

DAVID Y. IGE
GOVERNOR



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

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IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE FOR SPACE,
NEW CARGO BUILDING
AEKO KULA, INC.
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

HAWAII

REQUEST:

Issuance of a Direct Lease for a cargo space in the New Cargo Building at Hilo International Airport

LEGAL REFERENCE:

Sections 171-59(b), Hawaii Revised Statutes (HRS), as amended

APPLICANT:

Aeko Kula, Inc. (AKI) whose business address is 371 Aokea Place,
Honolulu, Hawaii, 96819

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawaii, identified by
Tax Map Key: 3rd division, 2-1-12: Portion of 90

AREA:

Bldg/Room No. 139-101, containing an area of approximately 18,967 square feet
shown on the attached Exhibit "B"

ZONING:

State Land Use District:
County of Hawaii:

Urban
Industrial (ML-20)

ITEM M-3

BLNR – ISSUANCE OF A DIRECT LEASE
NEW CARGO BUILDING, AEKO KULA, INC.
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LAND TITLE STATUS:

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

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Air cargo operations

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available on the site
Improvements: AKI plans to construct, operate, use and maintain an air cargo facility

TERM OF LEASE:

Thirty (30) years

COMMENCEMENT DATE:

To be determined by the Director of Transportation

ANNUAL RENTAL:

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

Years 2 thru 5	\$204,843.60
Years 6 thru 10	\$235,570.20
Years 11 thru 15	\$270,905.76
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.

DCCA VERIFICATION:

Place of business registration confirmed: YES
Registered business name confirmed: YES
Good standing confirmed: YES

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 Hawaii actions consisting of environmental approval and construction of proposed Hilo International Airport Improvements. The FEA was prepared pursuant to Chapter 343, Hawaii Revised Statutes and the Administrative Rules, Title 11, Chapter 200 of the State of Hawaii Department of Health

REMARKS:

In accordance with Section 171-59(b), HRS, as amended, relating generally to Management and Disposition of Public lands and relating specifically to Disposition by negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to AKI for the construction, operation and maintenance of an air cargo facility at ITO. The DOT has determined the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries of ITO.

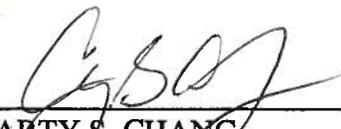
RECOMMENDATION:

That the Board authorize the DOT to issue a direct lease to AKI, 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:


CARTY S. CHANG
Acting Chairperson

