

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

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IN REPLY REFER TO:

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

AMENDMENT NO. 1 TO HANGAR LEASE NO. DOT-A-13-0016 TO AMEND THE
"CHARACTER OF USE" FROM PRIVATE TO COMMERCIAL BUSINESS USE
HYAK AVIATION LLC
DANIEL K. INOUE INTERNATIONAL AIRPORT
TMK: (1) 1-1-72: 81 AND (1) 1-1-72: 82 (PORTION)

OAHU

The State of Hawaii, Department of Transportation, Airports Division (DOTA) and Hyak Aviation LLC (HYAK) entered into Hangar Lease No. DOT-A-13-0016 (Lease) dated September 16, 2014, to develop, construct, operate, and maintain a private hangar facility for general at the Daniel K. Inouye International Airport (Airport).

REQUEST:

Hyak Aviation, LLC (HYAK) requests to amend Article III. (Use of Premises) of the Lease, from Private Use to Commercial Business Use.

The Lease was originally approved by the Land Board (LB) on March 11, 2012, under agenda Item M-1, and amended by the LB on May 24, 2013, under agenda Item M-1, on August 23, 2013, under agenda Item M-1, and on March 14, 2014, under agenda Item M-2.

APPLICANT / LESSEE:

HYAK, a Nevada limited liability company, incorporated under the laws of Nevada authorized to do business in the State of Hawaii, whose mailing address is 2385 Okoa Street, Honolulu, Hawaii, 96821.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended.

ITEM M-1

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LOCATION AND TAX MAP KEY:

Portion of the Airport, Island of Oahu, State of Hawaii, identified by Tax Map
Key: 1st Division, 1-1-72: 81 and 1st Division, 1-1-72: 82 (portion).

AREA:

Lot/Space Nos. 009-106B and 009-106C, containing approximately 34,320 square feet of
improved, paved land, as delineated on the attached map labeled Exhibit A.

ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Section 5(a) lands of the Admissions Act: Non-ceded
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, setting aside a
portion of Airport under the control and management of the DOTA, for Airport Purposes.

CHARACTER OF USE:

Original: Development, construction, operation, and maintenance of a private hangar
facility.

**As Amended: HYAK will use, operate, and maintain a hangar facility for the
purpose of an aeronautical and/or airport-related commercial business.**

TERM OF LEASE:

Thirty (30) years.

LEASE COMMENCEMENT DATE:

September 16, 2014

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ANNUAL GROUND LEASE RENTAL:

Lease years 1-5	\$50,098.88
Lease years 6-10	\$57,613.71
Lease years 11-15	\$66,255.77
Lease years 16-20	Fair Market Rent determined by an independent appraiser
Lease years 20-25	115% x the annual rental for year 20 of the Lease
Lease years 25-30	Fair Market Rent determined by an independent appraiser

MINIMUM IMPROVEMENTS REQUIREMENT:

\$1.5 Million Dollars

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Airport Master Plan Update and Noise Compatibility Program dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and commercial aviation needs of the Island of O'ahu through the year 2005 and was prepared for DOTA by KFC Airport, Inc.

DCCA VERIFICATION:

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

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation issued a direct lease to HYAK for the purpose of developing, constructing, operating, and maintaining a private hangar facility at the Airport. DOT determined that the issuance of the original lease encouraged competition within the aeronautical and airport-related industries.

HYAK is now requesting to amend Article III. (Use of Premises) of the Lease, to allow HYAK to use, operate, and maintain an aeronautical and/or airport related commercial business from the hangar facility. With an investment of a minimum of \$1.5 Million

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Dollars in the development of the hangar facility, the DOTA, in the public interest, has no objections to HYAK's request.

RECOMMENDATION:

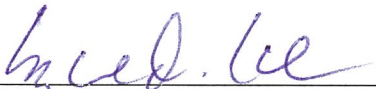
That the Board approve Amendment No. 1 to the Lease subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member

