



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 S. GRUNE
JADINE URASAKI

IN REPLY REFER TO:

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

RESCISSION OF PRIOR BOARD ACTION OF NOVEMBER 9, 2012
UNDER ITEM M-5 CONSENTING TO AN ASSIGNMENT OF STATE LEASE
NOS. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012, AND DOT-A-09-0003
FROM HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD
CASTLE, INC.

CONSENT TO ASSIGNMENT OF STATE LEASE
NOS. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012, AND
DOT-A-09-0003 FROM HELICOPTER CONSULTANTS OF MAUI, INC.
TO BLUE HAWAIIAN HOLDINGS, LLC

TMK: (2) 3-8-01: PORTION OF 19

TMK: (1) 1-1-72:79 (HONOLULU INTERNATIONAL AIRPORT)

TMK: (4) 3-5-01:PORTION OF 8

MAUI
OAHU
KAUAI

REQUEST:

Rescission of prior Board approval of November 9, 2012 to a Consent to Assignment of the following State Leases: 1) DOT-A 96-0029 at Kahului Airport, 2) DOT-A-05-0007 at Honolulu International Airport, 3) DOT-A-06-0012, and DOT-A-09-0003 at Lihue Airport from Helicopter Consultants of Maui, Inc. to Branford Castle, Inc. and consent to assignment of State Leases: : 1) DOT-A 96-0029 at Kahului Airport, 2) DOT-A-05-0007 at Honolulu International Airport, 3) DOT-A-06-0012, and DOT-A-09-0003 at Lihue Airport from Helicopter Consultants of Maui, Inc. to Blue Hawaiian Holdings, LLC.

LEGAL REFERENCE:

Subsection 171-36(a) (5), Hawaii Revised Statutes, as amended

APPLICANTS:

LESSEE/ASSIGNOR: Helicopter Consultants of Maui, Inc., a Hawaii corporation, having a mailing address of 1 Kahului Airport Road, #105 Kahului, Hawaii 96732.

ASSIGNEE: Blue Hawaiian Holdings, LLC, 7301 South Peoria Street, Englewood,
CO 80112.

LEASE AREA:

Under Lease No. DOT-A-96-0029 at Kahului Airport:
Area/Space No. 517-105, containing a land area of approximately 10,000 sq. ft.

Under Lease No. DOT-A-05-0007 at Honolulu International Airport:
Area/Space No. 009-104, containing a land area of approximately 42,977 sq.ft.
Area/Space No. 009-104A, containing a land area of approximately 3,080 sq. ft.

Under Lease No. DOT-A-06-0012 at Lihue Airport:
Area/Space No. 004-135, containing a land area of approximately 19,912 sq. ft.

Under Lease No. DOT-A-09-0003 at Lihue Airport:
Area/Space No. 011-108A, containing a land area of approximately 12,200 sq. ft.
Area/Space No. 011-108B, containing a land area of approximately 16,877 sq. ft.
Area/Space No. 011-108C, containing a land area of approximately 700 sq. ft.
Area/Space No. 011-108D, containing a land area of approximately 1,400 sq. ft.
Area/Space No. 011-108E, containing a land area of approximately 700 sq. ft.

LOCATION AND TAX MAP KEY:

Portion of Kahului Airport, Island of Maui, identified by Tax Map Key:
2nd Division, 3-8-01: Portion of 19 (for Lease No. DOT-A-96-0029)

Portion of Honolulu International Airport, Honolulu, Island of Oahu, identified by Tax Map
Key: 1st Division, 1-1-72:79 (for Lease No. DOT-A-05-0007)

Portion of Lihue Airport, Island of Kauai, identified by Tax Map Key:
4th Division, 3-5-01: Portion of 8 (for Lease Nos. DOT-A-06-0012 and DOT-A-09-0003)

ZONING:

State Land Use District
County of Maui

Urban District
Airport

State Land Use District:
City and County of Honolulu:

Urban District
Industrial (I-2)

State Land Use District:
County of Kauai

Urban District
Industrial (IG-STP)

LAND TITLE STATUS:

Kahului Airport Parcel

Section 5(a) lands of the Hawaii Admissions Act: Non-ceded

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

Honolulu International Airport Parcels

Section 5(a) lands of the Hawaii Admissions Act: Ceded

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

Lihue Airport Parcels

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. 4016 and 2594, setting aside a portion of Kahului Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii for Airport purposes.

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.

Land partially encumbered by Governor's Executive Order No. 1451, setting aside a portion of Lihue Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes.

CHARACTER OF USE:

Hangar Facilities and Helicopter Operations

TERM OF LEASE:

Lease No. DOT-A-96-0029: Remaining term of 3 years from original term of 20 years, which commenced on December 1, 1996, and terminates on November 30, 2016.

Lease No. DOT-A-05-0007: Remaining term of 16 years from original term of 25 years, which commenced on May 1, 2012, and terminates on April 30, 2030.

Lease No. DOT-A-06-0012: Remaining term of 24 years from original term of 30 years, which commenced on September 1, 2007, and terminates on August 31, 2037.

Lease No. DOT-A-09-0003: Remaining term of 11 years from original term of 15 years, which commenced on October 1, 2009, and terminates on September 30, 2024.

CONSIDERATION:

Three Million Four Hundred Fifteen Thousand and No/100s Dollars (\$3,415,000.00)

RECOMMENDED PREMIUM:

Three Hundred Forty-Seven Thousand, Four Hundred Seventy-Two Dollars (\$347,472.).

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, HRS, as amended, relating to Environmental Impact Statements, because the proposed action fall within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation, dated May 22, 2001, as approved by the Environmental Quality Council On November 15, 2000. Exemption #1 covers operations involving negligible or no expansion of change of use beyond that previously existing.

DCCA VERIFICATION:

LESSEE / ASSIGNOR:

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 ____

ASSIGNEE:

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 ____

REMARKS:

In its meeting of November 9, 2012, under Item M-5 the Board consented to an assignment of the above described leases from Helicopter Consultants of Maui, Inc. to Branford Castle, Inc. Helicopter Consultants of Maui, Inc. proposed to assign a 20% interest in the leases to Branford Castle, Inc. as a means of raising funds to upgrade its fleet of helicopters to new

models, which use less fuel and operate more quietly than its current fleet. Subsequent to the Board's approval, the two parties failed to consummate the transaction.

Helicopter Consultants of Maui, Inc. is still seeking to upgrade its fleet of helicopters and has entered into an agreement that allows Blue Hawaiian Holdings, LLC to acquire a more than 20% stake in ownership. Under the Leases, a transfer of 20% or more interest in the Lessee constitutes a transfer of controlling interest, which equates to an assignment and requires an assignment premium to be paid to the State.

RECOMMENDATION:

That the Board rescind its action of November 9, 2012, under Item M-5 and approves of and gives its consent to the Assignment involving Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012, and DOT-A-09-0003 as herein outlined, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the form and content of the Lessor's Consent to the Assignment.

Respectfully submitted,



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

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member

NEIL ABERCROMBIE
GOVERNOR



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

November 9, 2012

GLENN M. OKIMOTO
DIRECTOR

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

IN REPLY REFER TO:

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

CONSENT TO ASSIGNMENT OF STATE LEASE NOS. DOT-A-96-0029,
DOT-A-05-0007, DOT-A-06-0012 AND DOT-A-09-0003
HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD CASTLE, INC.

KAHULUI AIRPORT

MAUI

TAX MAP KEY: (2) 3-8-01: PORTION OF 19
HONOLULU INTERNATIONAL AIRPORT

OAHU

TAX MAP KEY: (1) 1-1-72: 79

LIHUE AIRPORT

KAUAI

TAX MAP KEY: (4) 3-5-01: PORTION OF 8

REQUEST:

Consent to Assignment of the following State Leases: 1) DOT-A 96-0029 at Kahului Airport, 2) DOT-A-05-0007 at Honolulu International Airport and 3) DOT-A-06-0012 and DOT-A-09-0003 at Lihue Airport.

LEGAL REFERENCE:

Subsection 171-36(a) (5), Hawaii Revised Statutes, as amended

APPLICANTS:

LESSEE/ASSIGNOR: Helicopter Consultants of Maui, Inc., a Hawaii corporation, having a mailing address of 1 Kahului Airport Road, #105 Kahului, Hawaii 96732.

ASSIGNEE: Branford Castle, Inc., 150 East 58th Street, 29th Floor, New York, NY 10155.

APPROVED BY THE BOARD
AT ITS MEETING HELD ON

NOV - 9 2012

ITEM M-5

BLNR – Consent to Assignment

Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012 & DOT-A-09-0003
HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD CASTLE, INC.

Page 2

LEASE AREA:

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Area/Space No. 517-105, containing a land area of approximately 10,000 sq. ft.

Under Lease No. DOT-A-05-0007 at Honolulu International Airport:

Area/Space No. 009-104, containing a land area of approximately 42,979 sq.ft.

Area/Space No. 009-104A, containing a land area of approximately 3,080 sq. ft.

Under Lease No. DOT-A-06-0012 at Lihue Airport:

Area/Space No. 004-135, containing a land area of approximately 19,912 sq. ft.

Under Lease No. DOT-A-09-0003 at Lihue Airport:

Area/Space No. 011-108A, containing a land area of approximately 12,200 sq. ft.

Area/Space No. 011-108B, containing a land area of approximately 16,877 sq. ft.

Area/Space No. 011-108C, containing a land area of approximately 700 sq. ft.

Area/Space No. 011-108D, containing a land area of approximately 1,400 sq. ft.

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LOCATION AND TAX MAP KEY:

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Portion of Honolulu International Airport, Honolulu, Island of Oahu, identified by Tax Map

Key: 1st Division, 1-1-72:79 (for Lease No. DOT-A-05-0007)

Portion of Lihue Airport, Island of Kauai, identified by Tax Map Key:

4th Division, 3-5-01: Portion of 8 (for Lease Nos. DOT-A-06-0012 and DOT-A-09-0003)

ZONING:

State Land Use District

County of Maui

Urban District

Airport

State Land Use District:

City and County of Honolulu:

Urban District

Industrial (I-2)

State Land Use District:

County of Kauai

Urban District

Industrial (IG-STP)

BLNR – Consent to Assignment

Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012 & DOT-A-09-0003
HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD CASTLE, INC.

Page 3

LAND TITLE STATUS:

Kahului Airport Parcel

Section 5(a) lands of the Hawaii Admissions Act: Non-ceded

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

Honolulu International Airport Parcels

Section 5(a) lands of the Hawaii Admissions Act: Ceded

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

Lihue Airport Parcels

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. 4016 and 2594, setting aside a portion of Kahului Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii for Airport purposes.

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.

Land partially encumbered by Governor's Executive Order No. 1451, setting aside a portion of Lihue Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes.

CHARACTER OF USE:

Hangar Facilities and Helicopter Operations

TERM OF LEASE:

Lease No. DOT-A-96-0029: Remaining term of 4 years from original term of 20 years, which commenced on December 1, 1996, and terminates on November 30, 2016.

Lease No. DOT-A-05-0007: Remaining term of 17 years from original term of 25 years, which commenced on May 1, 2012, and terminates on April 30, 2030.

BLNR – Consent to Assignment

Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012 & DOT-A-09-0003
HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD CASTLE, INC.

Page 4

Lease No. DOT-A-06-0012: Remaining term of 25 years from original term of 30 years, which commenced on September 1, 2007, and terminates on August 31, 2037.

Lease No. DOT-A-09-0003: Remaining term of 12 years from original term of 15 years, which commenced on October 1, 2009, and terminates on September 30, 2024.

CONSIDERATION:

Two Million Four Hundred Thousand and No/100s Dollars (\$2,400,000.00)

RECOMMENDED PREMIUM:

To be determined.

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, HRS, as amended, relating to Environmental Impact Statements, because the proposed action fall within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation, dated May 22, 2001, as approved by the Environmental Quality Council On November 15, 2000. Exemption #1 covers operations involving negligible or no expansion of change of use beyond that previously existing.

DCCA VERIFICATION:

LESSEE / ASSIGNOR:

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 _____

ASSIGNEE:

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 _____

BLNR – Consent to Assignment

Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012 & DOT-A-09-0003

HELICOPTER CONSULTANTS OF MAUI, INC. TO BRANFORD CASTLE, INC.

Page 5

REMARKS:

The Department of Transportation understands that the applicant is seeking to upgrade its fleet of helicopters to new models, which use less fuel and operate more quietly than its current fleet. In order to make the change, the applicant is seeking an infusion of capital to make the purchases. In return, the applicant will be assigning a 20% interest in the company. Under the Leases, a transfer of 20% or more interest in the Lessee constitutes a transfer of controlling interest, which equates to an assignment and requires an evaluation to determine if the State is due an assignment premium.

RECOMMENDATION:

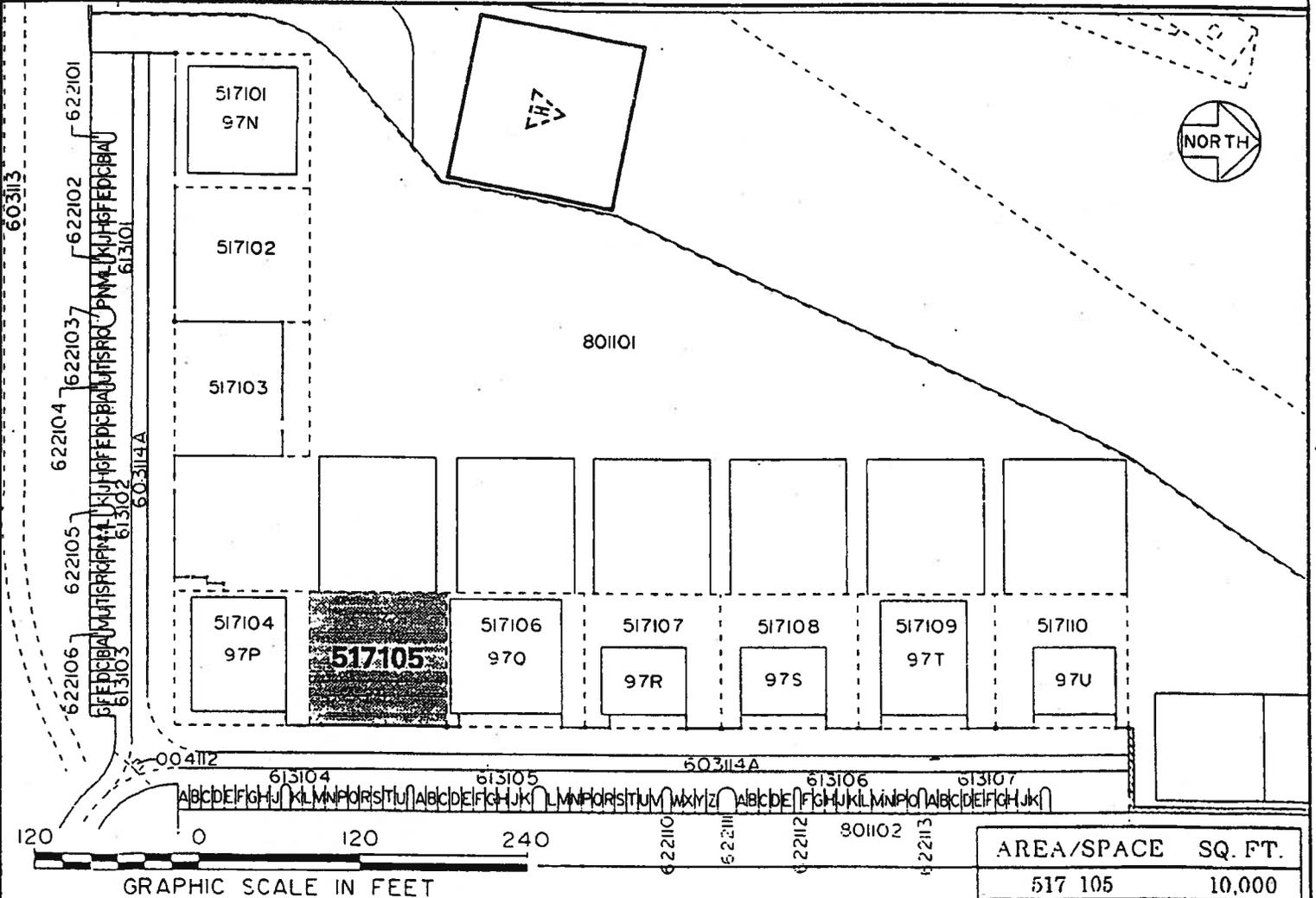
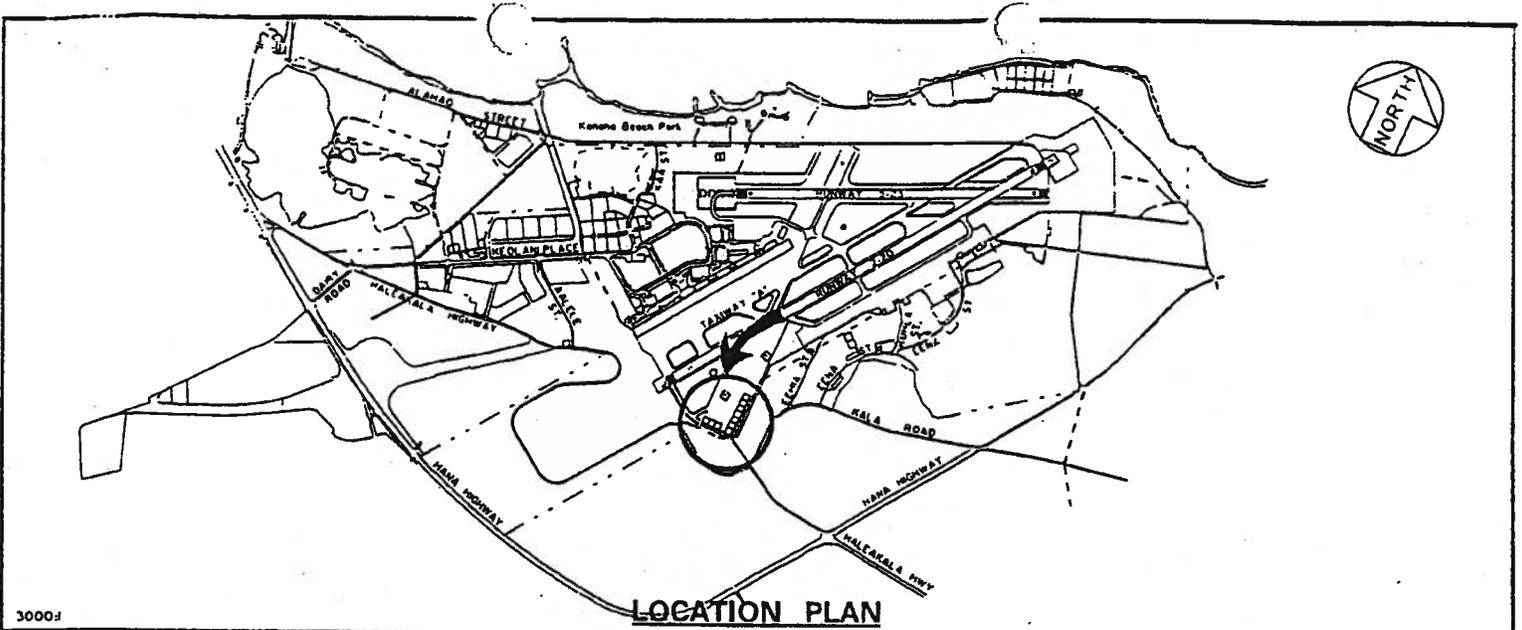
That the Board approves of and gives its consent to the Assignment involving Lease Nos. DOT-A-96-0029, DOT-A-05-0007, DOT-A-06-0012, and DOT-A-09-0003 as herein outlined, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the form and content of the Lessor's Consent to the Assignment.

Respectfully submitted,


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

APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR.
Chairperson and Member



LEASE NO. DOT-A-96-0029

DATE: FEBRUARY, 1995

EXHIBIT: **A**



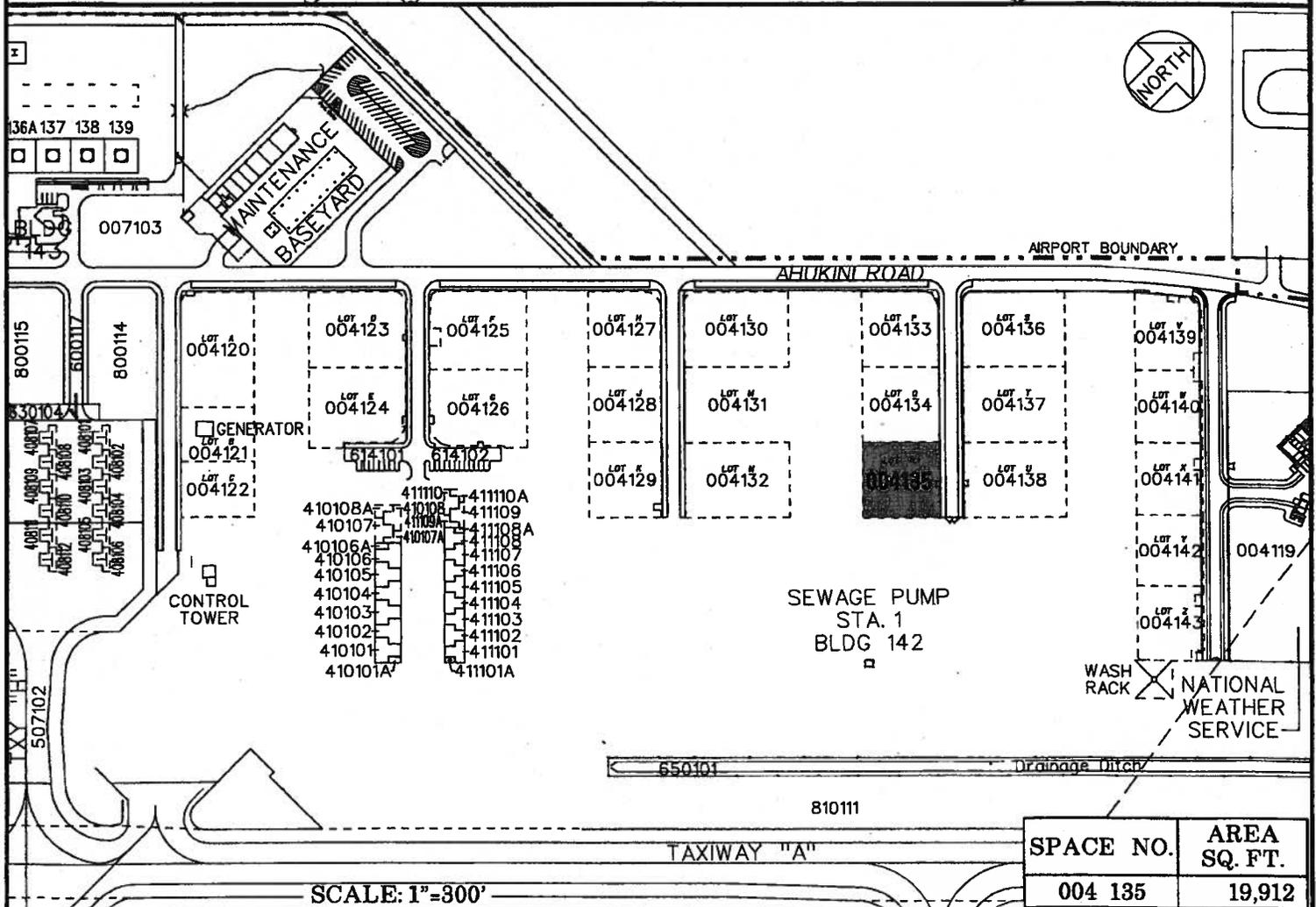
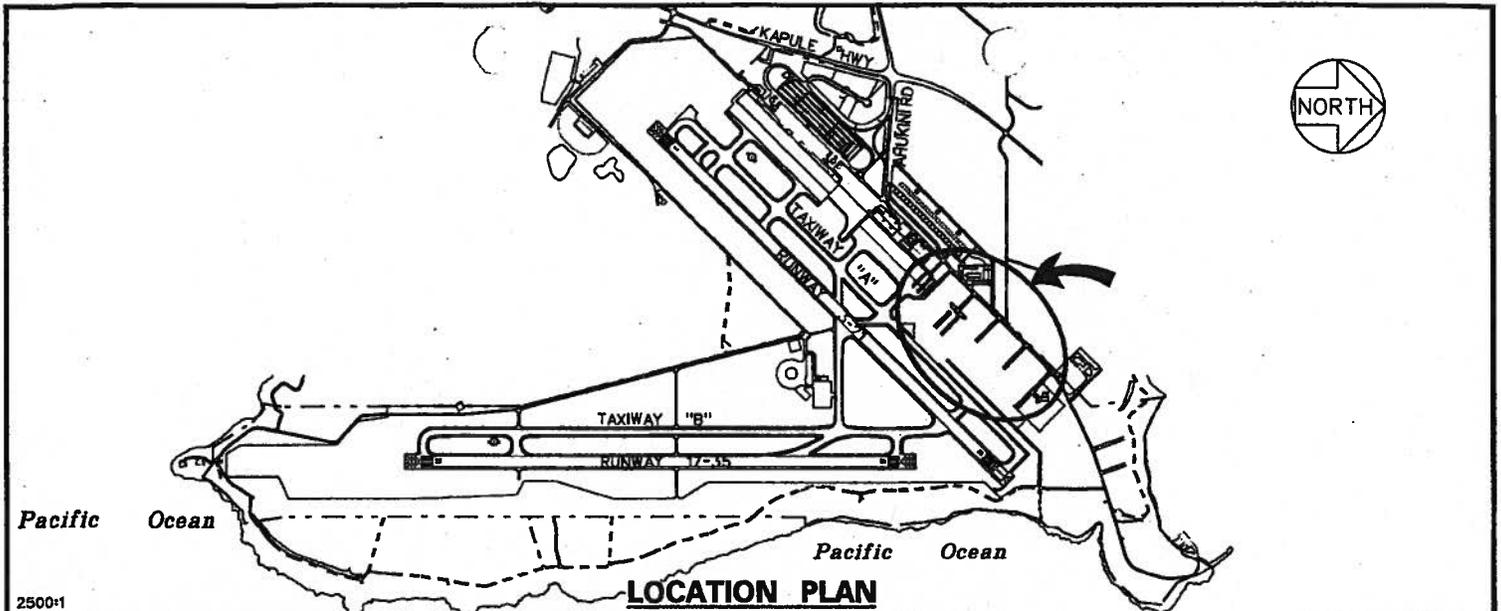
Airports Division

HELICOPTER
CONSULTANTS
OF MAUI, INC.

HELICOPTER LOTS

517105
PLAT 46

KAHULUI AIRPORT



SPACE NO.	AREA SQ. FT.
004 135	19,912

LEASE NO. DOT-A-06-0012

DATE: JUNE 2007

EXHIBIT: **B**

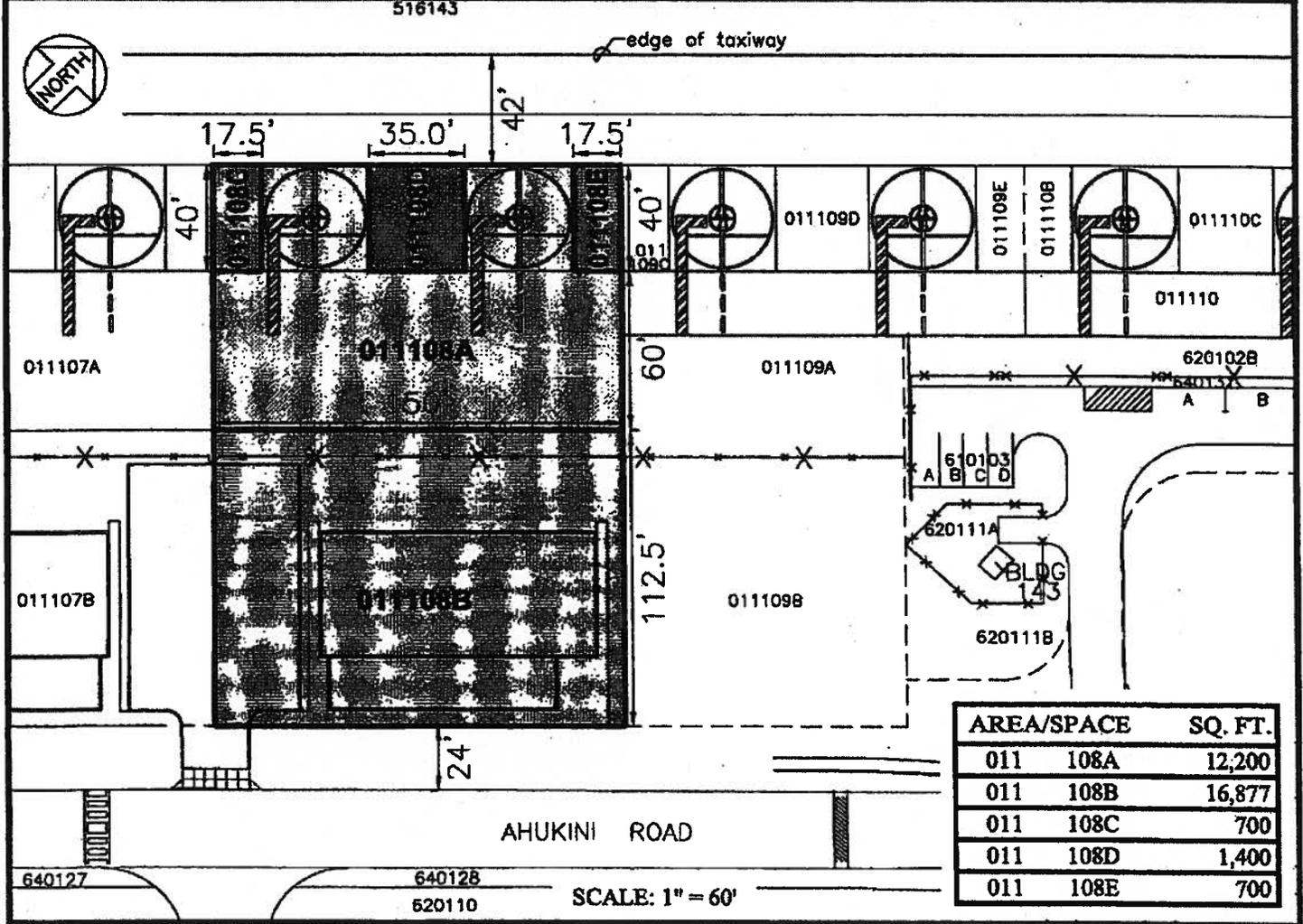
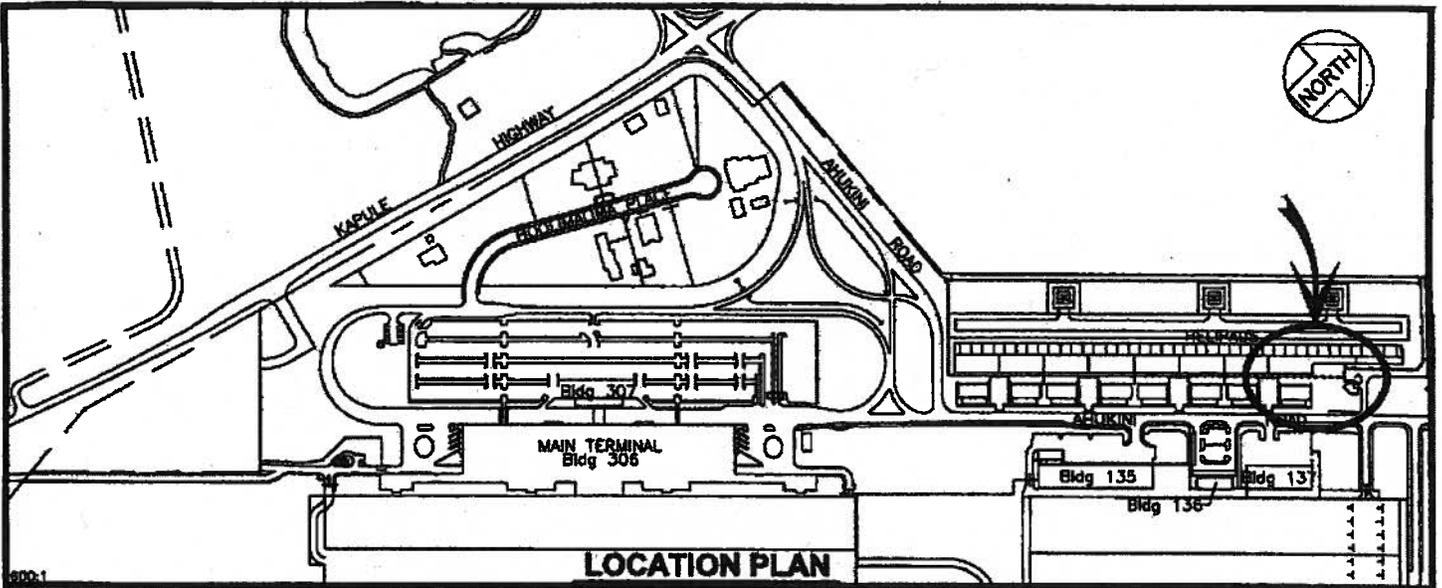


HELICOPTER CONSULTANTS OF MAUI
 dba BLUE HAWAIIAN HELICOPTERS

LOTS
 FBO SUBDIVISION

004-135
PLAT 35

LIHUE AIRPORT



Amendment No. 1 to DOT-A-09-0003

DATE : MARCH 2011

EXHIBIT: C



Airports Division

HELICOPTER CONSULTANTS
OF MAUI, INC.

HELIPORT
LOT

011108A-E

PLATS B1, 35

LIHUE AIRPORT

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