

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-08-0002  
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.  
KONA INTERNATIONAL AIRPORT AT KEĀHOLE  
TMK: (3) 7-3-43: PORTION OF 003

HAWAI'I

REQUEST:

Consent to a Merger of State Lease DOT-A-08-0002 dated August 6, 2008 (referred to as the "Lease") at Kona International Airport at Keāhole 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 Kona International Airport at Keāhole, Island of Hawai'i, identified by Tax Map Key: 3rd Division, 7-3-43: Portion of 003

LEASE AREA:

Area/Space Nos. 006-118, containing a land area of approximately 89,463 square feet, of improved/unpaved general aviation land, as shown and delineated on the attached Exhibit B dated December 2007.

ZONING:

State Land Use District: Urban District  
County of Hawai'i: Industrial (ML-20)

**ITEM M-9**

BLNR – CONSENT TO MERGER OF STATE LEASE NO. DOT-A-08-0002  
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.  
Page 2

LAND TITLE STATUS:

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

CURRENT USE STATUS:

Airport and aeronautical purposes

CHARACTER OF USE:

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

TERM OF LEASE:

Thirty (30) years: July 1, 2008 through June 30, 2038

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:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i , this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawai‘i , Department of Transportation, dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

DCCA VERIFICATION:

LESSEE / ASSIGNOR:

Place of business registration confirmed: YES X NO \_\_\_\_  
Registered business name confirmed: YES X NO \_\_\_\_  
Good standing confirmed: YES X NO \_\_\_\_

BLNR – CONSENT TO MERGER OF STATE LEASE NO. DOT-A-08-0002  
FROM KEYSTONE HOLDINGS, LLC INTO AIR SERVICE HAWAII, INC.  
Page 3

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 _____

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:

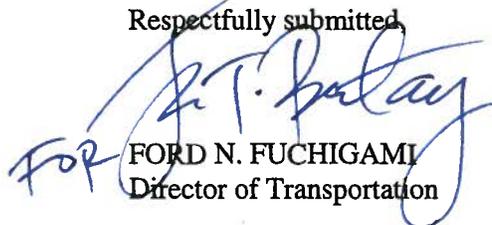
Under its Lease, ASH owns and operates a fixed-based facility at KOA. On May 14, 2015, KHL acquired all of the outstanding stock of ASH pursuant to a Stock Purchase Agreement dated January 29, 2015. The Board of Directors of KHL and the Board of Directors and sole shareholder of ASH deemed it to be advisable 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:

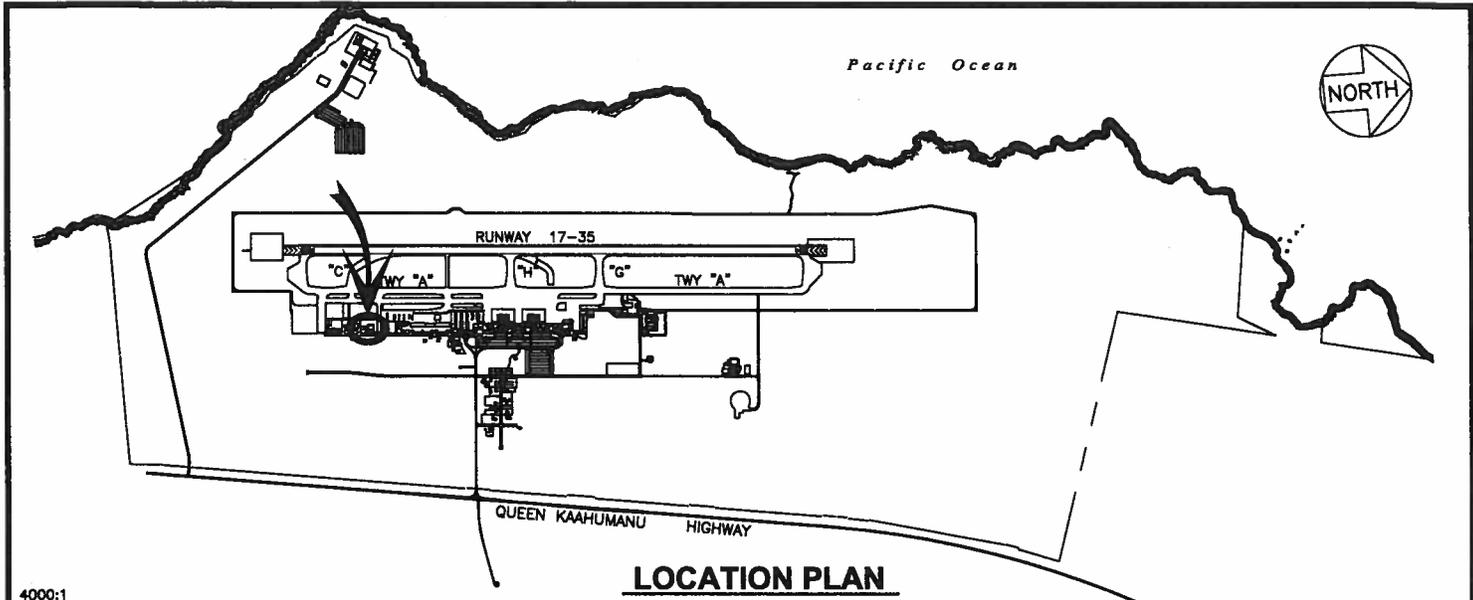
That the Board approves of and gives its Consent to the Merger involving Lease No. DOT-A-08-0002 as herein outlined, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the form and content of the Lessor's Consent to the Merger.

Respectfully submitted,

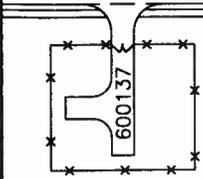
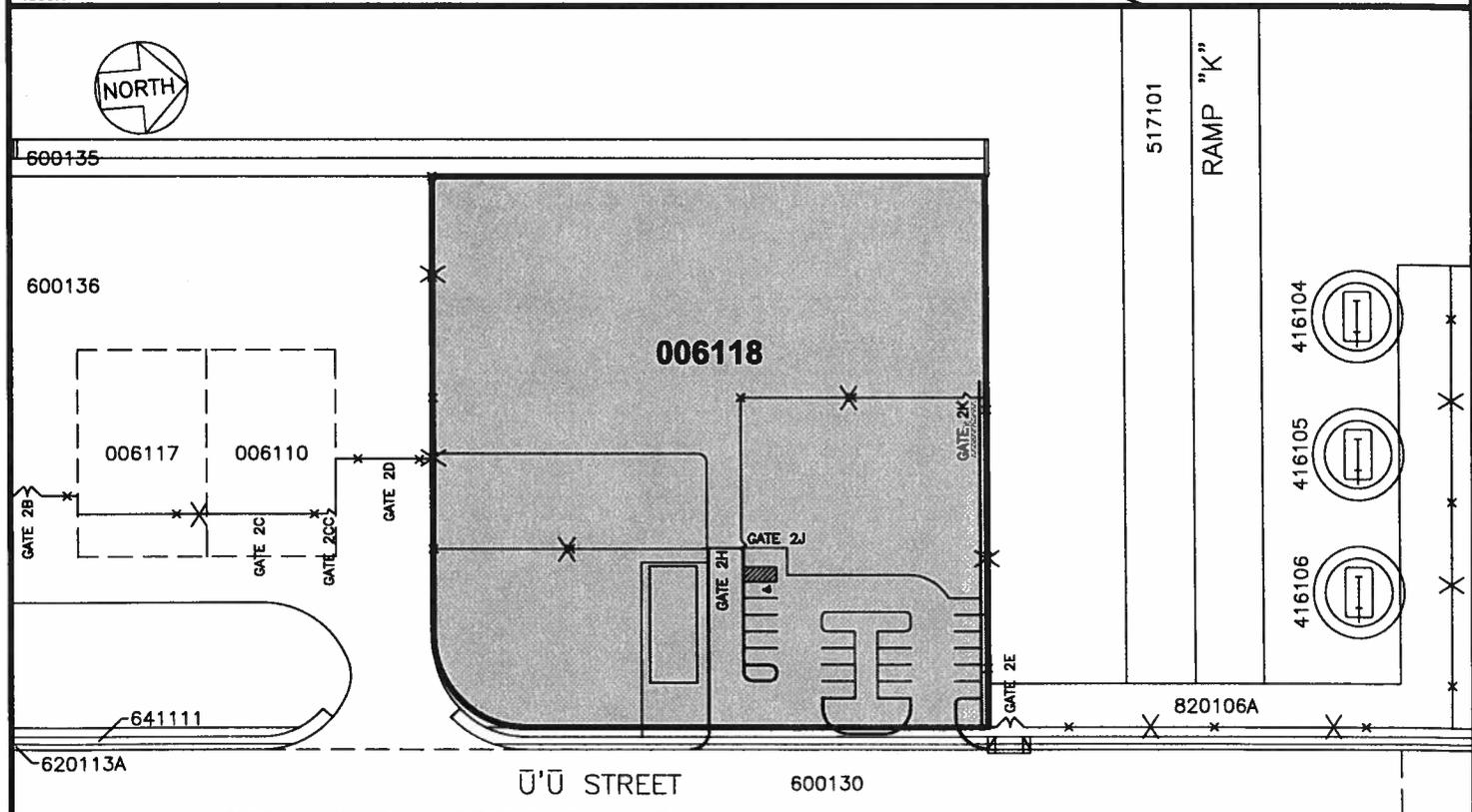
  
FOR FORD N. FUCHIGAMI  
Director of Transportation

APPROVED FOR SUBMITTAL:

  
SUZANNE D. CASE  
Chairperson and Member



4000:1



AREA/SPACE	SQ. FT.
006 118	89,463

SCALE: 1" = 100'

State Lease No. DOT-A-08-0002      DATE : JUNE 2016      EXHIBIT: **B**



**AIR SERVICE HAWAII, INC.**

**LOT SOUTH RAMP AREA GROUND LEVEL**

**006118**  
PLATS B1, 40

**KONA INTERNATIONAL AIRPORT AT KEAHOLE**

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