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

AMENDMENT TO PRIOR BOARD ACTION OF 8-23-13, ITEM M-3, ISSUANCE OF A DIRECT LEASE TO ISLAND MOVERS, INC. 
HONOLULU INTERNATIONAL AIRPORT 
REQUEST AMENDMENT TO LOCATION AND TAX MAP KEY, AREA, AND ANNUAL LEASE RENTAL 
TMK: (1) 1-1-072: 5, 6, 34 & 35 (PORTION) 

On August 23, 2013, under agenda Item M-3, and pursuant to Section 261-7 and 171-59, Hawaii Revised Statutes, relating to Disposition by Negotiation, the Land Board authorized the Department of Transportation (DOT) to issue a lease to Island Movers, Inc., for the operation and maintenance of a Container Freight Forwarding and Customs Exam Station, at Honolulu International Airport. 

PURPOSE: 

The DOT requests certain changes to the LOCATION AND TAX MAP KEY, AREA, and the ANNUAL LEASE RENTAL, as written on said submittal previously approved by the Land Board. 

The changes should read as follows: 

ORIGINAL 

LOCATION AND TAX MAP KEY: 

Portion of Honolulu International Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-72: 5 (portion). 

AS AMENDED 

LOCATION AND TAX MAP KEY: 

Portion of Honolulu International Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-72: 5, 6, 34 & 35 (portion). 

ITEM M-1
ORIGIONAL

AREA:

Building:
Building No. 223, consisting of approximately 33,267 square feet.

Land:
Area/Space No. 009-103, consisting of an area of approximately 14,523 square feet;
Area/Space No. 009-159, consisting of an area of approximately 12,980 square feet; and
Area/Space No. 009-160, consisting of an area of approximately 25,332 square feet of
improved, paved land.

AS AMENDED

AREA:

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

Land:
Area/Space No. 009-103, consisting of an area of approximately 14,523 square feet;
Area/Space No. 009-159, consisting of an area of approximately 12,980 square feet;
Area/Space No. 009-160, consisting of an area of approximately 25,332 square feet; and
Area/Space No. 009-161A, consisting of an area of approximately 14,195 square feet of
improved, paved land.

ORIGINAL

ANNUAL LEASE RENTAL:

1. Annual Rental for the First Five (5) Years of the Lease Term (Years 1–5):

   a. Building Rental. For the first five (5) years, beginning upon the
      commencement date of the Lease term, LESSEE shall pay to STATE an annual building
      rental of $268,560.00, payable in monthly installments of $22,380.00, in advance; and

   b. Ground Rental. For the first five (5) years, beginning upon the
      commencement date of the Lease term, LESSEE shall pay to STATE an annual ground
      rental, in the amount of $219,793.60, payable in monthly installments of $18,316.13, in
      advance, for the Premises at Honolulu International Airport.
2. **Annual Rental for the Second Five (5) Years of the Lease Term (Years 6 – 10):**

   a. **Building Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE a building rental, in the amount of $308,844.00, payable in monthly installments of $25,737.00, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($268,560.00).

   b. **Ground Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual ground rental, in the amount of $252,762.64, payable in monthly installments of $21,063.55, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($219,793.60).

AS AMENDED

1. **Annual Rental for the First Five (5) Years of the Lease Term (Years 1 – 5):**

   a. **Building Rental.** For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual building rental of $268,560.00, payable in monthly installments of $22,380.00, in advance; and

   b. **Ground Rental.** For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual ground rental, in the amount of $278,844.80, payable in monthly installments of $23,237.07, in advance, for the Premises at Honolulu International Airport.

2. **Annual Rental for the Second Five (5) Years of the Lease Term (Years 6 – 10):**

   a. **Building Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE a building rental, in the amount of $308,844.00, payable in monthly installments of $25,737.00, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($268,560.00).

   b. **Ground Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual ground rental, in the amount of $320,671.52, payable in monthly installments of $26,722.63, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($278,844.80).
REMARKS:

All other terms as outlined in the submittal previously approved by the Land Board remain unchanged.

RECOMMENDATION:

That the Board amends its prior action of August 23, 2013, under agenda Item M-3, by approving the changes to the Location and Tax Map Key, Area, and the Annual Lease Rental, as herein outlined, which are by reference incorporated herein and subject to such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,

[Signature]

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

APPROVED FOR SUBMITTAL:

[Signature]

WILLIAM J. AILA, JR.
Chairperson and Member
August 23, 2013

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

ISSUANCE OF DIRECT LEASE TO ISLAND MOVERS, INC.
HONOLULU INTERNATIONAL AIRPORT
TMK: (1) 1-1-72: 5 (PORTION) OAHU

REQUEST:

Issuance of a direct lease to Island Movers, Inc. for the operation, and maintenance of its Container Freight Forwarding Station and Customs Exam Station, located on the South Ramp at Honolulu International Airport.

LEGAL REFERENCE:

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

APPLICANT/LESSEE:

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 AND TAX MAP KEY:

Portion of Honolulu International Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-72: 5 (portion).

AREA:

Building:
Building No. 223 consisting of approximately 33,267 square feet.

Land:
Area/Space No. 009-103, consisting of an area of approximately 14,523 square feet;
Area/Space No. 009-159, consisting of an area of approximately 12,980 square feet; and
Area/Space No. 009-160, consisting of an area of approximately 25,332 square feet of improved, paved land.

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ISLAND MOVERS, INC., Honolulu International Airport
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ZONING:

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

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-ceded
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ___ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

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

TERM OF LEASE:

Ten (10) years.

LEASE COMMERCEMENT DATE:

Upon execution of the lease document.

ANNUAL LEASE RENTAL:

1. Annual Rental for the First Five (5) Years of the Lease Term (Years 1 – 5):

   a. Building Rental. For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual building rental of $268,560.00, payable in monthly installments of $22,380.00, in advance; and

   b. Ground Rental. For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual ground rental, in the amount of $219,793.60, payable in monthly installments of $18,316.13, in advance, for the Premises at Honolulu International Airport.
2. **Annual Rental for the Second Five (5) Years of the Lease Term (Years 6 – 10):**

   a. **Building Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE a building rental, in the amount of $308,844.00, payable in monthly installments of $25,737.00, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($268,560.00).

   b. **Ground Rental.** For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual ground rental, in the amount of $252,762.64, payable in monthly installments of $21,063.55, in advance, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term ($219,793.60).

**PERFORMANCE BOND:**

The sum equal to three times the monthly building and land rental in effect.

**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.

**DCCA VERIFICATION:**

| Place of business registration confirmed: | YES  | NO   |
| Registered business name confirmed:     | YES  | NO   |
| Good standing confirmed:                | YES  | 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 (DOT) proposes to issue a direct lease to Island Movers, Inc., for the purpose of operating and maintaining Container Freight Station and Customs Exam Station, on the South Ramp at Honolulu International Airport. The DOT has
determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Island Movers, Inc, 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 lease form and content.

Respectfully submitted,

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

APPROVED FOR SUBMITTAL:

WILLIAM J. AILA, JR.
Chairperson and Member