

NEIL ABERCROMBIE
GOVERNOR



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
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JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE
STRAUBE'S AIRCRAFT SERVICES HAWAII, INC.
KALAELOA AIRPORT, ISLAND OF OAHU, STATE OF HAWAII

OAHU

REQUEST:

Issuance of a direct lease to Straube's Aircraft Services Hawaii, Inc. to develop, construct, operate and maintain a hangar facility for its aircraft paint and refinishing business at Kalaeloa Airport.

APPLICANT / LESSEE:

Straube's Aircraft Services Hawaii, Inc., a Hawaii corporation, whose mailing address is P.O. Box 75523, Kapolei, Hawaii 96707-0523.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Kalaeloa Airport, Ewa, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 9-1-13: 32 (portion).

AREA:

Area/Space No. 001-116, containing a land area of approximately 16,200 square feet, as shown and delineated on the attached Exhibit A.

ZONING:

State Land Use District: Urban
City and County of Honolulu: P-2 (to be rezoned in the future)

ITEM M-6

LAND TITLE STATUS:

Non-ceded land acquired from the U.S. Government by the State of Hawaii after Statehood.

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

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3861, setting aside Kalaeloa Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes.

CHARACTER OF USE:

To develop, construct, operate, and maintain a hangar facility.

TERM OF LEASE:

Twenty Five (25) years.

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$18,954.00 per annum, payable in monthly payments of \$1,579.50, in advance, based upon a ground lease rental rate of \$1.17 per square foot, per annum for improved, unpaved land at Kalaeloa Airport.

Second Five (5) Years (Lease Years 6 through 10): \$21,797.10 per annum, payable in monthly payments of \$1,816.43, in advance, based upon the product of the annual rental for the fifth (5th) year of the Lease term (\$18,954.00) 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.

Fifth Five (5) Years (Lease Years 21 through 25): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (20th year) of the Lease term.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

For the third five (5) years of the Lease term, beginning upon the first day of the eleventh (11th) year of the Lease term, the annual land rental shall be determined separately when due 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; provided however, that the annual rental for each year shall be no less than the rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to the annual land rentals in effect.

MINIMUM IMPROVEMENT REQUIREMENTS:

\$200,000

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Straube's Aircraft Services Hawaii, Inc. desires to develop, construct, operate and maintain a hangar facility on the proposed leased premises.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Final Environmental Assessment for the Kalaeloa Airfield Development Plan Improvements, State Project No. AO5011-02 dated June 2010. This Environmental Assessment was prepared by Wilson Okamoto Corp. for the State of Hawaii, Department of Transportation, Airports Division, in part to evaluate the environmental effects of the recommended Kalaeloa Airfield Master Plan to meet existing and forecast general aviation demands.

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 _____

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 Straube's Aircraft Services Hawaii, Inc, for the purpose of developing, constructing, operating and maintaining a hangar facility to support its aircraft paint and refinishing business at Kalaeloa 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 Straube's Aircraft Services Hawaii, 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,

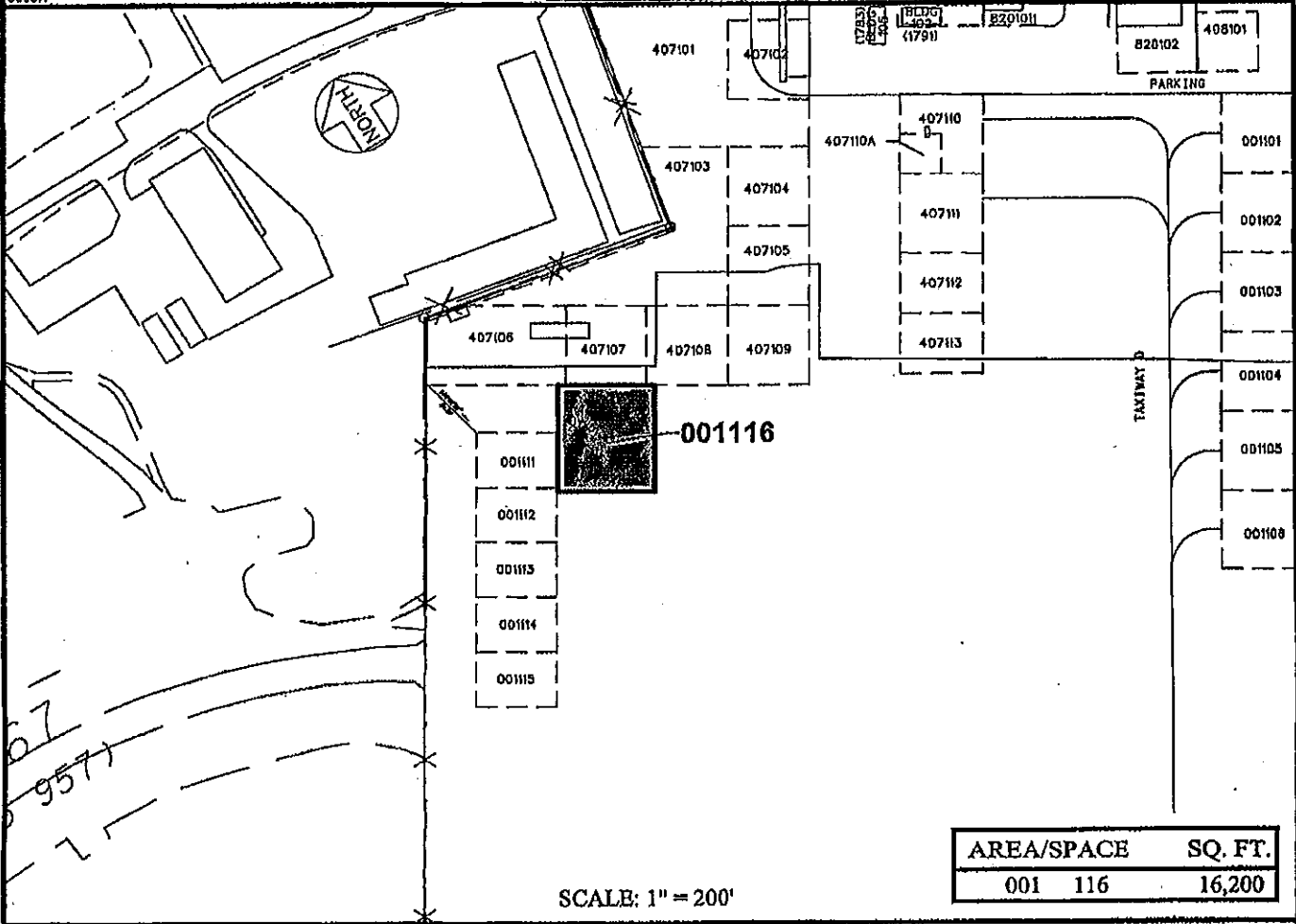
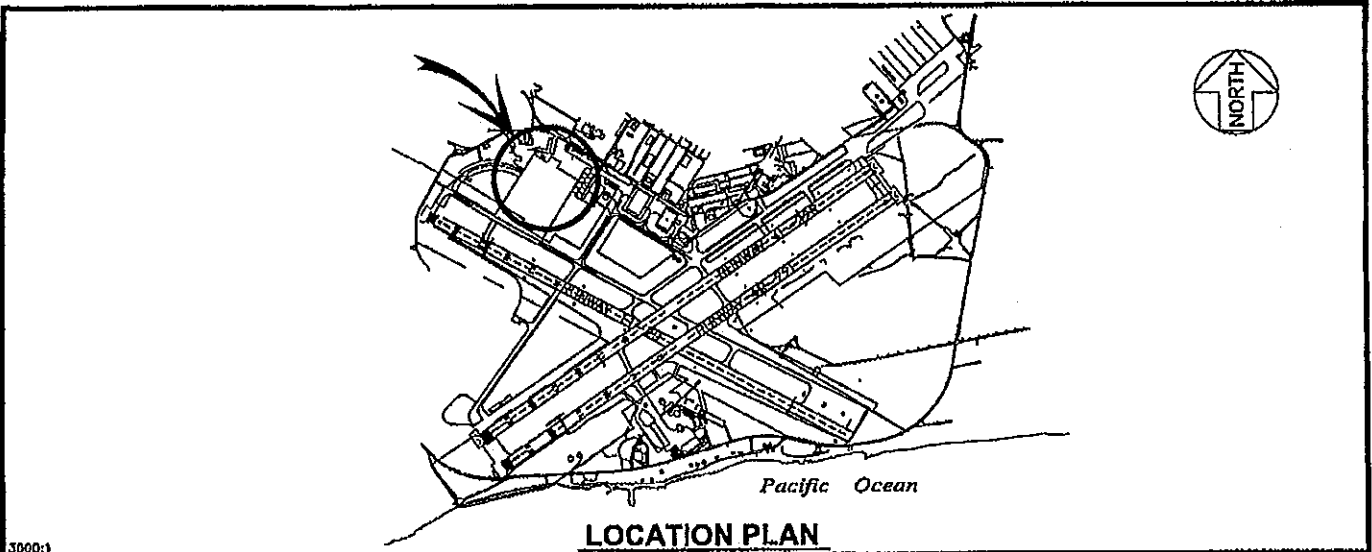


GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member



DATE : MARCH 2012 EXHIBIT: A

	<p>STRAUB'S AIRCRAFT SERVICES HAWAII, INC.</p>	<p>HANGARS</p>	<p>001116</p>
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KALAELOA AIRPORT

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