

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A. S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

IN REPLY REFER TO:

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

AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009
REQUEST ONE ADDITIONAL HELIPAD SPACE FOR
COMMERCIAL HELICOPTER OPERATIONS
ISLAND HELICOPTERS KAUAI, INC.
LIHU'E AIRPORT
TAX MAP KEY: (4) 3-5-001: PORTION OF 148

KAUAI

REQUEST:

Island Helicopters Kauai, Inc. (IHK) was issued a lease for the development, construction, operation, use and maintenance of a Helicopter Facility containing three helipads for commercial helicopter operations, Heliport Lease No. DOT-A-14-0009 (Lease), at Lihue Airport (Airport). IHK is requesting to amend the Lease to include one additional helipad space.

In the Lease, IHK was only required to invest \$150,000.00 for constructing their leasehold improvements. However, IHK invested approximately \$1,000,000.00 and are requesting to amend their Lease term from 15 to 35 years to amortize those improvements.

APPLICANT:

Island Helicopters Kauai, Inc., a Hawaii company, authorized to do business in the State of Hawai'i, whose business and post office address is P. O. Box 831, Lihue, Hawaii 96740.

LEGAL REFERENCE:

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

ITEM M-8

BLNR – AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009 REQUEST ONE
ADDITIONAL HELIPAD SPACE FOR COMMERCIAL HELICOPTER OPERATIONS,
ISLAND HELICOPTERS KAUAI, INC.

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LOCATION:

Portion of Līhu‘e Airport , Līhu‘e, Island of Kaua‘i, State of Hawai‘i,
identified by Tax Map Key: 4th Division, 3-5-001: Portion of 148.

AREA:

Additional Premises:

Area/Space No. 011-102E, containing an area of approximately 700 square feet;
Area/Space No. 011-102F, containing an area of approximately 700 square feet;
Area/Space No. 011-102H, containing an area of approximately 8,439 square feet;
Area/Space No. 011-102K, containing an area of approximately 1,600 square feet;
as shown and delineated on the attached map labeled Exhibit “A”.

ZONING:

State Land Use District: Urban
County of Kaua‘i: Industrial General/Special Treatment-Public Use (IG/ST-P)

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 YES_ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 4614, dated October 28,
2019, setting aside 883.583 acres designated as Līhu‘e Airport to be under the control and
management of the State of Hawai‘i, Department of Transportation for Airport Purposes.

CHARACTER OF USE:

IHK will use the additional helipad space as part of their commercial helicopter operations.

TERM OF LEASE:

Thirty-five (35) years (01/01/2015 – 12/31/2049).

COMMENCEMENT DATE:

Upon execution of Amendment No. 2 to the Lease.

BLNR – AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009 REQUEST ONE ADDITIONAL HELIPAD SPACE FOR COMMERCIAL HELICOPTER OPERATIONS, ISLAND HELICOPTERS KAUAI, INC.

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LEASE RENTAL:

Current Lease Rental:

Lease years 1 - 5:	\$62,109.84 per annum
Lease years 6-10:	\$71,426.32 per annum
Lease years 11-15:	\$82,140.27 per annum

Amended Lease Rental:

Lease years 1 -5:	\$31,054.92 per annum (based on a 50% general aviation discount per Section 261-7 (g), HRS). Since the first five years of the Lease has lapsed, IHK will receive a credit to reflect the amended lease rental amount for Lease years 1-5.
Lease years 6-10:	115% the annual rent for year 5 of the Lease term (Note: Lease years 6-10 will have 2 rates due to the addition of the helipad space. The date will be determined based on the effective date of Amendment No. 2).
Lease years 11-15:	115% and the annual rent for year 10 of the Lease term;
Lease years 16-20:	Reopening at fair market rent determined by an independent appraiser;
Lease years 21-25:	115% the annual rent for year 20 of the Lease term;
Lease years 26-30:	115% the annual rent for year 25 of the Lease term;
Lease years 31-35:	Reopening at fair market rent determined by an independent appraiser.

MINIMUM INVESTMENT OF IMPROVEMENTS:

IHK has invested the sum of approximately One Million Dollars (\$1,000,000.00) to develop and construct a Facility to use for their Commercial Helicopter Operations.

DCCA VERIFICATION:

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

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The State of Hawai'i, Department of Transportation, Airports Division (DOTA), has determined that the subject land areas are covered by the Final Environmental Assessment (EA)/Finding of No Significant Impact (FONSI), Līhu'e Airport Heliport

BLNR – AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009 REQUEST ONE ADDITIONAL HELIPAD SPACE FOR COMMERCIAL HELICOPTER OPERATIONS, ISLAND HELICOPTERS KAUAI, INC.

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Improvements dated October 2002, published by the Office of Environmental Quality Control (OEQC) in the November 8, 2002, issue of The Environmental Notice. Accordingly, all relevant mitigation from the EA and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

The Department of Transportation (DOT), and IHK entered into the Lease, dated December 17, 2014, together with all amendments, modifications, assignments, consents, and extension subsequent thereto, for the development, construction, operation, use and maintenance of a Helicopter Facility for Commercial Helicopter Operations. IHK is now requesting to amend the Lease to include one additional helipad space and amend the Lease term from 15 years to 35 years to amortize IHK's leasehold investment improvements of approximately \$1,000,000.00. The DOT has no objections to IHK's request and will amend the Lease to include the one additional helipad and change the Lease term from 15 years to 35 years.

RECOMMENDATION:

That the Board approves Amendment No. 2 to the Lease to include the one additional helipad and amend the Lease term, 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,

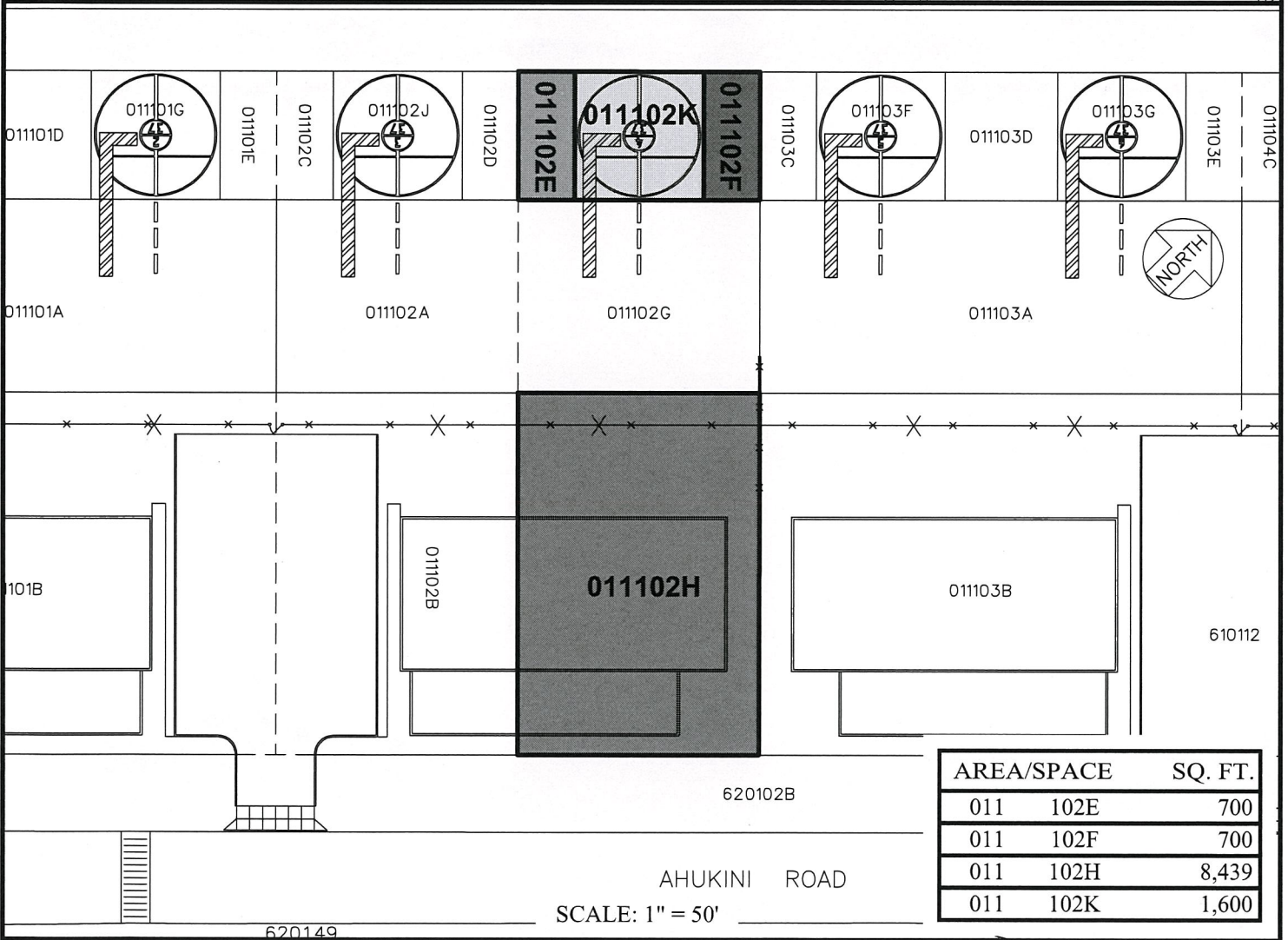
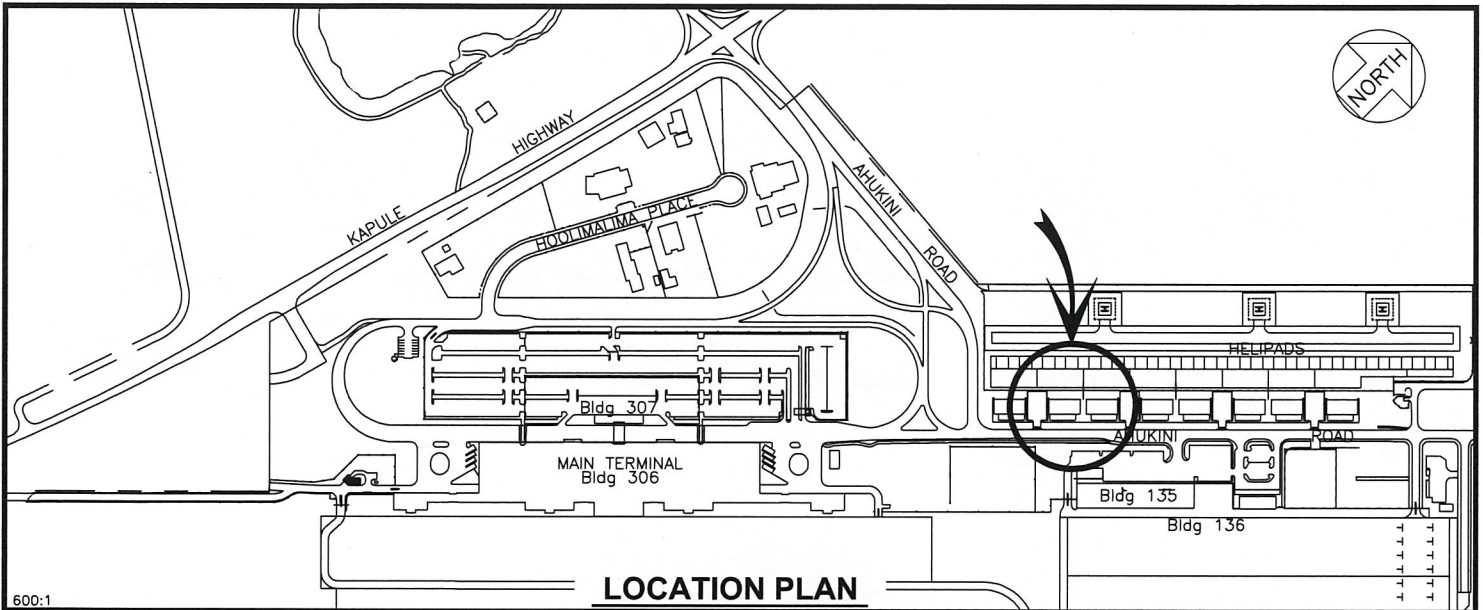


JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



AMENDMENT NO. 2 TO STATE LEASE NO. DOT-A-14-0009 DATE : JUNE 2021

EXHIBIT: **A**

	<p>ISLAND HELICOPTERS KAUAI, INC.</p>	<p>LOTS</p>	<p>011102E, F 011102H, K PLATS A1, 35</p>
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LIHUE AIRPORT