

DAVID Y. IGE
GOVERNOR



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
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

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

ISSUANCE OF A FIXED-BASE FACILITY LEASE
JACK HARTER HELICOPTERS, INC.
LIHUE AIRPORT
TAX MAP KEY: (4) 3-5-01: PORTION OF 8

KAUAI

REQUEST:

Issuance of a fixed-base facility (FBO) lease to Jack Harter Helicopters, Inc. for the operation, use and maintenance of a FBO operation at Lihue Airport (LIH)

APPLICANT:

JACK HARTER HELICOPTERS, INC. (JHH), a Hawaii corporation, authorized to do business in the State of Hawaii.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Lihue Airport, Lihue, Island of Kauai, identified by
Tax Map Key: 4th Division, 3-5-01: Portion of 8

AREAS:

Area/Space No. 004-129, containing an area of approximately 18,113 square feet of improved, unpaved land as shown and delineated on the attached exhibit labeled "Exhibit A"

ZONING:

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

ITEM M-10

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LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act: Non-Ceded
DHHL, 30% entitlement lands Yes ___ No X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Operation, use and maintenance of a FBO

TERM OF LEASE:

Thirty-five (35) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation

ANNUAL LAND RENTALS:

Lease years 1-5: \$ 31,516.68 (as determined from the DOTA schedule of rates
and charges established by appraisal of Airports property statewide)
Lease years 6-10: \$ 36,244.20 (115% x Year 5)
Lease years 11-15: \$ 41,680.80 (115% x Year 10)
Lease years 16-20: Fair market rental determined by an independent appraisal
Lease years 21 & 25: Fair market rental determined by an independent appraisal
Lease years 26-30: Fair market rental determined by an independent appraisal
Lease years 31-35: Fair market rental determined by an independent appraisal

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect

ANNUAL LAND RENTAL COMMENCEMENT:

Upon determination by the Director of Transportation

PROPERTY CHARACTERISTICS:

Utilities: JHH occupies and uses the utilities on site under Revocable Permit 8210
Improvements: JHH occupies and uses improvement on site under Revocable Permit 8210

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CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land area is 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:

Place of business registration confirmed:	YES <u>X</u>
Registered business name confirmed:	YES <u>X</u>
Good standing confirmed:	YES <u>X</u>

REMARKS:

At its December 11, 2015 Meeting, the State Land Board decided lease requests must satisfy the public notice by auction process first before a direct lease is entertained.

After the Meeting, and in deference to the Land Board, the Department of Transportation (DOT) performed research which resulted in its decision to submit this direct lease request because it would risk its compliance with USFAA's Grant Assurances. Grant Assurance No. 22 c. provides that each fixed-base operator* at the airport shall be subject to the same rental rates applicable to all other fixed-base operators making the same or similar uses of such airport to serve any air carrier at such airport. The DOT argues that a public notice by auction for this disposition would likely cause disparate rental rates.

Therefore, in accordance with Subsection 171-59(b), HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the DOT proposes to issue a direct lease to JHH, for the operation, maintenance and repair of a fixed-base operation facility. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries at LIH.

*Fixed-Base Operator is defined as a private company which provides on-airport facilities and services for various aviation-related activities. These typically include and are not limited to facilities and services needed for such services as aircraft maintenance and repair, aircraft charters, flight training, aircraft refueling, etc.

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RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a FBO lease to JHH 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,

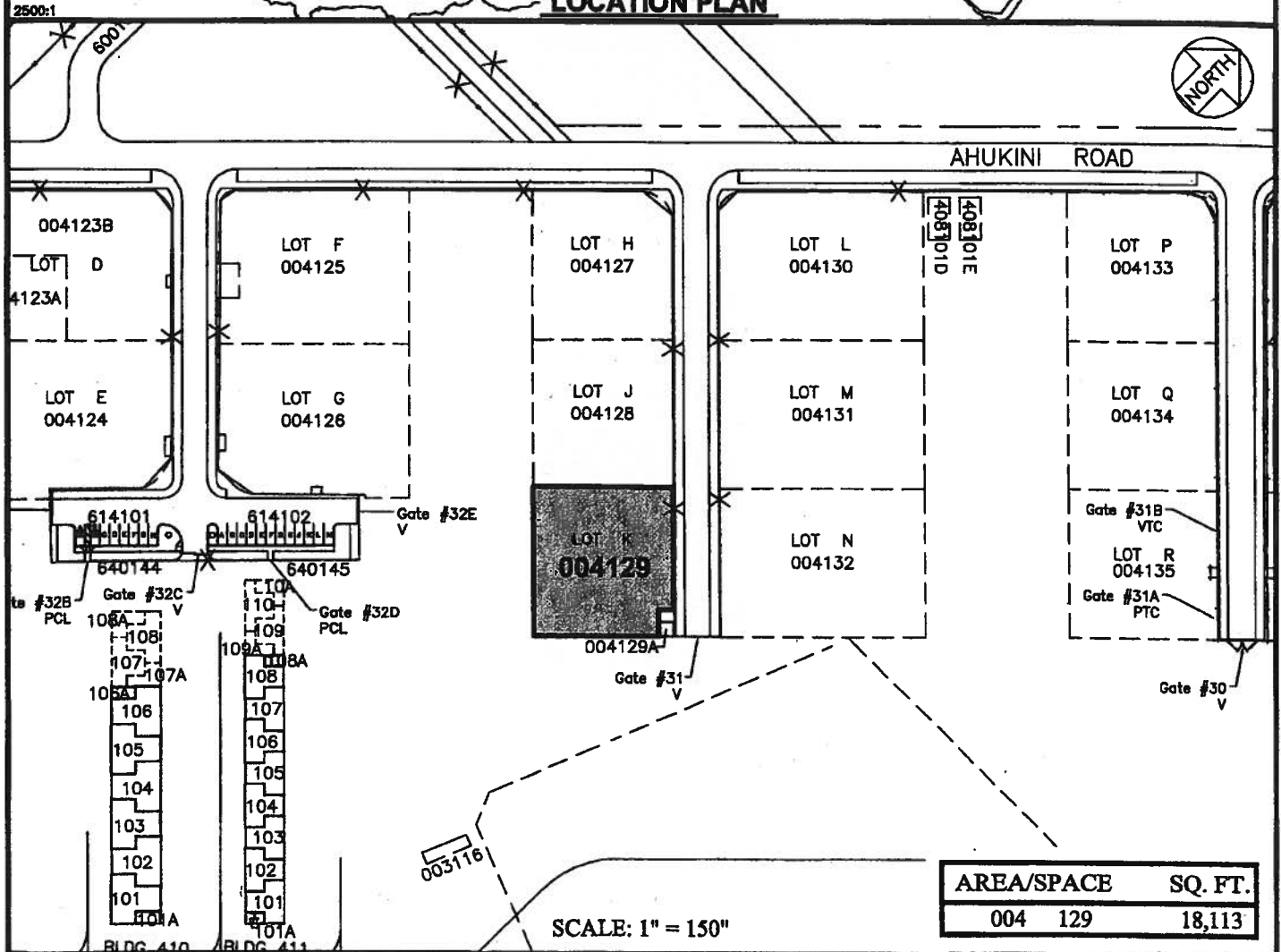
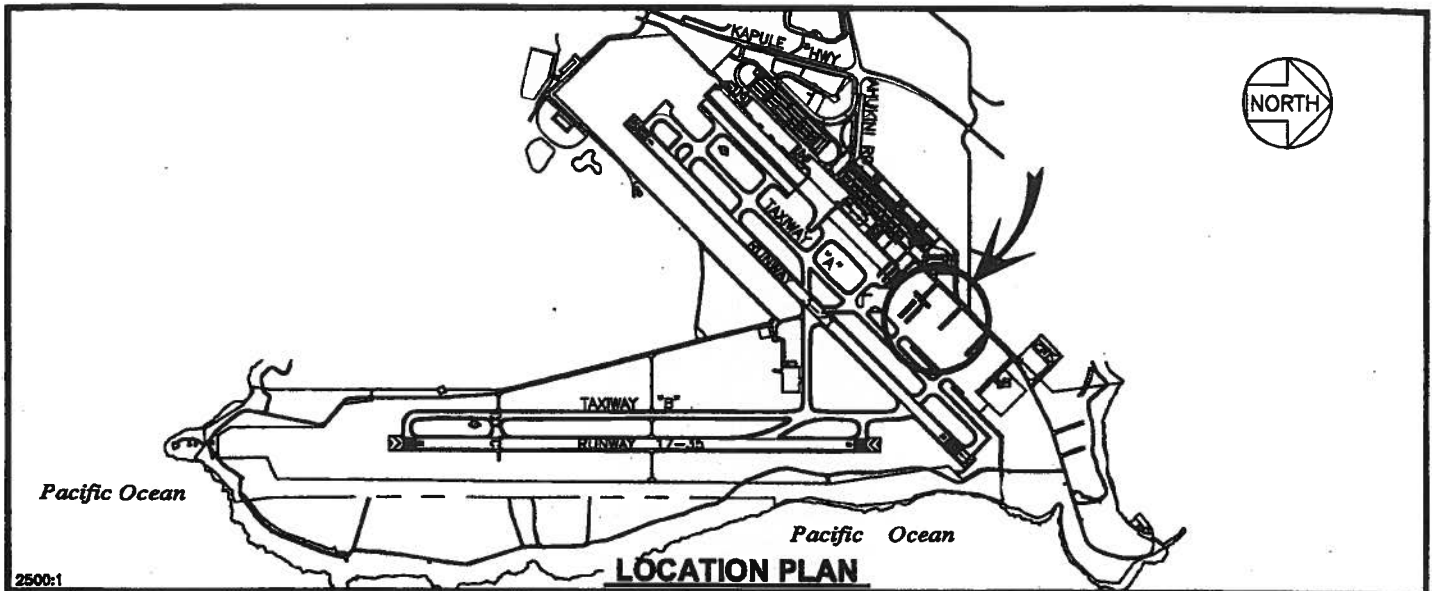


FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



DATE

EXHIBIT: **A**



Airports Division

JACK HARTER HELICOPTERS, INC.

LOT

004129

PLATS E1, 35

LIHUE AIRPORT