



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

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

AMENDMENT TO PRIOR BOARD ACTION OF JUNE 12, 2015, ITEM M-3,
ISSUANCE OF A DIRECT LEASE FOR A FIXED BASED HANGAR FACILITY
SCHUMAN AVIATION COMPANY, LTD DBA MAKANI KAI HELICOPTERS
HONOLULU INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-72:8, (1) 1-1-72:62, (1) 1-1-72 PORTION OF 82

OAHU

On June 12, 2015, under agenda Item M-3, the Land Board authorized the Department of Transportation (DOT) to issue a direct lease to Schuman Aviation Company, Ltd dba Makani Kai Helicopters, for the purpose of developing, constructing, operating, and maintaining, a Fixed-Based Hangar Facility to support a general aviation FAA Part 145 Repair Station and a Fixed Based Operation to accommodate transient aircraft at Honolulu International Airport.

PURPOSE:

The DOT requests certain changes to the ANNUAL GROUND LEASE RENTAL and the deletion of the REOPENING OF ANNUAL GROUND LEASE RENTAL, as written on said submittal which was previously approved by the Land Board (attached).

The changes should read as follows:

ANNUAL RENTAL:

Original:

First Five (5) Years (Lease Years 1 through 5): \$160,142.72 per annum, payable in monthly installments of \$13,345.23, in advance, based upon a ground lease rental rate of \$2.72 per square foot per annum for the premises at Honolulu International Airport.

Second Five (5) Years (Lease Years 6 through 10): \$184,164.13 per annum, payable in monthly installments of \$15,347.01, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$160,142.72) 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.

Sixth Five (5) Years (Lease Years 26 through 30): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (25th year) of the lease term.

Amended:

First Five (5) Years (Lease Years 1 through 5): \$160,142.72 per annum, payable in monthly installments of \$13,345.23, in advance, based upon a ground lease rental rate of \$2.72 per square foot per annum for the premises at Honolulu International Airport.

Remaining Six (6), Five (5)-Year Periods: For the remaining six (6), five (5)-year periods beginning with the sixth (6th), eleventh (11th), sixteenth (16th), twenty-first (21st), twenty-sixth (26th), and thirty-first (31st) years of the Lease term, the annual ground lease rental shall be 120% times the annual rental for the last year of the immediately preceding five-year period.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

Original:

Three (3) Five (5)-Year Periods. The ground rental for the three five (5)-year periods beginning with the eleventh (11th), twenty-first (21st) and thirty-first (31st) years of the Lease term, 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.

Amended:

The Reopening of Annual Ground Lease Rental shall be deleted from the Lease.

REMARKS:

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

BLNR – Amendment to Prior Board Action
Issuance of a Direct Lease
SCHUMAN AVIATION COMPANY, LTD DBA MAKANI KAI HELICOPTERS
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RECOMMENDATION:

The Land Board amends its prior action of June 12, 2015, under agenda Item M-3, by approving the changes to the Annual Rental, and the deletion of the Reopening of Annual Ground Lease Rental, for the issuance of a direct lease to Schuman Aviation Company, Ltd dba Makani Kai Helicopters, 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,



FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member

DAVID Y. IGE
GOVERNOR



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

FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFENI
DARRELL T. YOUNG

IN REPLY REFER TO:

JUN 12 2015

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

ISSUANCE OF DIRECT LEASE FOR A FIXED-BASED HANGAR FACILITY
SCHUMAN AVIATION COMPANY, LTD
DBA MAKANI KAI HELICOPTERS
HONOLULU INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-72: 8, (1) 1-1-72: 62, (1) 1-1-72: PORTION OF 82

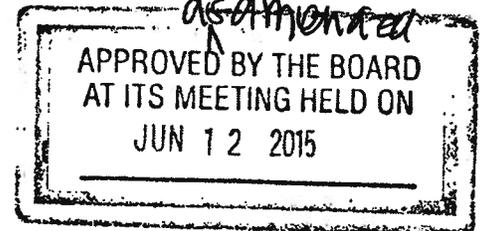
OAHU

REQUEST:

Issuance of a direct lease to Schuman Aviation Company, Ltd dba Makani Kai Helicopters for the development, construction, operation, and maintenance of a Fixed-Based Hangar Facility to support its general aviation FAA Part 145 Repair Station and Fixed Based Operations to accommodate services to transient aircraft at Honolulu International Airport.

LEGAL REFERENCE:

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



APPLICANT / LESSEE:

Schuman Aviation Company, Ltd dba Makani Kai Helicopters, a Hawaii corporation, whose mailing address is 130 Iolana Place, Honolulu, Hawaii 96819.

LOCATION AND TAX MAP KEY:

Portion of Honolulu International Airport, Honolulu, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-72: 8, 1-1-72: 62, and 1-1-72: Portion of 82.

AREA:

Area/Space No. 009-105A, containing a land area of approximately 41,516 square feet, Area/Space No. 009-105B, containing a land area of approximately 2,831 square feet, Area/Space No. 009-105C, containing a land area of approximately 3,335 square feet, and Area/Space No. 009-106A, containing a land area of approximately 11,194 square feet, as shown and delineated on the attached map labeled Exhibit "A".

ITEM M-3
JUN 12 2015

BLNR – Issuance of Direct Lease
SCHUMAN AVIATION, LTD DBA MAKANI KAI HELICOPTERS
Honolulu International Airport
Page 2

ZONING:

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

LAND TITLE STATUS:

Section 5(e) - Public Law 88-223 - “ceded” land of the Hawaii Admission Act
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 development, construction, operation and maintenance of a Fixed-Based Hangar Facility.

TERM OF LEASE:

Thirty-Five (35) years

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$160,142.72 per annum, payable in monthly installments of \$13,345.23, in advance, based upon a ground lease rental rate of \$2.72 per square foot per annum for the premises at Honolulu International Airport.

Second Five (5) Years (Lease Years 6 through 10): \$184,164.13 per annum, payable in monthly installments of \$15,347.01, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$160,142.72) 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.

Sixth Five (5) Years (Lease Years 26 through 30): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (25th year) of the lease term.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

Three (3) Five (5)-Year Periods. The ground rental for the three five (5)-year periods beginning with the eleventh (11th), twenty-first (21st) and thirty-first (31st) years of the Lease term, 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 land lease rentals in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

\$1,500,000.00

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Schuman Aviation Company, Ltd dba Makani Kai Helicopters desires to develop, construct, operate and maintain a Fixed-Based Hangar Facility on the proposed leased area.

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 <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

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 Schuman Aviation Company, Ltd dba Makani Kai Helicopters for the purpose of developing, constructing, operating, and maintaining a Fixed-Based Hangar Facility to support a general aviation FAA Part 145 Repair Station and Fixed Based Operations to accommodate transient aircraft at Honolulu International Airport.

RECOMMENDATION:

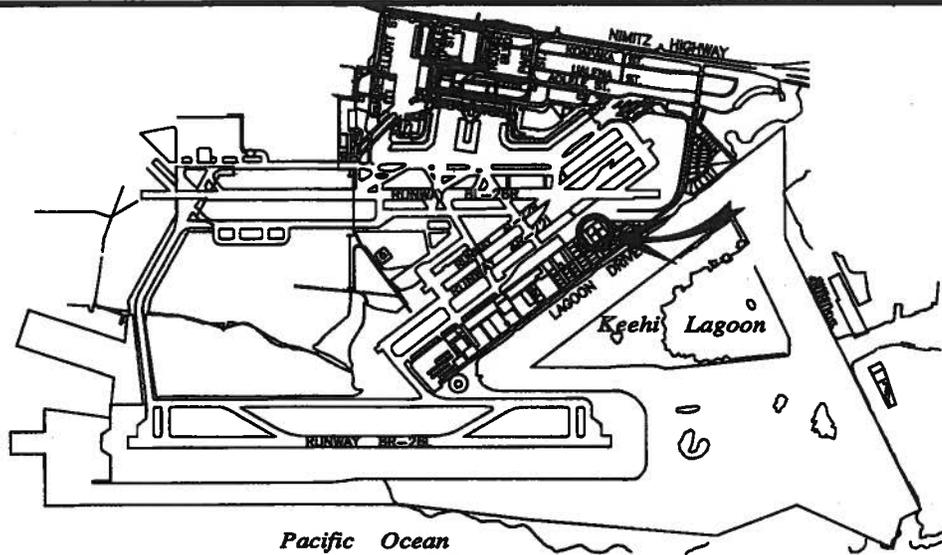
That the Board authorize the Department of Transportation to issue a direct lease to Schuman Aviation Company, Ltd dba Makani Kai Helicopters, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by 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,


FORD N. FUCHIGAMI
Director of Transportation

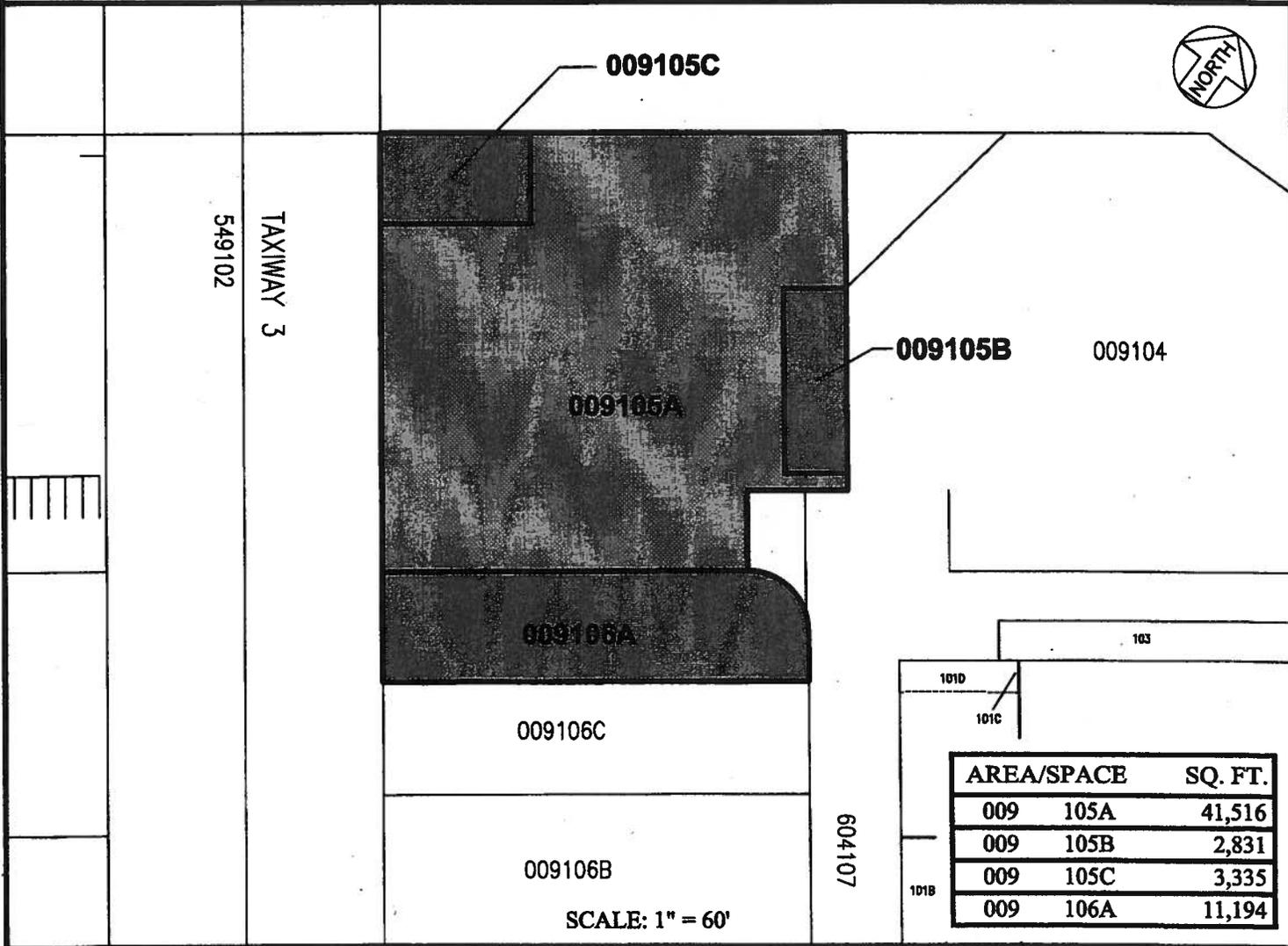
APPROVED FOR SUBMITTAL:


SUZANNE D. CASE
Chairperson and Member



LOCATION PLAN

5000:1



SCALE: 1" = 60'

DATE : MAY 2015

EXHIBIT: **A**



Airports Division

SCHUMAN AVIATION

LOTS
SOUTH RAMP
GROUND LEVEL

009105A-C
009106A

PLAT 36

HONOLULU INTERNATIONAL AIRPORT

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