



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
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DARRELL T. YOUNG

IN REPLY REFER TO:

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

ISSUANCE OF DIRECT LEASE TO HAWAII FUELING FACILITIES CORPORATION
TO PROVIDE FUEL STORAGE AND DELIVERY OF AVIATION FUEL VIA
UNDERGROUND PIPELINES AT HONOLULU INTERNATIONAL AIRPORT OAHU
TMK: (1) 1-1-003: PORTION OF 001, 005, 009, 038;
(1) 1-1-072: PORTION OF 022; AND (1) 1-2-0025: 020 & 021

REQUEST:

Issuance of a direct lease to Hawaii Fueling Facilities Corporation for the operation and maintenance of Aviation Fueling Facility, servicing air carriers at the Honolulu International Airport.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended.

APPLICANT / LESSEE:

Hawaii Fueling Facilities Corporation, a Hawaii corporation, whose mailing address is 3201 Aolele Street, Honolulu, Hawaii 96819

LOCATION AND TAX MAP KEY:

Portions of Honolulu International Airport, subsurface easements that run through and into bulk fuel storage areas along Sand Island Access Road Honolulu, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-003:001 (portion), 1-1-003:005 (portion), 1-1-003:009, 1-1-003:038, 1-1-072:022 (portion), 1-2-025:020 and 1-2-025:021.

AREA:

"Airport Facility"

(1) Space Nos. 001-105, 001-106, 001-107, and 001-112, containing a combined area of approximately 180,512 square feet as shown and described in Exhibit B-1 and (2) Space No. 009-117E (portion) load rack area and its appurtenances on the South Ramp at the Airport, containing an area of approximately 4,450 square feet, as shown and described in Exhibit B-3.2;

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"Sand Island Facility"

Space Nos. 010-101A, 010-101B and 010-102, containing a combined area of approximately 365,021 square feet, as shown and described in Exhibit B-2;

"Hydrant Easement"

Exclusive easement over: (1) Easements A, B, C and D, below the surface of the ground, containing a combined area of approximately 314,620 square feet, as shown and described in Exhibit B-3.1 and (2) Easement EAS-110 containing approximately 920 square feet as shown and described in Exhibit B-1;

"Subsurface Pipeline Easement"

Non-exclusive easement over Easements know as EAS-101A, below the surface of the ground, containing an total area of approximately 359,544 square feet, approximately 236,348 square feet of which is on the Airport and 123,196 square feet of which is off of the Airport (the "Off Airport Easement Area"), as shown and described in Exhibit B-4.

ZONING:

State Land Use District:	Urban
City and County of Honolulu:	I-2 (Industrial)

LAND TITLE STATUS:

Section 5(e) - Public Law 88-223 - "ceded" land of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES X NO ____

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, 3202 and 3203 setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

The redevelopment, construction, operation and maintenance of bulk and satellite fuel storage facilities, subsurface pipelines, above ground load rack, and fuel hydrant systems to be provided to air carriers at Honolulu International Airport.

TERM OF LEASE:

Thirty-five (35) years

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

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LEASE RENTAL:

Airport Facility Land Rental.

Annual Rental for the First 5-Year Period. For the first five (5)-year period of the Lease an annual rental in the sum of SIX HUNDRED TWELVE THOUSAND, TWO HUNDRED TWENTY-FOUR AND 22/100 Dollars (\$612,224.22).

Annual Rental for Second 5-Year Period. For the second five (5)-year period an annual rental in the sum of SEVEN HUNDRED FOUR THOUSAND, FIFTY-SEVEN AND 85/100 Dollars (\$704,057.85), based upon the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third 5-Year Period. For the third five (5)-year period an annual rental in the sum of EIGHT HUNDRED NINE THOUSAND, SIX HUNDRED SIXTY-SIX AND 54/100 Dollars (\$809,666.54), based upon the product of the annual rental for the tenth (10th) year of the Lease term and 115%.

For the fourth five (5)-year reopening lease period and the sixth five (5)-year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

For the fifth and seventh five (5)-year lease periods, the land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

Sand Island Facility Land Rental.

Annual Rental for the First 5-Year Period. For the first five (5)-year period of the Lease term an annual rental in the sum of ONE MILLION, FIVE HUNDRED FIVE THOUSAND, SEVEN HUNDRED ELEVEN AND 63/100 Dollars (\$1,505,711.63).

Annual Rental for Second 5-Year Period. For the second five (5)-year period an annual rental in the sum of ONE MILLION, SEVEN HUNDRED THIRTY-ONE THOUSAND, FIVE HUNDRED SIXTY-EIGHT AND 37/100 Dollars (\$1,731,568.37), based upon the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third 5-Year Period. For the third five (5)-year period an annual rental in the sum of ONE MILLION, NINE HUNDRED NINETY-ONE THOUSAND, THREE HUNDRED THREE AND 63/100 Dollars (\$1,991,303.63), based upon the product of the annual rental for the tenth (10th) year of the Lease term and 115%.

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For the fourth five (5)-year reopening lease period and the sixth five (5) year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

For the fifth and seventh five (5)-year lease periods, the land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

On Airport Easement Rental.

The "On Airport Easement Area" includes the area of the Hydrant Easement (314,620 square feet) and a portion of the Subsurface Easement (236,348 square feet), and exclusive on-airport easement EAS-110 (920 square feet) which contain a total area of approximately 551,888 square feet.

Annual Rental for the First 5-Year Period. For the first five (5)-year period of the Lease term an annual rental in the sum of THREE HUNDRED SIXTY-NINE THOUSAND, SEVEN HUNDRED SIXTY-FOUR AND 96/100 Dollars (\$369,764.96).

Annual Rental for Second 5-Year Period. For the second five (5)-year period, LESSEE shall pay to STATE an annual rental in the sum of FOUR HUNDRED TWENTY-FIVE THOUSAND, ONE HUNDRED SIXTY-EIGHT AND 06/100 Dollars (\$425,168.06), based upon the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third 5-Year Period. For the third five (5)-year period, an annual rental in the sum of FOUR HUNDRED EIGHTY-EIGHT THOUSAND, NINE HUNDRED FORTY-THREE AND 27/100 Dollars (\$488,943.27), based upon the product of the annual rental for the tenth (10th) year of the Lease term and 115%.

For the fourth five (5)-year reopening lease period and the sixth five (5) year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

For the fifth and seventh five (5)-year lease periods, the land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

Off Airport Easement Rental.

The "Off Airport Easement Area" includes a portion of the Subsurface Easement, which contains a total area of approximately 123,196 square feet.

Annual Rental for the First 5-Year Period. For the first five (5)-year period of the Lease term, an annual rental in the sum of EIGHTY-EIGHT THOUSAND, SEVEN HUNDRED ONE AND 12/100 Dollars (\$88,701.12).

Annual Rental for Second 5-Year Period. For the second five (5)-year period an annual rental in the sum of ONE HUNDRED TWO THOUSAND, SIX AND 29/100 Dollars (\$102,006.29), based upon the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third 5-Year Period. For the third five (5)-year period, LESSEE shall pay to STATE an annual rental in the sum of ONE HUNDRED SEVENTEEN THOUSAND, THREE HUNDRED SEVEN AND 23/100 Dollars (\$117,307.23), based upon the product of the annual rental for the tenth (10th) year of the Lease term and 115%.

For the fourth five (5)-year reopening lease period and the sixth five (5) year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

For the fifth and seventh five (5)-year lease periods, the land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to one-fourth of the annual land lease rentals in effect.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Hawaii Fueling Facilities Corporation shall operate and maintain Aviation Fueling Facility servicing commercial air carriers.

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

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maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

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>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to Hawaii Fueling Facilities Corporation for the operation, and maintenance of a fueling facility servicing general aviation aircraft at Honolulu International Airport. The DOT has determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:


That the Board authorize the Department of Transportation to issue a direct lease to Hawaii Fueling Facilities Corporation, 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,

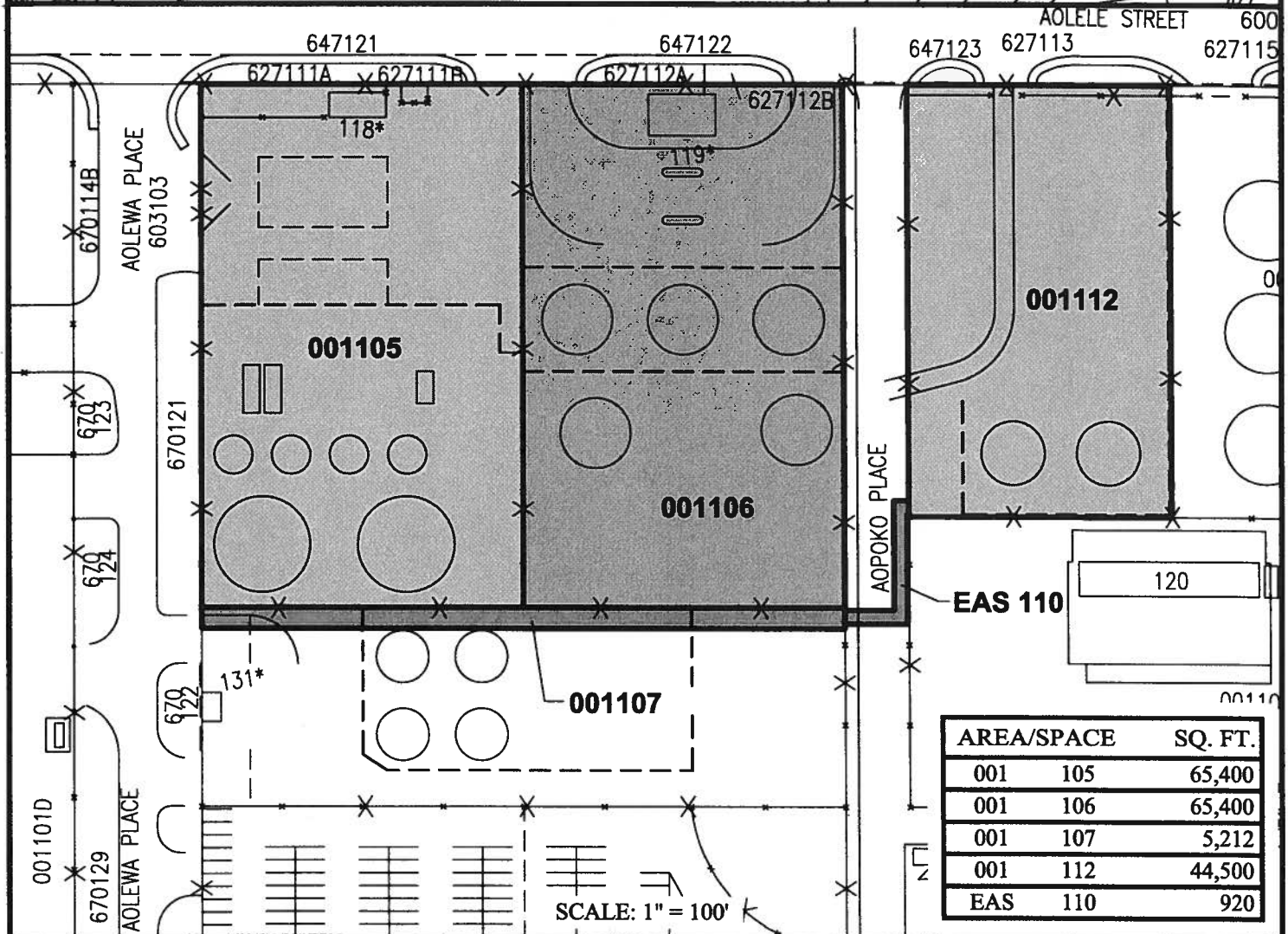
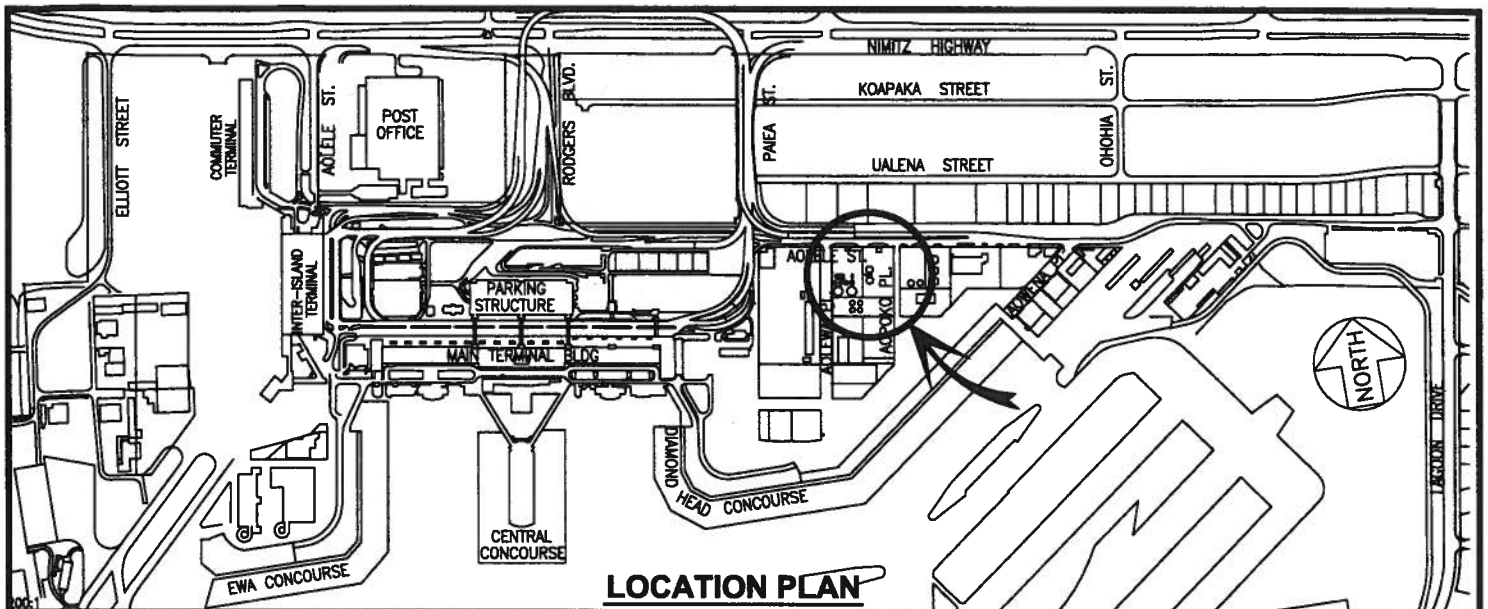


FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



DATE : NOVEMBER 2011

EXHIBIT: **B-1**



Airports Division

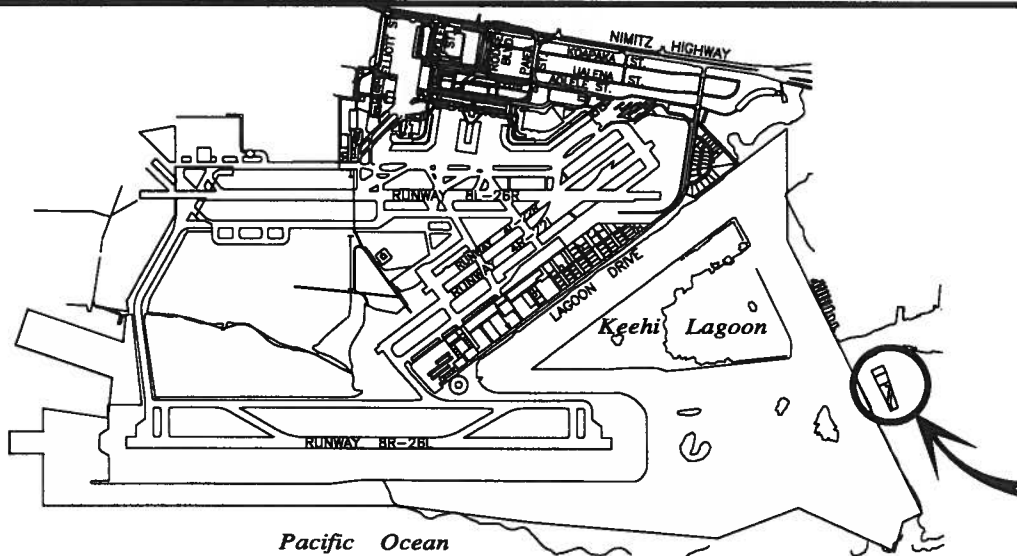
**HAWAII FUELING
FACILITES CORPORATION**

**NORTH RAMP
GENERAL AVIATION AREA**

**001105-107
001112
EAS 110
PLAT 26**

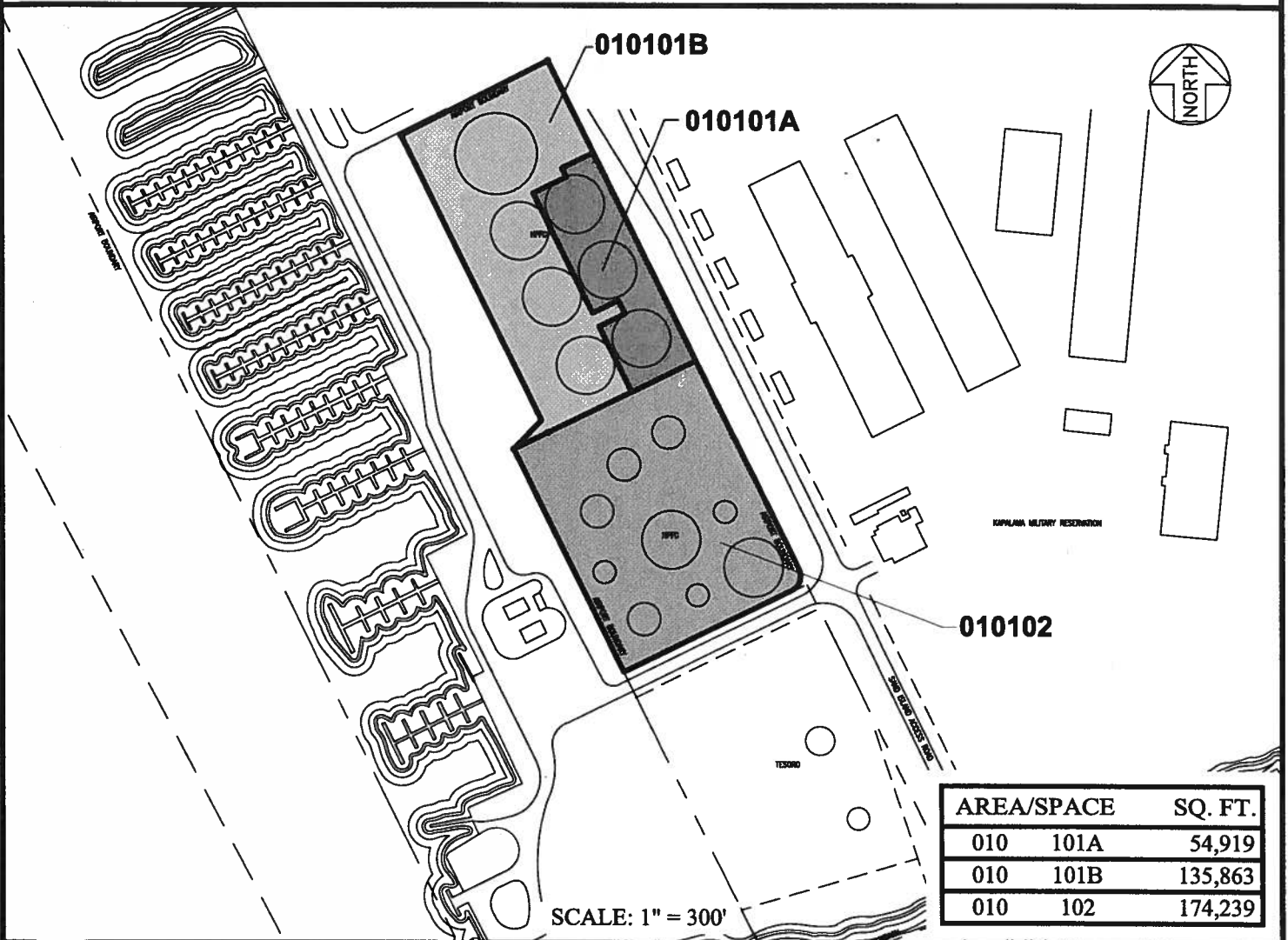
HONOLULU INTERNATIONAL AIRPORT

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LOCATION PLAN

5000:1



DOTA-83-0025

DATE : NOVEMBER 2011

EXHIBIT: **B-2**



Airports Division

**HAWAII FUELING
FACILITIES CORPORATION**

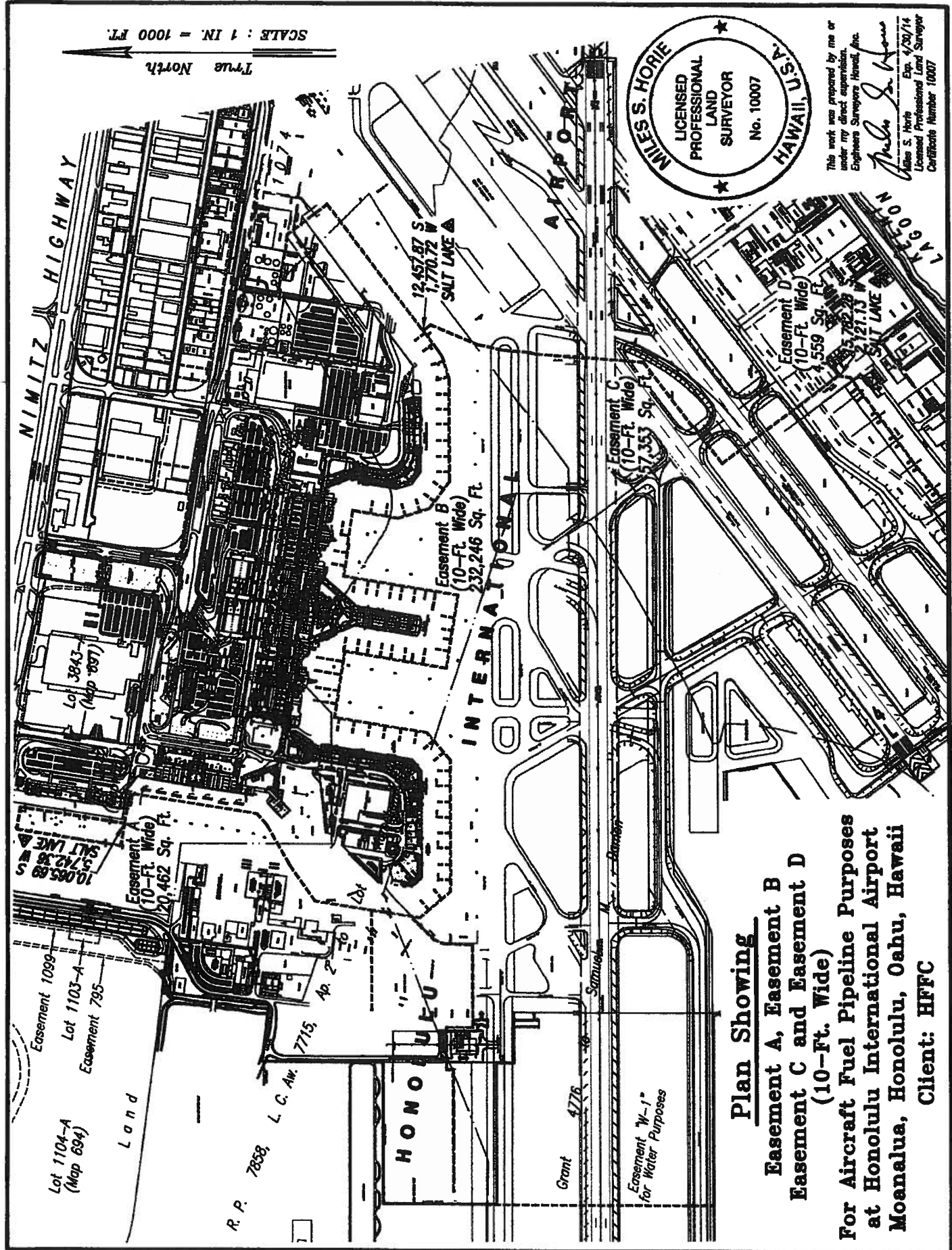
**SAND ISLAND
ACCESS ROAD AREA**

**010101A,B
010102**

HONOLULU INTERNATIONAL AIRPORT

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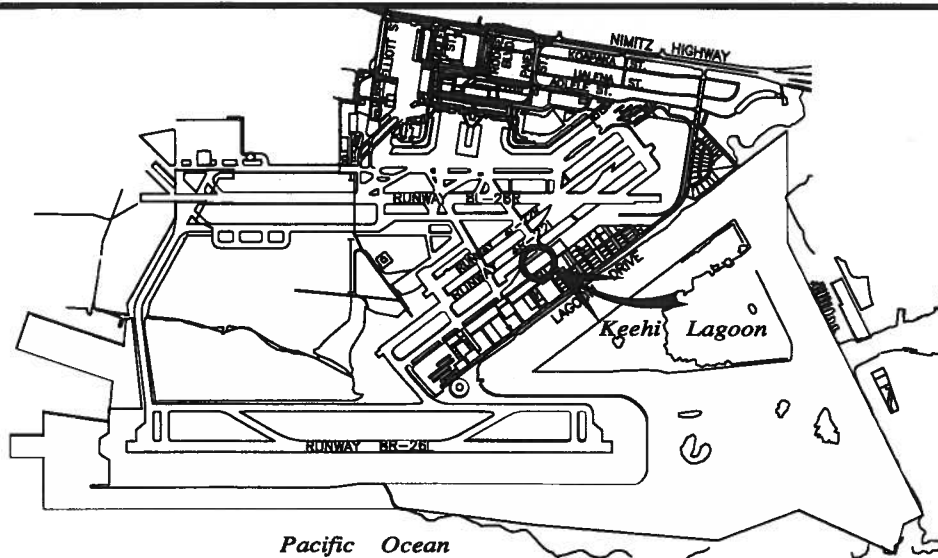
Exhibit B-3.1



Plan Showing

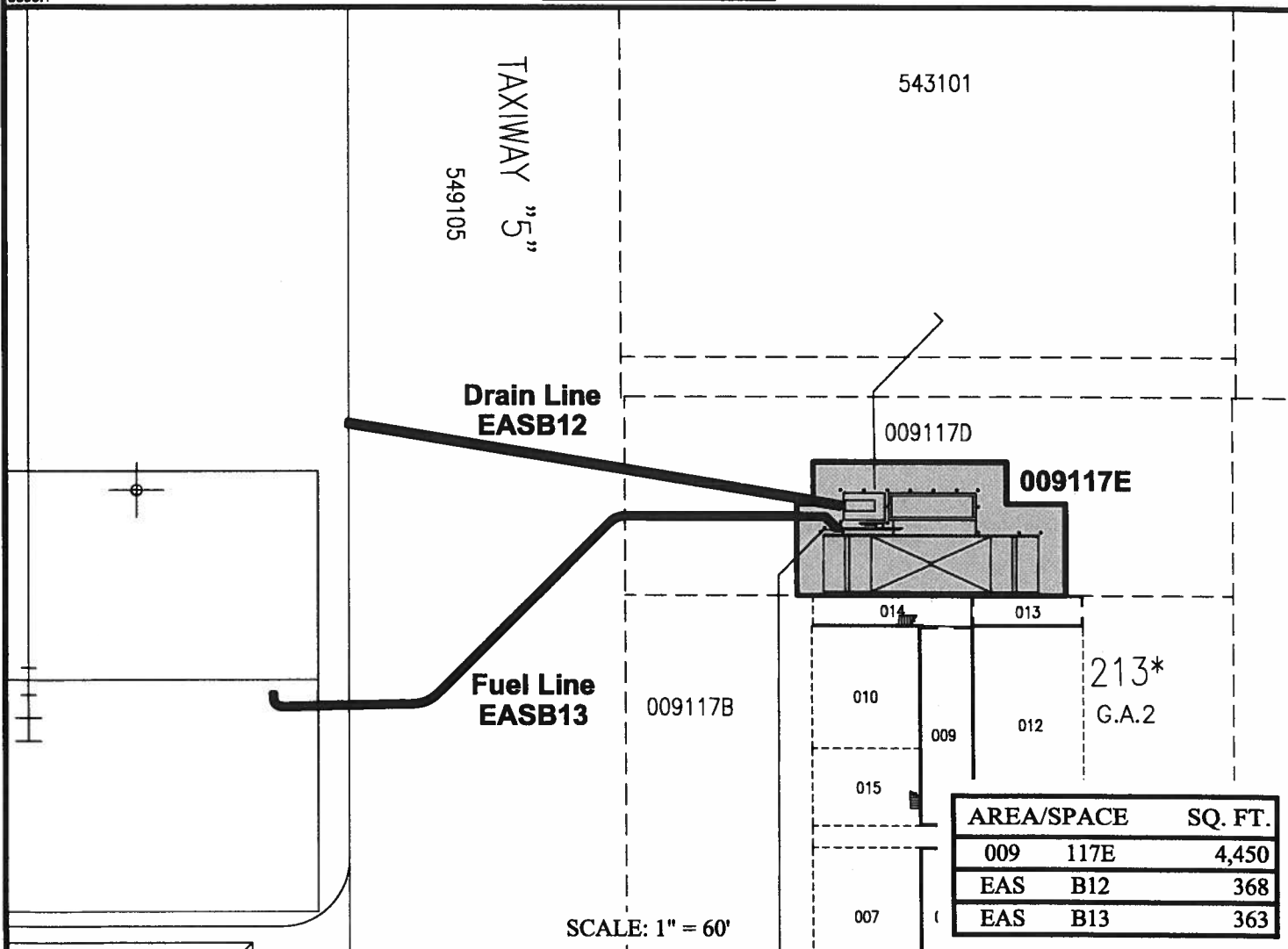
Easement A, Easement B
Easement C and Easement D
(10-Ft. Wide)

For Aircraft Fuel Pipeline Purposes
at Honolulu International Airport
Moanalua, Honolulu, Oahu, Hawaii
Client: HFFC



LOCATION PLAN

5000:1



DATE : SEPTEMBER 2015

EXHIBIT: B-3.2



Airports Division

**HONOLULU FUELING
FACILITIES CORPORATION**

**GENERAL AVIATION AREA
SOUTH RAMP**

**009117E
EASB12
EASB13
PLAT 35**

HONOLULU INTERNATIONAL AIRPORT

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