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

ISSUANCE OF A DIRECT HANGAR & FACILITIES LEASE
GUARDIAN FLIGHT, INC.
KONA INTERNATIONAL AIRPORT AT KEAHOLE
TMK: (3) 7-3-43: PORTION OF 003

REQUEST:
Issuance of a direct lease to Guardian Flight, Inc. to develop, construct, operate, maintain and repair a hangar and related facilities at Kona International Airport at Keahole (KOA)

LEGAL REFERENCE:
Section 171-59(b), Hawaii Revised Statutes, as amended

APPLICANT:
Guardian Flight, Inc. (GFI), an Alaska corporation

LOCATION AND TAX MAP KEY:
Portion of Kona International Airport at Keahole, Kailua-Kona, Island of Hawaii, identified by Tax Map Key: 3rd Division, 7-3-43: Portion of 003.

PREMISES:

EXHIBIT B
Land Area: Space No. 006-122, containing an area of approximately 53,743 square feet

TERM OF LEASE:
Thirty (30) years

LEASE COMMENCEMENT DATE:
To be determined by the Director of Transportation
ANNUAL RENTALS AND RENTAL REOPENINGS:

Due to the substantial improvements to be placed on the Premises by the Applicant in the amount of approximately $1,600,000.00, the annual lease rental for the first year is waived pursuant to Sec. 171-6 Powers, Hawaii Revised Statutes

$27,946.36 for years 2 through 5
$32,138.28 for years 6 through 10
$36,959.04 for years 11 through 15

Rental Reopening: Fair Market Rent determined by Independent Appraisal (FMR) for years 16 through 20
Fair Market Rent from year 15 of the lease term plus 115%, for years 21 through 25
Rental Reopening: Fair Market Rent for years 26 through 30

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect

ZONING:

State Land Use District: Urban and Conservation
County of Hawaii: Industrial (MG-1a) and Open

LAND TITLE STATUS:

Section 5(a), Hawaii Admission Act Ceded
DHHL 30% entitlement lands Yes No X

CURRENT USE STATUS:

Airport and aeronautical purposes

CHARACTER OF USE:

Development, construction, operation, maintenance and repair of a hangar and related facilities to support an air ambulance and air medical transportation service and operation

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: The requested land area is vacant

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

This project will have no significant impact as stated in the Final Environmental Assessment/Finding of No Significant Impact for the Airfield, Terminal and Facility
BLNR – Issuance of Direct Lease
GUARDIAN FLIGHT, INC.
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DCCA VERIFICATION:

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<td>Place of business registration confirmed:</td>
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<td>Registered business name confirmed:</td>
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<td>Good standing confirmed:</td>
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REMARKS:

In accordance with Subsection 171-59(b), HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to GFI, for the development, construction, operation, maintenance and repair of a hangar and related facilities lease at KOA. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries at KOA.

By the issuance of this direct lease, GFI provides KOA, the island of Hawaii and the State of Hawaii with an air ambulance and air medical transportation service and operation. DOT, in the public interest, has no objection to GFI’s request.

RECOMMENDATION:

That the Board authorize the issuance of a direct hangar and facilities lease to GFI at KOA, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such 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,

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

APPROVED FOR SUBMITTAL:

WILLIAM J. AILA, JR.
Chairperson and Member