

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
AIRPORTS
400 RODGERS BOULEVARD, SUITE 700
HONOLULU, HAWAII 96819-1880

EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

IN REPLY REFER TO:

AIR-PM 24.0585

September 26, 2024

DOT Land Matters
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECTLY-NEGOTIATED LEASE FOR LAND AND
A HANGAR FACILITY TO SUPPORT FIXED-BASE OPERATIONS
SIGNATURE FLIGHT SUPPORT LLC
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-012: PORTION OF 157 AND PORTION OF 158

HAWAII

APPLICANT:

Signature Flight Support LLC (Signature), whose mailing address is
98 Kapalulu Place, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS), Sections 26-19 and 171, as amended.

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawaii, identified by
Tax Map Key: 3rd Division, 2-1-012: Portion of 157 and Portion of 158.

AREA:

Building/Room No. 109-101, containing an area of approximately 3,562 square feet,
Area/Space No. 001-106, containing an area of approximately 32,717 square feet of improved,
paved land, and Area/Space No. 001-105, containing an area of approximately 41,184 square
feet of improved, paved land, which includes 8,905 square feet designated as surplus land, as
shown and delineated on the attached map labeled Exhibit A.

ZONING:

State Land Use District:	Urban
County of Hawaii:	Industrial (ML-20)

ISSUANCE OF DIRECTLY-NEGOTIATED LEASE FOR LAND AND A HANGAR FACILITY
TO SUPPORT FIXED-BASE OPERATIONS, SIGNATURE FLIGHT SUPPORT LLC

Page 2

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admission Act: 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. 1519, dated July 17, 1952, setting aside 550.881 acres being a portion of General Lyman Field under the control and management of the Hawaii Aeronautics Commission [subsequently transferred to the Department of Transportation (HDOT)] as a site for ITO.

CHARACTER OF USE:

Signature will develop, construct, use, operate and maintain a fixed-base operation (FBO) at ITO.

LEASE TERM:

Thirty-five (35) years.

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Years 1 – 5:	\$149,238.12 per annum [based on a rate of \$9.60 per square foot, per annum, for Building 109, and \$2.36 per square foot, per annum, for improved, paved land discounted to \$1.77 (25% Aeronautical 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:

\$3,500,000.00 (Three Million, Five Hundred Thousand and No/100 Dollars).

ISSUANCE OF DIRECTLY-NEGOTIATED LEASE FOR LAND AND A HANGAR FACILITY
TO SUPPORT FIXED-BASE OPERATIONS, SIGNATURE FLIGHT SUPPORT LLC

Page 3

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 HDOT has determined that the subject areas are covered by the Hilo International Airport Final Environmental Assessment (FEA), dated April 15, 2003, and published by the Office of Environmental Quality Control in the May 8, 2003 issue of The Environmental Notice. Accordingly, all relevant mitigation from the FEA and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

The HDOT proposes to issue a directly-negotiated FBO lease to Signature for the development, construction, use, operation and maintenance of a FBO Facility at ITO.

The HDOT has determined that the issuance of this directly-negotiated lease encourages competition within the aeronautical-related activities at ITO. Signature's proposed improvements consisting of aircraft parking, a modular FBO terminal, and a ground service equipment storage and maintenance hangar, will support its FBO operation. ITO currently has one other FBO that provides fueling services to aircraft but does not provide aircraft storage.

RECOMMENDATION:

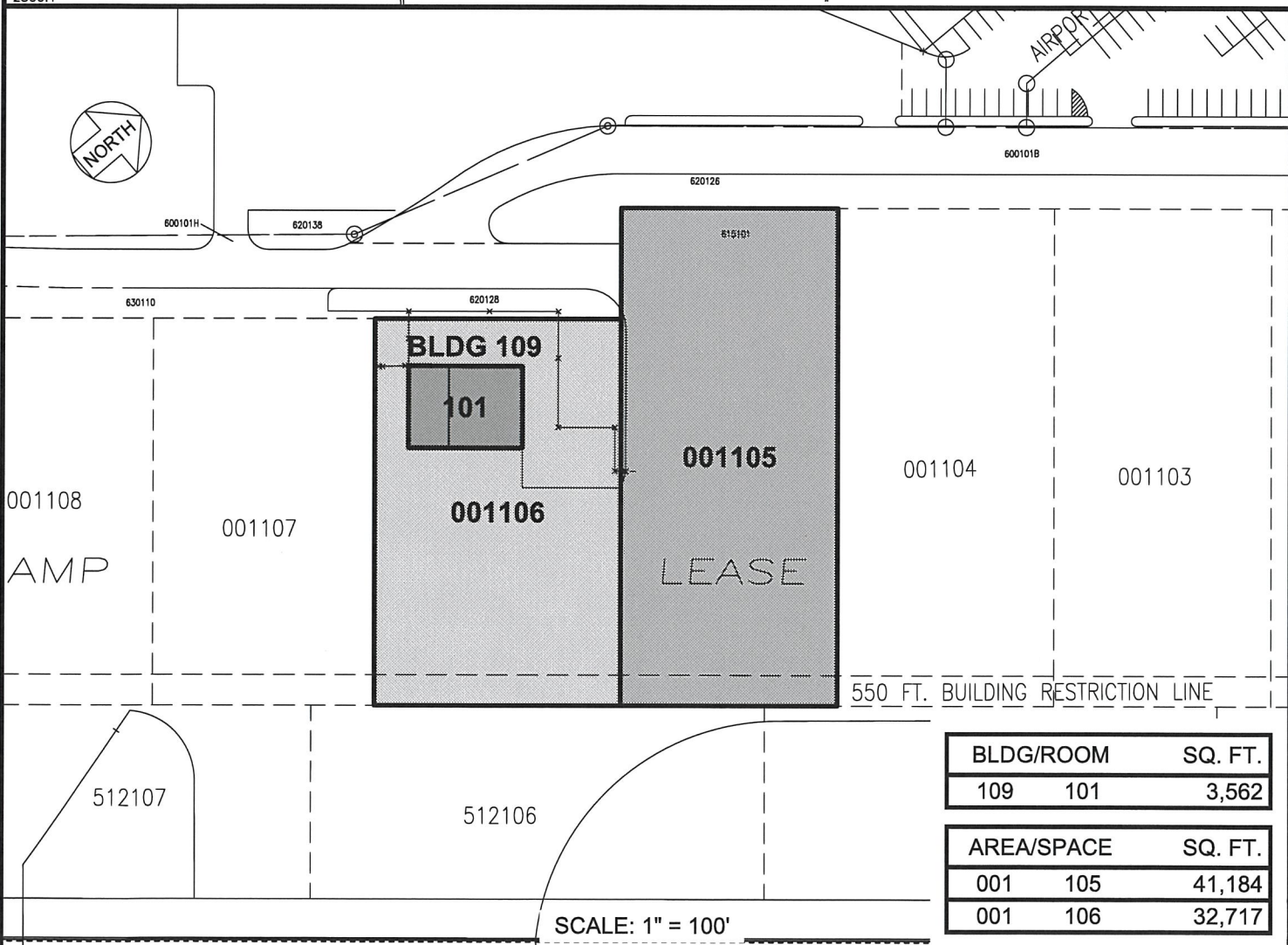
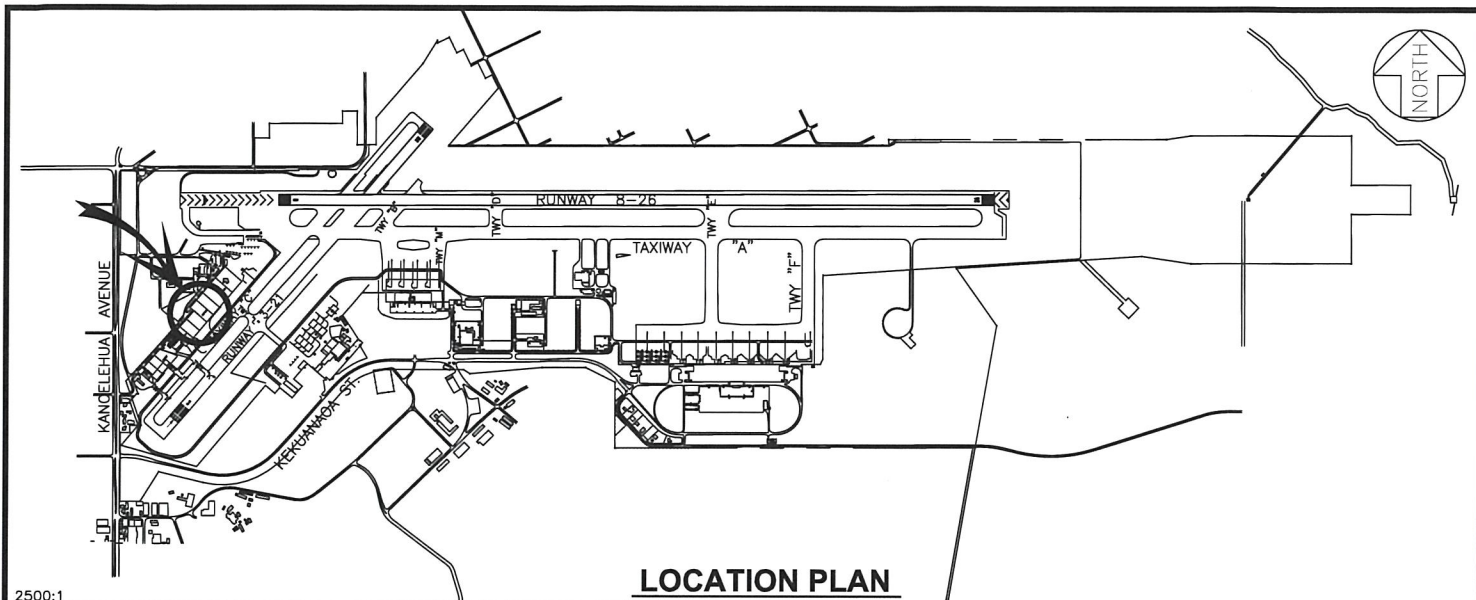
Based on this submittal, and testimony and facts presented, the HDOT recommends the Director of Transportation approve the issuance of a directly-negotiated lease to Signature, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions 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,



CURT T. OTAGURO
Deputy Director of Transportation for Airports

Attachment



BLDG/ROOM	SQ. FT.
109 101	3,562

AREA/SPACE	SQ. FT.
001 105	41,184
001 106	32,717

DATE : JUNE 2024

EXHIBIT: **A**



SIGNATURE FLIGHT
SUPPORT LLC

BLDG 109

001105
001106
109101

HILO INTERNATIONAL AIRPORT

N:\AIRPORTS\HILO\CAD\PI\105_001.DWG