



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

JADE T. BUTAY
DIRECTOR

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IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE FOR AN EXECUTIVE LOUNGE
IASS HAWAII, LLC
CENTRAL CONCOURSE
DANIEL K. INOUE INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-003: 050 (PORTION)

O'AHU

APPLICANT/LESSEE:

IASS Hawaii, LLC (IASS), whose mailing address is 169 S. Kukui Street, 3rd Floor,
Honolulu, Hawai'i 96813.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

A portion of Building 350, Central Concourse, Ground Level, of the Daniel K.
Inouye International Airport (Airport), Island of O'ahu, State of Hawai'i,
identified by Tax Map Key: 1st Division, 1-1-003: 050 (Portion).

AREA:

Building/Room No. 350-147D, containing approximately 1,692 square feet,
as shown and delineated on the attached map labeled Exhibit "A".

ZONING:

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

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii 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 Airport under the control and management of the State of Hawai'i, Department of Transportation, Airports Division (Airports Division) for Airport Purposes.

CHARACTER OF USE:

IASS will use and maintain the space for an Executive Lounge providing drinks, flight information, newspapers, magazines, and internet connection for premier members of specific credit card companies under contract with IASS Co., Ltd., the Applicant/Lessee's parent company en route to and from worldwide destinations.

TERM OF LEASE:

Five (5) years.

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Annual Lease Rental: \$63,754.56 per annum (\$50,760.00, as determined from the DOTA Schedule of Rates and Charges established by appraisal of Airports property statewide plus \$7,918.56 for utilities and \$5,076.00 for air conditioning), payable in monthly installments of \$5,312.88.

Annual Rent for the Remainder of the Lease Term: For each year of the remainder of the Lease Term, the annual rent for the Premises shall be the product of the square footage of the Premises and the Terminal Lounge rate at the Airport, as determined from the DOTA Schedule of Rates and Charges plus utilities and air conditioning.

PERFORMANCE BOND:

Sum equal to the annual rental amount in effect.

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 (DOT), 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.

DOTA 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 DOT, 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, the Airports Division proposes to issue a direct lease to IASS to operate and maintain an Executive Lounge at the Airport.

IASS currently occupies Building/Room No. 350-147D (Premises) on a revocable permit. IASS is proposing to invest \$200,000.00 toward improvements to maintain the Premises in first class condition and improve the comfort level of its Hawaii lounge users, and is requesting that Airports Division issue IASS a five (5)-year lease.

In addition to IASS, there is one other lounge operated by a non-Airline entity under a lease and two other lounges operated by non-Airline entities under revocable permits.

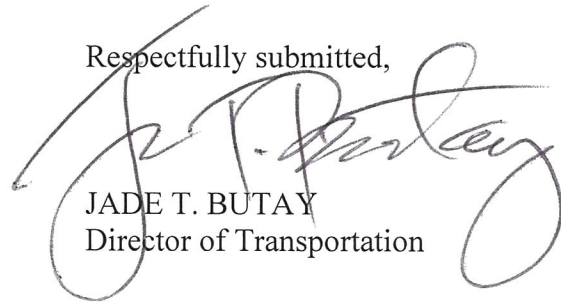
By issuing a five (5)-year lease, Airports Division recognizes IASS’ commitment to the State of Hawaii, and believes the Executive Lounge is in the best interest of the State. Airports Division considers the proposed lease is in accordance with the underlying intent

of Section 171-59 (b), HRS, since it encourages competition by allowing IASS to compete with other non-Airline entities.

RECOMMENDATION:

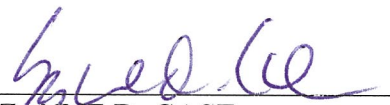
That the Board authorize the DOT to issue a direct lease to IASS, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and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

Respectfully submitted,

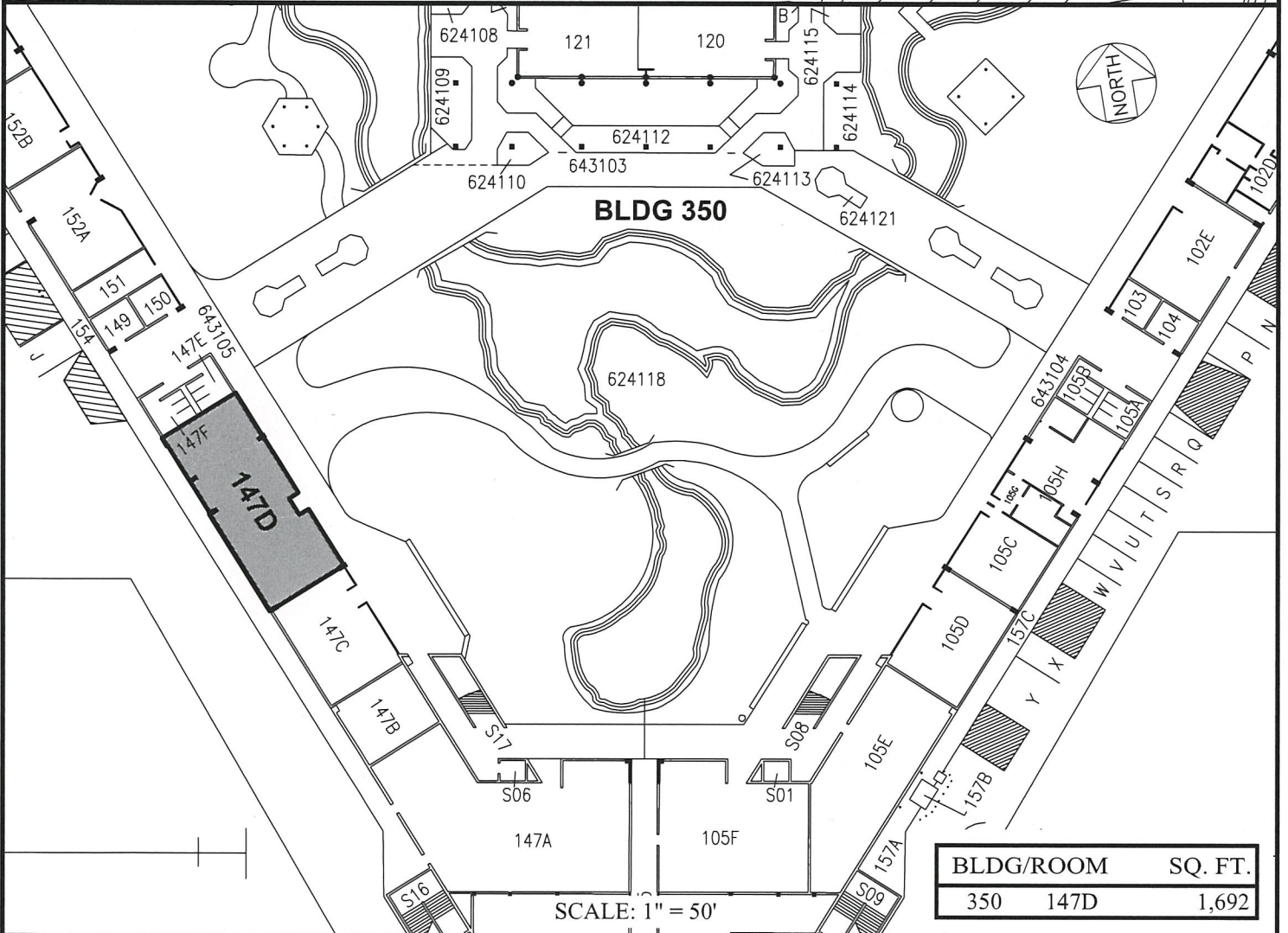
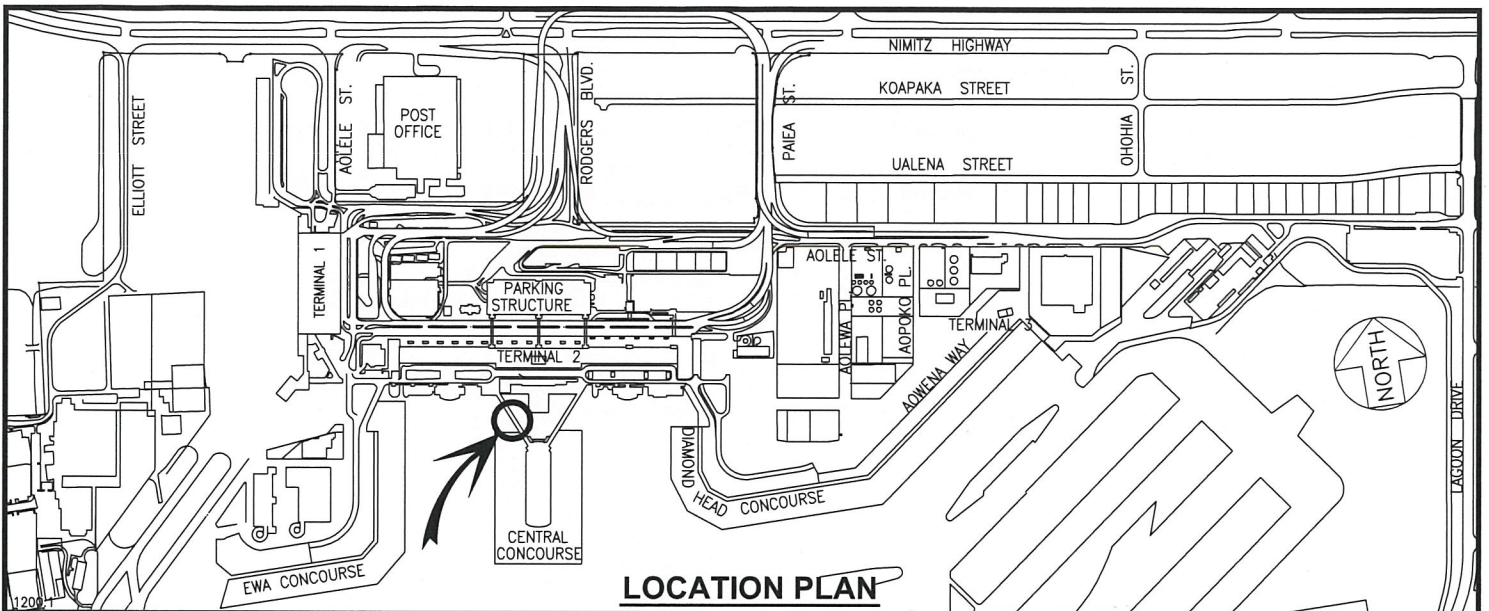


JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



DATE : APRIL 2019

EXHIBIT: **A**



IASS HAWAII, LLC

**BUILDING 350
CENTRAL CONCOURSE
GROUND LEVEL**

350147D

PLAT A1