

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
AIRPORTS
400 RODGERS BOULEVARD, SUITE 700
HONOLULU, HAWAII 96819-1880

EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

IN REPLY REFER TO:

AIR-PM 26.0221

April 23, 2026

DOT Land Matters
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECTLY-NEGOTIATED CARGO LEASE
FOR SIGNATORY AIRLINE CARGO OPERATIONS
FEDERAL EXPRESS CORPORATION
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-012: PORTION OF 009

HAWAII

APPLICANT:

Federal Express Corporation (FedEx), whose mailing address is 3680 Hacks Cross Road, Building B, 3rd Floor, Memphis, Tennessee 38125.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS), Sections 261-7 and 171, as amended.

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawaii, identified by Tax Map Key: 3rd Division, 2-1-012: Portion of 009.

AREAS:

CARGO BUILDING

Building/Room No. 139-116, containing an area of approximately 10,967 square feet, as shown and delineated on the attached map labeled Exhibit A.

IMPROVED, UNPAVED LAND

Area/Space No. 632-107, containing an area of approximately 13,310 square feet, as shown and delineated on the attached map labeled Exhibit A.

ISSUANCE OF A DIRECTLY-NEGOTIATED CARGO LEASE FOR SIGNATORY AIRLINE
CARGO OPERATIONS, FEDERAL EXPRESS CORPORATION

Page 2

ZONING:

State Land Use District: Urban
County of Hawaii: Industrial (ML-20)

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:

Land presently encumbered by Governor's Executive Order No. 1519, dated July 17, 1952, setting aside 550.881 acres being a portion of General Lyman Field under the control and management of the Hawaii Aeronautics Commission [subsequently transferred to the State of Hawaii Department of Transportation (HDOT)] as a site for the Hilo Airport, now known as ITO.

CHARACTER OF USE:

FedEx will develop, construct, use, operate and maintain the spaces to support its signatory airline cargo operations.

LEASE TERM:

Ten (10) years

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Years 1 – 5: \$137,535.24 per annum (based on a rate of \$9.60 per square foot, per annum, for Building/Room 139-116, and \$0.94 per square foot, per annum, for improved, unpaved land as determined from the HDOT Schedule of Rates and Charges established by appraisal of Airport property statewide, plus \$1,645.05 for maintenance).

Years 6 – 10: 115% the annual rent for year 5 of the Lease.

PERFORMANCE BOND:

The sum equal to the annual rental then in effect.

ISSUANCE OF A DIRECTLY-NEGOTIATED CARGO LEASE FOR SIGNATORY AIRLINE
CARGO OPERATIONS, FEDERAL EXPRESS CORPORATION

Page 3

MINIMUM IMPROVEMENTS REQUIREMENT:

\$1,200,000.00

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 _____

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The HDOT has determined that the subject areas are covered by the Hilo International Airport Final Environmental Assessment (FEA), dated April 15, 2003, and published by the Office of Environmental Quality Control in the May 8, 2003 issue of The Environmental Notice. Accordingly, all relevant mitigation from the FEA and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

The HDOT proposes to issue a directly-negotiated lease to FedEx for the development, construction, use, operation and maintenance of a cargo facility and ground service equipment parking to support its signatory airline cargo operations at ITO.

The HDOT has determined that the issuance of this directly-negotiated lease encourages competition within the aeronautical-related activities at ITO as there are currently three other cargo operators at ITO.

RECOMMENDATION:

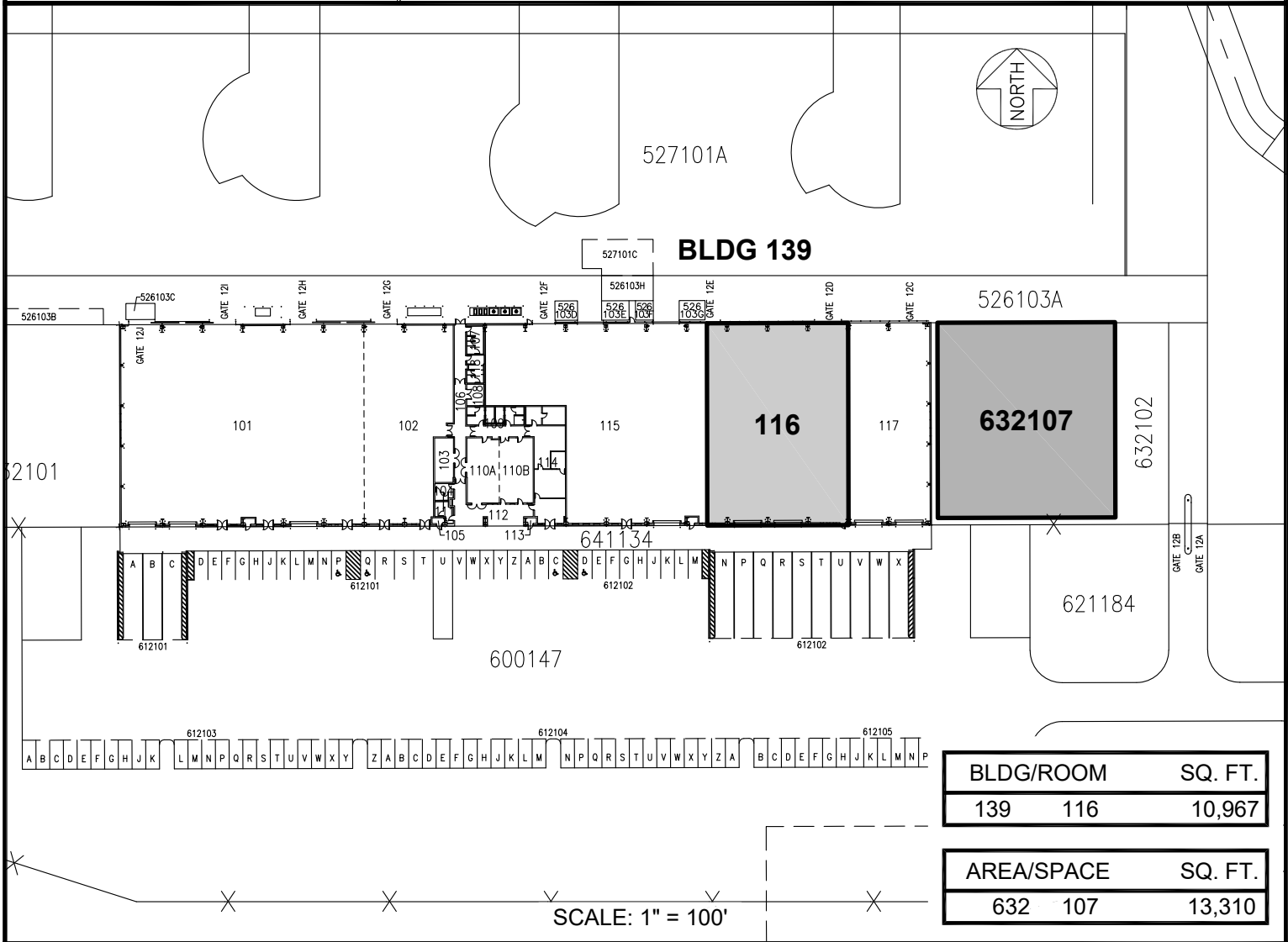
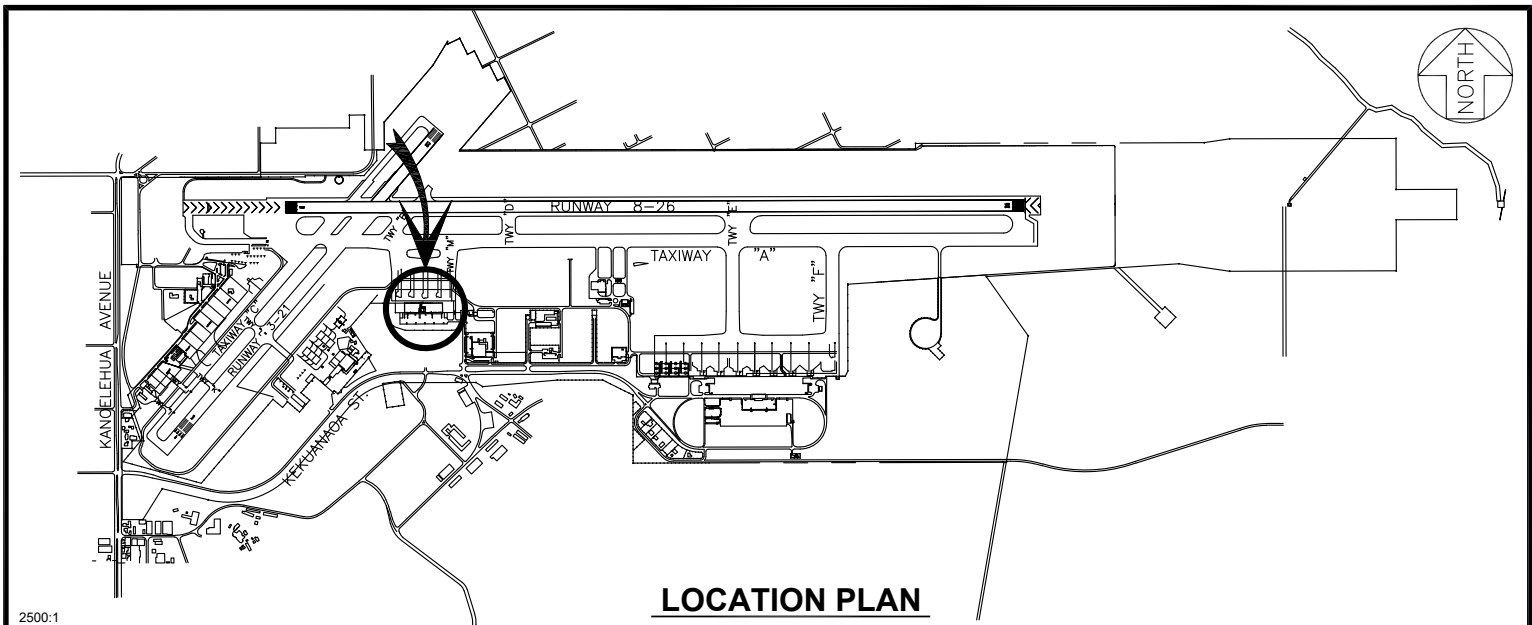
Based on this submittal, and testimony and facts presented, the HDOT recommends the Director of Transportation approve the issuance of a directly-negotiated lease to FedEx, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions 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,



CURT T. OTAGURO

Deputy Director of Transportation for Airports



BLDG/ROOM	SQ. FT.
139 116	10,967
AREA/SPACE	SQ. FT.
632 107	13,310

DATE : MARCH 2026

EXHIBIT: **A**

<p>AIRPORTS</p>	<p>FEDERAL EXPRESS CORPORATION</p>	<p>LOT</p>	<p>139116</p>
			<p>632107</p>

HILO INTERNATIONAL AIRPORT

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