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

AMENDMENT NO. 1 TO STATE LEASE NO. DOT-A-09-0001
SMOKY MOUNTAIN HELICOPTERS, INC.
PORT ALLEN AIRPORT
TAX MAP KEY: (4) 1-8-08: PORTION OF 4

KAUAI

The Department of Transportation, Airports Division (DOTA) and Smoky Mountain Helicopters, Inc. (SMH) entered into State Lease No. DOT-A-09-0001 ("the Lease") dated January 20, 2009, to develop, construct, operate and maintain a fixed-base facility at Port Allen Airport (PAK), Island of Kauai

REQUEST:

SMH desires to amend the Lease to include areas adjacent to the areas previously approved by the Land Board under the Lease.

APPLICANT:

SMOKY MOUNTAIN HELICOPTERS, INC., a Delaware corporation, authorized to do business in the State of Hawaii.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Port Allen Airport, Hanapepe, Island of Kauai, identified by Tax Map Key: 4th Division, 1-8-08: Portion of 4.

ITEM M-26
BLNR – AMENDMENT NO. 1 TO LEASE NO. DOT-A-09-0001
SMOKY MOUNTAIN HELICOPTERS, INC.
PAGE 2

AREAS:

Original: Area/Space Nos. 001-102, -111, -112, and -113 of general aviation lands, with areas as shown and delineated on the attached Exhibit B, dated August, 2008


ZONING:

State Land Use: Urban
County: Open

LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act: Ceded
DHHL, 30% entitlement lands Yes____ No X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Operation, use and maintenance of a fixed-base facility

TERM OF LEASE:

Twenty-five (25) years

LEASE COMMENCEMENT DATE

January 1, 2009

ANNUAL LAND RENTALS:

Original: $14,206.80*
Lease years 1-5: $14,206.80
Lease years 6-10: $16,338.00
Lease years:11-15: $18,789.00

As Amended: $14,206.80
Lease years 1-5: $14,206.80
Lease years 6-10: increase of $7,700.00
Lease years 11-15: increase of $8,855.00

*As determined from the DOTA schedule of rates and charges established by appraisal of Airports property statewide
REOPENING OF ANNUAL LAND RENTALS:

Lease years: 16-20: Determined by appraisal
Lease years: 21-25: Determined by appraisal

PERFORMANCE BOND:

Sum equal to the annual land rentals in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

None

ANNUAL LAND RENTAL COMMENCEMENT:

Upon execution of the amendment

PROPERTY CHARACTERISTICS:

Utilities: All utilities exist on site
Improvements: All improvements exist on site

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.

DCCA VERIFICATION:

Place of business registration confirmed: YES  X  NO
Registered business name confirmed: YES  X  NO
Good standing confirmed: YES  X  NO
REMARKS:

The DOTA and SMH entered into the Lease dated January 20, 2009, to develop, construct, operate and maintain a fixed-base facility at PAK. The original issuance of the direct Lease by negotiation was determined to encourage competition within the aeronautical, airport-related industries, and therefore, met the requirement set forth in Subsection 171-59(b), HRS, as amended. SMH now requests areas adjacent to it under existing parking permits to be added to the Lease to the areas previously approved by the Land Board at its meeting held on December 12, 2008, under Item No. M-5. The DOTA, in the public interest, has no objection to SMH's request.

RECOMMENDATION:

That the Board approves Amendment No. 1 to the Lease 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 amendment's form and content.

Respectfully submitted,

FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member