

ISLAND SEAPLANE SERVICE



85 Lagoon Drive, Honolulu, HI. 96819

Pat: 808-347-2904 Debbie: 406-885-7124

e-mail seaplaneservice@aol.com

web www.islandseaplane.com

HISTORY

1989 1ST week of May I visited Hawaii and made a inquiry of airports property manager and the FAA re starting a seaplane operation. They both said that you cannot fly seaplanes in Hawaii. I spent 8 years trying to get a permit. Aviation started in Hawaii in 1929 when Interisland Airways purchased 3 Sikorsky S-38 flying boats and starts serving out lying islands. Now they are Hawaiian Airlines.

1996 October. Debbie and I (Pat) sold our business in Alaska and moved to Oahu to pursue the permitting process for Island Seaplane Service Inc.. This allowed us to meet with airports people at least weekly.

1997 July 1, 1997. I sent a \$10,243.80 check to Barry Fukunaga the airport manager at that time as deposit. Mid – August I called him to see what was going on and he thought it was all done and the permit issued. I told him that I had never gotten anything – including a receipt.

August 18, 1997. Had meeting with Barry Fukunaga, AP Manager and Stanford Miyamoto, General Aviation Officer and signed the lease agreement. We only had Sealane 8 and they promised to open up Sealane 4/22 and Sealane 26 so we could fly in all winds. This did not happen for 3 years and we lost \$345,000 the first 3 years because we were not allowed to fly when the wind went westerly which was about 35% of the time. Rent was \$2,439.00 monthly but because Ben Schlapak Airports Manager contended the two areas Space # 425-003 and # 435-004 should not have been charged and changed to \$2,389.00 It took many years to make up for this \$345,000 loss.

2001 Airports filed suit for eviction for rent arrears. ISS filed a counter suit and won with Federal mediation. ISS owed \$124,000 and this was reduced to \$62,000 because airports never did open the other sealanes and we were not allowed to fly when the winds went westerly. A contract was made to pay that off monthly with interest and was completed 5 years later. Rent became \$2,389.00 monthly

9/11 ISS was shut down after the attack, but ended up being the longest shut down operation in the U.S. – 100 days! At 4:00 p.m. on December 19 the local FAA FSDO office called and said we could fly again. We negotiated with Patsy Mink and Daniel Inouye and could prove \$107,000 of cancellations and Congress passed a bill to re-imburse all operators that lost money during the shutdown, but never did fund the bill. Every one else was shut down a max of 2 ½ weeks.

2003 April. Roy Sakata sent a letter saying we did not pay two \$500 payments for our tour permit for 2002 and 2003. We sent copies of two cashiers checks for those payments, but did not get an answer when we asked if we were charged interest for those years.

2004 Letter from Davis Yogi Airport manager asking us to take two cashiers checks totaling almost \$3,000 back to the bank to be replaced. Some how they sat on someone's desk and did not get cashed for almost a year. They were only good for 180 days – this was done, but we did not get an answer if we were charged interest.

During 2004 we had a visit from the IRS who said we were not paying our Transportation Tax. I immediately replied that we operated under Part 91 not Part 135 and thus we were not required to pay a transportation tax as we simply do not transport passengers from "A" to "B", but simply fly a circle from "A" to "A". After several months the IRS filed a lien against our bank account and simply took \$46,000 from us up to mid 2005 when they said it was an UNJUST TAX and we were not required to file anymore. Absolutely no restitution of the \$46,000 was ever made to us. We have files going back over

the years of airports applying funds that we paid for one account applied to another account. L It is hard to keep up on everything that way.

2008 ISS made a deal with Ben Schlapak, Airports Manager to have him apply for a transformer and electric hook up and we would pay for it. This allowed us to cease operation of generators. Hawaiian Electric said they could not hook us up because we were floating.

November. I spoke to Ben Schlapak airport manager about a 5 year lease on our site, but he said to send him a letter requesting a ten year lease and he would take care of it. Not too long after he passed away and I assume the application sat on someone's desk until it went away. A copy enclosed.

2009 ISS found out they had been charged sewer charges for 13 years even though they had a holding tank and paid for pump out every week. Sued the State and got most of that back along with a promise to send us a check for the balance due. Still waiting for the check and never did get a written record of the payments applied.

2013 September. We received a check as deposit on sale of business by Mr. Aaron Singer of San Francisco, but Abby Larue, property manager, told him that we owed airports a lot of money and they would come after him to repay it. The repay was actually paid off in 2006 and upon checking we found out that we only owed the current months rent and water. Mr. Singer meanwhile backed out and bought San Francisco Seaplanes and we lost a \$1.6 Million sale.

November. We got a bill of \$5,000 for 10 years of \$500 tour permit that we had not been billed yearly for. We did send a copy of the 2004 pmt. cashiers check and sent airports a check for \$4,500. No reply on question if we were charged interest for 10 years when they forgot to bill us.

2015 Monday August, 3 at 4:30 p.m. Airports Fire Marshal Glen Mitchell stopped by our floating office and home and said they were going to shut off our water at 10:00 a.m. Wednesday, August, 5 and shut us down saying our water source was to be shut off because it was illegal. Tuesday August, 4 our attorney pointed out that the water system was designed and permitted by airports when our plumber made the installation, that cost us over \$4,000.00. This stopped the shut down, but Mr. Mitchell came around many times "insisting he was going to shut us down" until we ended up in court. This is hardly a landlord procedure any where else.

2017 We fell behind on our rent early in the year and agreed to make a repay program and sent the Attorney Generals Office a check for \$8,000.00 on July 9, 2017 which was finally cashed on 7/31 with the same for the two months following. To this day we cannot find credit on our account for the \$8,000.00. I wonder about the interest of 1%per month. Of course then we were not much for making our August and September payment. No one will explain this why we are receiving no credit so why would we bother to pay. The agreement was originally to pay \$8,000 per month and we owed \$20,000 at the time

of agreement. To this day the credit has never showed up. We have been charged for rent of December 2018 though and we already left our business in Hawaii as ordered.

On September 9th at 4:00p.m. we were informed that our rent would increase on our fast land by 370% on October 1st, 2017. This would make a rental increase from \$2,389.00 monthly to \$7,553.60 per-month or from \$28,000 per year to over \$90,000.00 per year. We did not feel that we get any benefits from this because airports has never provided one cent of help to us – including security, electricity or water.

We filed a Section 13 and Section 16 complaint with the FAA as the law allows. Our main response was from Mr. Kevin Willis of the FAA Washington DC who wanted to know why we sent the complaint to him.

2018 February 29. My oldest son Patrick, age 56 died riding as a passenger in a Kodiak Quest aircraft in Florida. He was a 27,000 hour pilot with 22,000 hours on floats. I started him flying from the right seat as soon as he could see over the instrument panel. I soled him on floats on his 16 birthday, he took his private pilots check ride on floats on his 17 birthday, but his birthday was on Halloween and we froze up early on his 18 birthday. We had to wait about 10 days until the ice would safely hold an aircraft and he took his commercial check ride in a Cessna 180 on skis. He was the only pilot I have known that has flown a seaplane on every continent on this planet except Antartica where they are not used. This of course hurt us tremendously and our business slipped for a few months – in fact we really wanted to return to Alaska and start a small fishing lodge.

April 21. We accepted an offer of a well known and wealthy celebrity – Jimmy Buffet. When he found out the rent increase, he just said that “No one will ever purchase that operation” and backed away. Since than we have had several buyers get very interested in buying the business and we have greatly reduced the price, but with the absurd rent and the archaic 30 day revocable lease no one gets serious. We had a young Canadian airline pilot and wife that were here in mid-August 2018 with a ten year loan set up and reasonable down pay. He hated airline flying and wanted to be home at night with his wife. Myself, my wife and the prospective buyers for several days tried to talk with Roy Sakata, but could not get a response to calls, e-mails or faxes. We had greatly reduced our selling price, were to pay off our debt in full to the airports (\$145,000.00) at that time and the buyer was prepared to pay one years rent in advance of the closing. He needed a 10 year lease to satisfy his lender who wanted a ten year lease to cover his ten year loan – which only makes sense. No one is going to make a ten year loan with a 30 day revocable lease. It was a win win deal for Airports – paid in full by us and paid one year in advance by a new younger customer who would be around for many more years. But Mr. Roy Sakata thinks it is right to auction off the facility to the highest bidder instead of being very selective of aviation operators in having a background and safety minded experience, not how much money they have. I have been flying for 62 years, logged over 40,000 hours, hold the worlds record of seaplane time with over 33,000 hours, and owned over 488 aircraft and had 300 some pilots flying for me and never have had a passenger so much as cut a finger and have operated over quite a bit of the world. Hawaii has aviation accidents very commonly with 17 Helicopter fatalities in 2016 and another 7 in 2017. Island Seaplane service operated 22 years in Hawaii and never filed an insurance claim.

In November 2017 we filed a Section 13 and Section 16 complaint with the FAA opposing the high rental increase, but they seem not to care much how much people have to pay for their freedoms. Can you imagine some one paying \$2,500.00 monthly for an apartment that has a rent rise to \$9,250.00 per month and keep the apartment. If all of the tour operators in Hawaii would raise their fees accordingly, they would be out of business in a few days with a \$1,106.30 per person one hour air tour. Recently three Hawaiian flight schools have gone out of business, maintenance facilities are scaling back and there was a waiting list for "T" Hangers four years ago but many are available now, fuel prices have been raised sharply and people are selling off their aircraft back on the mainland. Three flight schools have closed down within the past few months. The State of Hawaii does not do anything to promote business.

In 62 years I have sold several aviation business, but have never had the state tell me who I can or cannot sell my business to. I have a corporation for sale and who ever purchases the corporation becomes the owner. Anything else is a form of discrimination. Many private boat owners and aircraft owners have sold their investments and shipped them back to the mainland because they cannot afford to indulge themselves in Hawaii. A couple of months ago we spend a couple of weeks at a Marina in Keehi Lagoon packing up our aircraft and goods to escape before everything was confiscated by the State. The owners of the Marina with a multi – million dollar investment and a large payroll told us they were not sure if they can stay much longer – after 20 some years there. We also saw and heard another marine operator packing up and very vocally telling every one within hearing that he moved here from California 12 years earlier to start a new business and it was the biggest mistake of his life. We also say the same thing, but we came from Alaska 23 years earlier and lost a million dollars in the shut down. We were forced to sell one classic seaplane that I had owned since 1972 that was worth \$400,000 plus for \$80,000 at the time just to get enough cash to ship out everything back to the mainland and not loose it all. We are now broke and trying to get funded to start a fishing lodge back in Alaska. We are very interested in finding a aggressive attorney to try to get and economic settlement. We cannot believe that any landlord should be allowed to treat their customers in this manner, especially a governmental one . We are proposing a 50% split on any funds obtained - OBO

William (Pat) Magie

Owner Island Seaplane Service Inc.

Nationwide the states are all generally programmed to increase business in their own state but in Hawaii taxes and rents are raised indiscriminately and raise their charges several times a year. Bus fares recently jumped 300% which really affects some of those people who can least afford the increase.