

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

CONSENT TO A MERGER OF STATE LEASE NO. DOT-A-12-0008
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.
LĪHU'E AIRPORT
TMK: (4) 3-5-01:PORTION OF 8

KAUA'I

REQUEST:

Consent to a Merger of State Lease DOT-A-12-0008 (referred to as the "Lease") at Līhu'e Airport from Keystone Holdings, LLC into Air Service Hawaii, Inc.

LEGAL REFERENCE:

Subsection 171-36(a) (5), Hawai'i Revised Statutes, as amended

APPLICANTS:

LESSEE/ASSIGNOR: Keystone Holdings, LLC (KHL), a Hawai'i limited liability company, having a mailing address of 95 Nakolo Place, Honolulu, Hawai'i, 96819

ASSIGNEE: Air service Hawaii, Inc. (ASH), a Hawai'i corporation, having a mailing address of 95 Nakolo Place, Honolulu, Hawai'i, 96819

LOCATION AND TAX MAP KEY:

Portion of Līhu'e Airport, Island of Kaua'i, identified by Tax Map Key:
4th Division, 3-5-01: Portion of 8

LEASE AREAS:

Area/Space Nos. 004-136, -137, -138, -140 and -141, containing land areas of approximately 26,171, 26,172, 26,172, 16,440, and 16,440 square feet, respectively, of improved/unpaved general aviation lands, as shown and delineated on the attached Exhibit C.

ZONING:

State Land Use District: Urban District
County of Kaua'i: Industrial (IG-STP)

ITEM M-11

BLNR – CONSENT TO MERGER OF STATE LEASE NO. DOT-A-12-0008
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.
Page 2

LAND TITLE STATUS:

Section 5(a) lands of the Hawai'i Admissions Act: Non-Ceded
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: NO X

CURRENT USE STATUS:

Land partially encumbered by Governor's Executive Order No. 1451, setting aside a portion of Līhu'e Airport under the control and management of the Department of Transportation, Airports Division, State of Hawai'i, for Airport purposes.

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a fixed-base facility for aircraft.

TERM OF LEASE:

Thirty (30) years: October 1, 2012 through September 30, 2042

CONSIDERATION:

The assignment of this lease constitutes a merger by way of the conversion of all of the units of KHL into shares of stock of ASH; no cash or other consideration is changing hands. At its closing, the merger will result in ASH as the surviving corporation.

RECOMMENDED PREMIUM:

None

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land areas are covered by the Environmental Assessment for Līhu'e 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 Hawai'i, Department of Transportation, Airports Division.

DCCA VERIFICATION:

LESSEE / ASSIGNOR:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

ASSIGNEE:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

BLNR – CONSENT TO MERGER OF STATE LEASE NO. DOT-A-12-0008
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.
Page 3

REMARKS:

By way of a letter dated June 13, 2016, Mr. Shaen Tarter, President of ASH, requested the DOTA consent to an assignment of lease by way of a merger from KHL into ASH (“the Merger”).

Summary of the Merger:

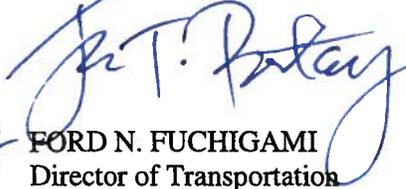
Under its Lease, ASH owns and operates a fixed-based facility at LIH. On May 14, 2015, KHL acquired all of the outstanding stock of ASH pursuant to a Stock Purchase Agreement dated January 29, 2015. The Board of Directors of KHL and the Board of Directors and sole shareholder of ASH deemed it to be advisable and in the best interest of KHL and ASH for KHL to merge with and into ASH pursuant to Section 414-311 of the Hawai‘i Business Corporation Act and section 428-904 of the Hawai‘i Uniform Limited Liability Act.

At the Closing of the Merger, KHL shall be merged with and into ASH, at which time the separate existence of KHL shall cease and ASH shall continue its existence. In its capacity as the corporation surviving the Merger, ASH shall be the surviving corporation.

RECOMMENDATION:

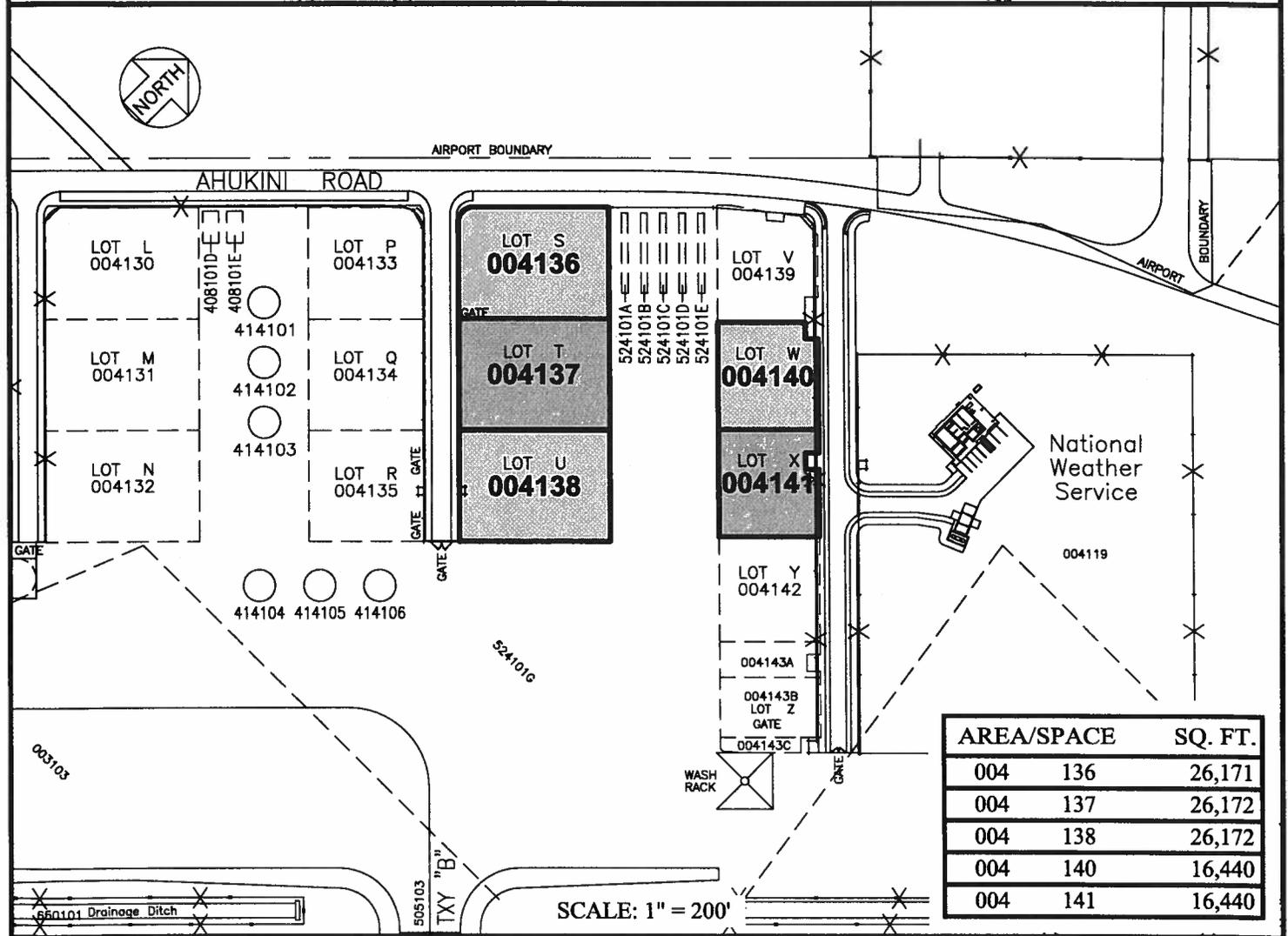
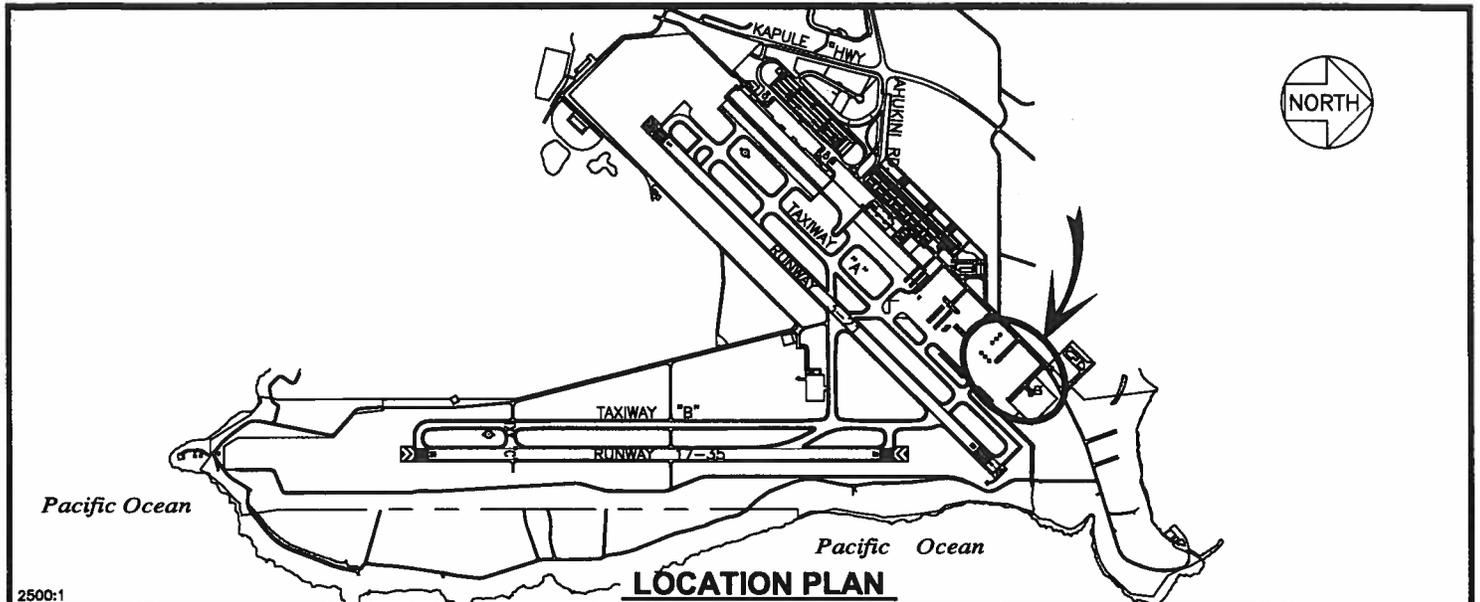
That the Board approves of and gives its Consent to the Merger involving Lease No. DOT-A-12-0008 as herein outlined, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the form and content of the Lessor’s Consent to the Merger.

Respectfully submitted,


FOR FORD N. FUCHIGAMI
Director of Transportation

APPROVED FOR SUBMITTAL:


SUZANNE D. CASE
Chairperson and Member



State Lease No. DOT-A-12-0008

DATE : JUNE 2016

EXHIBIT: **C**



AIR SERVICE HAWAII, INC.

LOTS
FBO SUBDIVISION
GROUND LEVEL

004136, 004137
004138, 004140
004141
PLATS 35, 36

LIHUE AIRPORT