

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 DIRECT LEASE TO HILTON RESORTS CORPORATION
HONOLULU INTERNATIONAL AIRPORT

OAHU

APPLICANT / LESSEE:

Hilton Resorts Corporation, a Delaware profit corporation.

LEGAL REFERENCE:

Section 171-59(b), Hawaii Revised Statutes

LOCATION AND TAX MAP KEY:

Central Concourse (Building 350), Ground Level, Room No. 147D, designated as Space No. 350-147D, Overseas Terminal, being a portion of Honolulu International Airport (HNL), Honolulu, Island of Oahu and identified by Tax Map Key: 1st Division, 1-1-03: Portion of 50, as shown and delineated on the attached map labeled Exhibit A.

AREA:

Space No. HNL-350-147D, containing a floor area of approximately 1,692 square feet

ZONING:

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

LAND TITLE STATUS:

Section 5(a) lands ("non-ceded") of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii 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 HNL under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

To develop, construct, renovate, operate and maintain a VIP passenger lounge to provide food, beverage, flight information, newspapers and magazines, a business services section, internet connection, and fax service for timeshare owners and/or members affiliated Hilton Resorts Corporation (HRC) enroute to and from worldwide destinations.

TERM OF LEASE:

Five (5) years, with the lease commencement date to be determined by the Director of Transportation.

LEASE COMMENCEMENT DATE:

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

ANNUAL RENTAL:

\$86,676.00 per annum (includes annual chilled water air conditioning charge), payable, in advance, in quarterly installments of \$22,419.00 to Lessor.

PERFORMANCE BOND:

Sum equal to the annual rental of \$86,676.00

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii 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 Hawaii, Department of Transportation, dated November 14, 1990, 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.

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 ____

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct terminal space lease to HRC for the development, construction, renovation, refurbishment, operation, and maintenance of a VIP passenger lounge (leased premises). HRC plans to provide food, beverage, flight information, newspapers and magazines, a business corner, internet connection, and fax services from Space No. 350-147D at HNL to timeshare owners and/or members of the Hilton Grand Vacations Club and other Hilton Resorts Corporation clients.

HRC is registered to do business in the State of Hawaii and its primary business purpose is to manage and operate timeshare hotel room and alike at HRC campuses throughout Hawaii and the world. Hilton Grand Vacations is a trade name of parent company Hilton Resorts Corporation, who not only provides hotel guest rooms and services but also provides timeshare ownership of Hilton properties. Those eligible to use the lounge are timeshare owners, guests, and member users of HRC properties. They will be entitled to use the lounge free of charge based on their status with HRC.

HRC's lounge operations at HNL would not only provide rental income for currently unused space at HNL, but provide an upgraded passenger accommodation facilities for those who are a part of Hilton Grand Vacations and other Hilton Resorts users. The purpose of providing such luxuries to HRC's clientele is to provide a full service and relaxed experience when visiting our islands.

RECOMMENDATION:

That the Board authorizes the Department of Transportation to enter into and issue a direct lease to Hilton Resorts Corporation, subject to:

1. HRC obtaining the State's (Lessor's) written approval prior to providing any service in or from the leased premises other than those set forth in the lease (food, beverage,

flight information, newspapers and magazines, a business corner, internet connection, and fax service).

2. HRC shall pay to the Lessor five per cent (5%) of the gross receipts received or to be received HRC related to providing any service from, at or connected with the leased premises.
4. Terms and conditions herein outlined, which are by reference incorporated herein.
5. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.
6. Review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

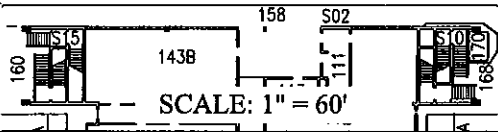
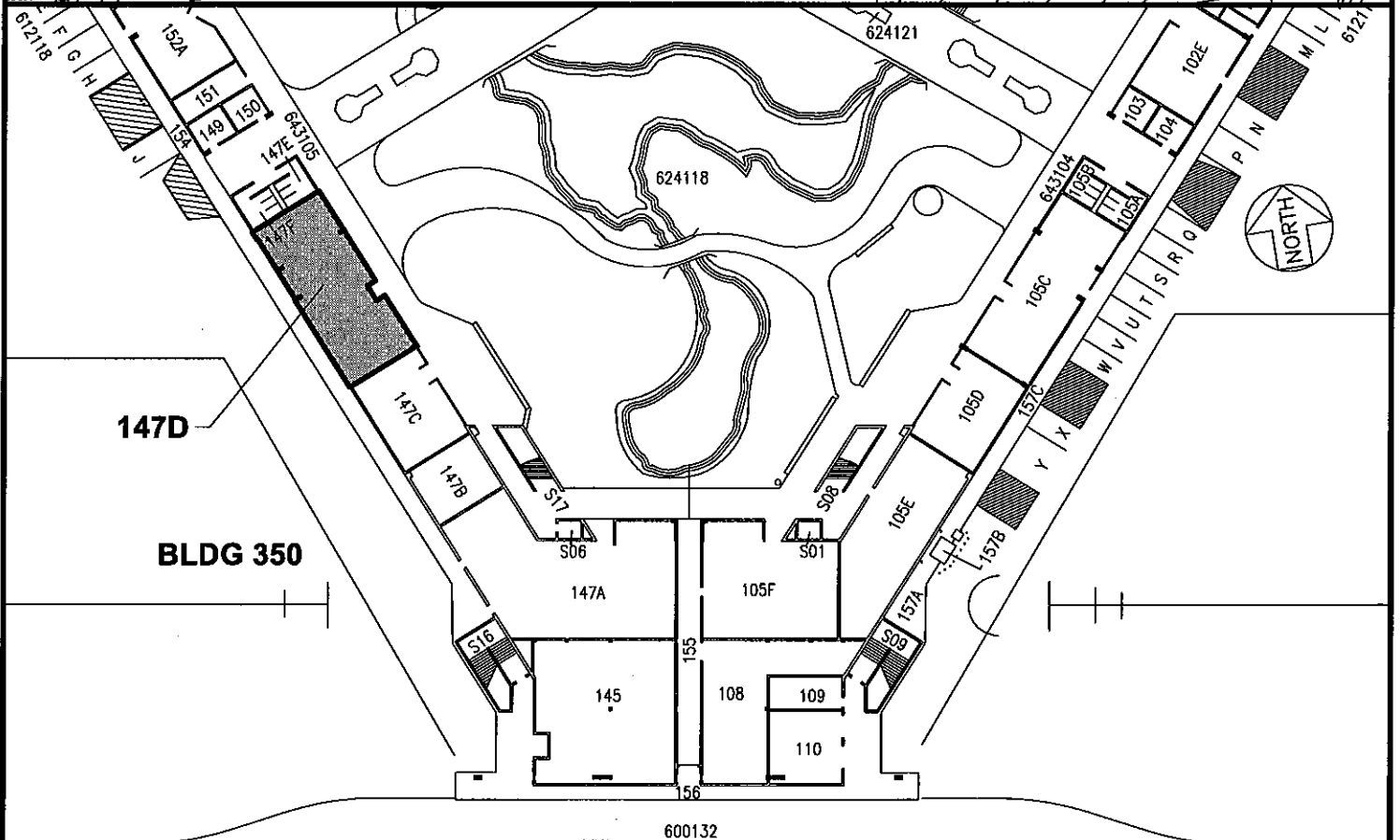
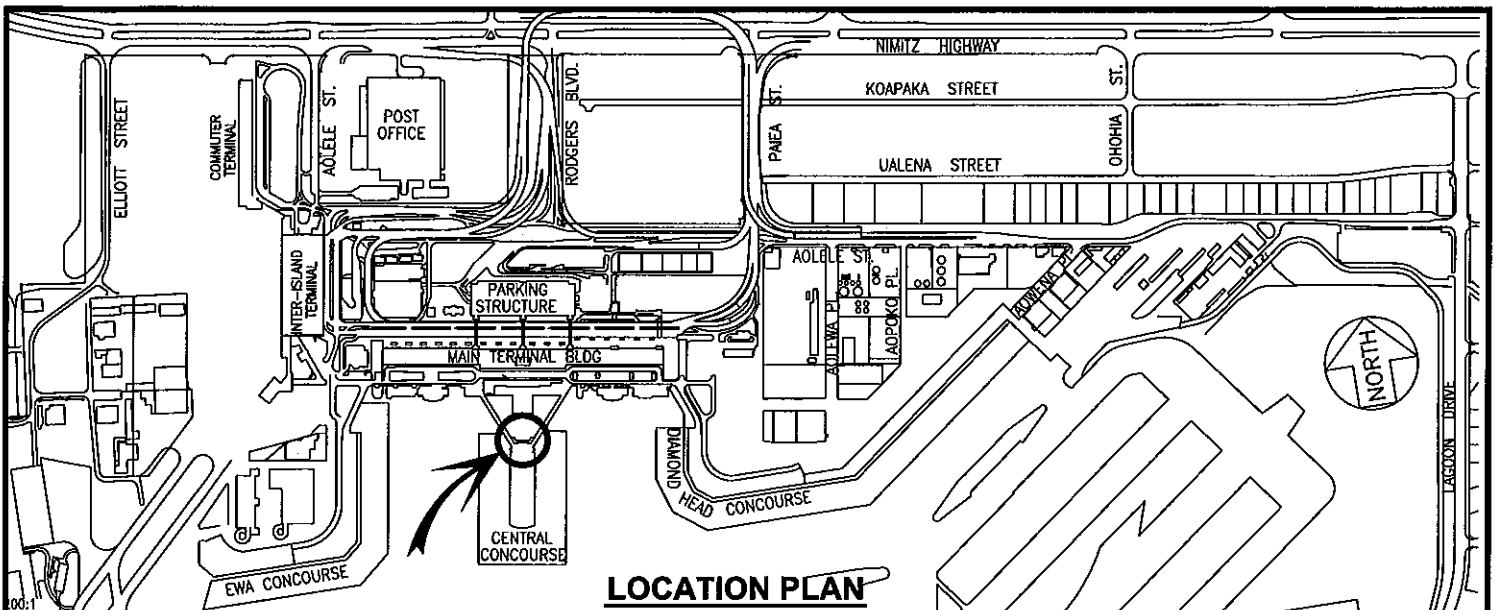


GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member



BLDG/ROOM	SQ. FT.
350 147D	1,692

DATE : FEBRUARY 2012

EXHIBIT: **A**



HILTON RESORTS CORPORATION

BUILDING 350
CENTRAL CONTOURSE
GROUND LEVEL

350147D
PLAT B1

HONOLULU INTERNATIONAL AIRPORT

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