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DEPARTMENT OF TRANSPORTATION
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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

ISSUANCE OF A FIXED-BASE OPERATOR LEASE
AIRBORNE AVIATION, INC.
LĪHU'E AIRPORT
TAX MAP KEY: (4) 3-5-001: PORTION OF 008

KAUA'I

REQUEST:

Issuance of a direct least to Airborne Aviation, Inc. for the development, construction, operation, use, and maintenance of a fixed-base operation ("FBO") at Līhu'e Airport.

APPLICANT/LESSEE:

Airborne Aviation, Inc. (AAI) whose business address is P.O. Box 71, Līhu'e, Hawai'i 96766.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Līhu'e Airport (LIH), Līhu'e, Island of Kaua'i, identified by Tax Map Key: 4th Division 3-5-001: Portion of 008.

AREA:

Area/Space No. 004-123, containing a total area of 24,776 square feet of improved general aviation land, as delineated on attached Exhibit B.

ZONING:

State Land Use District:
County of Kaua'i

Urban
Industrial (IG-STP)

ITEM M-2

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LAND TITLE STATUS:

Section 5(a) lands of the Hawai'i Admission Act: Non-Ceded
DHHL 30% entitlement lands pursuant to Hawai'i Admission Act No

CURRENT USE STATUS:

Aeronautical uses.

CHARACTER OF USE:

Development and construction of a FBO facility to perform helicopter repair and tours,
utility services, rescue, and maintenance of aircraft. /

TERM OF LEASE:

Thirty (30) years.

LEASE RENTAL:

Lease years 1-5: \$ 57,480.32*
Lease years 6-10: \$ 66,102.37
Lease years 11-15: \$ 76,017.72
Lease years 16-20: Rent reopening at fair market rent determined by independent appraiser
Lease years 21-25: 115% of the 20th year of Lease term
Lease years 26-30: Rent reopening at fair market rent determined by independent appraiser

*(as determined from the DOTA schedule of rates and charges established by appraisal of
Airports property statewide).

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect.

DCCA VERIFICATION:

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

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.

REMARKS:

In accordance with Section 171-59(b), HRS, relating to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposes to issue a direct FBO lease to AAI for the purpose of developing, constructing, operating, using, and maintaining a fixed-base facility for its helicopter operations.

The DOT has determined that the issuance of this direct FBO lease encourages competition within the aeronautical-related activities at LIH. AAI’s proposed improvements consisting of approximately 10,800 square feet of hangar facility, office space, and parking will support its Part 14 CFR Part 145 repair station specializing in helicopter airframe and powerplant repairs. The repair station would be the first to offer such level of services at LIH. The development of this FBO encourages LIH’s general aviation market to be competitive. LIH’s general aviation community currently consists of three other FBOs. Two of them provide fueling services to aircraft, and the other, repairs and maintenance of aircraft.

The DOT performed research and received guidance on this request from the State Department of the Attorney General. The research resulted in its decision to submit this request for a direct lease rather than a sale of a lease at public auction because a public auction would risk compliance with United States Federal Aviation Administration (US FAA) Grant Assurances. Grant Assurances No. 22 c. states each FBO operator** at the airport shall be subject to the same or similar uses of such airport to serve any air carrier at such airport. The DOT affirms that a sale of the lease by notice at public auction would likely cause disparate rental rates.

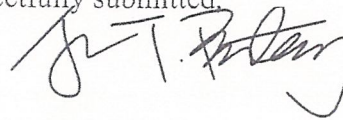
**The US FAA defines a FBO as a private entity which provides on-airport facilities and services for various aviation-related activities. These activities typically include and are not limited to facilities and services needed for aircraft storage, maintenance and repair, aircraft charters, flight training, aircraft refueling, utility work, fire suppression, and rescue work.

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RECOMMENDATION:

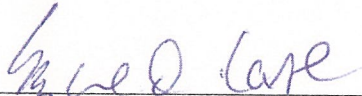
That the Board approves this Lease request for AAI, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such additional terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review 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

