



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

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

ISSUANCE OF A HANGAR FACILITY LEASE
TO J.F. AIR, LLC, KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-01: 19 (PORTION)

MAUI

REQUEST:

Issuance of a hangar facility lease to J.F. AIR, LLC, at Kahului Airport to develop, operate, use, and maintain a hangar facility.

APPLICANT:

J.F. AIR, LLC, a limited liability company, its mailing address being 221 South Puunene Avenue, Kahului, Hawaii 96732.

LEGAL REFERENCE:

Section 171-59, Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Kahului Airport, Tax Map Key 2nd Division - 3-8-01: 19 (Portion)

AREA/SPACE:

Area/Space No. 414-101, consisting of an improved, unpaved land area of approximately 30,000 square feet as delineated on the attached exhibit labeled Exhibit B

ZONING:

State Land Use: Urban
County of Maui: Airport

TRUST LAND STATUS:

Section 5(a), Hawaii Admission Act:
DHHL 30% entitlement lands: No

CURRENT USE STATUS:

Airport and aeronautical uses.

CHARACTER OF USE:

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

LEASE TERM:

Twenty years commencing on a date to be determined by the
Director of Transportation.

ANNUAL RENT WAIVER:

The ground lease rents payable to STATE by the Applicant shall be waived at the beginning or commencement date of the lease for: (a) a period of twelve (12) months; or (b) until the Applicant first physically occupies and uses the demised Premises for the purpose(s) or use(s) as stated in the lease, whichever occurs first

ANNUAL RENTAL:

1. Annual Rental for First (5)-Year Period (Lease Years 1 through 5). For the first five (5)-years of the Lease term, beginning upon the commencement date hereof, LESSEE shall pay to STATE an annual rental in the sum of THIRTY-TWO THOUSAND FOUR HUNDRED AND NO/100 DOLLARS (\$32,400.00), based upon a ground rental rate of \$1.08 per square foot, per annum for the Premises.
2. Annual Rental for the Second (5)-Year Period (Lease Years 6 through 10). For the second five (5) years of the Lease term, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual rental in the sum of THIRTY-SEVEN THOUSAND TWO HUNDRED SIXTY AND NO/100 DOLLARS (\$37,260.00), based upon the product of the annual rental for the fifth (5th) year of the Lease term (\$32,400.00) and 115%.

3. Annual Rental for the Third (5)-Year Period (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, LESSEE shall pay to STATE an annual rental in the sum of FORTY-TWO THOUSAND EIGHT HUNDRED FORTY-NINE AND NO/100 DOLLARS (\$42,849.00), based upon the product of the annual rental for the tenth (10th) year of the Lease term (\$37,260.00) and 115%.

RENTAL REOPENINGS:

Annual Rental for the Fourth (5)-Year Period (Lease Years 16 through 20). For the fourth five (5) years of the Lease term, beginning upon the first day of the sixteenth (16th) year of the Lease term, the annual land rental shall be determined separately when due in accordance with the provision of the lease regarding Reopening of Rent.

PERFORMANCE BOND:

An amount equal to the annual rental then in effect

MINIMUM IMPROVEMENTS REQUIREMENTS:

The Lessee shall, within 12 months of the commencement date of the Lease, invest the sum of not less than Eight Hundred Fifty Thousand Dollars (\$850,000) for upgrading and improving the leased premises and constructing the leasehold improvements. The facility improvements shall be constructed in accordance with construction plans, drawings and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

CHAPTER 343, HRS-ENVIRONMENTAL ASSESSMENT:

The proposed aviation hangar was included in the September 1997 Final Federal and State Environmental Impact Statement (EIS) which was prepared in support of (1) the Federal actions consisting of approval of the Airport Layout Plan and (2) the State of Hawaii actions consisting of state environmental approval and construction of proposed Kahului Airport Improvements. The EIS complied with the requirements of Chapter 343 of the Hawaii Revised Statutes (HEPA), and Title 11, Chapter 200 of the State of Hawaii, Department of Health Administrative Rules

DCCA VERIFICATION:

Place of business registration confirmed:	YES	<input checked="" type="checkbox"/>	NO
Registered business name confirmed:	YES	<input checked="" type="checkbox"/>	NO
Applicant in good standing confirmed:	YES	<input checked="" type="checkbox"/>	NO

REMARKS:

In accordance with Section 171-59(b), HRS, relating to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to J.F. AIR, LLC to develop, construct, operate, use, and maintain a hangar facility. The DOT has determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:

That the Board approve the issuance of a direct lease subject to: (1) the terms and conditions hereinabove outlined; (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) the review and approval of the Department of the Attorney General.

Respectfully submitted,

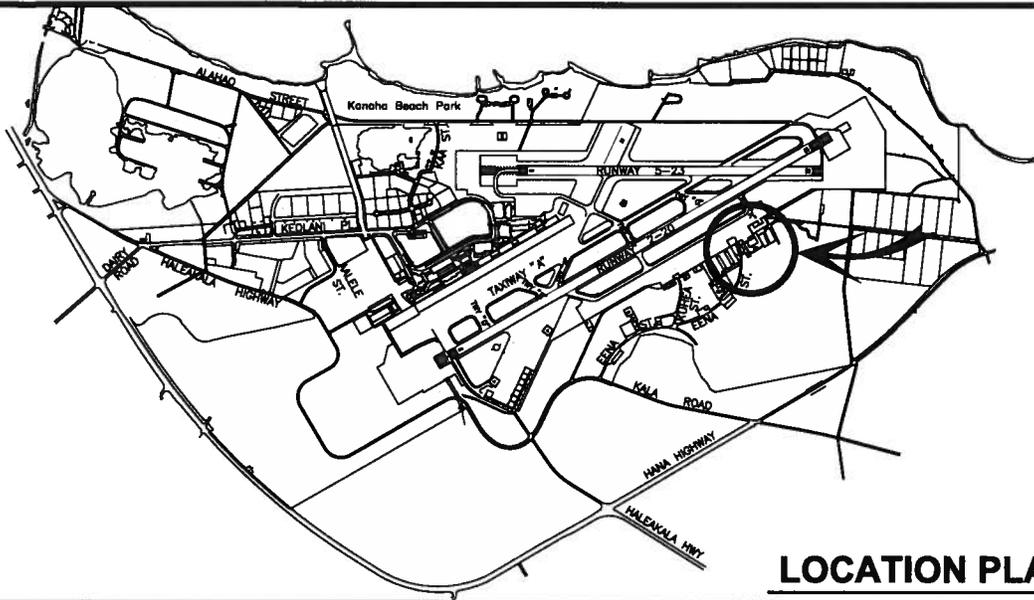


GLENN M. OKIMOTO, Ph.D
Director of Transportation

APPROVED FOR SUBMITTAL:

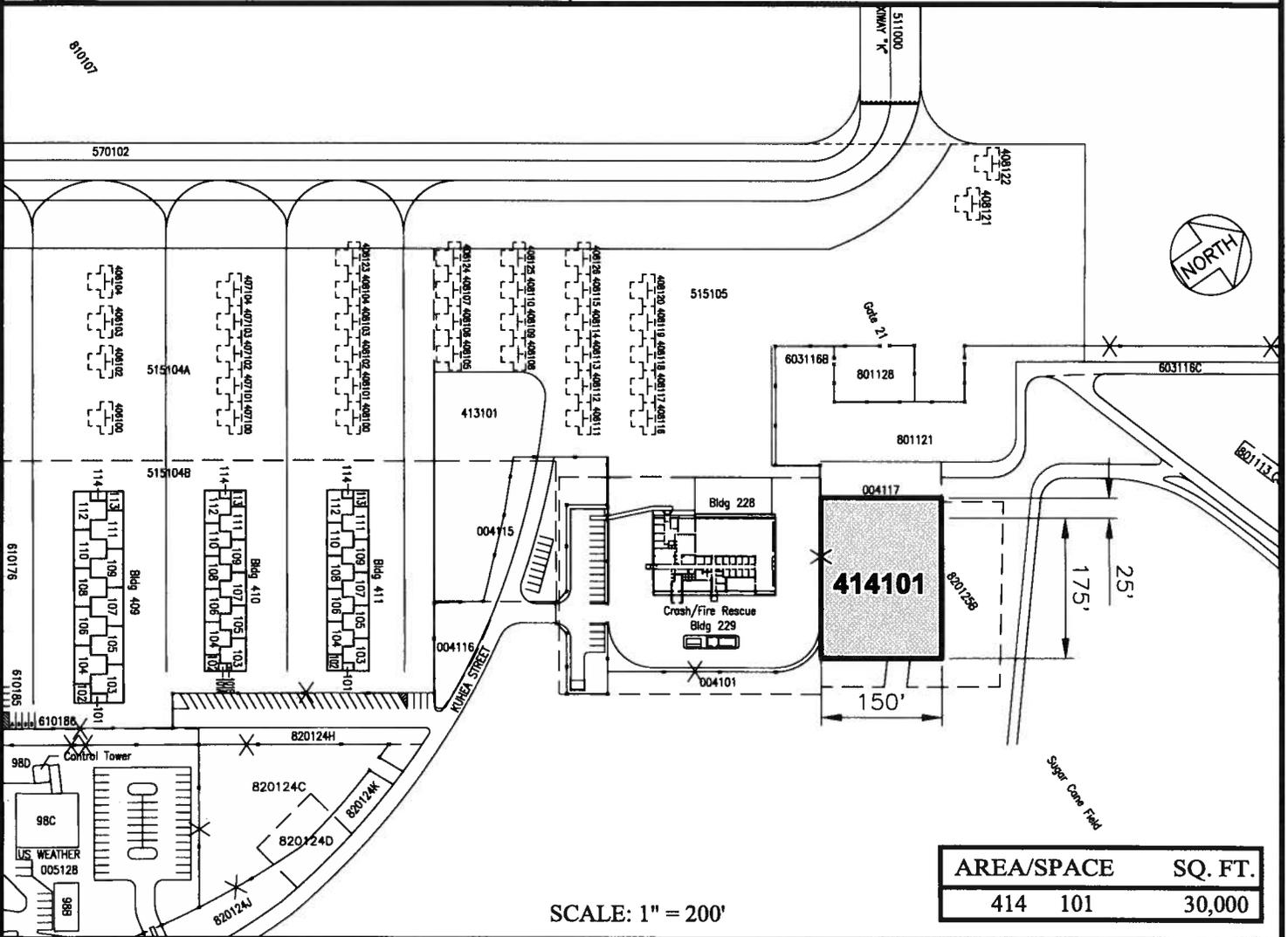


WILLIAM J. AILA, JR.
Chairperson and Member



LOCATION PLAN

3000:1



AREA/SPACE	SQ. FT.
414 101	30,000

SCALE: 1" = 200'

DOTA-13-0003

DATE : JANUARY 2013

EXHIBIT: **B**



JF AIR, LLC

HANGAR SPACE
NEXT TO CRASH / FIRE
RESCUE BUILDING

414101
PLAT G1, 26