



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

Deputy Directors
RANDY GRUNE
AUDREY HIDANO
ROSS M. HIGASHI
JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF A FUELING FACILITY LEASE
HAWAII FUELING FACILITIES CORPORATION
LIHUE AIRPORT
TAX MAP KEY: (4) 3-5-01: PORTION OF 8

KAUAI

REQUEST:

Issuance of a direct lease to Hawaii Fueling Facilities Corporation (HFFC) to develop, construct, operate and maintain a fueling facility at Lihue Airport (LIH)

APPLICANT:

HFFC, a Hawaii Corporation

LEGAL REFERENCE:

Section 171-59(b), Hawaii Revised Statutes (HRS), as amended

LOCATION AND TAX MAP KEY:

Portion of Lihue Airport, Lihue, Island of Kauai, identified by
Tax Map Key: 4th Division, 3-5-01: Portion of 8

AREAS:

Area/Space Nos. 004-130 and 004-131, containing areas of approximately 26,663 and 26,662 square feet, respectively as shown and delineated on the attached map labeled Exhibit "B".

ZONING:

State Land Use:	Urban
County:	Industrial (IG-STP)

BLNR – ISSUANCE OF A DIRECT LEASE
HAWAII FUELING FACILITIES CORPORATION
Page 2

LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act: Non-Ceded
DHHL, 30% entitlement lands Yes _____ No X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Fuel storage facility to provide fuel to LIH

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: HFFC desires to develop, construct, operate, use and maintain a fueling facility on the land

TERM OF LEASE:

Thirty-five (35) years

COMMENCEMENT DATE:

To be determined by the Director of Transportation

ANNUAL RENTALS AND RENTAL REOPENINGS:

Due to the substantial improvements to be constructed on the Premises by HFFC, the annual lease rental for the first year is waived pursuant to Sec. 171-6 Powers, HRS

Years 2 thru 5: \$92,785.56

Years 6 thru 10: \$106,703.28

Years 11 thru 15: \$122,708.76

Years 16 thru 20: Rental reopening thru fair market rent (FMR) determined by independent appraisal

Years 21 thru 25: FMR from year 15 times 115%

Years 26 thru 30: Rental reopening thru fair market rent (FMR) determined by independent appraisal

Years 31 thru 35: FMR from year 30 times 115%

PERFORMANCE BOND:

\$23,196.39

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>

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land areas are covered by the Environmental Assessment for Lihue Airport Ahukini Road Realignment and General Aviation Subdivision dated March 6, 1997. This Environmental Assessment evaluated the environmental effects of the recommended Airport Plan to realign Ahukini Road and the development of a General Aviation Subdivision. The assessment was prepared by the State of Hawaii, Department of Transportation, Airports Division.

REMARKS:

In accordance with Section 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 HFFC, for the development, construction, operation and maintenance of a fueling facility at LIH. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries of LIH.

By the issuance of this direct lease, HFFC will provide LIH with additional on-airport aviation fuel supply. This extra fuel storage capacity will enhance safety on the public roads by reducing the number of trips a fuel tanker truck must make daily from the site of the fuel supplier's terminal at Nawiliwili Harbor. DOT, in the public interest, has no objection to HFFC's request.

RECOMMENDATION:


That the Board authorizes the Department of Transportation to issue a direct lease to HFFC, 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,

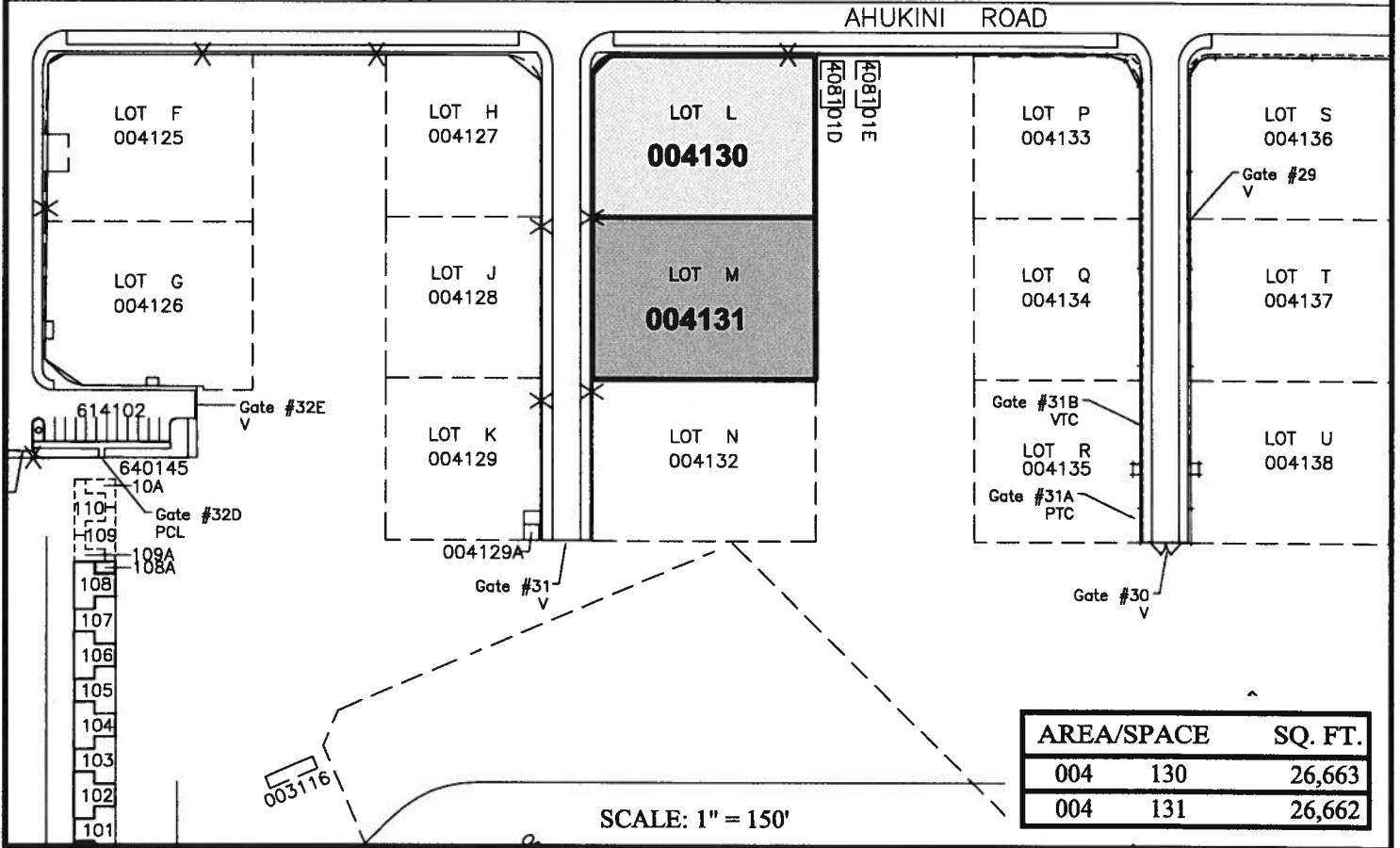
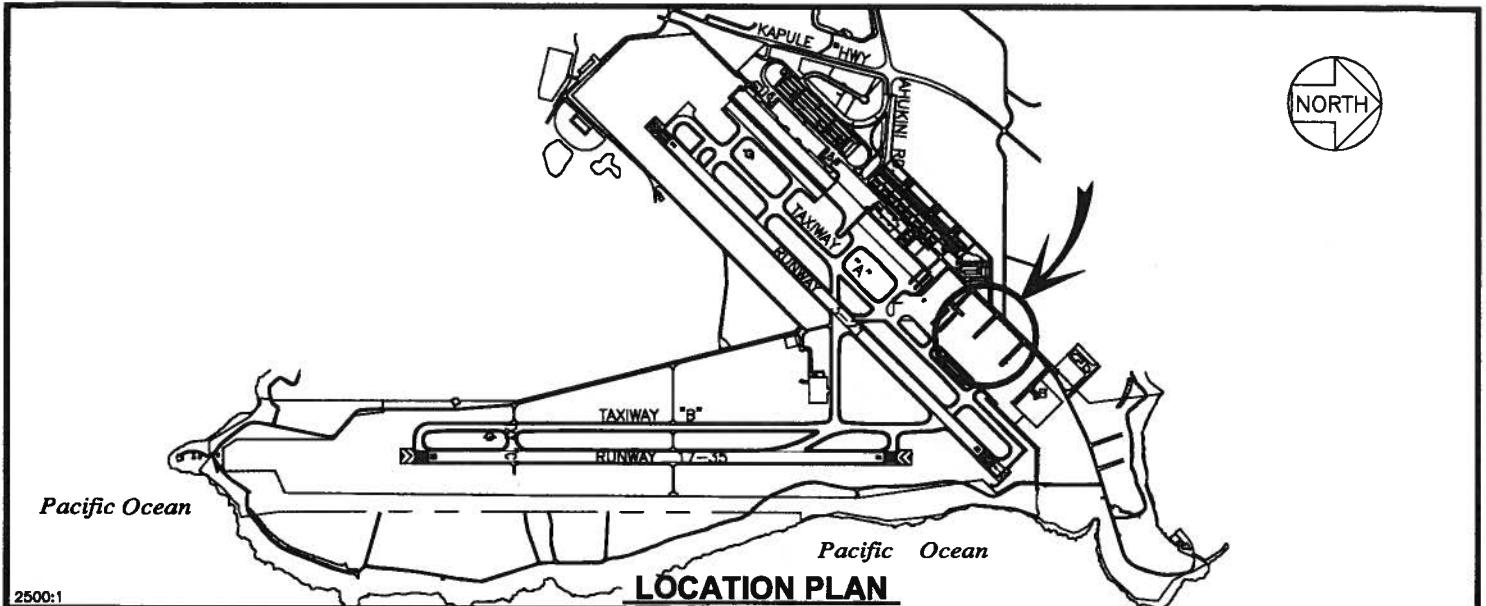


FORD N. FUCHIGAMI
Interim Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member



DATE : AUGUST 2014

EXHIBIT: **B**



HAWAII FUELING
FACILITIES CORPORATION

LOTS

004130
004131
PLATS E1. 35