CONSENT TO ASSIGNMENT OF STATE LEASE NO. DOT-A-12-0008 AND ADDENDUM TO SAID LEASE, AND AMENDMENT NO. 1 TO SAID LEASE FROM UNIVERSAL ENTERPRISES, INC. TO KEYSTONE HOLDINGS, LLC LIHUE AIRPORT, TMK: (4) 3-5-01: PORTION OF 8

REQUEST:

Consent to Assignment of State Lease DOT-A-12-0008 and Addendum to said Lease both dated September 19, 2012, and Amendment No. 1 to said Lease dated August 1, 2014 (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 Lihue Airport, Island of Kauai, identified by Tax Map Key: 4th Division, 3-5-01: Portion of 8

LEASE AREAS:

Area/Space Nos. 004-136, -137, -138, -140 and -141, containing land areas of approximately 26,171, 26,172, 26,172, 16,440, and 16,440 square feet, respectively of
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ZONING:

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

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-Ceded
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES __ NO __

CURRENT USE STATUS:

Land partially encumbered by Governor’s Executive Order No. 1451, setting aside a portion of Lihue Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes

CHARACTER OF USE:

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

TERM OF LEASE:

Thirty (30) years: October 1, 2012 through September 30, 2042

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 description as described in the SPA on the date of closing of the sale.

RECOMMENDED PREMIUM:

None

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.

DCCA VERIFICATION:

LESSEE / ASSIGNOR:
Place of business registration confirmed: YES X NO ___
Registered business name confirmed: YES X NO ___
Good standing confirmed: YES X NO ___

ASSIGNEE:
Place of business registration confirmed: YES X NO ___
Registered business name confirmed: YES X NO ___
Good standing confirmed: YES X 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-12-0008 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. PUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:

CARTY S. CHANG
Acting Chairperson