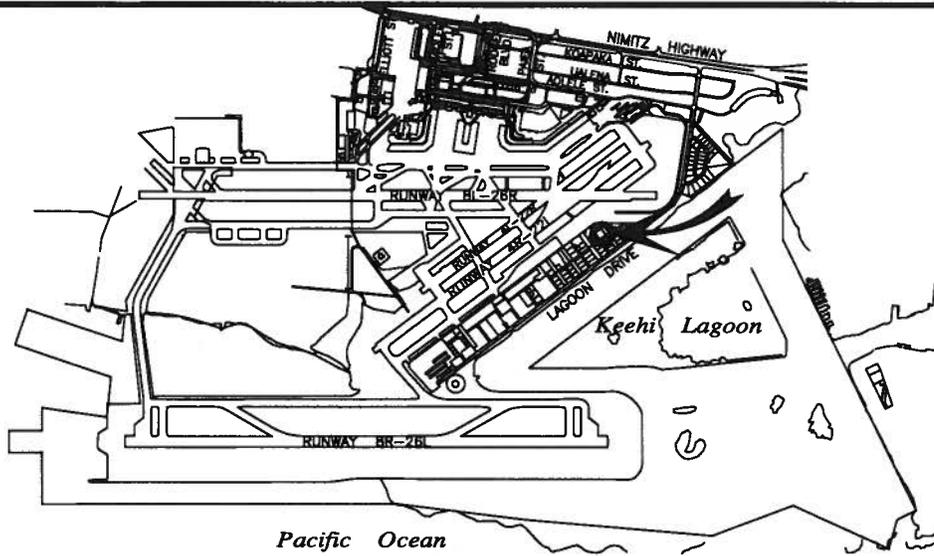


GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member



State Lease No. DOT-A-13-0028      DATE : AUGUST 2013      EXHIBIT: **B**

	ISLAND MOVERS, INC.	BUILDING 223 GENERAL AVIATION HANGAR SOUTH RAMP	223101 009103,159 009160,161A PLAT 36

**HONOLULU INTERNATIONAL AIRPORT**

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