



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

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

ISSUANCE OF A DIRECTLY-NEGOTIATED LAND LEASE FOR
A HANGAR FACILITY TO SUPPORT FIXED-BASE OPERATIONS
WINDWARD AVIATION, LLC
KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-01: PORTION OF 019

MAUI

REQUEST:

Issuance of a directly-negotiated Land Lease for the development, construction, use, operation and maintenance of a Hangar Facility for fixed-base operations (FBO) to Windward Aviation, LLC (WAL) at the Kahului Airport.

APPLICANT:

WAL, whose post office address is P. O. Box 330449, Kahului, Hawaii 96733.

LEGAL REFERENCE:

Section 171-59 (b), and other applicable sections of Chapter 171, Hawaii Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portions of Kahului Airport (OGG), Kahului, Island of Maui, identified by Tax Map Key: 2nd Division, 3-8-01: Portion of 019.

AREA:

Area/Space No. 616-101, containing an area of approximately 91,425 square feet of improved, unpaved land, as shown and delineated on the attached Exhibit A.

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ZONING:

State Land Use District: Urban
County of Maui: Airport

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admission Act: Non-Ceded
DHHL 30% entitlement lands pursuant to Hawaii Admission Act YES ___ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 2427, dated February 12, 1969, setting aside 1,268.938 acres designated as OGG to be under the control and management of the State of Hawaii, Department of Transportation (HDOT) for public purposes.

CHARACTER OF USE:

WAL will develop, construct, use, operate and maintain a FBO facility at OGG.

LEASE TERM:

Thirty-five (35) Years

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Years 1 – 5:	\$149,022.75 per annum [based on a rate of \$3.26 for improved, unpaved land discounted to \$1.63 (50% General Aviation Developmental Discount), as determined from the HDOT schedule of rates and charges established by appraisal of Airport property statewide].
Years 6 – 10:	115% the annual rent for year 5 of the Lease.
Years 11 – 15:	115% the annual rent for year 10 of the Lease.
Years 16 – 20:	Reopening at fair market rent determined by an independent appraiser.
Years 21 – 25:	115% the annual rent for year 20 of the Lease.
Years 26 – 30:	115% the annual rent for year 25 of the Lease.
Years 31 – 35:	Reopening at fair market rent determined by an independent appraiser.

PERFORMANCE BOND:

The sum equal to the annual rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$5,000,000.00 (Five Million and No/100 Dollars).

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:

HDOT has determined that the environmental impacts for the subject land use is covered by the Kahului Airport Improvements Final Environmental Impact Statement (EIS), published by the Office of Environmental Quality Control (OEQC) in the October 23, 1997, issue of The Environmental Notice. The EIS was accepted by the Governor on February 18, 1998. Accordingly, all relevant mitigation from the EIS and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

In accordance with Section 171-59 (b), and other applicable sections of Chapter 171, HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, HDOT proposes to issue a directly negotiated land lease to WAL for the development, construction, use, operation and maintenance of a FBO Facility on the East Ramp at OGG.

In addition to the development of the FBO Facility, WAL will be required to extend the security fence to secure the Airport Operations Area, develop and construct a connection to the taxiway, which will provide WAL access to the runway and will be for OGG's use for additional ramp parking for General Aviation Aircraft.

HDOT believes the connection to the taxiway at OGG and additional ramp parking for General Aviation tenants serves the best interest of the State.

HDOT has determined that the issuance of this directly negotiated lease encourages competition within the aeronautical-related activities at OGG. WAL's proposed improvements consisting of a FBO hangar facility, office space, a fuel truck and parking will support its FBO operation at OGG. OGG currently has two other FBO's that provide fueling services to aircraft but do not provide aircraft storage.

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**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.

RECOMMENDATION:

That the Board authorize HDOT to issue a directly negotiated lease to WAL, 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,

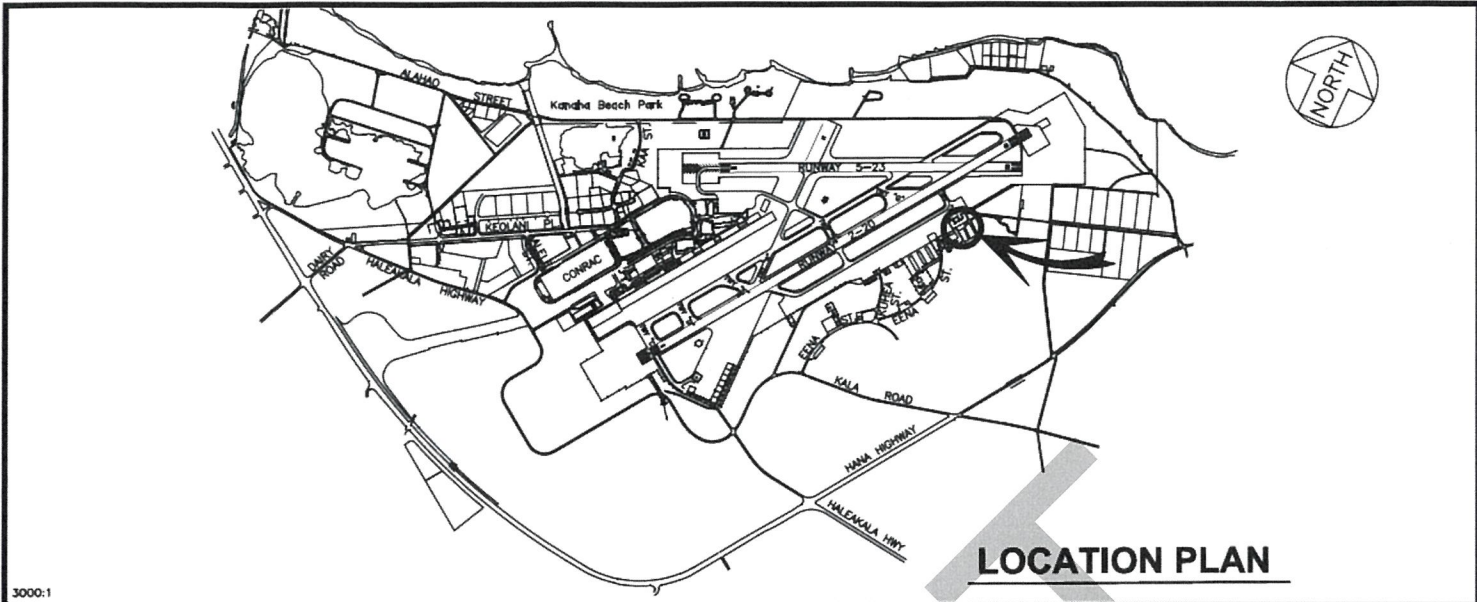


EDWIN H. SNIFFEN
Director of Transportation

APPROVED FOR SUBMITTAL:

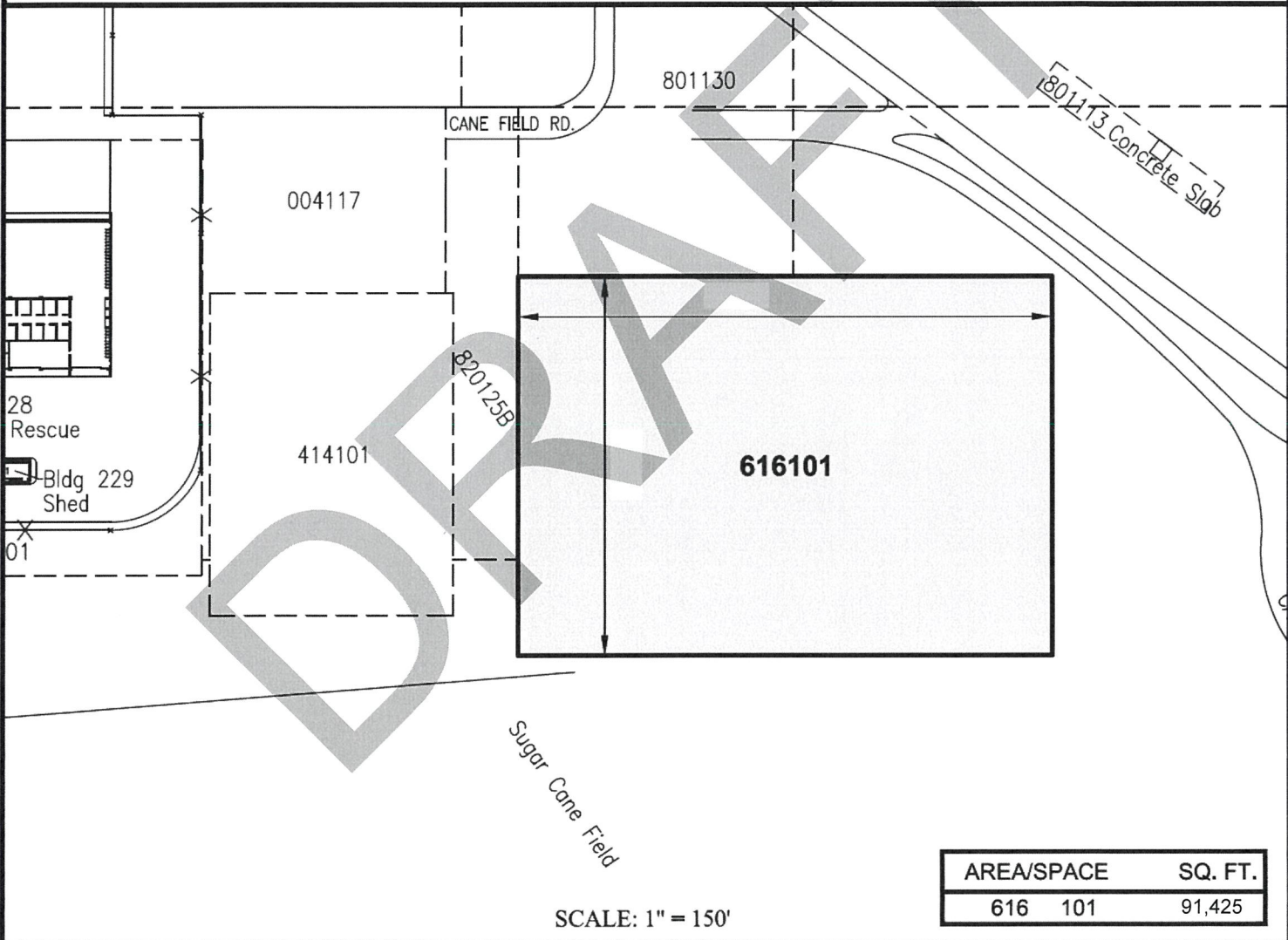


DAWN N. S. CHANG
Chairperson
Board of Land and Natural Resources




LOCATION PLAN

3000:1



SCALE: 1" = 150'

AREA/SPACE	SQ. FT.
616 101	91,425

DOTA-22-0004 DRAFT		DATE : FEBRUARY 2023	EXHIBIT: A
 Airports	WINDWARD AVIATION, LLC	EAST RAMP	616101
			PLAT 26

KAHULUI AIRPORT

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