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

AMENDMENT NO. 1 TO STATE LEASE NO. DOT-A-14-0017
HAWAII FUELING FACILITIES CORPORATION
LIHU‘E AIRPORT
TAX MAP KEY: (4) 3-5-01: PORTION OF 8

KAUA‘I

The Department of Transportation, Airports Division (DOTA) and Hawaii Fueling Facilities Corporation (HFFC) entered into State Lease No. DOT-A-14-0017 (Lease) dated December 1, 2014, to develop, construct, operate and maintain a fueling facility at Lihue Airport (LIH), Island of Kaua‘i.

REQUEST:

HFFC desires to amend the Lease to include an adjacent area to areas previously approved by the Land Board under the Lease.

APPLICANT:

HFFC, a Hawai‘i corporation, authorized to do business in the State of Hawai‘i

LEGAL REFERENCE:

Subsection 171-59(b), Hawai‘i Revised Statutes (HRS), as amended

LOCATION AND TAX MAP KEY:

Portion of LIH, Lihue, Island of Kaua‘i, identified by Tax Map Key: 4th Division, 3-5-01: Portion of 8

AREAS:

Original: Area/Space Nos. 004-130 and -131, containing land areas of approximately 26,663 and 26,662 square feet, respectively of improved/unpaved general aviation lands, as shown and delineated on the attached Exhibit B, dated August 2014.

ITEM M-8
As Amended: Area/Space Nos. 004-130, -131, and -132, containing land areas of approximately 26,663, 26,662, and 26,662 square feet, respectively, of improved/unpaved general aviation lands, as shown and delineated on the attached Exhibit C dated February 2016.

ZONING:

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

LAND TITLE STATUS:

Section 5(a), Hawai’i Admissions Act
DHHL, 30% entitlement lands Yes No X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a fueling facility

TERM OF LEASE:

Thirty (35) years

LEASE COMMENCEMENT DATE

December 1, 2014

ANNUAL LAND RENTALS:

Original:
Lease years 1-5: $92,785.56 (as determined from the DOTA schedule of rates and charges established by appraisal of Airports property statewide)
Lease years 6-10: $106,703.28
Lease years 11-15: $122,708.76
Lease years 16-20: Rental reopening thru fair market rent (FMR) determined by independent appraisal
Lease years 21-25: FMR from year 20 times 115%
Lease years 26-30: Rental reopening thru fair market rent (FMR) determined by independent appraisal
Lease years 31-35: FMR from year 30 times 115%
Amended:

Lease years 1-5: $139,177.44 (as determined from the DOTA schedule of rates and charges established by appraisal of Airports property statewide)
Lease years 6-10: $160,053.96
Lease years 11-15: $184,062.00
Lease years 16-20: Rental reopening thru fair market rent (FMR) determined by independent appraisal
Lease years 21-25: FMR from year 20 times 115%
Lease years 26-30: Rental reopening thru fair market rent (FMR) determined by independent appraisal
Lease years 31-35: FMR from year 30 times 115%

PERFORMANCE BOND:

Sum equal to the annual land rentals in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

The Lessee shall invest the sum of not less than $1,000,000.00 for upgrading and improving the leased premises and constructing fueling facility improvements and other accessory leasehold improvements on the leased premises. The upgraded and improved leased premises and fueling facility and other accessory improvements shall be constructed in accordance with construction plans, drawings, and specifications approved by the DOTA, in writing, prior to the commencement of any construction work.

ANNUAL LAND RENTAL COMMENCEMENT:

Upon execution of the amendment

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: HFFC desires to develop, construct, operate, use and maintain a fixed base facility on the proposed, amended leased premises

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land areas are covered by the Environmental Assessment for LIH 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, DOTA.
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 HFFC entered into the Lease dated December 1, 2014, to develop, construct, operate and maintain a fueling facility at LIH. 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. HFFC now requests an area adjacent to areas previously approved by the Land Board under the Lease to operate a fueling facility at LIH. The DOTA, in the public interest, has no objection to HFFC’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 legal form and content.

Respectfully submitted,

FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member