

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

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROY CATALANI
ROSS M. HIGASHI
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DARRELL T. YOUNG

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE,
AND MAINTAIN AIRLINE OFFICES, TRAINING ROOMS, STORAGE AND
EMPLOYEE BREAKROOMS
SOUTHWEST AIRLINES CO.
DIAMOND HEAD CONCOURSE
DANIEL K. INOUE INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-003: 065 (PORTION)

O'AHU

APPLICANT/LESSEE:

SOUTHWEST AIRLINES CO. (SW), whose mailing address is 2702 Love Field Drive,
Dallas, Texas 75235.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portions of Building No. 373, Diamond Head Concourse, Ground Level and Third Level,
at the Daniel K. Inouye International Airport, Island of O'ahu, State of Hawai'i,
identified by Tax Map Key: 1st Division, 1-1-003: 65 (Portion).

AREA:

Building 373, Ground Level:

Building/Room No. 373-182A, consisting of approximately 108 square feet;
Building/Room No. 373-182B, consisting of approximately 99 square feet;
Building/Room No. 373-182C, consisting of approximately 145 square feet;
Building/Room No. 373-182D, consisting of approximately 141 square feet;
Building/Room No. 373-182E, consisting of approximately 159 square feet;
Building/Room No. 373-182F, consisting of approximately 568 square feet;
Building/Room No. 373-182G, consisting of approximately 203 square feet;
Building/Room No. 373-182H, consisting of approximately 231 square feet;

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Building/Room No. 373-182J, consisting of approximately 93 square feet;
Building/Room No. 373-182K, consisting of approximately 136 square feet;
Building/Room No. 373-182L, consisting of approximately 136 square feet;
Building/Room No. 373-182M, consisting of approximately 125 square feet;
Building/Room No. 373-184A, consisting of approximately 932 square feet;
Building/Room No. 373-184B, consisting of approximately 688 square feet;
Building/Room No. 373-184C, consisting of approximately 32 square feet;
Building/Room No. 373-184D, consisting of approximately 56 square feet;
Building/Room No. 373-184E, consisting of approximately 197 square feet;
Building/Room No. 373-184F, consisting of approximately 403 square feet;
Building/Room No. 373-184G, consisting of approximately 301 square feet; and
Building/Room No. 373-185, consisting of approximately 884 square feet, as shown and delineated on the attached map labeled Exhibit “A”.

Building 373, Third Level:

Building/Room No. 373-338A, consisting of approximately 132 square feet;
Building/Room No. 373-338B, consisting of approximately 266 square feet;
Building/Room No. 373-338C, consisting of approximately 1,021 square feet;
Building/Room No. 373-338D, consisting of approximately 140 square feet;
Building/Room No. 373-338E, consisting of approximately 98 square feet; and
Building/Room No. 373-338F, consisting of approximately 73 square feet, as shown and delineated on the attached map labeled Exhibit “B”.

ZONING:

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

LAND TITLE STATUS:

Section 5(a) lands of the Hawai‘i Admissions Act: Non-ceded
DHHL 30% entitlement lands pursuant to the Hawai‘i State Constitution: YES ___ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 3201, dated June 8, 1983, setting aside 3,152.177 acres designated as the Daniel K. Inouye International Airport (Airport) under the control and management of the Department of Transportation, Airports Division, State of Hawai‘i (Airports Division), for Airport Purposes.

CHARACTER OF USE:

Develop, construct, operate, and maintain offices, training rooms, storage, and employee breakrooms, for SW’s Signatory Airline Carrier Operations at the Airport.

TERM OF LEASE:

Five (5) years.

COMMENCEMENT DATE:

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

ANNUAL LEASE RENTAL:

Annual Lease Rental for Fiscal Year 2019: Beginning upon the commencement date of the Lease, the annual rental shall be Five Hundred Forty-Five Thousand, Nine Hundred Sixty-Eight Dollars and 37/100 (\$545,968.37), based upon the applicable prevailing per square footage signatory airline terminal building rate of \$74.11, for fiscal year 2019, as published in the Airports Division Signatory Carriers Rates and Charges, Hawai‘i Airports System

Annual Rental for the Remaining Lease Term: For each fiscal year of the remaining Lease term, the annual rental shall be the product of the square footage of the Area, and the prevailing signatory airline terminal rate for the Airport, as published in the Airports Division Signatory Carriers Rates and Charges, Hawai‘i Airports System.

PERFORMANCE BOND:

The sum equal to one quarter of the annual rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$6.2 Million 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:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawai‘i, Department of Transportation, dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or

maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

Airports Division consulted with the U.S. Federal Aviation Administration (FAA) as to the appropriateness of the citation of the Environmental Exemption Class from the Comprehensive list for the Department of Transportation dated November 15, 2000. The FAA concurred on the appropriateness.

REMARKS:

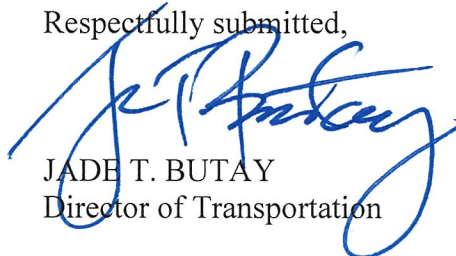
In accordance with Section 171-59 (b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, Airports Division proposes to issue a direct lease to SW for the development, construction, operation and maintenance of offices, training rooms, storage, and employee breakrooms, at the Airport. The proposed improvements will allow SW to establish facilities to begin commercial airline operations at the Airport.

Airports Division recognizes SW's investment, and commitment to the State of Hawai'i, and believes that the issuance of a direct lease to SW is in the best interest of the State. Airports Division considers the proposed lease is in accordance with the underlying intent of Section 171-59(b), HRS, since this will allow SW to compete with other Signatory Airline Carriers, at the Airport.

RECOMMENDATION:

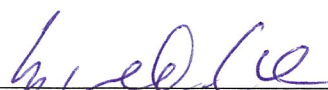
That the Board authorize the Department of Transportation to issue a direct lease to SW, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

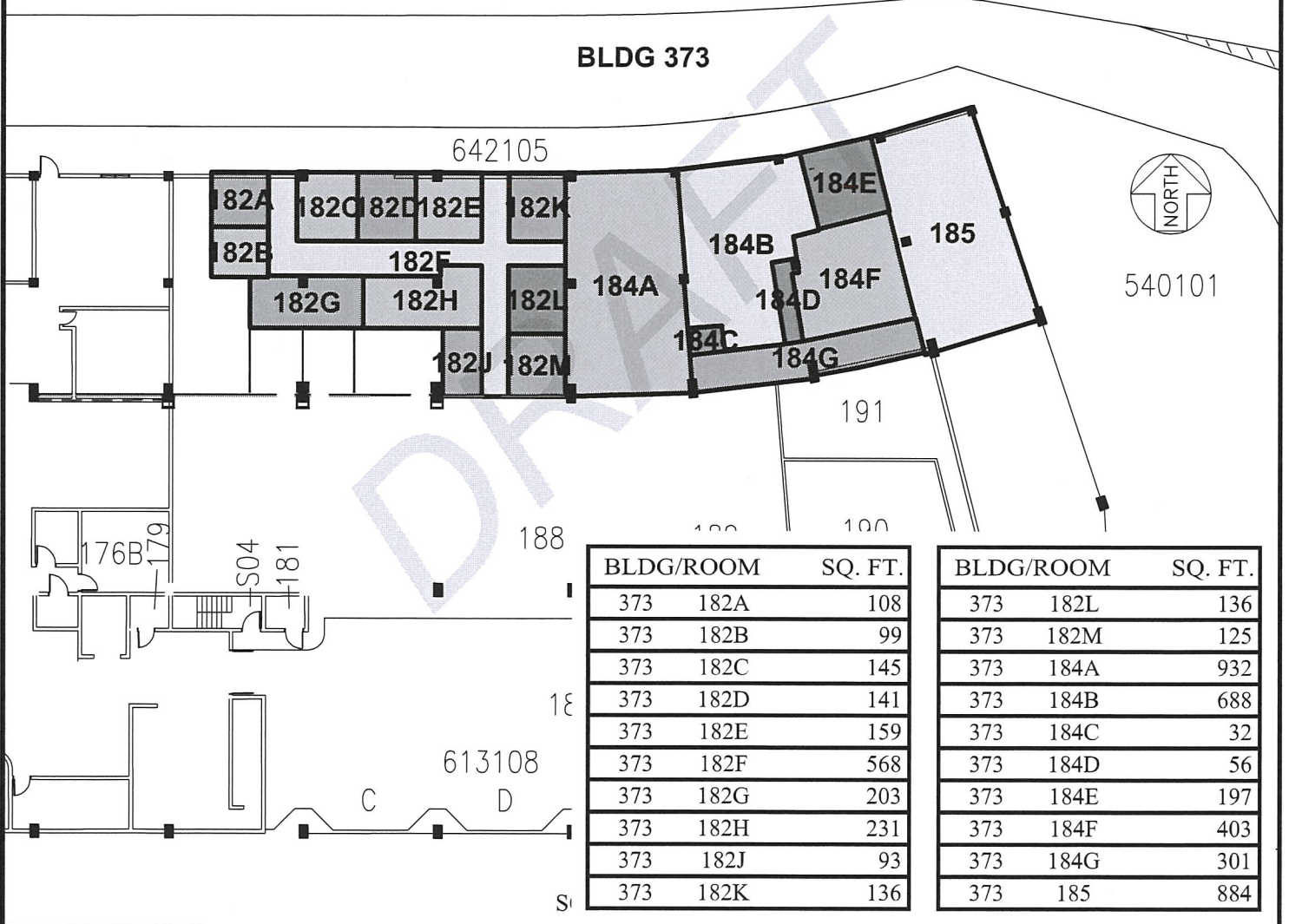
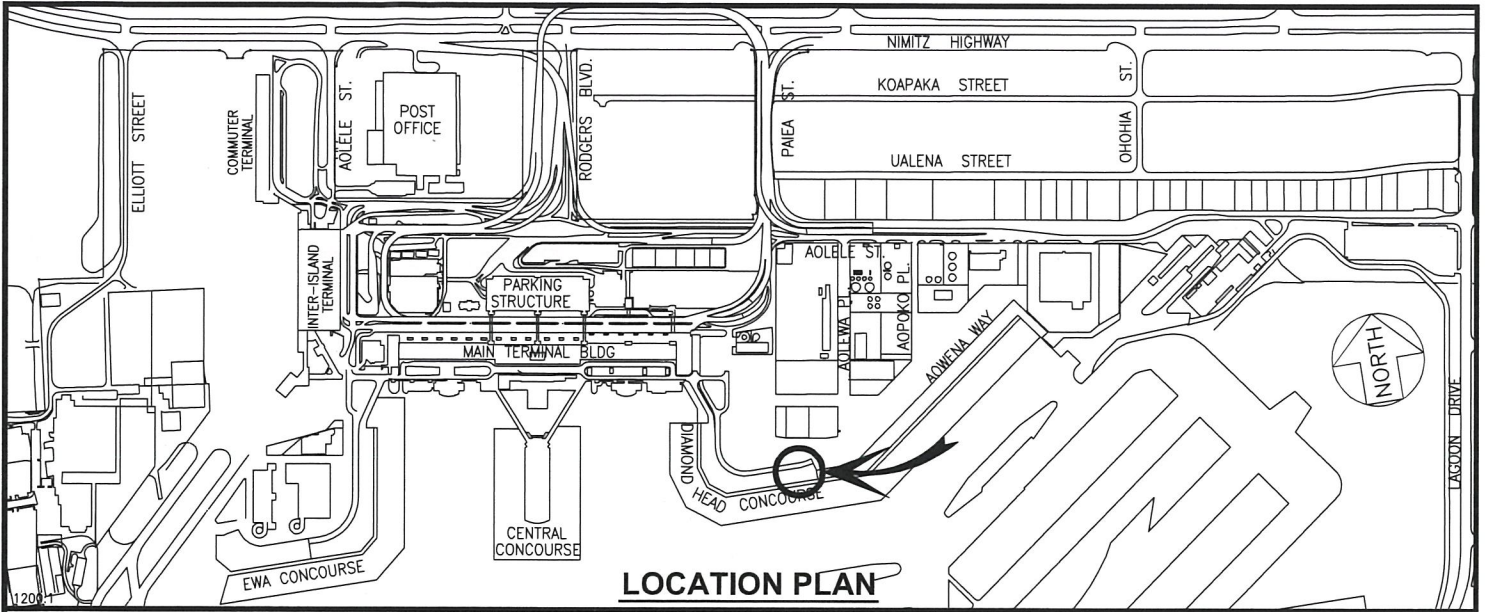


JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



DATE : AUGUST 2018

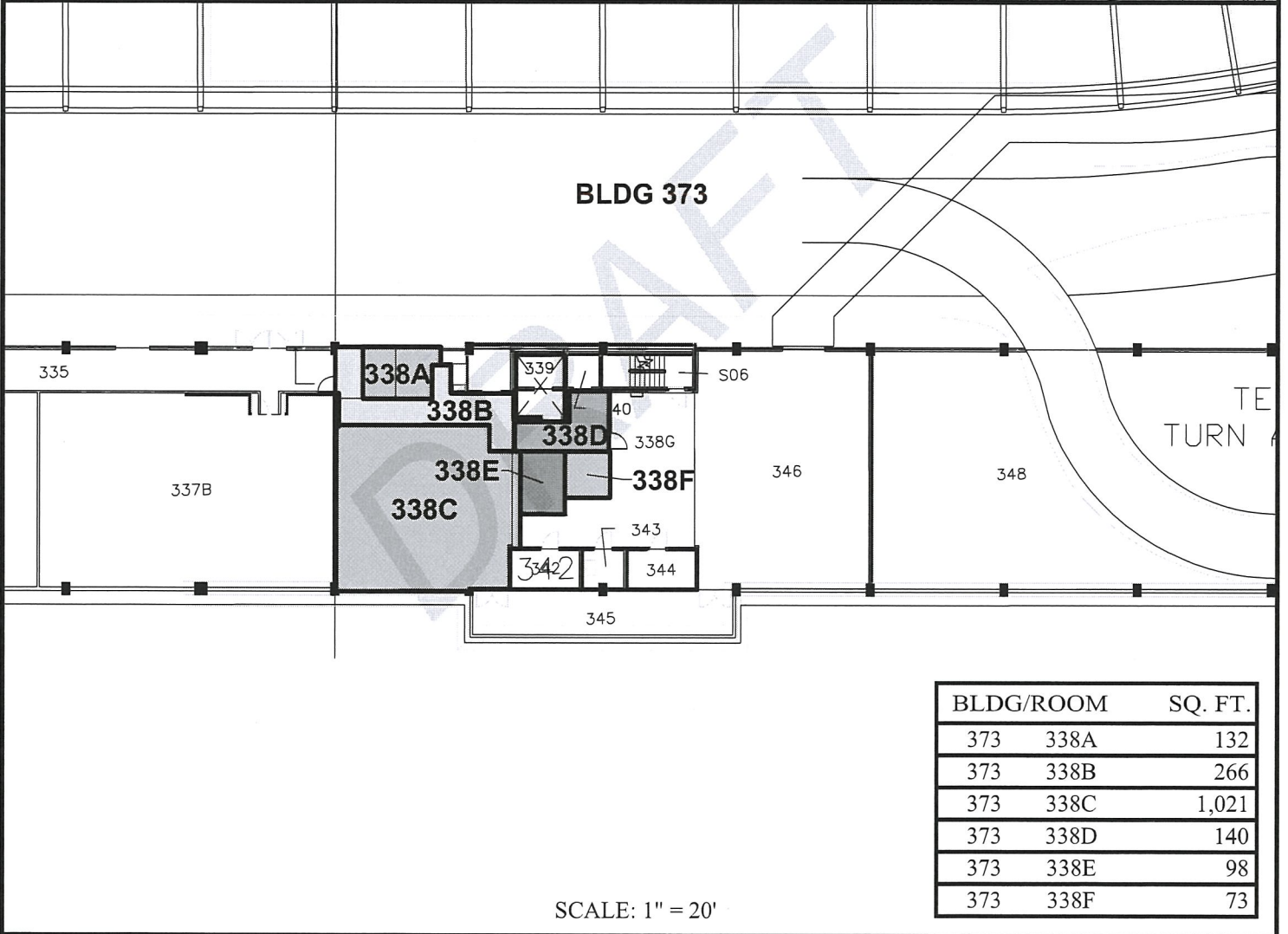
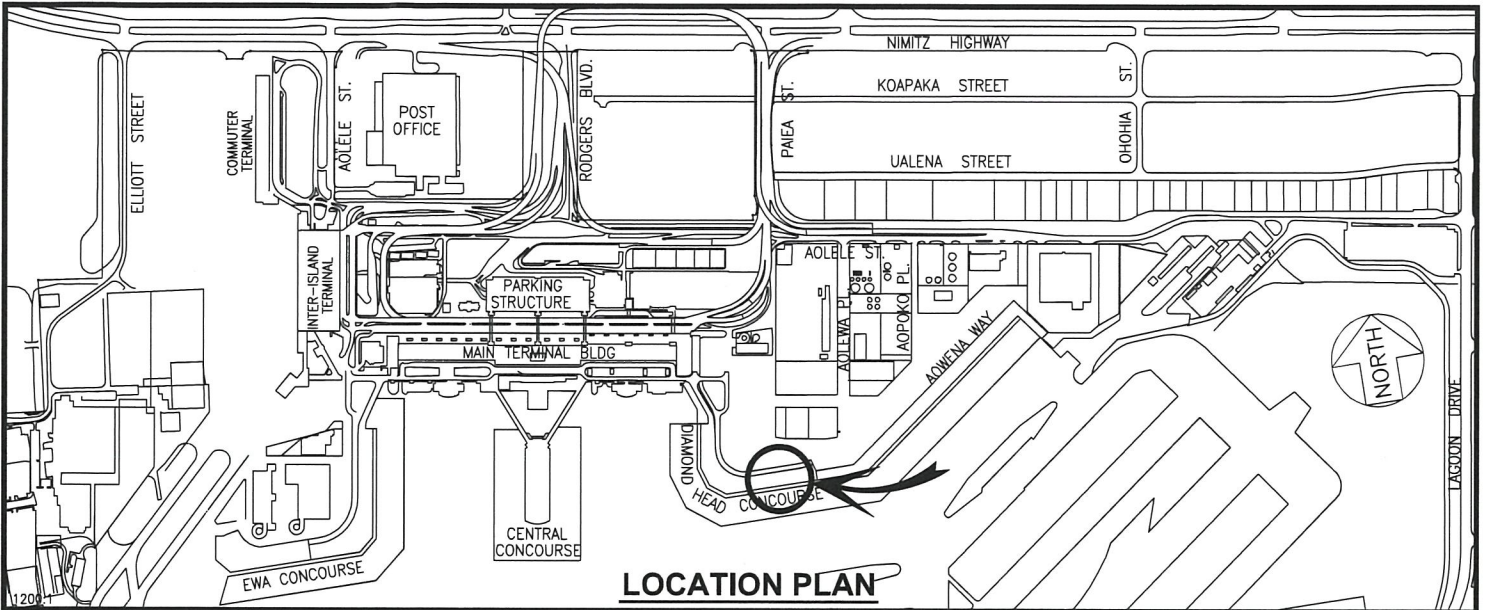
EXHIBIT: **A**



SOUTHWEST AIRLINES CO.

**BUILDING 373
DIAMONDHEAD CONCOURSE
GROUND LEVEL**

**373182A-373185
PLAT M1**



BLDG/ROOM	SQ. FT.
373 338A	132
373 338B	266
373 338C	1,021
373 338D	140
373 338E	98
373 338F	73

SCALE: 1" = 20'

DATE : AUGUST 2018

EXHIBIT: B



SOUTHWEST AIRLINES, CO.

BUILDING 373
DIAMONDHEAD CONCOURSE
THIRD LEVEL

373338A-F
PLAT M3