

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

ISSUANCE OF A DIRECT FIXED-BASE FACILITY LEASE  
TO PLEASANT AIRCRAFT LEASING, LLC, KAHULUI AIRPORT  
TAX MAP KEY: (2) 3-8-01: 19 (PORTION)

MAUI

REQUEST:

Issuance of a fixed-base facility lease to Pleasant Aircraft Leasing, LLC, at Kahului Airport (OGG) for the development, construction, operation, maintenance and repair of a fixed-base facility ("FBO").

APPLICANT:

Pleasant Aircraft Leasing, LLC ("PAL"), a California limited liability company, its mailing address being 166 Kaulele Place, Honolulu, Hawai`i, 96819.

LEGAL REFERENCE:

Section 171-59(b), Hawai`i Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Kahului Airport, Tax Map Key 2<sup>nd</sup> Division - 3-8-01: 19 (Portion).

AREA/SPACE:

Area/Space, 003-127, consisting of unimproved, unpaved land of approximately 87,929 square feet as delineated on the attached Exhibit A.

**ITEM M-4**

**BLNR – ISSUANCE OF A DIRECT FIXED-BASE FACILITY LEASE TO PLEASANT AIRCRAFT LEASING, LLC, KAHULUI AIRPORT**

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**ZONING:**

State Land Use: Urban  
County of Maui: Airport

**TRUST LAND STATUS:**

Section 5(a), Hawai'i Admission Act: Non-ceded  
DHHL 30% entitlement lands: No

**CURRENT USE STATUS:**

Airport and aeronautical.

**CHARACTER OF USE:**

Development, construction, operation, maintenance and repair of a FBO operation.

**LEASE TERM:**

Thirty (30) years

**ANNUAL RENTALS AND REOPENING:**

\*If there are substantial leasehold improvements constructed on the premises, the annual lease rental for the first year shall be waived at the beginning of the lease pursuant to Section 171-6 Powers, HRS.

Years 1 thru 5\* \$178,495.92 (as determined from the DOTA schedule of rates and charges established by appraisal of Airports property statewide)

Years 6 thru 10 \$205,270.32

Years 11 thru 15 \$236,060.88

Years 16 thru 20 Reopening at fair market rent (FMR) thru independent appraisal

Years 21 thru 25 115% x rental of year 20

Years 26 thru 30 Reopening at fair market rent (FMR) thru independent appraisal

**PERFORMANCE BOND:**

An amount equal to the annual rental then in effect.

CHAPTER 343, HRS-ENVIRONMENTAL ASSESSMENT:

The proposed use of airport land 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 Hawai`i actions consisting of state environmental approval and construction of proposed Kahului Airport Improvements. The EIS complied with the requirements of Chapter 343 of the Hawai`i Revised Statutes (HEPA), and Title 11, Chapter 200 of the State of Hawai`i, Department of Health Administrative Rules.

DCCA VERIFICATION:

Place of business registration confirmed: YES X  
Registered business name confirmed: YES X  
Applicant in good standing confirmed: YES X

REMARKS:

In accordance with Section 171-59(b), HRS, as amended, 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 FBO lease to PAL.

The DOT has determined that the issuance of this direct FBO lease encourages competition within the aeronautical-related operations of OGG. Presently, two FBOs competitively serve OGG. PAL's successful development and operation of its FBO encourages more competition at OGG.

Also, the DOT performed research on this request which resulted in its decision to submit this direct lease request because it risks its compliance with United States Federal Aviation Administration (USFAA) Grant Assurances. Grant Assurance No. 22 c. states each fixed-base facility operator\*\* at the airport shall be subject to the same rental rates applicable to all other fixed-base facility operators making the same or similar uses of such airport to serve any air carrier at such airport. The DOT affirms that a public notice by auction for this disposition would likely cause disparate rental rates in this regard.

\*\* The USFAA defines a Fixed-Base Facility Operator as a private company which provides on-airport facilities and services for various aviation-related activities. These activities typically include and are not limited to facilities and services needed for aircraft storage, maintenance and repair, aircraft charters, flight training, aircraft refueling, etc.

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**RECOMMENDATION:**

That the Board approve the issuance of a direct fixed-base facility lease to PAL 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,

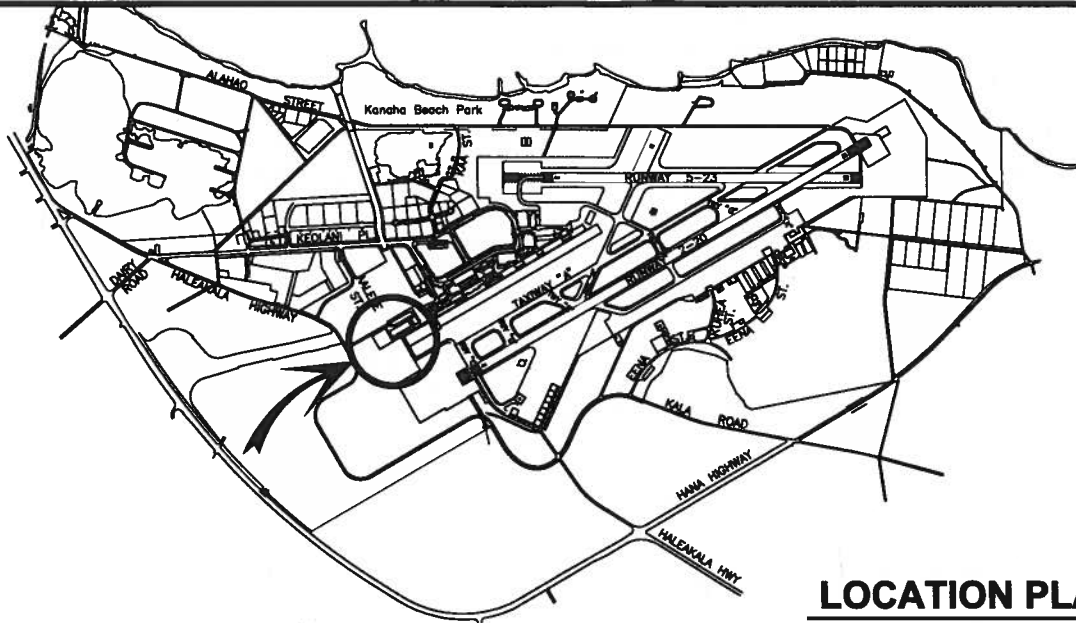


**FORD N. FUCHIGAMI  
Director of Transportation**

**APPROVED FOR SUBMITTAL:**

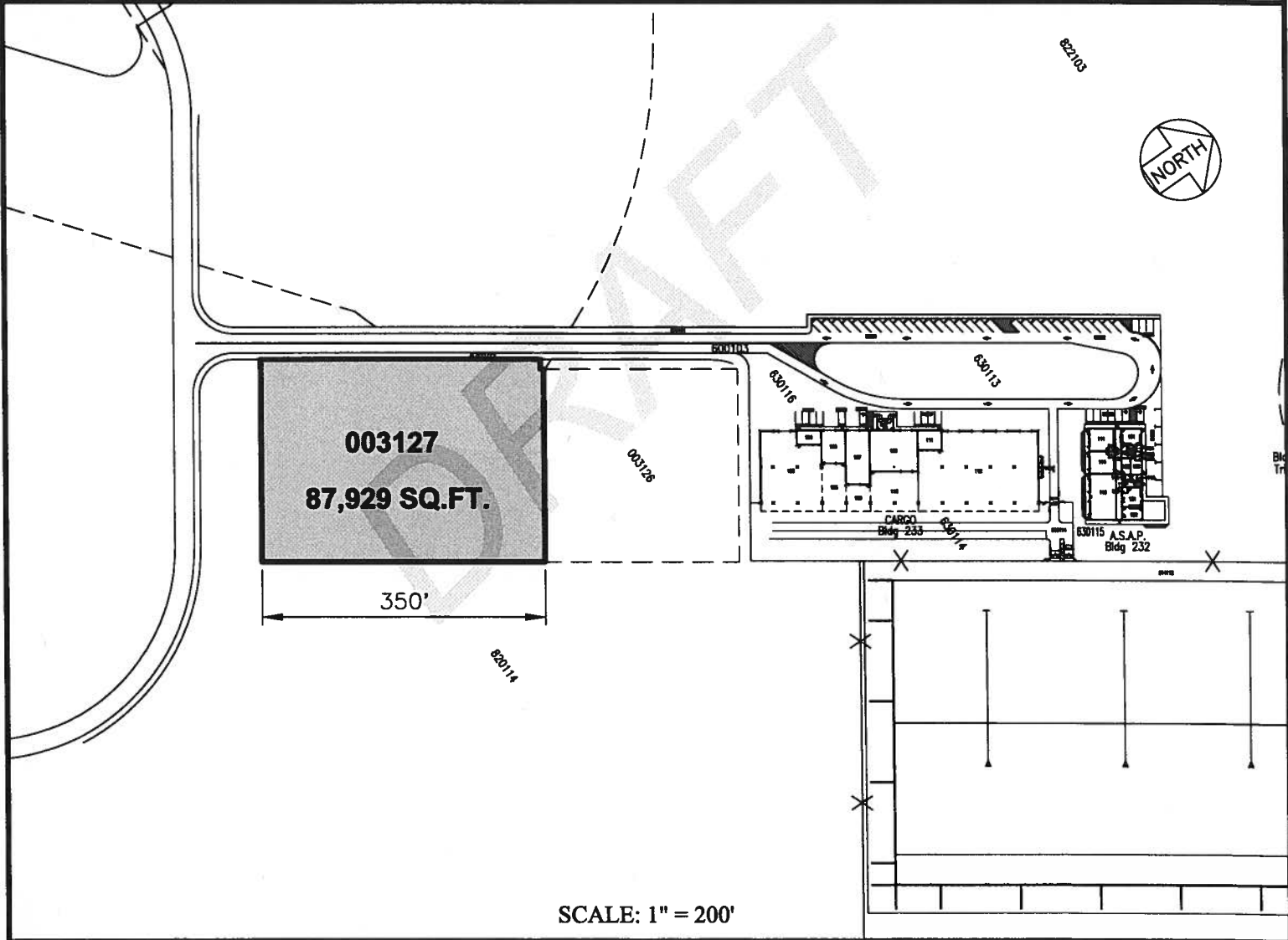


**SUZANNE D. CASE  
Chairperson and Member**



**LOCATION PLAN**

3000:1



SCALE: 1" = 200'

DRAFT

DATE : DECEMBER 2016

EXHIBIT: **A**



Airports Division

PLEASANT AIRCRAFT  
LEASING, LLC

PROPOSED FBO AREA

003127

PLAT 45

**KAHULUI AIRPORT**