



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

IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE
SCHUMAN AVIATION COMPANY, LTD.
HONOLULU INTERNATIONAL AIRPORT

OAHU

APPLICANT:

SCHUMAN AVIATION COMPANY, LTD., a Hawaii corporation authorized to do
business in the State of Hawaii

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended

AREA AND LOCATION:

Area/Space No. 009-158, containing a land area of 21,236 square feet of improved/paved
land as shown and delineated on the attached Exhibit A.

Portion of Honolulu International Airport, Honolulu, Island of Oahu, identified by Tax
Map Key No: 1st Division, 1-1-72:33

ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Section 5(a), "non-ceded" land of Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES NO

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes

CHARACTER OF USE:

1) Development, construction, operation, and maintenance of a general aviation hangar facility; and 2) Conduct commercial general aviation activities

COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date

TERM OF LEASE:

Twenty-five (25) years

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$44,170.88 per annum, payable in quarterly installments of \$11,042.72, in advance, based upon present ground lease rental rate of \$2.08 per square foot per annum for improved/paved general aviation land at Honolulu International Airport

Second Five (5) Years (Lease Years 6 through 10): \$50,796.52 per annum, payable in quarterly installments of \$12,699.13, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$44,170.88) and 115%.

Fourth Five (5) Years (Lease Years 16 through 20): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (15th year) of the lease term.

REOPENING OF ANNUAL GROUND RENTALS:

For the third and fifth five (5)-year reopening lease periods, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation; provided however, that the land rental for

each year shall be no less than a rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to the annual ground lease rental then in effect

MINIMUM IMPROVEMENTS REQUIREMENTS:

The Lessee shall, within 12 months of the commencement date of the Lease, invest the sum of not less than \$750,000 for upgrading and improving the leased premises and constructing general aviation hangar facility improvements and other accessory, fixed leasehold improvements on the leased premises. The upgraded and improved leased premises and hangar facility improvements and other accessory, fixed leasehold improvements shall be constructed in accordance with construction plans, drawings and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

WAIVER OF RENT:

Ground lease rents payable to the Department of Transportation shall be waived at the beginning or commencement date of the Lease for a period of 12 months or until the Lessee first physically occupies the Premises and uses the Premises for the stated primary purpose of the Lease (beneficial occupancy), whichever occurs first.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Schuman Aviation Company, Ltd. desires to develop, construct, operate, and maintain a general aviation hangar facility on the proposed leased premises

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and commercial aviation needs of the island of Oahu through the year 2005 and was prepared

for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

DCCA VERIFICATION:

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

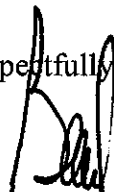
REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposes to issue a direct lease to Schuman Aviation Company, Ltd. for the purpose of: (1) developing, constructing, operating, and maintaining a general aviation hangar facility and other related accessory improvements; and (2) conducting commercial general aviation activities at Honolulu International Airport.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Schuman Aviation Company, Ltd., 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.

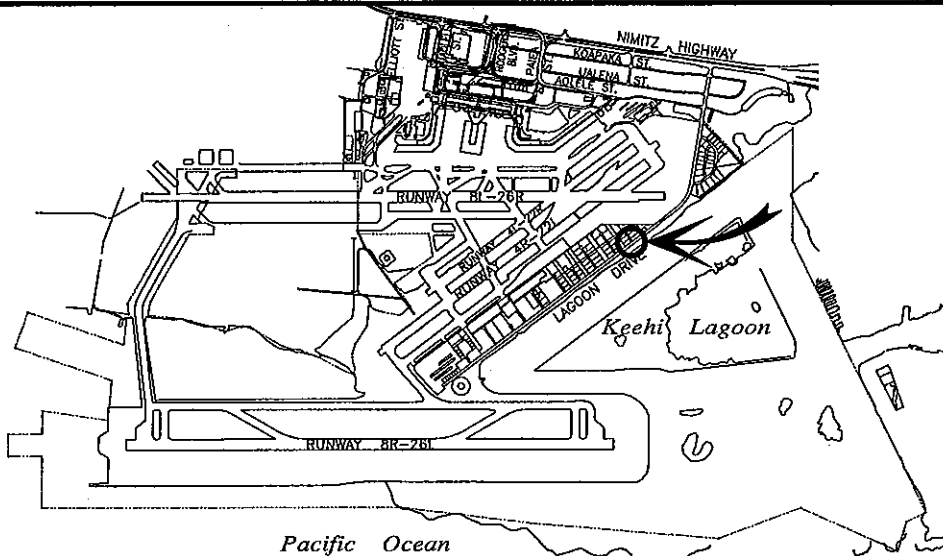
Respectfully submitted,



BARRY FUKUNAGA
Director of Transportation

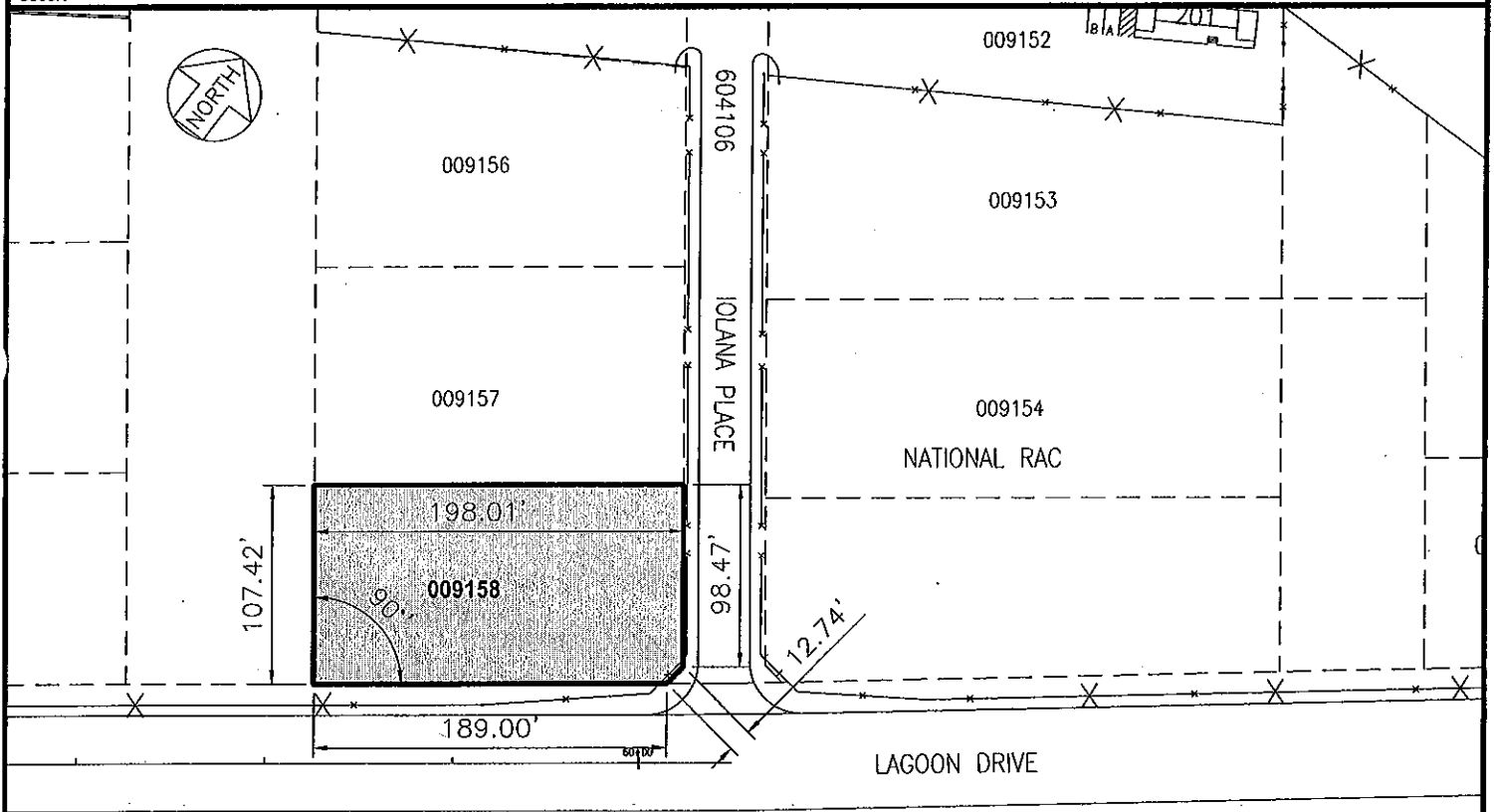
APPROVED FOR SUBMITTAL:


for ALLAN A. SMITH
Interim Chairperson



LOCATION PLAN

5000:1



AREA/SPACE	SQ. FT.
009 158	21,236.00

SCALE: 1" = 100'

DATE : APRIL 2007

EXHIBIT: **A**



Airports Division

SCHUMAN AVIATION COMPANY, LTD.

LOTS SOUTHRAMP

009158
PLAT 36

HONOLULU INTERNATIONAL AIRPORT

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