



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

GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
JADE T. BUTAY
FORD N. FUCHIGAMI
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

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

AMENDMENT TO PRIOR BOARD ACTION OF MARCH 8, 2013,
ITEM M-1, ISSUANCE OF A DIRECT LEASE TO AEKO KULA DBA ALOHA AIR CARGO
FOR CARGO/MAINTENANCE FACILITIES AND ISSUANCE OF A RIGHT-OF-ENTRY,
FOR CONSTRUCTION OF DUST CONTROL FENCING AND SOILS REMEDIATION,
AT HONOLULU INTERNATIONAL AIRPORT, TMK: (1) 1-1-002:014 (PORTION) OAHU

On March 8, 2013, under agenda Item M-1, and pursuant to Section 261-7 and 171-59, Hawaii Revised Statutes, relating to the Disposition by Negotiation, the Land Board authorized the Department of Transportation (DOT) to issue a lease to Aeko Kula dba Aloha Air Cargo for the development, construction, maintenance, and operation of air cargo and aircraft maintenance located at at Honolulu International Airport on the Island of Oahu.

The DOT requests certain changes to the annual ground lease rental previously approved by the Land Board. The changes are listed below:

ANNUAL GROUND LEASE RENTAL:

Third Five (5) Years (Lease Years 11 through 15): An annual rental of 115% time the annual rental for the last year of the immediately preceding five-year period (10th year) of the lease term.

REMARKS:

All other terms of the lease will remain unchanged.

RECOMMENDATION:

That the Board amends its prior action of March 8, 2013, under agenda Item M-1, by approving the change in the rental provision of the lease, 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,

A handwritten signature in black ink, appearing to read "Glenn M. Okimoto".

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

APPROVED FOR SUBMITTAL:

A handwritten signature in black ink, appearing to read "William J. Aila, Jr.".

WILLIAM J. AILA, JR.
Chairperson and Member



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

March 8, 2013

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IN REPLY REFER TO:

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

ISSUANCE OF DIRECT LEASE TO AEKO KULA, INC. DBA
ALOHA AIR CARGO FOR CARGO/MAINTENANCE FACILITIES
AND ISSUANCE OF A RIGHT-OF-ENTRY, FOR THE CONSTRUCTION
OF DUST CONTROL FENCING AND SOILS REMEDIATION,
AT HONOLULU INTERNATIONAL AIRPORT
TMK: (1)-1-1-002:014 (PORTION)

OAHU

CONTROLLING AGENCY:

Department of Transportation, Airports Division (DOTA).

APPLICANT:

Aeko Kula, Inc., doing business as Aloha Air Cargo (Aeko Kula), a Hawaii domestic for profit corporation, whose principal place of business is 371 Aokea Place, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

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

LOCATION:

Portion of Honolulu International Airport, Honolulu, Island of Oahu, identified by Tax Map Key: 1st Division, 1-1-002:014 (portion), as shown on and delineated on attached map labeled "Exhibit A".

AREA:

Lot/Space Nos. 004-148, containing a land area of 3.467 Acres or 151,061 square feet of unimproved/unpaved land, as shown and delineated on the attached map labeled "Exhibit B".

ZONING:

State Land Use District: Urban
City and County of Honolulu: F-1 (Federal & Military Reservation)

LAND TITLE STATUS

Land presently encumbered by Governor's Executive Order No. 3529, 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.

Non-ceded.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES__ NO X

CURRENT USE:

Vacant and unencumbered.

CHARACTER OF USE:

Development, construction, maintenance, and operation of air cargo and aircraft maintenance facility.

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$400,311.65 per annum, payable in monthly installments of \$33,359.30, in advance, based upon present ground lease rental rate of \$2.65 per square foot, per annum for the premises at Honolulu International Airport

Second Five (5) Years (Lease Years 6 through 10): \$460,358.40 per annum, payable in monthly installments of \$38,363.20, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$400,311.65) and 115%.

Fourth Five (5) Years (Lease Years 16 through 20): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (15th year) of the lease term.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

For each of the three remaining five (5) year lease periods totaling fifteen (15) years, the fair market annual ground lease rental for each five (5)-year lease rental reopening period shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

PERFORMANCE BOND:

Sum equal to the annual ground lease rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$6,000,000.00 (approximately)

PROPERTY CHARACTERISTICS:

Utilities: All utilities are unavailable at the site

Improvements: Aeko Kula desires to develop, construct, operate and maintain a Cargo and Aircraft Maintenance facility on the proposed leased premises.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The final Environmental Assessment acceptance notice for the subject project was published in the OEQC's Environmental Notice on February 8, 2013.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

PURPOSE:

Right, privilege and authority to construct, operate, and maintain cargo and aircraft maintenance facility and other related accessory improvements at Honolulu International Airport.

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 proposes to issue a direct lease to Aeko Kula for the purpose of: (1) developing, constructing, operating, and maintaining a cargo and aircraft maintenance facility and other related accessory improvements; and (2) conducting air cargo activities at Honolulu International Airport.

Issuance of a Right-of-Entry onto the property will allow Aeko Kula to remove contaminated soil which is the responsibility of DOTA and will deposit it to a DOTA remediation site. By issuing a Right-of-Entry, Aeko Kula will be able to complete the removal of contaminated soils more quickly than DOTA could by following its procedures and allow Aeko Kula to begin construction more expeditiously under the proposed lease.

RECOMMENDATION:

That the Board:

1. Subject to the Applicant fulfilling all of the Applicant requirements, authorize DOTA to issue direct lease to Aeko Kula, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current lease document from, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and
 - C. Such other terms and conditions as may be prescribed by the Director of Transportation or the Chairperson of the Board of Land and Natural Resources to best serve the interest of the State.
2. Authorize DOTA to issue a construction and soils remediation right-of-entry to Aeko Kula, its consultants, contractors, and/or persons acting for or on its behalf, covering the subject area and further subject to the following:

- A. The standard terms and conditions of the most current right-of-entry document form, as may be amended from time to time;
- B. Review and approval by the Department of the Attorney General; and
- C. Such other terms and conditions as may be prescribed by the Director of Transportation or the Chairperson of the Board of Land and Natural Resources to best serve the interest of the State.

Respectfully submitted,



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

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member

**LEASE PARCEL
ALOHA AIR CARGO
Being a Portion of Addition to Honolulu International Airport
Governor's Executive Order 3589 (CSF 3589)
Being also a Portion of R. P. 7858, L. C. Aw. 7715, Ap. 2 to Lot Kamehameha**

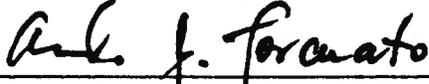
At Moanalua, Honolulu, Oahu, Hawaii.

Beginning at a point on the Northeast corner of said parcel, the coordinates of said point of beginning referred to NAD 83(1993), Zone 3 being North 59,324.62 feet and East 1,664,060.40 feet, the direct azimuth and distance from a ½" pipe set at an East corner of Hickam Air Force Base being: 0° 01' 19" 119.00 feet, thence running by azimuths measured clockwise from true South:

- 1. 0° 01' 19" 291.00 feet along Honolulu International Airport Part 2,
Governor's Executive Order 3201 (CSF 19,643);**
- 2 89° 58' 39" 519.00 feet along the remainder of Addition to Honolulu
International Airport, Governor's Executive Order
3589 (CSF 21,601);**
- 3. 180° 01' 19" 291.00 feet along the remainder of Addition to Honolulu
International Airport, Governor's Executive Order
3589 (CSF 21,601);**
- 4. 269° 58' 39" 519.00 feet along the remainder of Addition to Honolulu
International Airport, Governor's Executive Order
3589 (CSF 21,601), to the point of beginning and
containing an AREA OF 3.467 ACRES.**

December 17, 2010

**Leaps & Boundaries, Inc.
2016 Waterhouse St., Ste. 101
Honolulu, HI 96819
TMK: (1) 1-1-02: 14**



**Licensed Professional Land Surveyor
Certificate No. 10257**

EXHIBIT A

HICKAM AIR FORCE BASE

R. P. 7858, L. C. Av. 7715, Ap. 2 to Lot Kamehameha

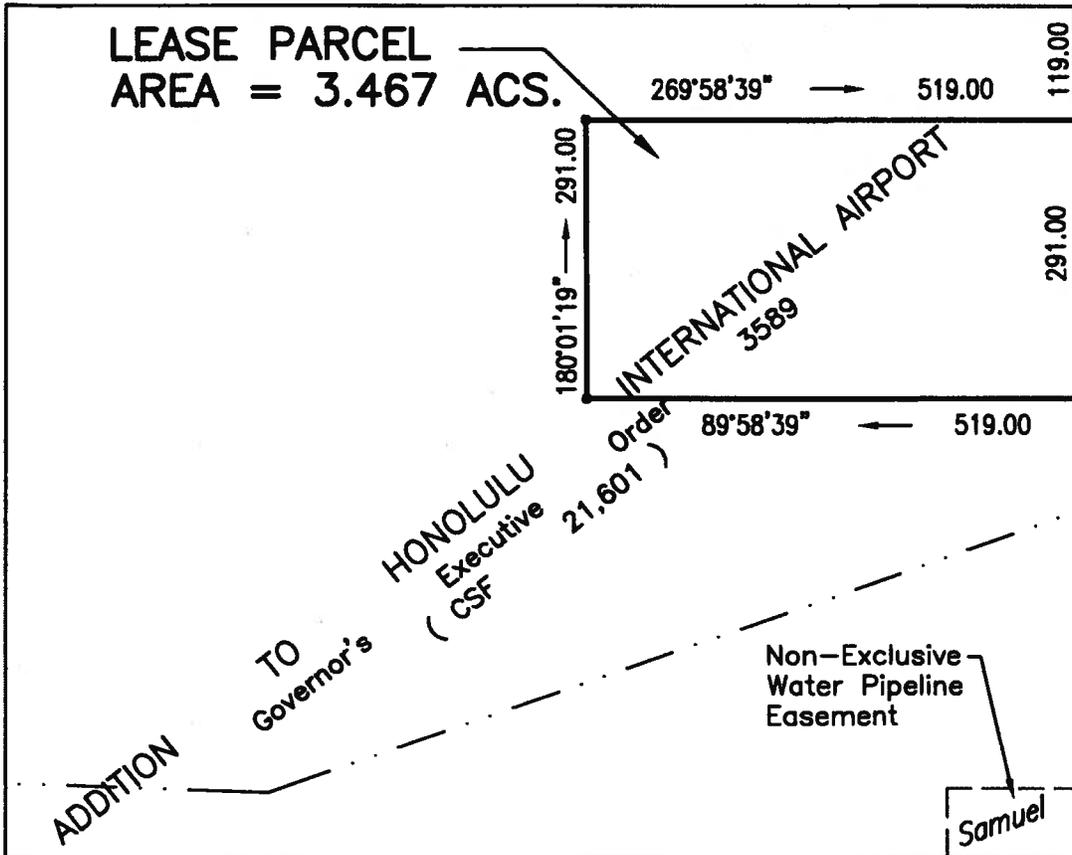
tie: brass disk fnd
"HICKAM AFB"
0°01'19" 955.63

1/2" pipe set
59,324.62 ft. N
1,664,060.40 ft. E
NAD 83(1993), Zone 3



LEASE PARCEL
AREA = 3.467 ACS.

HICKAM AIR FORCE BASE



ADDITION TO
GOVERNOR'S
HONOLULU
EXECUTIVE
ORDER
(CSF 21,601)

HONOLULU INTERNATIONAL AIRPORT
Part 2
Governor's Executive Order 3201
(CSF 19,643)
M. Damon

HICKAM AIR FORCE BASE

Grant 4776 to

ALOHA AIR CARGO
LEASE PARCEL
HONOLULU INTERNATIONAL AIRPORT

At Moanalua, Honolulu, Oahu, Hawaii

Date: December 17, 2010

Tax Map Key (1) 1-1-002: 014 portion

Scale: 1 in. = 100 ft.

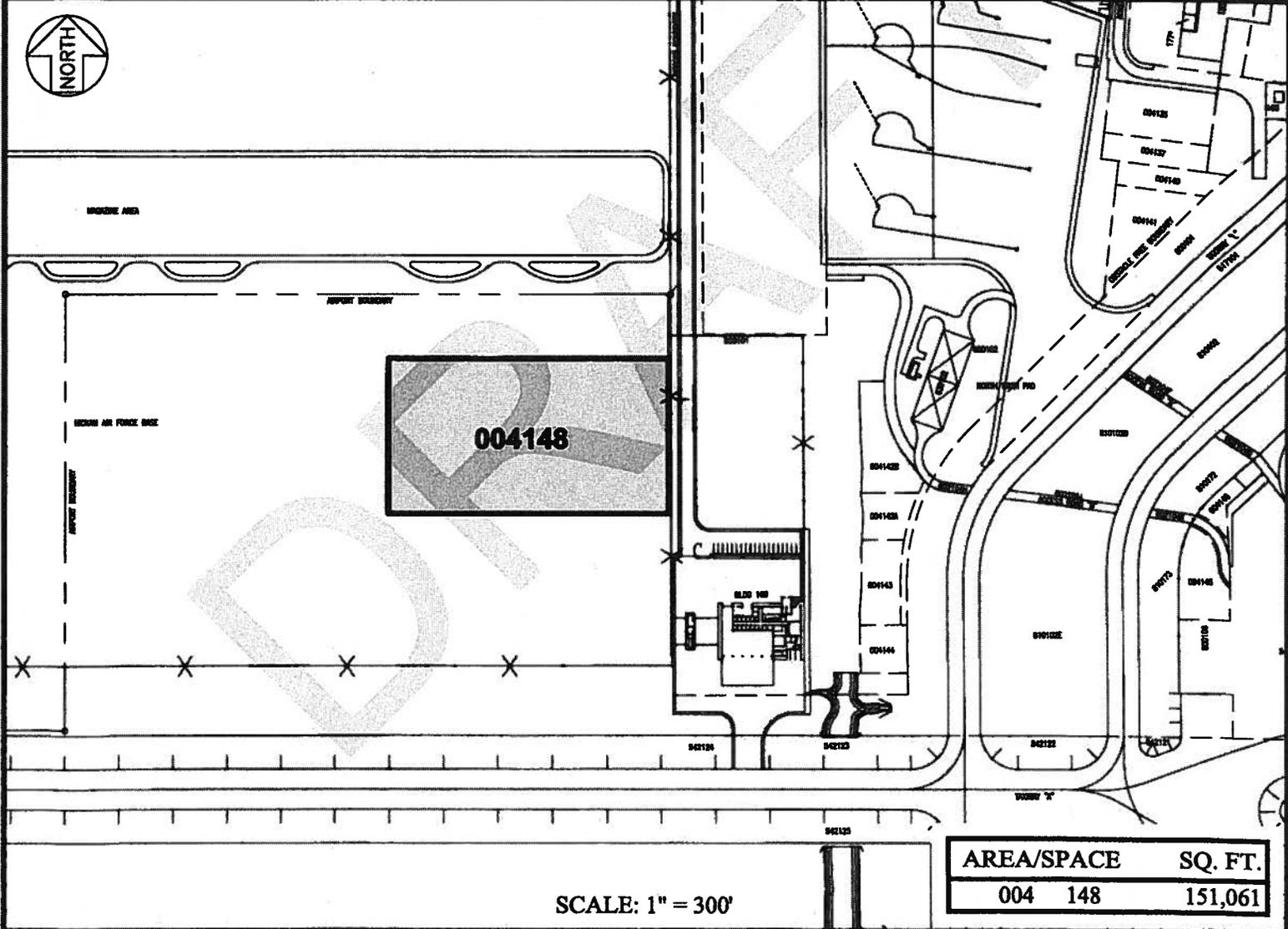
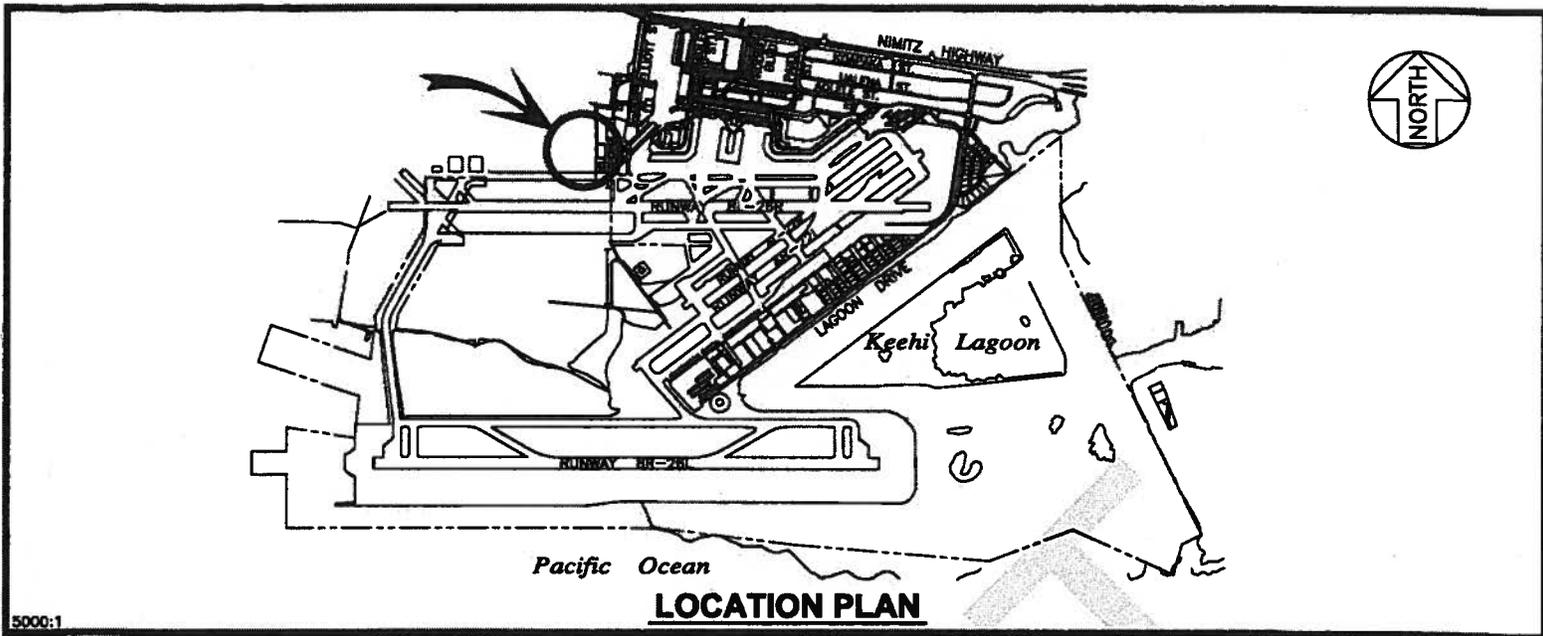


This map was prepared by me or
under my direct supervision

Arden J. Torcuato

LICENSED PROFESSIONAL LAND SURVEYOR
CERTIFICATE NUMBER 10257
Exp. 4/30/2012

EXHIBIT B F.B. 35:32



DATE : JANUARY 2011

EXHIBIT: **B**



Airports Division

AEKO KULA, INC.

**INTER-ISLAND
MAINTENANCE AREA**

004148

PLAT 24

HONOLULU INTERNATIONAL AIRPORT

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