



May 24, 2021

Chairperson and Members of the Board of Land and Natural Resources
DLNR Main Office
Kalanimoku Bldg.
1151 Punchbowl Street
Honolulu, HI 96813

Subject: May 28th 2021 BLNR Board Meeting Item M19&20

Dear Chairperson Case and Members of the Board,

Thank you all so much for your time and energy in providing professional oversight in protecting our State lands. I have watched often in full, many of your meetings, and find that this is one of the most difficult positions to cover in the entire State system. Our admiration to you all in how you perform; providing thought as well as common sense to the challenges in following the rules and laws (however unfit as some of these may be) is commendable.

Unfortunately we received the notice of the upcoming meeting on Friday and even though we have been successful in communicating with Ms. Laureu at DOTA as well on Friday, we are still not comfortable with the direction she feels mandated to follow. For this reason, and also due to the fact that I am leaving for Oahu for a week today to have Breast Cancer Surgery we feel it is best to submit our testimony and concerns to the Board.

Under no situation do we or will we protest any additional air tour and charter company to Lihue Airport. We have seen 26 companies go out of business in 40+ years and for this reason we are only concerned in a solid, safe and fair development of the area.

Our concerns remain: The LIHUE Airport offers multiple levels of leases to equal competitors. This request offered today is actually MORE of the same. We do not believe there is another operator at the heliport holding an RP, and most certainly none of the current operators believe they can park a trailer on the property. The heliport area was at one point "interim", it is not any longer and from here on out should be leased as the permanent heliport with construction to equal what we built.

Additionally, the applicant/ operator should understand that should there be another operator who is willing to build and develop the property properly (not a

"trailer" that will cause damage to aircrafts and other buildings during a hurricane) that they will need to move. We had to move our" RP cottage" 3 times in 34 years for the development of UPS, FEDEX and the Weather Station. We assumed the strict building codes in our lease were for our protection during a hurricane. If we now have a permanent helipad then it should be expected to be developed with both harmony, and with safety in mind.

In closing, an RP is less expensive to operate; we were forced to sign a lease, build a building and comply with each word on the lease. 'Going forward' is not the same as 'going backward'. This is not an investment in the property, which is what is warranted should one want to run a safe operation such as the Lihue Airport. We suggest the State take time to design a plan that goes forward and is fair for all. In the mean time, this and any other new operator can easily run their operation out of the many vacant building spaces available in nearby Lihue Town. Those operators without buildings at the heliport all operate with shuttles to the heliport. When they have plans for a building, with permits, then a building can be constructed properly and safely.

Mahalo again for your time,

Bonnie Lofstedt
Owner Island Helicopters Kauai, Inc.

Island Helicopters

From: dennis.l.neves@hawaii.gov
Sent: Wednesday, September 18, 2013 1:38 PM
To: Curt Lofstedt Island Helicopters
Cc: sidney.a.hayakawa@hawaii.gov; ethan.tomokiyo@hawaii.gov; ross.smith@hawaii.gov
Subject: Heliport questions

Curt,

Here are the responses to your questions concerning the Heliport.

1. Are the rates for a long term lease the same as for a RP? Yes

2. If we sign a long term lease, how soon do we have to build, and minimum building cost? The heliport lease allows the lessee up to 12 months from the commencement date of the lease to construct its facility improvements in accordance with the DOTA's Tenant Improvement Guide.

3. Since it is a temporary heliport, will portable offices be allowed?
R.P.

No, facility improvements must be constructed in accordance with the DOTA's Tenant Improvement Guide for Leased Airport Property

4. If appraisal is lower for 2013 (property) will this be retroactive?

No. The appraisal establishes new rates and charges at airport facilities statewide. The new rates will be charged as of the effective date of the updated DOTA's Procedure 4.5, Schedule of Rates & Charges.

5. If I sign a long term lease can I get pads 1, 2 and 3? Yes, if approved by the Airport Manager.

6. Will the State release our old deposit before we make a new one? No.

The transaction is independent from any existing agreement. Once the transaction is fully executed and signed by all parties you may request the former deposit be refunded or applied at your direction.

7. Will the State maintain ownership of a permanent office building after

15 years? The DOTA will acquire the facility improvements at the end of the lease, provided the improvements are conforming and were authorized by the DOTA.

8. What is the likelihood of a longer lease, at least 20 years. Given the fact that we are the oldest lease, besides Hawaiian Air, at the Lihue airport and always in good standing, we would appreciate the consideration of a true long term lease. Fifteen years is not viewed or considered as a long term lease by any financial institution (Bank of Hawaii, First Hawaiian Bank or Kauai Community Federal Credit Union for example). I believe the Maui heliport leases were 20 years.

The current layout of the Lihue Heliport is, and has been, referred to by the DOTA as an "interim heliport" very early in the discussion of the number of pads and the selection process. This reference is intentional as the DOTA is in the process of acquiring land from Grove Farm to, among other things, reconfigure the heliport to allow the tower better ground operational visibility.

Additionally, in researching the lease term issue, the DOTA spoke to bankers & credit union managers at FHWN & KCFCU. The DOTA was left with the understanding that 15 year leases are prevalent for commercial purposes as banks are better able to match costs and use of funds more effectively than in 20 to 30 year leases.

Regards,

Dennis L. Neves
Kauai Airports District Manager
Department of Transportation, Airports Division
3901 Mokulele Loop, #6
Lihue, Hawaii 96766
Tel: (808) 274-3805
Fax:(808) 241-3939
dennis.l.neves@hawaii.gov

Sharing our Vision "He Kahua mokulele hanohano no ka Hawai'i a puni"

(An Airports System that is the pride of our State)

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10. From the map handed out at the meeting it appears that space 9 with helipads 17 and 18 will have no developable area fronting the helicopter pads. Currently there is some usable space next to the lift station fronting pad 18. Is this space being reserved for some use other than the operations at the Lihue Interim Heliport?

Answer: See attached e-mail dated November 19, 2007.

11. Which tenant spaces will be allowed to build two-story building?

Answer: The State will only allow single story buildings at the Heliport.

12. What ADA requirements will we be required to comply with?

Answer: Tenants must meet all requirements of ADA.

13. Will elevators be required for two-story buildings?

Answer: See answer to Question 11.

14. The DESIGN CRITERIA presented at the meeting are for all areas at the Lihue Airport. There is one hangar on a lease lot that was constructed after August of 2003. It does not meet all of the design criteria. This sets a precedent for all future buildings at the Lihue Airport. We have already been communicating with DOT-A about this matter and have been assured in writing that we will be able to construct a building that is similar in design to the building on the "FBO" lot.

Answer: The design criteria presented with the leases were specifically created for the heliport development. The State may choose to provide different criteria for different areas of the airport depending on several factors which could include usage, visibility and feasibility. The hangar mentioned in the question was allowed to be built differing from certain portions the criteria developed for the heliport; however, that does not mean it sets a precedent. All tenants are welcomed to propose variations or alternatives to the State's design criteria and they will be reviewed on a case by case basis.

15. We have notified DOT-A that we have health and safety concerns related to conducting our operations from the heliport areas during the current construction process and during the construction of improvements. We request the ability to relocate our operations to another area of the Lihue Airport (North Ramp) during the final phase of the heliport improvements and during the period of the construction of our improvements. If this area is not available, we need to determine where we can operate in a safe manner.

Answer: Individual helicopter operators will be allowed to rent available space in the General Aviation Subdivision for helicopter operations on a temporary basis while the operator constructs improvements at the heliport. Such temporary use shall cease upon completion of operator's improvements at the heliport. Should an operator not comply

B. In General. LESSEE shall, at LESSEE's sole cost and expense, prepare the ground surface of the demised Premises, construct, erect, and install buildings, structures, utility lines, and other improvements (hereinafter referred to collectively as "Fixed-Base Facility Improvements") on the Premises for the purposes denoted in Article III. (Use of Premises) herein, subject to all applicable easements and restrictions, as shown on Exhibit B, attached hereto and hereby made a part hereof, and any and all other covenants, terms, and conditions that may be required or imposed by STATE. The construction, erection, and installation of the Leasehold Improvements must receive STATE's prior written approval and must meet or satisfy applicable County building standards and specifications, State Department of Health and FAA rules and regulations.

C. Environmental Report. Prior to the commencement of any construction work on LESSEE's Leasehold Improvements, LESSEE shall, at LESSEE's sole cost and expense, provide or submit to STATE a Final Environmental Assessment or Final Environmental Impact Statement or other appropriate environmental report, if so required by STATE or another governmental agency. The required assessment, statement, or report shall be prepared by LESSEE or LESSEE's agent and processed through appropriate governmental agencies, including the Department of Health, State of Hawaii, for STATE's final written approval at LESSEE's sole cost and expense.

D. Improvement Plans.

1. LESSEE's Plans. All designs, plans, drawings, specifications, cost estimates, schedules, and timetables, together with a detailed plot plan and layout, for and relating to the construction and installation of LESSEE's Leasehold Improvements at, in, on, over, or under the Premises, shall hereinafter be referred to collectively as "LESSEE's Plans".

2. Properly licensed. A properly licensed architect or engineer must prepare LESSEE's Plans. Properly licensed contractors must construct, erect, and install LESSEE's Leasehold Improvements.

3. Submittal deadlines. LESSEE shall submit to STATE, LESSEE's Plans for STATE's prior written approval within four (4) months from the commencement date of this Lease. LESSEE shall submit to STATE, LESSEE's Plans covering any other subsequent portion of the Premises within fifty (50) calendar days after LESSEE receives STATE's written request to submit such LESSEE's Plans for STATE's review and approval.

4. Compliance with Development Standards. LESSEE shall obtain STATE's prior written approval for LESSEE's Plans and LESSEE's Leasehold Improvements, including all initial and subsequent construction, repair, refurbishment, or installation of improvements at, in, on, over, or under the Premises and all such improvements, except as otherwise stated herein or hereafter, must: (a) be of high quality; (b) incorporate quality materials; (c) be completed with first-class workmanship; (d) meet applicable County building codes, standards, and specifications; and, except as otherwise stated herein, (e) adhere to and

completely comply with and satisfy STATE's: (i) Development Standards for Leased Airport Property (Appendix A); and, (ii) Tenant Improvement Guidelines (Appendix B), hereinafter referred to collectively as the "Development Standards", all of which are attached hereto and hereby made a part hereof, including any and all subsequent amendments and other design development guidelines adopted by STATE.

5. STATE's Approval. STATE shall not unreasonably withhold approval for LESSEE's Plans. STATE may reasonably withhold such approval, including, without limitation, if, in the sole discretion of STATE, such construction, erection, or installation will be:

a. Structurally unsafe. Structurally unsound or unsafe or hazardous for human use or occupancy; or

b. Violation of lease. Not in compliance with any requirement of this Lease; or

c. Building, electrical, plumbing, health, or fire code violations. Not in compliance with the building, electric, plumbing, health, and fire codes, regulations, standards, or specifications of the County or the State of Hawaii; or

d. Development Standards violation. Not in compliance with the Development Standards, including STATE's requirements relating to the development of facilities, which effectively and harmoniously matches the external architecture of other similar portions of the Airport at which the facilities will be constructed, erected, or installed; or

e. Violation of FAA requirements. Not in compliance with any rule, regulation, or order of the FAA; or

f. Violation of federal requirements. Not in compliance with any federal law, code, statute, rule, regulation, or order.

6. STATE's Disapproval. If STATE disapproves of LESSEE's Plans, STATE shall give LESSEE written notice of STATE's disapproval, which notice shall state the reason or reasons for STATE's objections to LESSEE's Plans. LESSEE shall thereupon prepare and submit to STATE new or revised LESSEE's Plans as shall reasonably satisfy STATE's prior objections.

7. Compliance with STATE's Design Standards. Prior to submitting LESSEE's Plans to STATE for the purpose of obtaining STATE's written approval, such plans, drawings, and specifications must comply with, meet, or completely satisfy all of the following design standards:



ARTICLE XXXVI. ENTIRE AGREEMENT

The parties intend that this Lease (including all of the exhibits and attachments which are made a part of this Lease) shall be the final expression of their entire agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its covenants, agreements, obligations, stipulations, terms, and conditions.

ARTICLE XXXVII. AMENDMENTS

Neither this Lease, nor any of the covenants, terms, and conditions contained herein may be varied, changed, modified, or revised by any oral agreement or representation, or otherwise, except by an instrument, in writing, of subsequent date hereto, executed by both parties by their respective officer(s) or other duly authorized person(s).

ARTICLE XXXVIII. APPROACH PROTECTION

STATE reserves the right to take such action as may be necessary to protect the aerial approaches of the Airport against obstruction, in accordance with applicable standards or requirements, together with the right to prevent LESSOR or any other person, from erecting or permitting to be erected, any building or other structure on the Airport which would conflict with such standards or requirements, or which, at the discretion of STATE, would limit the usefulness of the Airport or constitute a hazard to aircraft.

LESSOR shall, upon being notified that any of its proposed construction may affect the safety or navigable airspaces and operating aircraft on and around the Airport, prepare and submit to the appropriate office of the FAA the necessary notice and documents as required by Federal Aviation Regulation Part 77. This notice to the FAA must be submitted at least thirty (30) calendar days prior to the date of the proposed construction or the date that an application for a building permit with the appropriate agency of the County is filed, whichever is earlier.

ARTICLE XXXIX. INVALID PROVISION-SEVERABILITY

If any provision of this Lease or the application thereof to any person, entity, or circumstance shall, to any extent, be deemed invalid or unenforceable by a court of competent jurisdiction, the remainder of this Lease, or the application of such provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

Nov. 19. 2007 9:08AM

No. 2174 P. 1

LINDA LINGLE
GOVERNOR



BARRY FUKUNAGA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
400 Rodgers Boulevard, Suite 700
Honolulu, Hawaii 96819-1880

IN REPLY REFER TO:

AJR-PM
07.0742

November 9, 2007

Mr. Curtis Lofstedt
President
Island Helicopters Kauai, Inc.
P.O. Box 831
Lihue, Hawaii 96766

Dear Mr. Lofstedt:

This is response to questions raised at the helicopter meeting held on October 29, 2007. The State of Hawaii, Department of Transportation, Airports Division (DOTA) felt the questions needed to be answered before the selection process which is to be held on November 20, 2007. The following are our answers:

1. The DOTA has decided that only single-story buildings will be permitted to be built at the heliport. Therefore, there are no requirements for elevators.
2. The fuel hydrant system will not be an exclusive area as was discussed at the meeting. The DOTA will be creating a use easement approximately 12 feet x the entire length of the heliport paved area. Your rental for the paved area will be reduced based on the total amount of paved area we take for this use easement. The operators may use any of the hydrants closest to their pads. The hydrant system rent is based on \$480.00 per pad instead of the rent formula used at the meeting. Attached to this letter is your new rental schedule which we have established for the heliport. Please replace this with the one which was passed out at the meeting.

If you have any questions, please contact Mr. Les Yoshimasu of our Property Management and Land Acquisition Staff at (808) 838-8674.

Sincerely,

Handwritten signature of Glenn M. Okimoto in cursive.

GLENN M. OKIMOTO
Airports Administrator

Attachment

Mr. Dennis Nevins

Lihue Airport Manager

3901 Mokulele Loop, Unit 6

Lihue, HI 96766

Date: 6-14-12

Dear Mr. Nevins,

Bonnie and I enjoyed meeting with you yesterday in your office. We hope your new position as Lihue Airport Manager will be a pleasurable and rewarding experience for you.

As we mentioned, Island Helicopters is interested in purchasing the "Air Kauai" office building, adjacent to our airport office. We would want to keep the office in place plus lease the lot around the building, for our company business. We made this clear in various letters of correspondence to the Airports Division since Air Kauai went out of business.

We understand that an auction may be held in the near future.

I would like to request the opportunity to look over the interior of the office building prior to an auction, since this building has been sitting vacant for several months.

We are looking forward to working with you as the new airport manager

Sincerely,

Curtis W. Lofstedt

President

Island Helicopters Kauai, Inc.

Cc: Tim Skinner

Roy Sakata

Mr. Refused to rent.
Building still not occupied.
It is a "trailer" across
Road from heliport.