

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
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FORD N. FUCHIGAMI
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF DIRECT LEASE TO HYAK AVIATION LLC
TMK no. (1) 1-1-072:011 (portion)
HONOLULU INTERNATIONAL AIRPORT

OAHU

REQUEST:

Issuance of a direct lease to Hyak Aviation LLC for the development, construction, operation, and maintenance of a private hangar facility, located on the South Ramp at Honolulu International Airport.

LEGAL REFERENCE:

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

APPLICANT / LESSEE:

Hyak Aviation LLC, incorporated under the laws of Nevada authorized to do business in the State of Hawaii.

LOCATION AND TAX MAP KEY:

Portion of Honolulu International Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-072:011 (portion).

AREA:

Lot/Space Nos. 009-107C, containing an area of approximately 24,522 square feet of improved, paved land, as delineated on the attached map labeled Exhibit A.

ZONING:

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

ITEM M-1

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-ceded
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES NO

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, 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:

Development, construction, operation, and maintenance of a private hangar facility.

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$51,005.76 per annum, payable in monthly payments of \$4,250.48, in advance, based upon present ground lease rental rate of \$2.08 per square foot, per annum for the premises at Honolulu International Airport

Second Five (5) Years (Lease Years 6 through 10): \$58,656.62 per annum, payable in monthly payments of \$4,888.05, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$51,005.76) and 115%.

Third Five (5) Years (Lease Years 11 through 15): For the third five (5) years of the Lease term, beginning upon the first day of the eleventh (11th) year of the Lease term, the annual land rental shall be determined separately when due in accordance with Article VI. (Reopening of Rent) of the Lease; provided however that the land rental for each year shall be no less than a rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

Fourth Five (5) Years (Lease Years 16 through 20): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (15th year) of the lease term.

Fifth Five (5) Years (Lease Years 20 through 25): For the fifth five (5) years of the Lease term, beginning upon the first day of the twentieth (20th) year of the Lease term, the annual land rental shall be determined separately when due in accordance with Article VI. (Reopening of Rent) of the Lease; provided however that the land rental for each year shall be no less than a rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

Sixth Five (5) Years (Lease Years 26 through 30): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (25th year) of the lease term.

PERFORMANCE BOND:

Sum equal to the annual land rentals in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

\$1,500,000.00

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Hyak Aviation. LLC desires to develop, construct, operate and maintain a private hangar facility on the proposed leased premises.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and commercial aviation needs of the island of Oahu through the year 2005 and was prepared for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

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 Hyak Aviation, LLC for the purpose of developing, constructing, operating, and maintaining a private hangar facility for general aviation purposes 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:

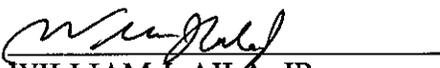
That the Board authorize the Department of Transportation to issue a direct lease to Hyak Aviation, LLC, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best 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.

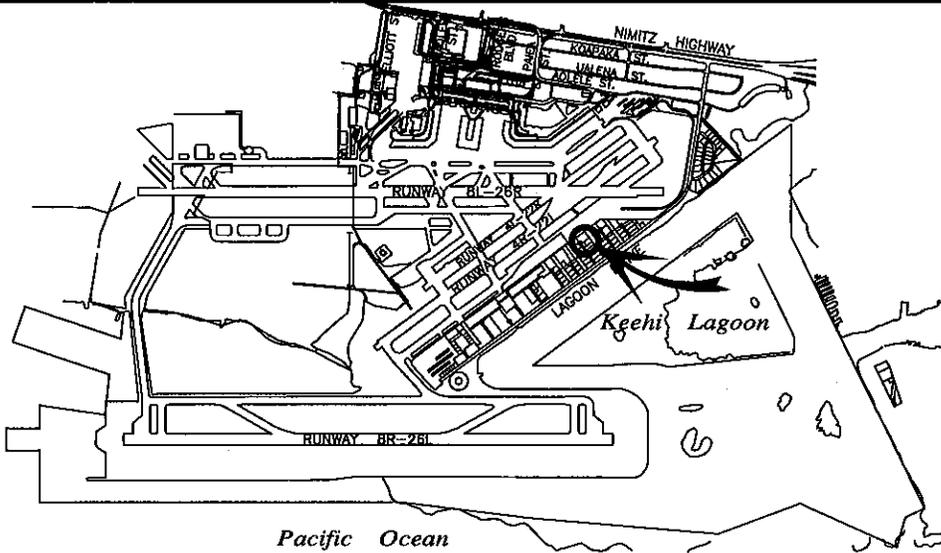
Respectfully submitted,



GLENN M. OKIMOTO, Ph.D.
Director of Transportation

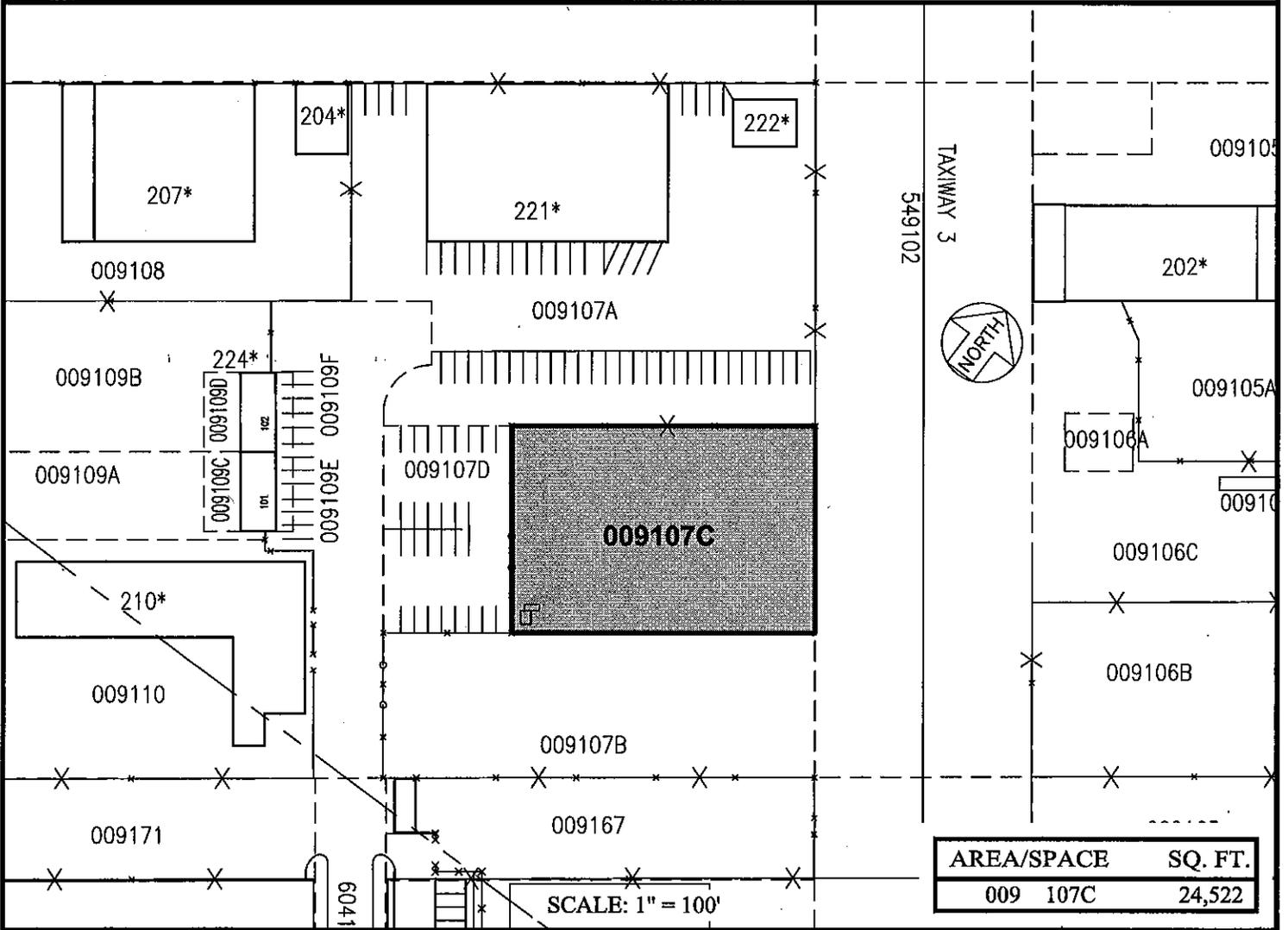
APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR.
Chairperson and Member



LOCATION PLAN

5000:1



AREA/SPACE	SQ. FT.
009 107C	24,522

DATE : APRIL 2012

EXHIBIT: **A**



HYAK AVIATION, LLC.

**GENERAL AVIATION
FACILITIES
SOUTH RAMP**

**009107C
PLAT 36**

HONOLULU INTERNATIONAL AIRPORT

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