

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

From: Bonnie and Curtis Lofstedt; Owners: Island Helicopters Kauai

RE: March 13, 2020 Agenda Item – Issuance of a Fixed-Base Operator Lease, Airborne Aviation, Inc., Lihue Airport, Tax Map Key: (4) 3-5-001: Portion of 008. This item was previously submitted for the February 13, 2020 Meeting as a Request for Issuance of a direct lease to Airborne Aviation, Inc for the development, construction, operation, use and Maintenance of a fixed-base operation (“FBO”) at the Lihue Airport.

Objection: Grant Assurances and disparate rental rates with like operations, statements offered by the State DOT on Remarks incorrect, unfair rental rates disguised as offerings are not open to the public.

Rental Rates at the Lihue airport are significantly reduced from one side of Ahukini Road and the “heliport” side of Ahukini Road. One side of the road pays Industrial Rates, the other side (FBO) pays aeronautical rates. In order to receive aeronautical rates, the company must provide services (at least). This company does not provide any special services, and neither does Jack Harter Helicopters or Blue Hawaiian Helicopters. There are places where there is asphalt (improvements) and Island Helicopters pays as much as \$2.24 versus their \$0.19 per square foot.

Recently, Jack Harter Helicopter was offered and granted rates with both 30-35 year leases as well as rates at nearly 50% off those across the street. Operators have been offered more space, twice or more time on their leases and unlimited spaces to build their buildings when across the street, “Helipad” operators were given a half month and threats to sign or lose space for nearly twice the rent.

Should you need exhibits to prove these rates, we will supply them.

The statement in REMARKS on this submittal state that “Two of them provide fueling services and the other, repairs and maintenance of aircraft”--- this is not all true. Both Jack Harter Helicopters and Blue Hawaiian Helicopters DO NOT PROVIDE Repair and Maintenance to aircrafts other than their own personal business. They do not sell or provide any service to the industry and are not in business to provide any level of service at LIH other than tours and charters for their specific business. This is a disguise for cheaper rent and longer leases and is a possible violation of FAA Grant Assurances No. 22c which 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.

Airborne Aviation does not provide such services and to our knowledge is not in contract with any of the helicopter airframe or powerplant repair to offer discounts or repairs for other aircrafts at LIH. This is the exact same for Jack Harter Helicopters and Blue Hawaiian Helicopters which also have FBO lots at reduced rates and long leases. The State DOT is not (being) honest in their request which causes disparity in competition.

As well, to our knowledge, Blue Hawaiian Helicopters, Mauna Loa Helicopters, Safari Helicopters, Jack Harter Helicopters Alii Helicopters, Airborne Helicopters and Sunshine Helicopters do not pay for parking of their vehicles at the LIH airport, the State of Hawaii allows them to park for free.

Island Helicopters is the only company to obtain the county permits required to build at the LIH airport. In obtaining this lease Island Helicopters was required to provide a specific amount of parking for both customers and employees, to include Handicap allowance for both our building and parking. We are required, by the county to pay for parking within our leased area. This is yet another lost source of revenue for the State. As well, this is another increased or additional cost to Island Helicopters. We also pay property tax for our "improvements" which other companies do not, because they have not been required to build per the lease.

Using this biased and overtly political process to ignore the voices of similar companies most affected by such decisions grants preferential treatment to an arbitrary group of companies over others.

Does the Grant Assurances code exempt some companies and distinguish between these companies? The answer would be No, because they are not operating FBO lots as prescribed by the definition (they are not open to the public for parts, repair or maintenance). The decision to ignore this fact sets a precedent that equally denies rights to similar operators. We pay nearly 50% more rent with a 15 year vs 30-35 year lease. We built a building worth \$700,000. on the property and operate by the lease as it was written, no one else has done this to date.

We do not object to the lease provided it is the same as the lease issued to Island Helicopters. ALL the leases need to be treated equally.

To allow this rental, and continue creating uneven leases, does violate the definition of Grant Assurances. There is no proof that Blue Hawaiian, Jack Harter or Airborne Aviation can, does or will provide maintenance and repair for any aircrafts other than their own. This does not constitute this significant reduction in lease rent. If they are looking to rent this space, then they should be required to pay exactly what the operators on the other side of the street pay, and also have a lease limited to 15 years and the rest of the operators: OR allow equal rents and lease terms for all.

It is more than time for the BLNR to see the disparity and discrimination. We have the minutes from the meetings where the State DOT employee misled the board; this will continue and we will keep the minutes. The State knows (and the proof would be in the excise tax forms of these companies) that these companies are not by definition FBO operators and are actually Helicopter Tour and Charter companies receiving a benefit in reduced rent and space not provided to similar or equal operators with the same respect.