

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 Hawai'i
Honolulu, Hawai'i

AMEND PRIOR BOARD ACTION OF OCTOBER 9, 2015, ITEM M-3
TO REPLACE SPACE NO. 002-108 WITH SPACE NO. 005-112 AND ADJUST RENT
ISSUANCE OF A DIRECT LEASE FOR LAND FOR A HANGAR AND FACILITIES
GUARDIAN FLIGHT, INC.
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

HAWAII

On October 9, 2015, under Agenda Item M-3, the Land Board authorized the Department of Transportation (DOT) to issue a hangar and facilities lease (Lease) to Guardian Flight, Inc. (GFI) for the use of Area/Space No. 002-108, for the development, construction, operation, maintenance and repair of a hangar and related facilities at Hilo International Airport (ITO).

REQUEST:

GFI desires to amend its initial request of October 9, 2015 under Item No. M-3 to encumber airport land as delineated on the attached Exhibit A. This encumbrance would better suit the needs and operations of GFI and ITO.

AREA:

Original: Area/Space No. 002-108, containing an area of approximately 22,500 square feet of improved, unpaved land, as shown on the attached map labeled Exhibit "A" dated September 2015.

As Amended: Area/Space No. 005-112, containing an area of approximately 33,750 square feet of improved, unpaved land, as shown on the attached map labeled Exhibit "A" dated February 2016.

ANNUAL RENTALS:

Original:

Lease years 1 thru 5:	\$24,750.00
Lease years 6 thru 10:	\$28,462.56
Lease years 11 thru 15:	\$32,731.92
Lease years 16 thru 20:	Fair market rent determined by independent appraisal
Lease years 21 thru 25:	Annual rental for year 20 times 115%
Lease years 26 thru 30:	Fair market rent determined by independent appraisal
Lease years 31 thru 35:	Annual rental for year 30 times 115%

ITEM M-4

BLNR –AMEND PRIOR BOARD ACTION OF OCTOBER 9, 2015, ITEM M-3, TO REPLACE SPACE NO. 002-108 WITH SPACE NO. 005-112 AND ADJUST RENT GUARDIAN FLIGHT, INC.

Page 2

As Amended:

Lease years 1 thru 5:	\$37,125.00
Lease years 6 thru 10:	\$44,550.00
Lease years 11 thru 15:	\$53,460.00
Lease years 16 thru 20:	\$64,152.00
Lease years 21 thru 25:	\$76,982.40
Lease years 26 thru 30:	\$92,378.88
Lease years 31 thru 35:	\$110,854.68

REMARKS:

In addition to GFI's request for the location and area of the land, GFI asked the DOT to fix its rental for the entire term of the lease to avoid expensive and time consuming rental reopening procedures, and legal and mediation costs. Upon careful consideration, the DOT granted GFI fix ground lease rentals determined by its policy as prescribed in its Department Staff Manual, under Section 8.3.05. By granting this rent escalation, the State benefits economically by fulfilling a need for a full service air ambulance facility at ITO. This encourages competition for this kind of operation at ITO. The DOT also benefits by receiving cost savings of not having to contract independent appraisals for reopenings that may incur additional mediation and arbitration costs.

The DOT has no objections to GFI's request because it has determined that the location of the land now requested would better suit the needs and operations of ITO in accordance with Sections 171-59, HRS, as amended, relating generally to the Management and Disposition of Public Lands, and relating specifically to Disposition by Negotiation. All other terms of the lease remain unchanged.

RECOMMENDATION:

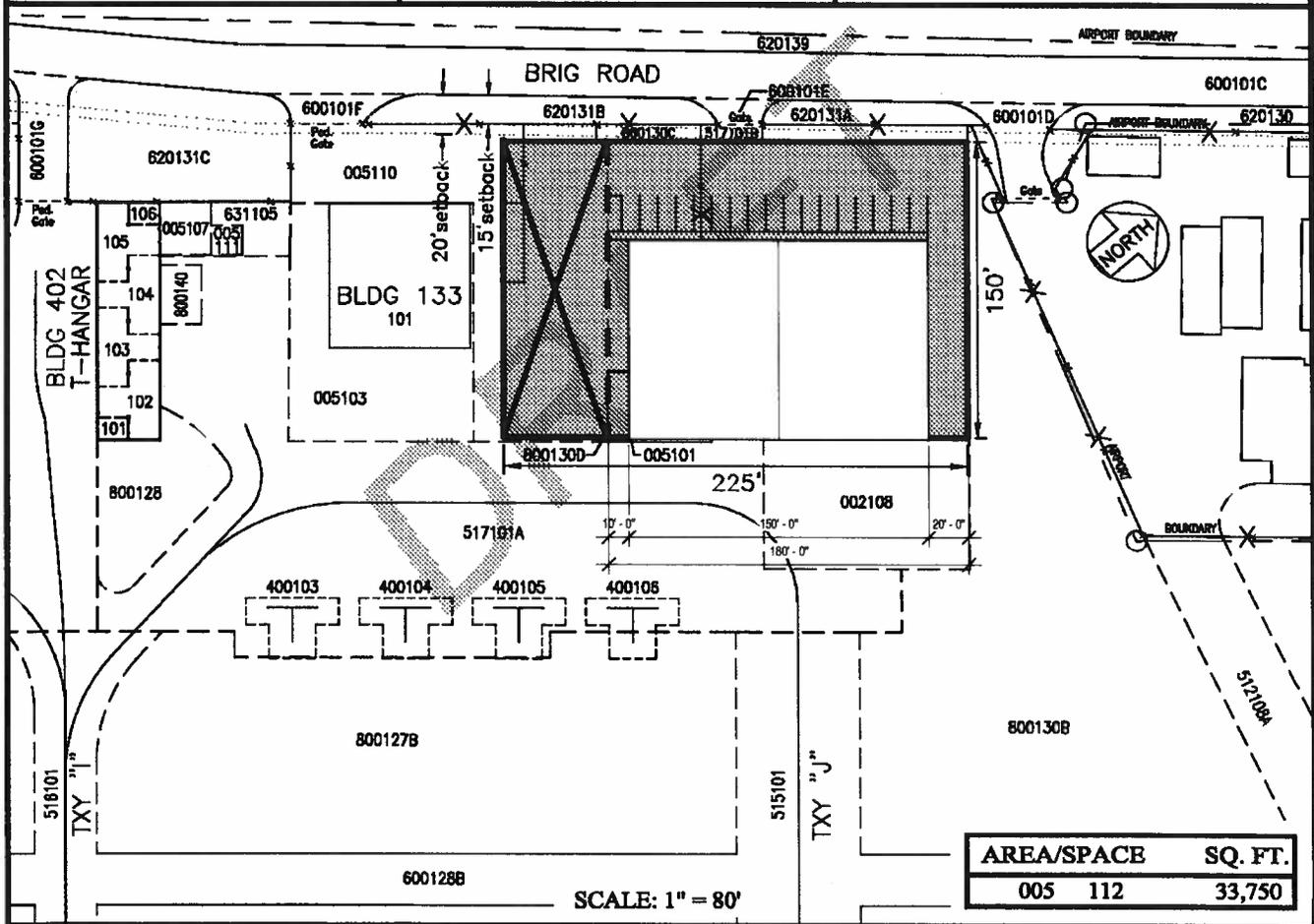
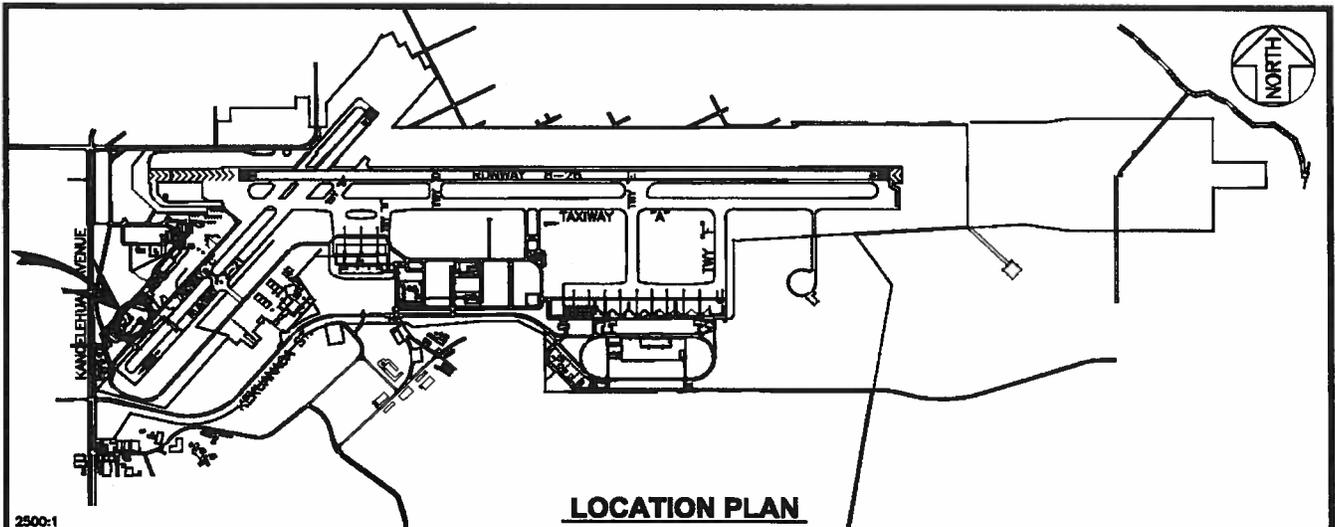
That the Board authorize the Department of Transportation to issue a direct lease to GFI, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests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



DRAFT DATE : FEBRUARY 2016 EXHIBIT: A

Airports Division	GUARDIAN FLIGHT, INC.	LOT	005112
			PLATS B1, 40

HILO INTERNATIONAL AIRPORT

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

OCT 9 2015

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IN REPLY REFER TO:

Board of Land and
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Honolulu, Hawaii

ISSUANCE OF A DIRECT LEASE FOR
LAND FOR A HANGAR AND FACILITIES LEASE
GUARDIAN FLIGHT, INC.
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12: PORTION OF 90

HAWAII

REQUEST:

Issuance of a Direct Lease to Guardian Flight, Inc. for land to develop, construct, operate, maintain and repair a hangar and related facilities at Hilo International Airport (ITO).

LEGAL REFERENCE:

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

APPLICANT:

Guardian Flight, Inc. (GFI), an Alaska corporation.

AREA:

Area/Space No. 002-108, containing an area of approximately 22,500 square feet of improved, unpaved land, as shown on the attached map labeled Exhibit "A"

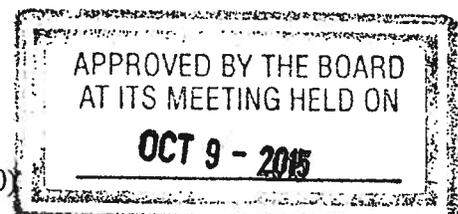
LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawaii, identified by Tax Map Key: 3rd Division, 2-1-12: Portion of 90

ZONING:

State Land Use District:
County of Hawaii:

Urban
Industrial (ML-20)



ITEM M-3

BLNR – ISSUANCE OF A DIRECT LEASE FOR LAND FR A HANGAR AND FACILITIES LEASE, GUARDIAN FLIGHT, INC.

Page 2

LAND TITLE STATUS:

Section 5(a) lands (“ceded” lands) of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to Hawaii Admission Act YES ___ NO X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Development, construction, operation, maintenance and repair of a hangar and related facilities to support an air ambulance and air medical transportation service and operation

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: All improvements exist at the site

TERM OF LEASE:

Thirty-five (35) years

COMMENCEMENT DATE:

Upon complete execution of the direct lease

ANNUAL RENTALS:

Lease years 1 thru 5: \$24,750.00
Lease years 6 thru 10: \$28,462.56
Lease years 11 thru 15: \$32,731.92
Lease years 16 thru 20: Fair market rent determined by independent appraisal
Lease years 21 thru 25: Annual rental for year 20 times 115%
Lease years 26 thru 30: Fair market rent determined by independent appraisal
Lease years 31 thru 35: Annual rental for year 30 times 115%

PERFORMANCE BOND:

Equivalent to the annual rental then in effect

DCCA VERIFICATION:

Place of business registration confirmed: YES X
Registered business name confirmed: YES X
Good standing confirmed: YES X

BLNR – ISSUANCE OF A DIRECT LEASE FOR LAND FR A HANGAR AND FACILITIES LEASE, GUARDIAN FLIGHT, INC.

Page 3

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Development of the West Ramp of ITO for general aviation activities was included in the April 2013 Final Environmental Assessment (FEA). The FEA was prepared in support of: (1) Federal actions consisting of approval of the Airport Layout Plan in July 2013, and (2) the State of Hawaii actions consisting of environmental approval and construction of proposed Hilo International Airport Improvements. The FEA was prepared pursuant to Chapter 343, Hawaii Revised Statutes and the Administrative Rules, Title 11, Chapter 200 of the State of Hawaii Department of Health

REMARKS:

The DOT has no objections to GFI's request for a direct lease in accordance with Sections 171-59, HRS, as amended, relating generally to the Management and Disposition of Public Lands, and relating specifically to Disposition by negotiation. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industry at ITO.

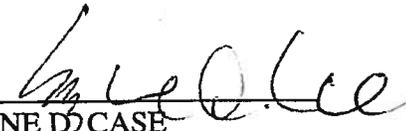
RECOMMENDATION:

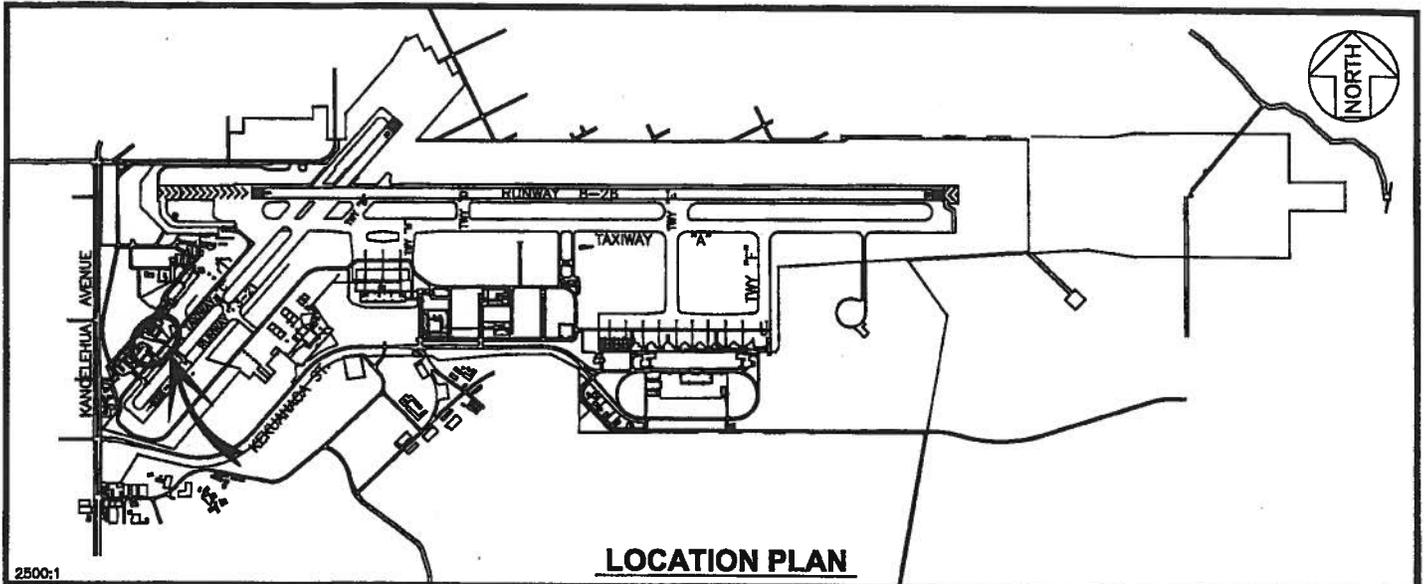
That the Board authorize the Department of Transportation to issue a direct lease to GFI, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests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

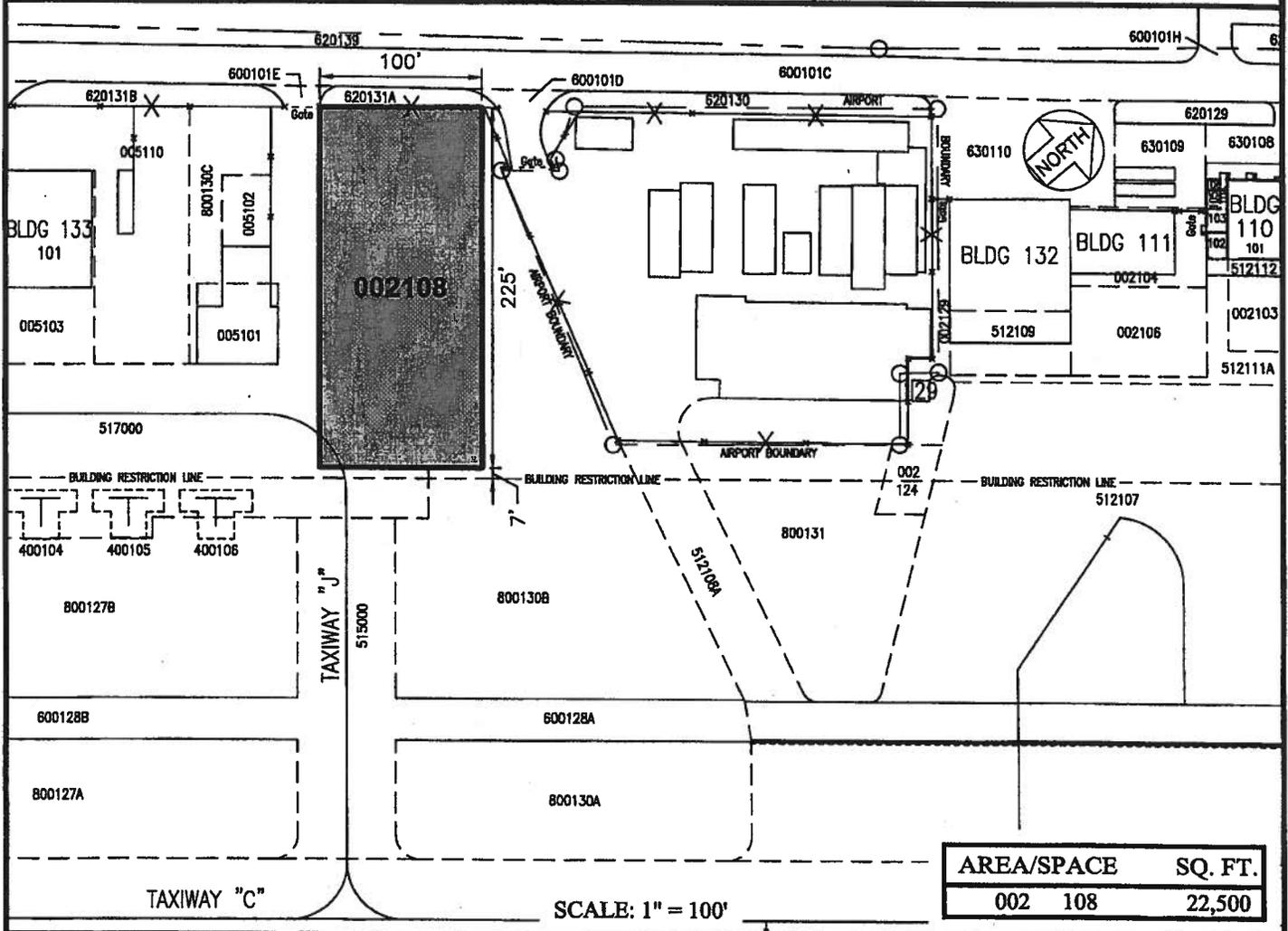
APPROVED FOR SUBMITTAL:


SUZANNE D. CASE
Chairperson and member



LOCATION PLAN

2500:1



AREA/SPACE	SQ. FT.
002 108	22,500

SCALE: 1" = 100'

DOTA-15-00XX

DATE : SEPTEMBER 2015

EXHIBIT: A



Airports Division

GUARDIAN FLIGHT, INC.

LOT

002108

PLATS B1, 40

HILO INTERNATIONAL AIRPORT