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

ISSUANCE OF A DIRECT LEASE FOR LAND FOR AN AVIATION FUELING FACILITY  
HAWAII FUELING FACILITIES CORPORATION  
HILO INTERNATIONAL AIRPORT  
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

REQUEST:

Issuance of a Direct Lease to Hawaii Fueling Facilities Corporation for land for an aviation fueling facility at Hilo International Airport (ITO)

LEGAL REFERENCE:

Subsection 171-59, Hawaii Revised Statutes, as amended

APPLICANT:

Hawaii Fueling Facilities Corporation (HFFC), whose business address is 3201 Aoalele Street, Honolulu, Hawaii, 96819

AREA:

Area/Space No. 007-121, containing an area of approximately 63,706 square feet of improved, unpaved land, as shown on the attached map labeled Exhibit "A"

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawaii, identified by Tax Map Key: 3rd Division, 2-1-12: Portion of 90

ZONING:

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

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

LAND TITLE STATUS:

Section 5(a) lands (“ceded” lands) of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to Hawaii Admission Act YES _ NO _X_

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Aviation fueling facility

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: All improvements exist at the site

TERM OF LEASE:

Thirty-five (35) years

COMMENCEMENT DATE:

Upon complete execution of the direct lease

ANNUAL RENTALS:

| Lease years 1 thru 5:          | $70,076.64 |
| Lease years 6 thru 10:        | $80,588.16 |
| Lease years 11 thru 15:       | $92,676.24 |
| Lease years 16 thru 20:       | Fair market rent determined by independent appraisal and no less than annual rental of year 15 times 115% |
| Lease years 21 thru 25:       | Annual rental for year 20 times 115% |
| Lease years 26 thru 30:       | Fair market rent determined by independent appraisal and no less than annual rental of year 25 times 115% |
| Lease years 31 thru 35:       | Annual rental for year 30 times 115% |

PERFORMANCE BOND:

Equivalent to the annual rental then in effect

DCCA VERIFICATION:

Place of business registration confirmed: YES _X_
Registered business name confirmed:     YES _X_
Good standing confirmed:                YES _X_
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 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.

REMARKS:

On March 27, 2015, under Item M-10, the Board approved the issuance of a revocable permit to HFFC under the exact same facts outlined above. After further consideration to its request, HFFC decided it was in its and the DOT’s best interests to request for a long term lease instead. The DOT has no objections to HFFC’s request for a direct lease in accordance with Sections 171-59, HRS, as amended, relating generally to the Management and Disposition of Public Lands, and relating specifically to Disposition by negotiation. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industry at ITO.

RECOMMENDATION:

That the Board authorize 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,

[Signature]
FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:

[Signature]
SUZANNE D. CASE
Chairperson and member