

NEIL ABERCROMBIE  
GOVERNOR



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

GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
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RANDY GRUNE  
AUDREY HIDANO  
JADINE URASAKI

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

ISSUANCE OF DIRECT LEASE TO IASS HAWAII, LLC  
HONOLULU INTERNATIONAL AIRPORT  
TMK: (1) – 1-1-03: PORTION OF 50

OAHU

APPLICANT:

IASS Hawaii, LLC, a Hawaii Limited Liability Company

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, Honolulu, Island of Oahu and identified by Tax Map Key: 1<sup>st</sup> Division, 1-1-03: Portion of 50, as shown and delineated on the attached map labeled Exhibit B.

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

**ITEM M-12**

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 Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

To operate and maintain a VIP passenger lounge to provide food, beverage, flight information, newspapers and magazines, a business corner, internet connection, and fax service for associated members of Hilton Grand Vacations and premier members of specific credit card companies under contract with IASS Co. Ltd. (IASS), the Applicant/Lessee’s parent company.

TERM OF LEASE:

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

LEASE RENT:

\$50,760.00 per annum, based on \$27.00 per square foot per annum, plus \$3.00 per square foot per annum for air conditioning, paid in advance in twelve, equal monthly installments of \$4,230.00 on the first day of each calendar month.

PERFORMANCE BOND:

Sum equal to the annual rental amount of \$50,760.00

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

In accordance with the Comprehensive Exemption List approved by the Environmental Council and dated December 16, 1992, and as amended on November 15, 2000, the subject request qualifies under exempt Class of Action No. 1 –“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:

The State of Hawaii, Department of Transportation, Airports Division (DOTA) proposes to directly issue a lease to IASS Hawaii, LLC (IASS Hawaii) in accordance with Section 171-59(b), Hawaii Revised Statutes, which provides in part, “disposition of public lands for airline, aircraft, airport-related agricultural processing, cattle feed production, aquaculture, marine, maritime, and maritime-related operations may be directly negotiated without regard to the limitations set forth in subsection (a) and Section 171-16(c) provided that the disposition encourages competition within the aeronautical, airport-related, agricultural, marine, maritime, and maritime-related operations;” And further provides that “ ‘Airport-related’ means a purpose or activity that requires air transportation to achieve that purpose or activity; or an activity that generates revenue for the airport system as provided in Section 261-7.”

Under the lease, IASS Hawaii will develop, operate, and maintain a VIP passenger lounge to provide food, beverage and other services from Space No. 350-147D at Honolulu International Airport for its associated members of Hilton Grand Vacations and premier members of credit card companies under contract with IASS.

The Department of Transportation, Airports Division (DOTA) and the IASS Hawaii had previously entered into Lease No. DOT-A-06-0002 to operate lounge Space No. 350-152A at Honolulu International Airport, and DOTA does not have any objections to IASS continuing its lounge facilities for the requested term of five years.

In accordance with HRS 171-59(b) the DOTA does not have an objection to this lease request and finds the issuance of the lease an airport related purpose and in the public interest.

RECOMMENDATION:

That the Board approve of a Lease to IASS Hawaii, LLC as hereinabove outlined and the following additional terms and conditions:

1. In the event IASS Hawaii shall admit any person into the IASS Hawaii’s lounge at the Honolulu International Airport who is not a premier member of a credit card company and holding a credit card issued by a credit card issuer under contract with IASS Hawaii, then IASS Hawaii shall pay to the Lessor, five percent (5%) of the gross receipts paid to the IASS Hawaii for such performance (i.e. provisioning of food, beverage and other services);
2. Review and approval by the Department of the Attorney General;

3. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State.
4. The president of IASS Hawaii, Limited Liability Company to provide a personal guaranty upon execution of a lease document.

Respectfully submitted,



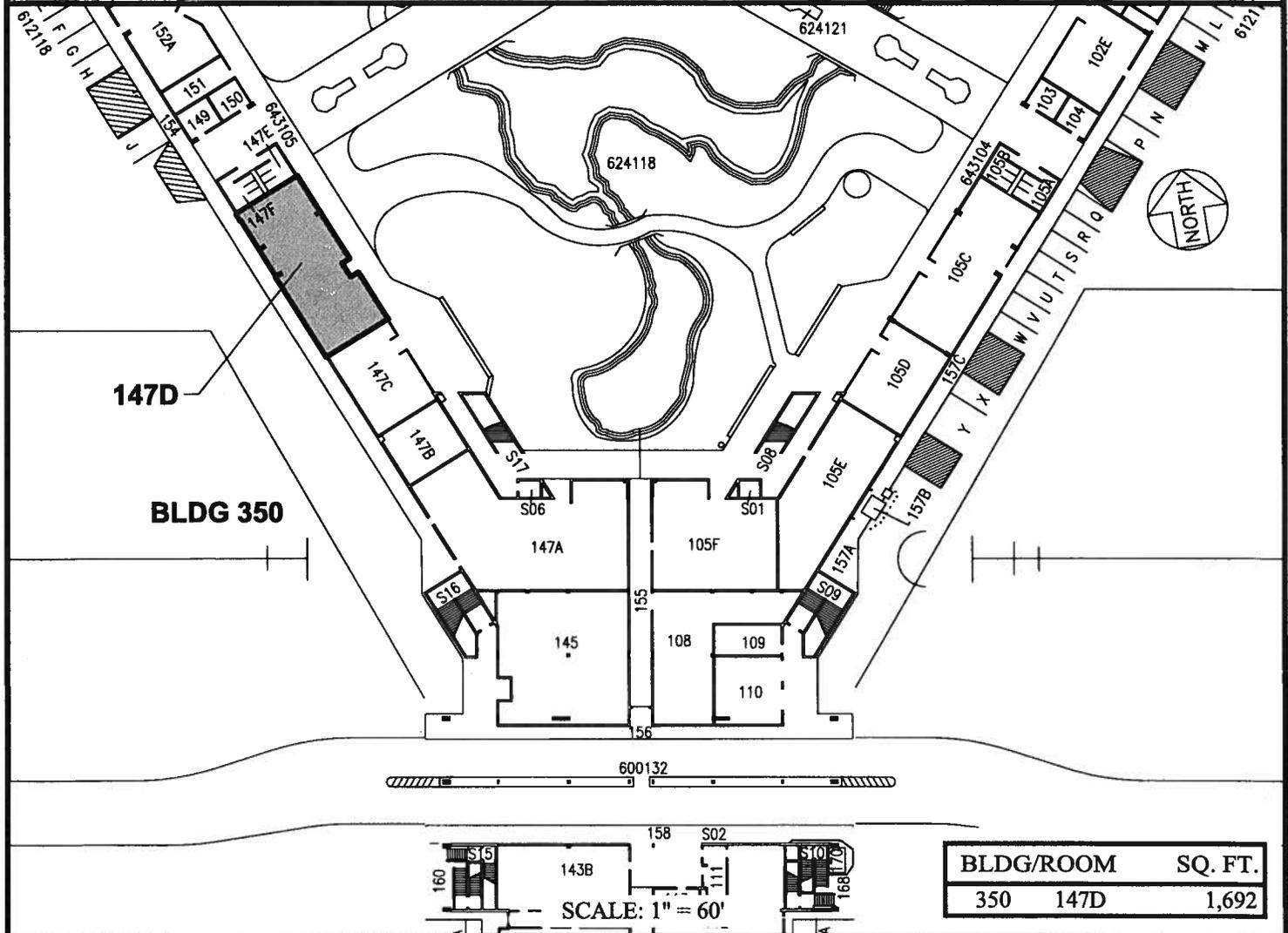
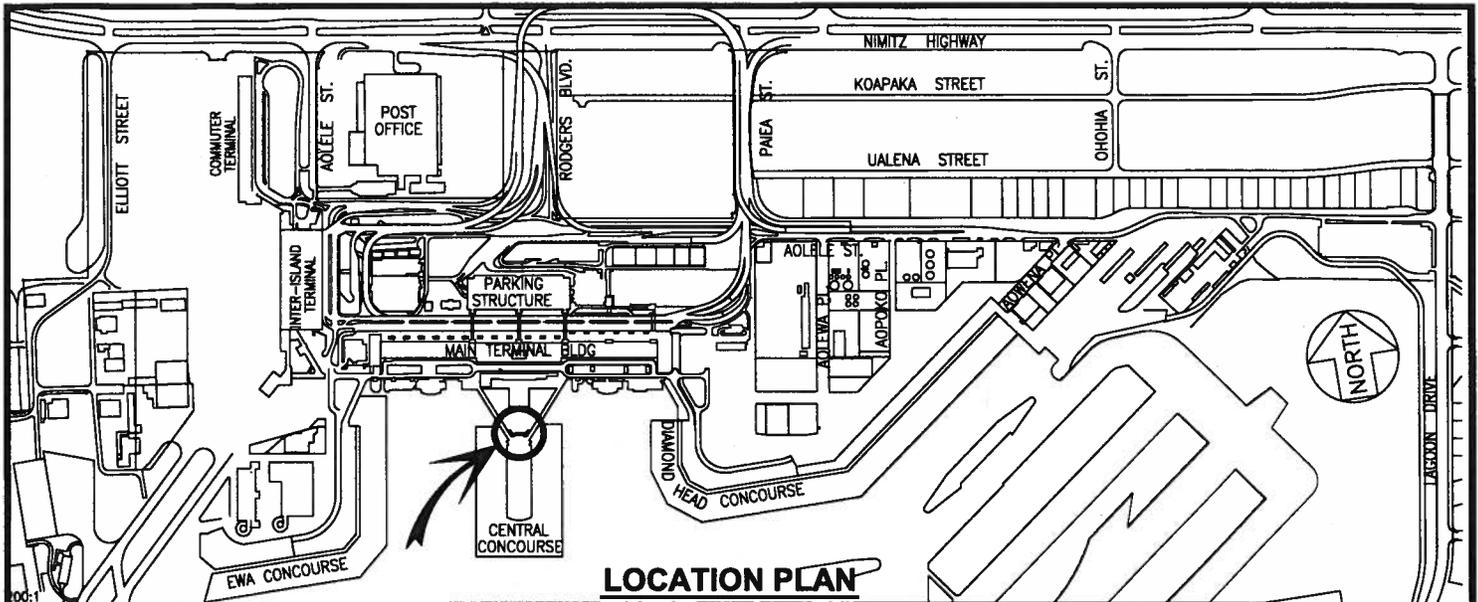
GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

APPROVED FOR SUBMITTAL:



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WILLIAM J. AILA, JR.  
Chairperson and Member



DATE : FEBRUARY 2012

EXHIBIT: **B**



Airports Division

IASS HAWAII, LLC

**BUILDING 350  
CENTRAL CONCOURSE  
GROUND LEVEL**

**350147D  
PLAT B1**

**HONOLULU INTERNATIONAL AIRPORT**

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