

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. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

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

CONSENT TO ASSIGNMENT OF STATE LEASE NO. DOT-A-08-0002 AND  
ADDENDUM TO SAID LEASE FROM UNIVERSAL ENTERPRISES, INC. TO  
KEYSTONE HOLDINGS, LLC  
KONA INTERNATIONAL AIRPORT AT KEAHOLE  
TMK: (3) 2-1-12: PORTION OF 90 HAWAII

REQUEST:

Consent to Assignment of State Lease DOT-A-08-0002 and Addendum to said Lease both dated August 6, 2008 (collectively referred to as the "Lease") at Lihue Airport from Universal Enterprises, Inc. to Keystone Holdings, LLC

LEGAL REFERENCE:

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

APPLICANTS:

LESSEE/ASSIGNOR: Universal Enterprises, Inc. (UEI), a Hawaii corporation, having a mailing address of 95 Nakolo Place, Honolulu, Hawaii, 96819

ASSIGNEE: Keystone Holdings, LLC (KHL), a Hawaii limited liability company, having a mailing address of 95 Nakolo Place, Honolulu, Hawaii, 96819

LOCATION AND TAX MAP KEY:

Portion of Kona International Airport at Keahole, Island of Hawaii, identified by Tax Map Key: 3rd Division, 2-1-12: Portion of 90

LEASE AREA:

Area/Space Nos. 006-118 containing a land area of approximately 89,463 square feet, of improved/unpaved general aviation land, as shown and delineated on the attached Exhibit B dated December 2007.

**ITEM M-4**

BLNR – CONSENT TO ASSIGNMENT OF STATE LEASE NO. DOT-A-08-0002  
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KEYSTONE HOLDINGS, LLC

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ZONING:

State Land Use District:           Urban District  
County of Hawaii:                Industrial (ML-20)

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Ceded  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES \_\_\_ NO X

CURRENT USE STATUS:

Airport and aeronautical purposes

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a fixed base facility for aircraft

TERM OF LEASE:

Thirty (30) years: July 1, 2008 through June 30, 2038

CONSIDERATION:

The assignment of this lease constitutes the transfer of all of the capital stock (Stock Transfer) held by UEI to KHL under a Stock Purchase Agreement (SPA). The SPA discloses a consideration of Twenty-Four Million and No/100 dollars (\$24,000,000.00) for the Stock Transfer minus the estimated indebtedness of UEI based on the definition as described in the SPA on the date of closing of the sale.

RECOMMENDED PREMIUM:

None

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, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation, dated November 15, 2000, as approved by the

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Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or 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:

By way of a letter dated February 13, 2015, Mr. Michael A. Weberpal, Corporate Secretary of UEI, requested the DOTA consent to an assignment of lease by way of a Stock Transfer through a SPA from UEI to KHL. The proposed SPA has been executed by the parties with a requested closing date of March 31, 2015

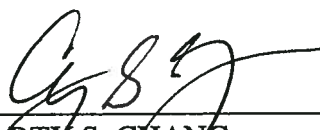
RECOMMENDATION:

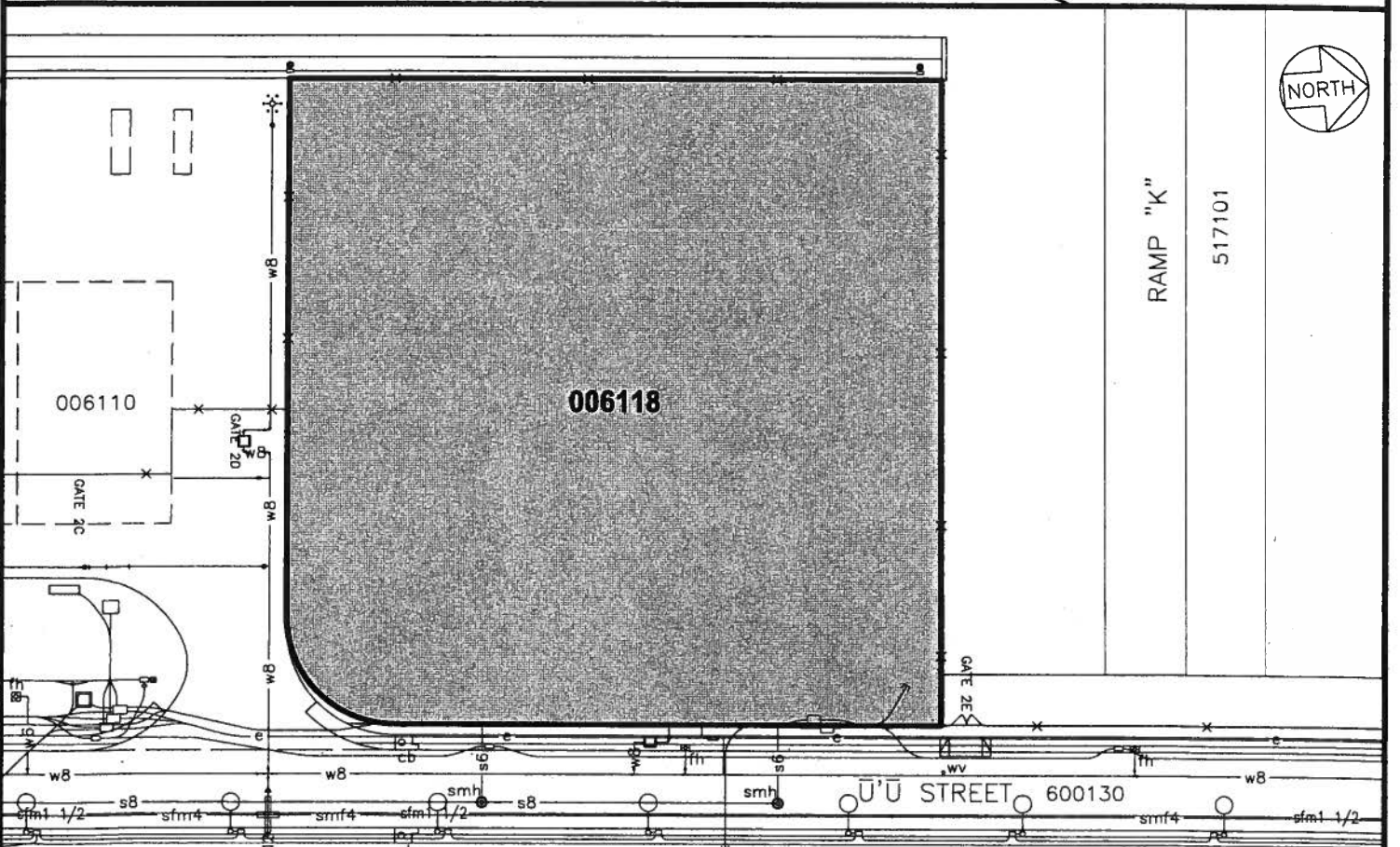
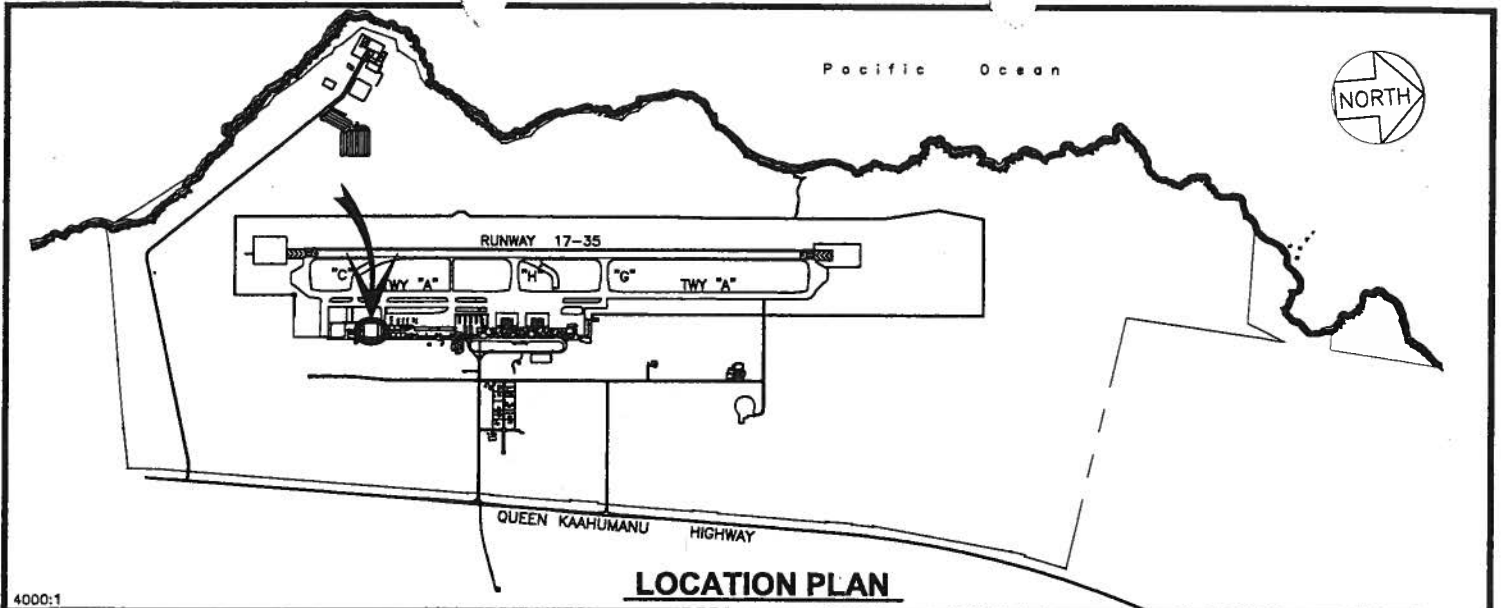
That the Board approves of and gives its consent to the Assignment involving Lease No. DOT-A-08-0002 as herein outlined, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the form and content of the Lessor's Consent to the Assignment.

Respectfully submitted,

  
FORD N. FUCHIGAMI  
Director of Transportation

APPROVED FOR SUBMITTAL:


  
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CARTY S. CHANG  
Acting Chairperson



LEGEND		SCALE: 1" = 80'	
w8	8" WATER LINE	s8	8" SEWER LINE
fh	FIRE HYDRANT	sfm1 1/2	1 1/2" SEWER FORCE MAIN
wv	WATER VALVE	smh	SEWER MANHOLE
→	WATER METER	cb	CATCH BASIN
e	ELECTRICAL LINE	○	ROADWAY LIGHT
□	HANDHOLE		

AREA/SPACE	SQ. FT.
006 118	89,463

DATE : DECEMBER 2007 EXHIBIT: **B**

 Airports Division	<b>UNIVERSAL ENTERPRISES, INC.</b> dba <b>AIR SERVICE HAWAII</b>	<b>LOTS</b> <b>SOUTH RAMP AREA</b> <b>GROUND LEVEL</b>	<b>006-118</b>  <b>PLAT 40</b>
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**KONA INTERNATIONAL AIRPORT AT KEAHOLE**

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