



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

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

REQUEST TO AMEND PRIOR LAND BOARD ACTION UNDER ITEM M-2,  
MAY 11, 2012, RESTAURANT AND LOUNGE CONCESSION AGREEMENT  
NO. DOT-A-11-0006, HOST INTERNATIONAL, INC., LIHUE AIRPORT  
TAX MAP KEY: (4) 3-5-01:PORTION OF 8

KAUAI

PURPOSE:

Approval of a revised Amendment No. 1 to Concession Agreement No. DOT-A-11-0006 eliminating the requirement to pay square footage rent for additional space, in addition to the concession fee.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended.

APPLICANT:

HOST INTERNATIONAL, INC. (HOST), its mailing address is 6905 Rockledge Drive, Bethesda, Maryland 20817.

LOCATION AND TAX MAP KEY:

Lihue Airport, Tax Map Key: 4<sup>th</sup> Division: 3-5-01: Portion of 8

ZONING:

State Land Use District: Urban  
County of Kauai: Industrial (IG-STP)

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-Ceded  
DHHL 30% entitlement lands: No

TEN-YEAR TERM:

The term of this Agreement commenced on October 1, 2011, and will expire on September 30, 2021.

COMMENCEMENT DATE:

Upon execution of Amendment to Concession Agreement.

PREMISES:

LIHUE AIRPORT

A. EXISTING SPACES AT COMMENCEMENT OF THE AGREEMENT  
("Initial Allocation"):

1. Restaurant and Lounge (Sales) Space.
  - a. Space No. 306-218A, Lihue Main Terminal Building, containing approximately 5,177 square feet as shown on Exhibit B dated February 2011;
  - b. Space No. 306-218B, Lihue Main Terminal Building, containing approximately 1,398 square feet as shown on Exhibit B dated February 2011.
2. Storage (Non-Sales) Space.
  - a. Space No. 306-139C, Lihue Main Terminal Building, containing approximately 2,389 square feet as shown on Exhibit C dated February 2011;
  - b. Space No. 306-139D, Lihue Main Terminal Building, containing approximately 595 square feet as shown on Exhibit C dated February 2011.

B. ADDITIONAL (NEW) SPACES FOR FOOD AND BEVERAGE SALES.

1. Space No. 307-104, containing approximately 64 square feet as shown on the attached Exhibit D (Amendment No. 1) dated April 2012, attached hereto.

2. Space No. 307-105, containing approximately 64 square feet as shown on the attached Exhibit D (Amendment No. 1) dated April 2012, attached hereto.
3. Space No. 306-270, containing approximately 54 square feet as shown on the attached Exhibit E (Amendment No. 1) dated April 2012, attached hereto.
4. Space No. 306-271, containing approximately 54 square feet as shown on the attached Exhibit F (Amendment No. 1) dated April 2012, attached hereto.

ANNUAL CONCESSION FEE:

The Applicant pays the greater of the: (1) Minimum Annual Guaranteed Fee (MAG) for the first year as set forth in its Bid Proposal. The MAG for each succeeding agreement year will be 85% of the actual annual fee paid (either MAG or Percentage) or (2) Percentage Fee on its annual gross receipts, as provided in Article I.A.1.b. (Percentage Fee).

The gross receipts received or realized from or otherwise attributable to the additional new spaces shall be included in the percentage fee obligation.

IMPROVEMENTS:

Applicant will construct/install and cover all improvement costs to the additional spaces.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8 (a), Hawaii Administrative Rules, this disposition is exempt from the requirement regarding preparation of an environmental assessment, as required by Chapter 343, Hawaii Revised Statutes, as amended, because the proposed action falls within Exemption Class #3, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated November 15, 2000, Amended, as approved by the Environmental Council. Exemption Class #3 covers construction and location of single, new, small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same.

**REMARKS:**

The submittal acted on by the Board at its May 11, 2012 meeting included a provision that would require the concessionaire to pay square footage rent for Space Nos. 306-270 and 307-271. The Concession Agreement provides that the Concessionaire will be charged square footage floor rent in addition to the concession fee, if the Concessionaire requests additional space to operate the concession. In the event, the DOT requests the Concessionaire to operate the concession from additional space no additional floor rent is applied.

In the case of the Restaurant and Lounge Concession at Lihue, the DOT verbally requested the Concessionaire to provide food and beverage service at additional spaces near the end of the concourses. The Concessionaire responded with a plan in writing which would have located the concession activity within the holdrooms at the end of the concourses. The DOT did not agree with the location and after further discussions a new location was agreed upon.

From the written record, it appeared that the Concessionaire had generated the initial request, which would have resulted in the imposition of floor rent. As noted above, the request originated with DOT, so under the Concession Agreement no additional floor rent applies.

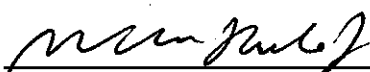
**RECOMMENDATION:**

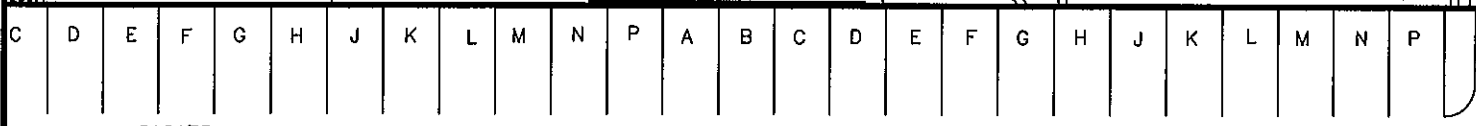
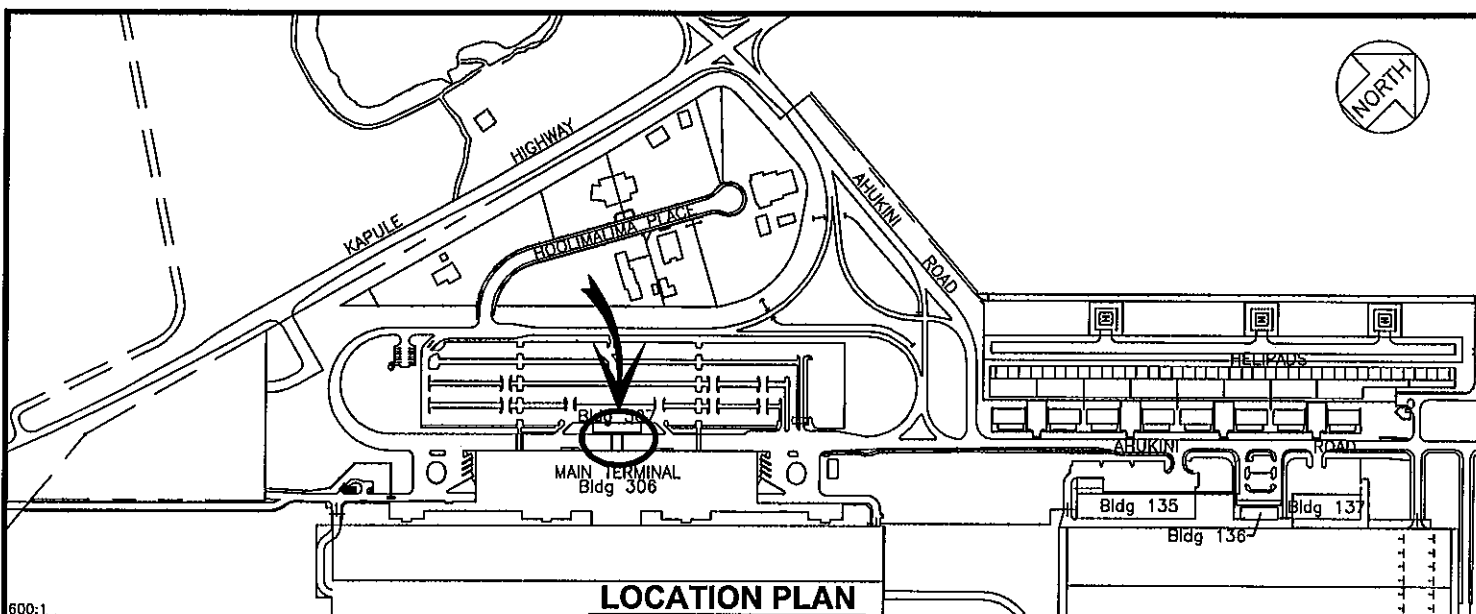
That the Board amend its action of May 11, 2012, under Agenda Item M-2, and approve and authorize the DOT to amend Concession Agreement No. DOT-A-11-0006 as outlined herein, subject to: 1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and 2) review and approval by the Department of the Attorney General.

Respectfully submitted,

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

APPROVED FOR SUBMITTAL:

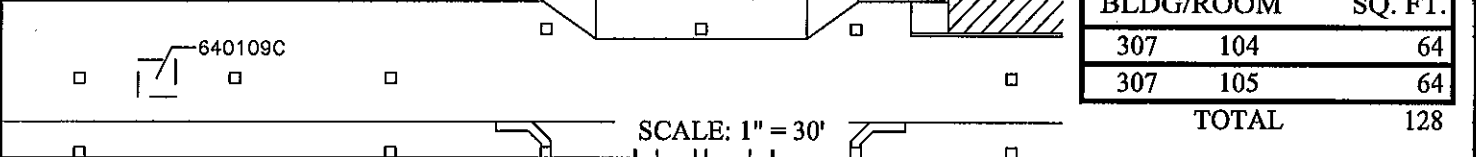
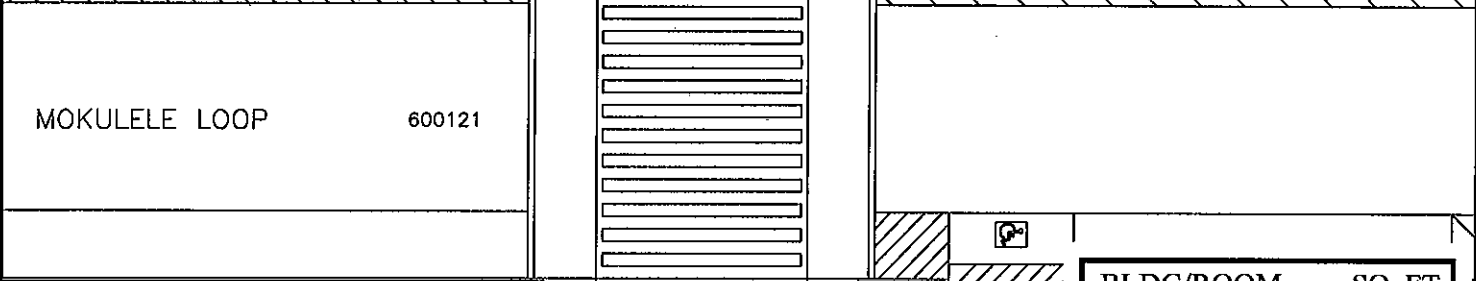
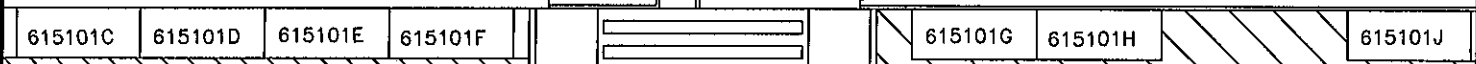
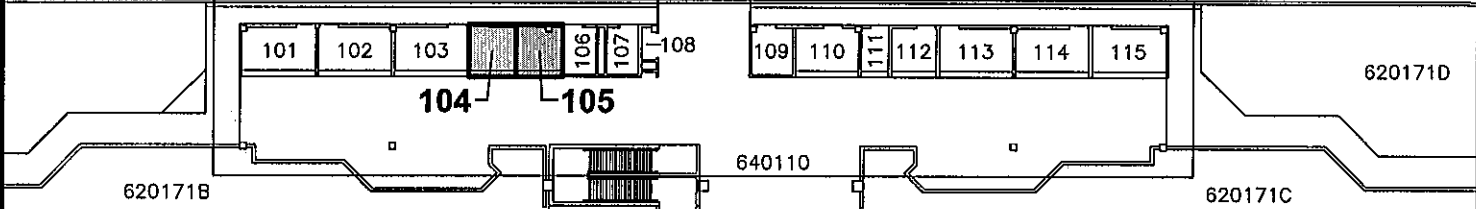
  
\_\_\_\_\_  
WILLIAM J. AILA, JR.  
Chairperson and Member



610175 610176



600127



BLDG/ROOM	SQ. FT.
307 104	64
307 105	64
<b>TOTAL</b>	<b>128</b>

SCALE: 1" = 30'

Amendment No. 1 to DOT-A-11-0006 DATE : APRIL 2012 EXHIBIT: **D**

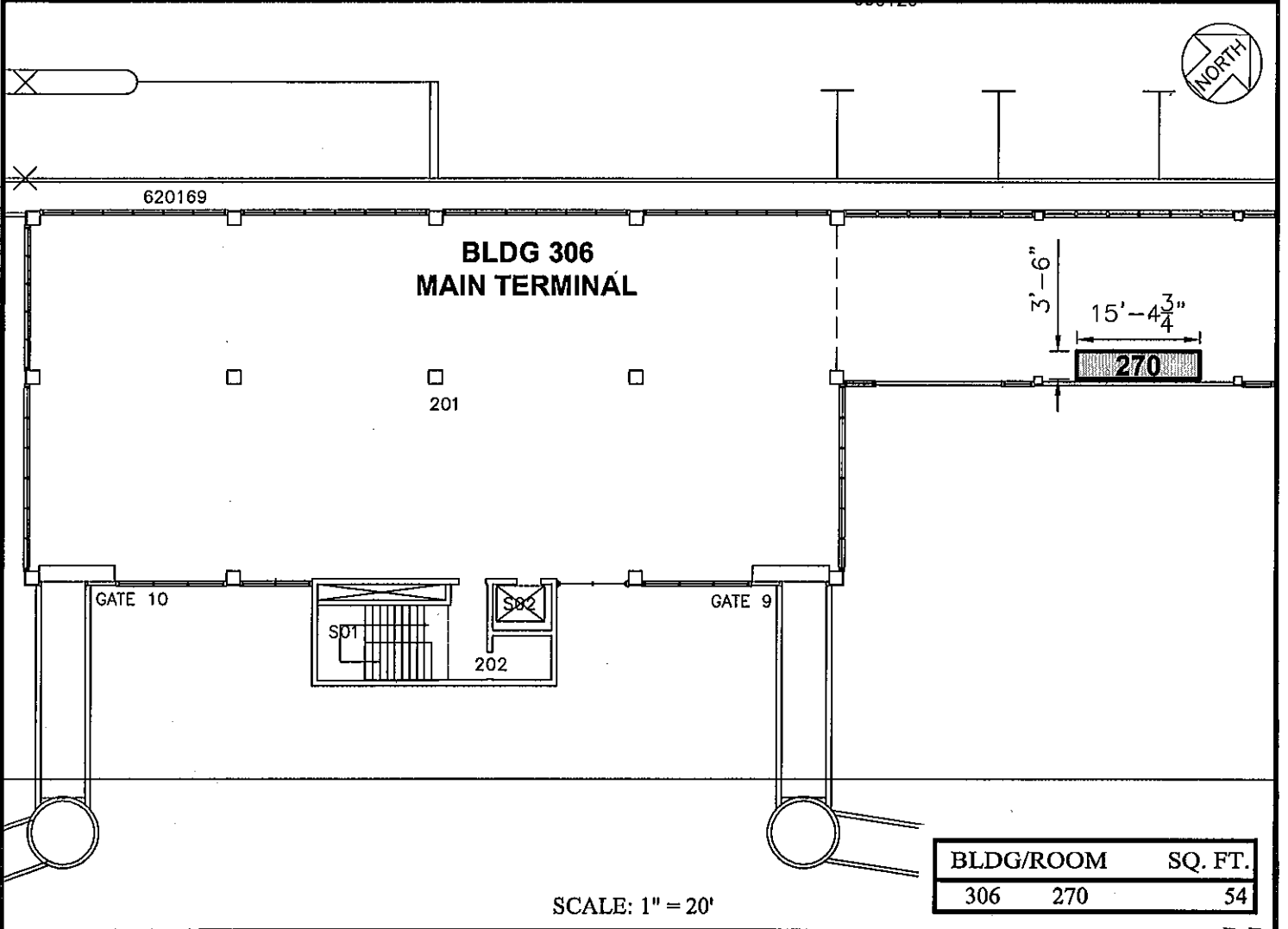
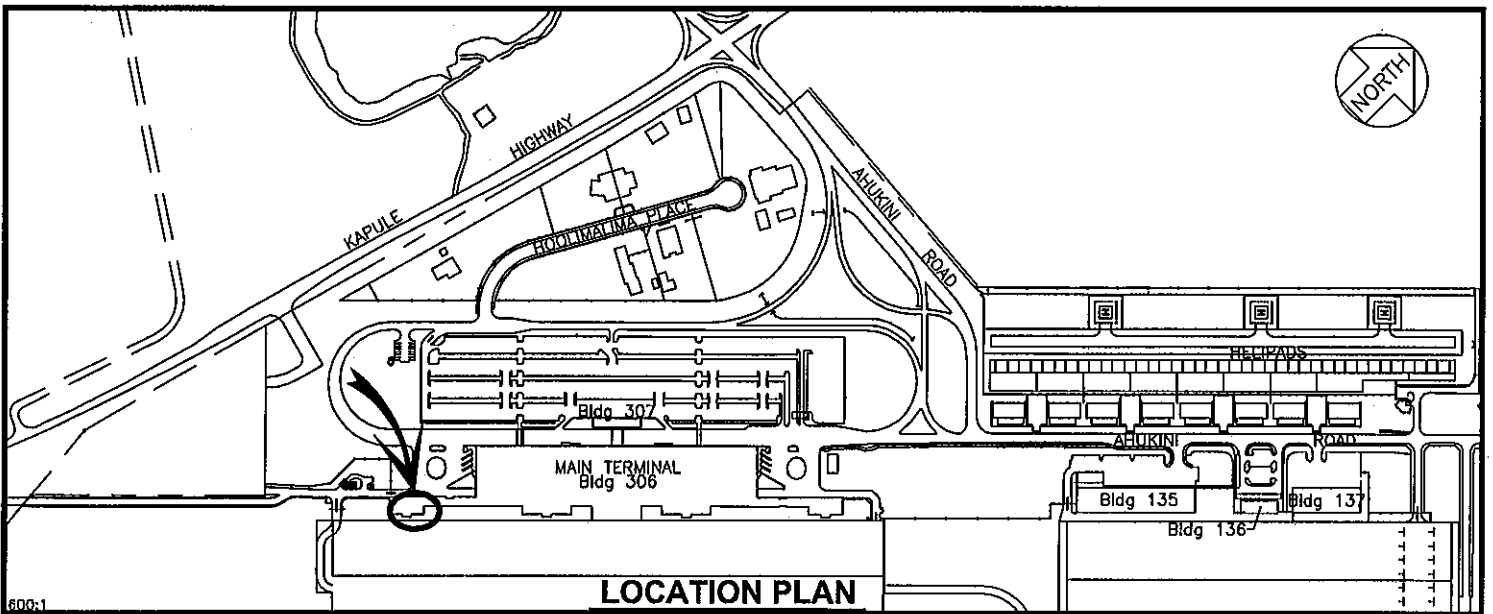


HOST INTERNATIONAL, INC.

BUILDING 307  
CAR RENTAL  
GROUND LEVEL

307104  
307105  
PLATS C1, 45

LIHUE AIRPORT



Amendment No. 1 to DOTA-11-0006

DATE : APRIL 2012

EXHIBIT: **E**

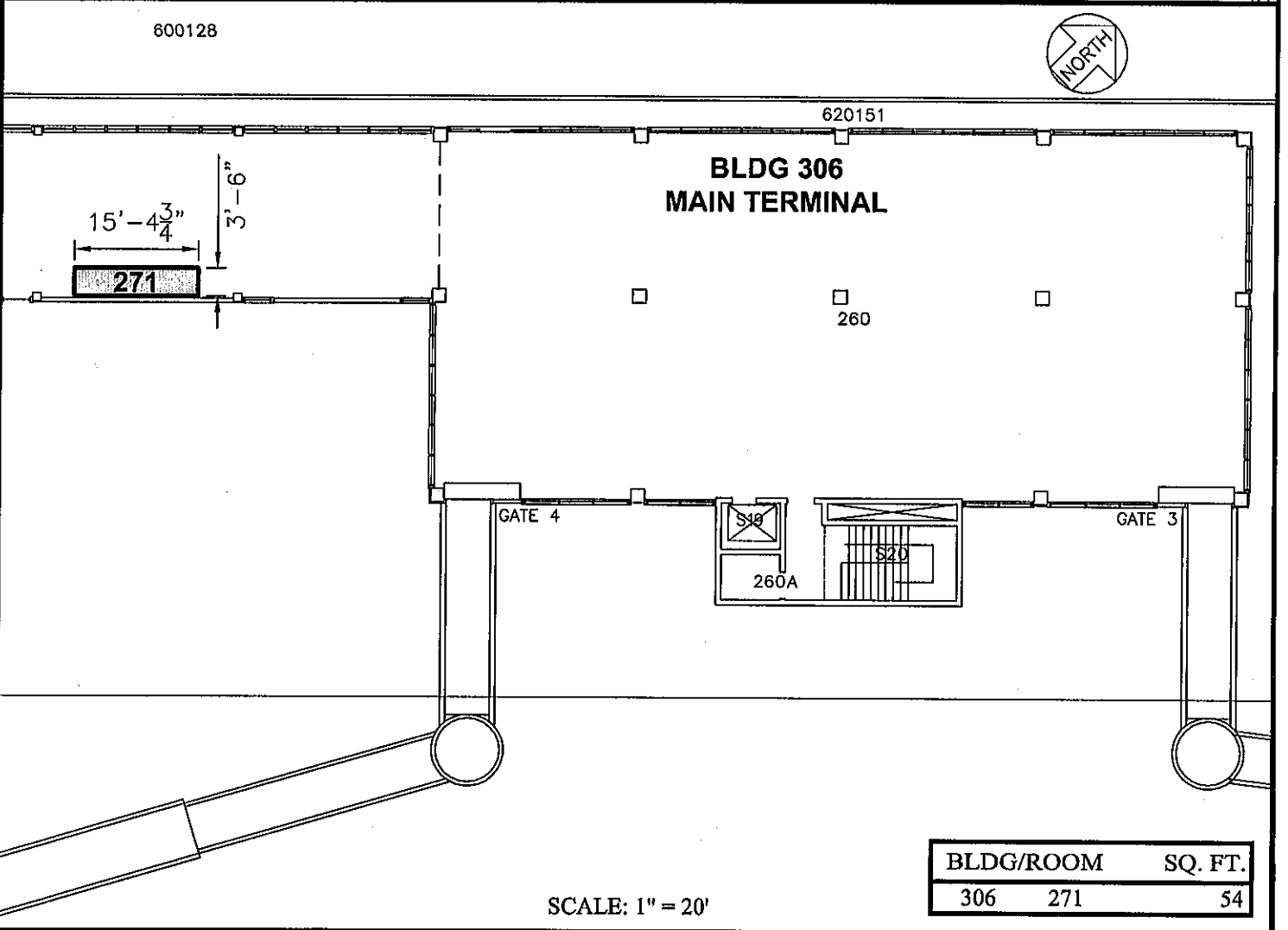
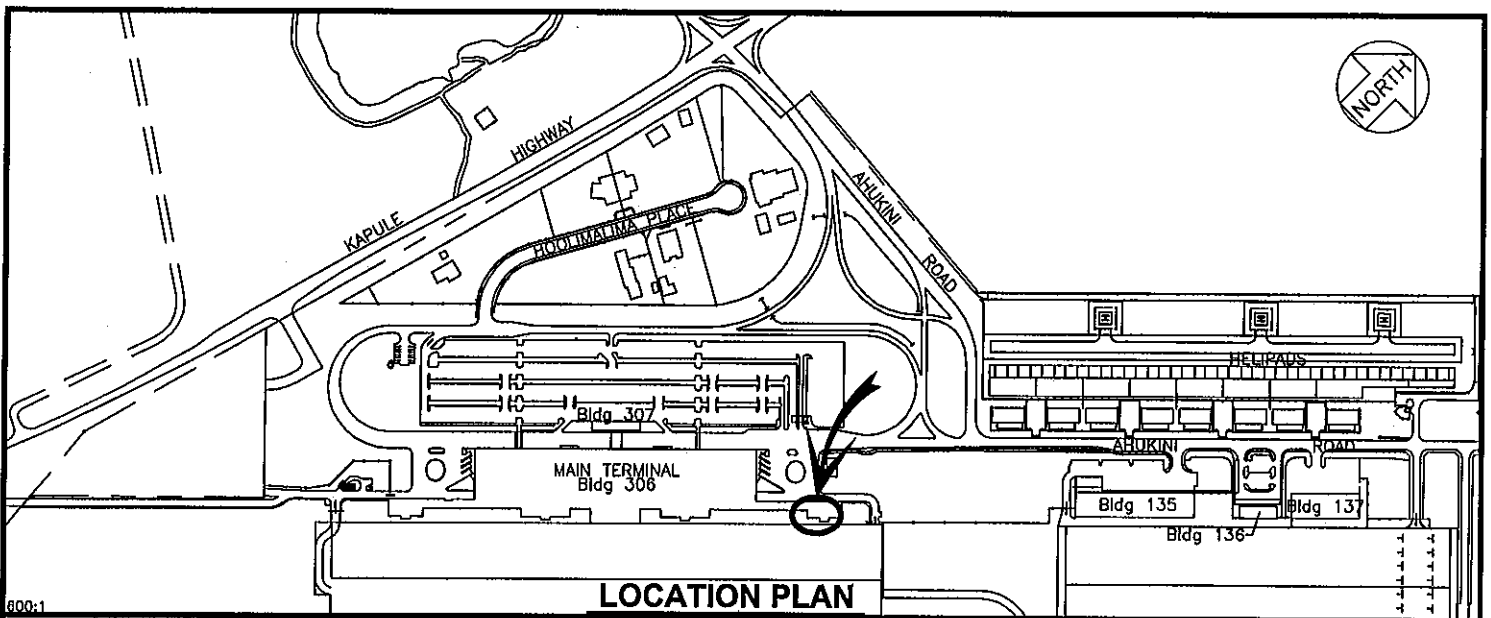


HOST INTERNATIONAL, INC.

**BUILDING 306  
MAIN TERMINAL  
TERMINAL LEVEL**

**306270**  
PLATS C2, 44

**LIHUE AIRPORT**



Amendment No. 1 to DOTA-11-0006

DATE : APRIL 2012

EXHIBIT: **F**



HOST INTERNATIONAL, INC.

**BUILDING 306  
MAIN TERMINAL  
TERMINAL LEVEL**

**306271**  
PLATS D2, 45

**LIHUE AIRPORT**



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-6007

GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
FORD N. FUCHIGAMI  
RANDY GRUNE  
JACINE URAKAKI

IN REPLY REFER TO:

May 11, 2012

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

REQUEST TO RESCIND PRIOR LAND BOARD ACTION UNDER ITEM M-1,  
FEBRUARY 10, 2012, AND REQUEST FOR APPROVAL OF REVISED  
AMENDMENT NO. 1 TO RESTAURANT AND LOUNGE CONCESSION  
AGREEMENT NO. DOT-A-11-0006 AT LIHUE AIRPORT KAUAI

PURPOSE:

Request to rescind prior Land Board action of February 10, 2012, under Item M-1 and approval of revised Amendment No. 1 to the Restaurant and Lounge Concession Agreement (Agreement) at Lihue Airport.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended.

APPLICANT:

HOST INTERNATIONAL, INC. (HOST), its mailing address is 6905 Rockledge Drive, Bethesda, Maryland 20817.

LOCATION AND TAX MAP KEY:

Lihue Airport, Tax Map Key: 4<sup>th</sup> Division: 3-5-01: Portion of 8

ZONING:

State Land Use District: Urban  
County of Kauai: Industrial (IG-STP)

Approved by the Board  
at its meeting held on  
5-11-12, Item M-2



LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-Ceded  
DHHL 30% entitlement lands: No

TEN-YEAR TERM:

The term of this Agreement commenced on October 1, 2011, and will expire on September 30, 2021.

COMMENCEMENT DATE:

Upon execution of Amendment to Concession Agreement.

PREMISES:

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4. Space No. 306-271, containing approximately 54 square feet as shown on the attached Exhibit F (Amendment No. 1) dated April 2012, attached hereto.

**SPACE RENT:**

Floor rent is charged for the initially allocated premises and any additional spaces requested by the Applicant. Applicant requested to add Space Nos. 306-270 and 306-271 and will be charged \$2,527.20 per annum based on \$23.40 per square foot per annum, the rate for restaurant space indicated under Article VI.A.2.a. (Initial Allocation).

The Department of Transportation (DOT) requested that the Applicant operate Space Nos. 307-104 and 307-105 to service pre-security customers. No floor rent will be charged for these two spaces.

**ANNUAL CONCESSION FEE:**

The Applicant pays the greater of the: (1) Minimum Annual Guaranteed Fee (MAG) for the first year as set forth in its Bid Proposal. The MAG for each succeeding agreement year will be 85% of the actual annual fee paid (either MAG or Percentage) OR (2) Percentage Fee on its annual gross receipts, as provided in Article VI.A.1.b.(Percentage Fee).

The gross receipts received or realized from or otherwise attributable to the additional new spaces shall be included in the percentage fee obligation.

**IMPROVEMENTS:**

Applicant will construct/install and cover all improvement costs to additional spaces.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8 (a), Hawaii Administrative Rules, this disposition is exempt from the requirement regarding preparation of an environmental assessment, as required by Chapter 343, Hawaii Revised Statutes, as amended, because the proposed action falls within Exemption Class #3, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated November 15, 2000, Amended, as approved by the Environmental Council. Exemption Class #3 covers construction and location of single, new, small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same.

REMARKS:

The DOT and the Applicant entered into that certain Concession Agreement No. DOT-A-11-0006, dated September 8, 2011, for the Restaurant and Lounge Concession at Lihue Airport. The additional spaces will allow the Applicant to offer travelers additional food and beverage service locations within the terminal and at a pre-security location for the general public who are not traveling.

RECOMMENDATION:

That the Board rescind its action of February 10, 2012, under Agenda Item M-1, and approve and authorize the DOT to amend Concession Agreement No. DOT-A-11-0006 as outlined herein, and subject to: 1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and 2) review and approval by the Department of the Attorney General.

Respectfully submitted,

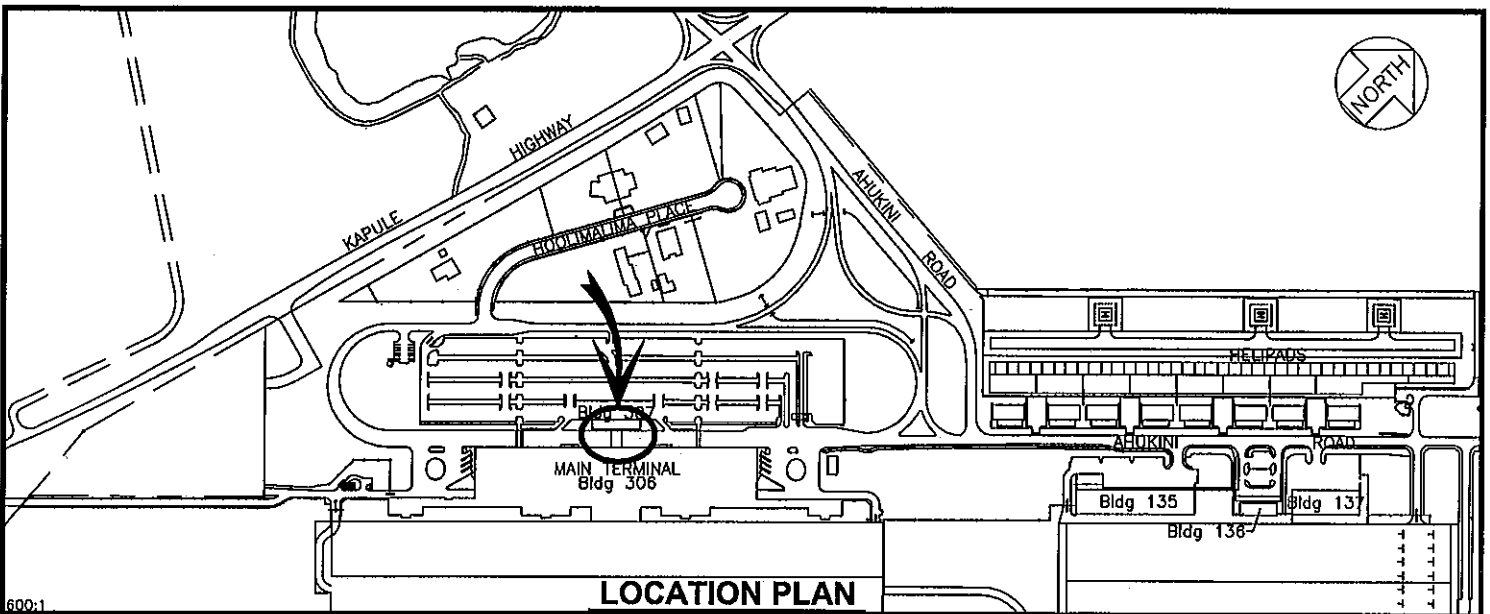


GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

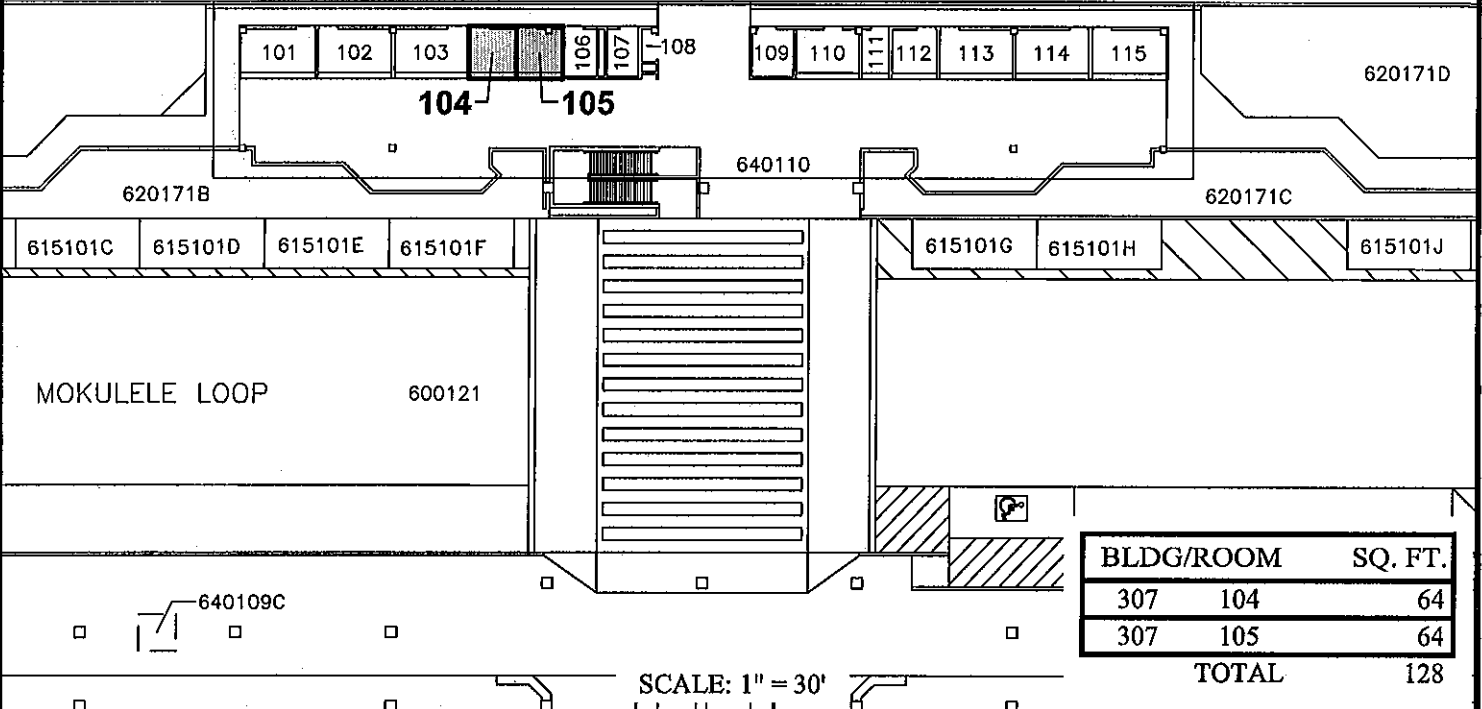
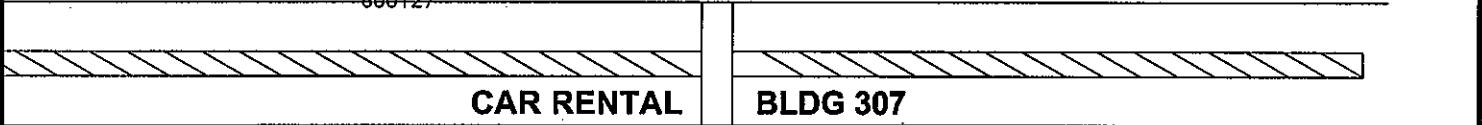
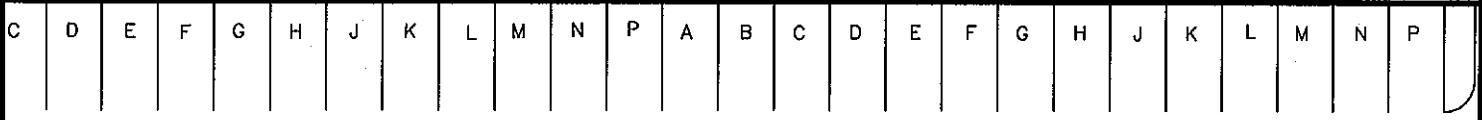
APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member



**LOCATION PLAN**



BLDG/ROOM	SQ. FT.
307 104	64
307 105	64
<b>TOTAL</b>	<b>128</b>

SCALE: 1" = 30'

Amendment No. 1 to DOT-A-11-0006

DATE : APRIL 2012

EXHIBIT: **D**



Airports Division

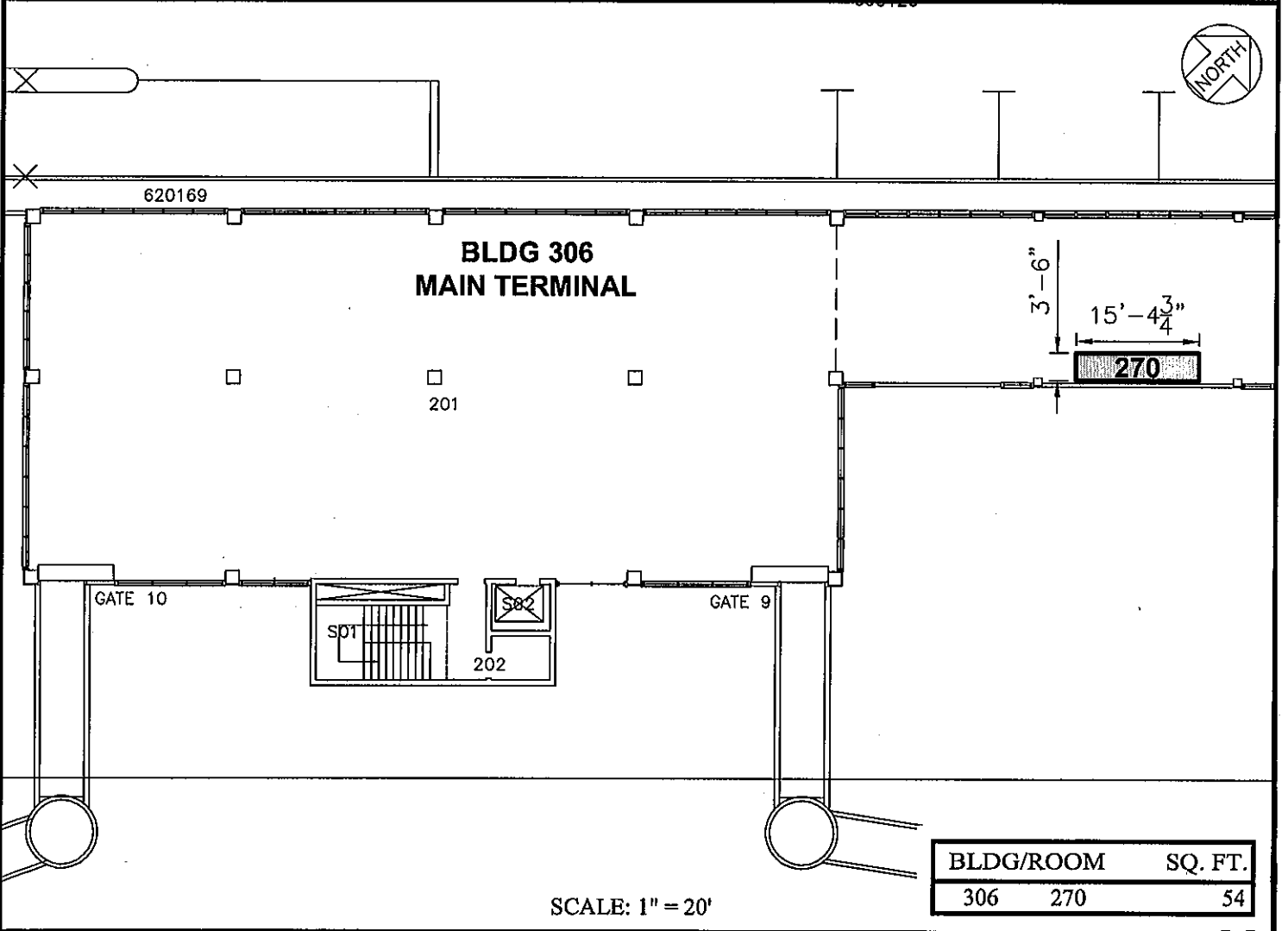
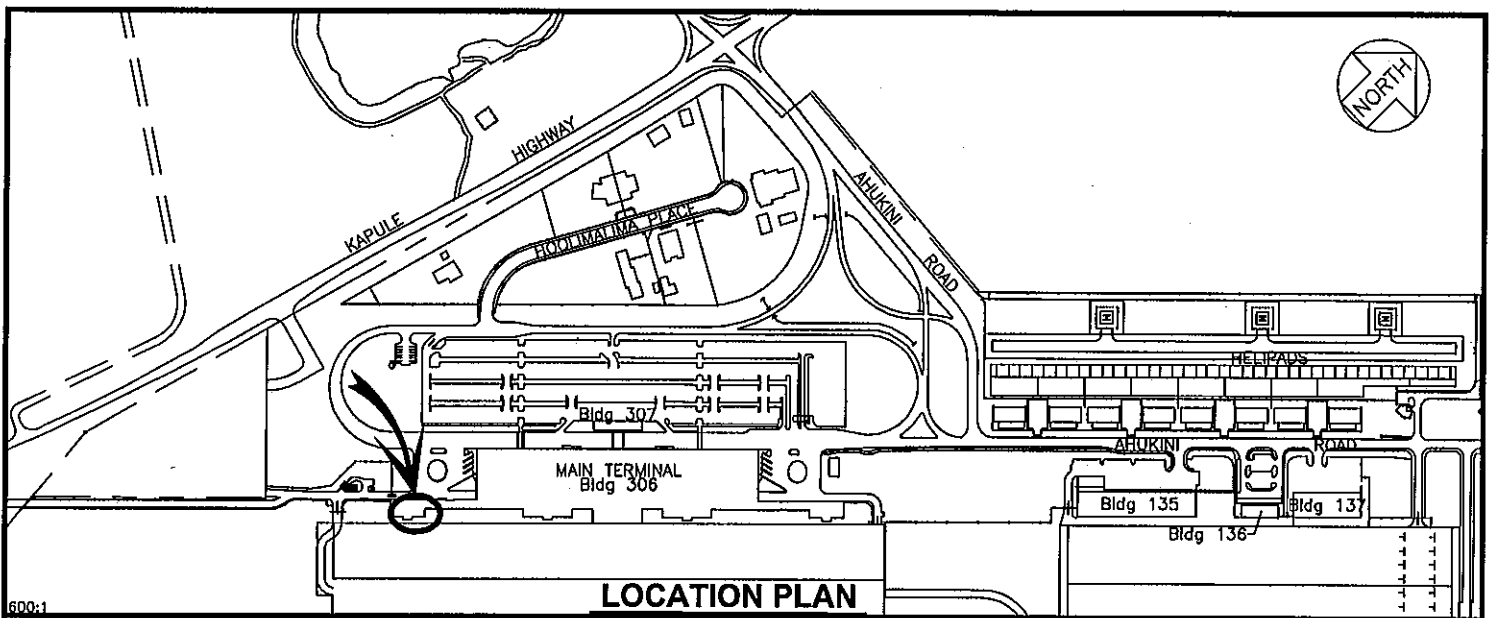
HOST INTERNATIONAL, INC.

**BUILDING 307  
CAR RENTAL  
GROUND LEVEL**

**307104  
307105  
PLATS C1, 45**

**LIHUE AIRPORT**

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Amendment No. 1 to DOTA-11-0006

DATE : APRIL 2012

EXHIBIT: **E**



Airports Division

HOST INTERNATIONAL, INC.

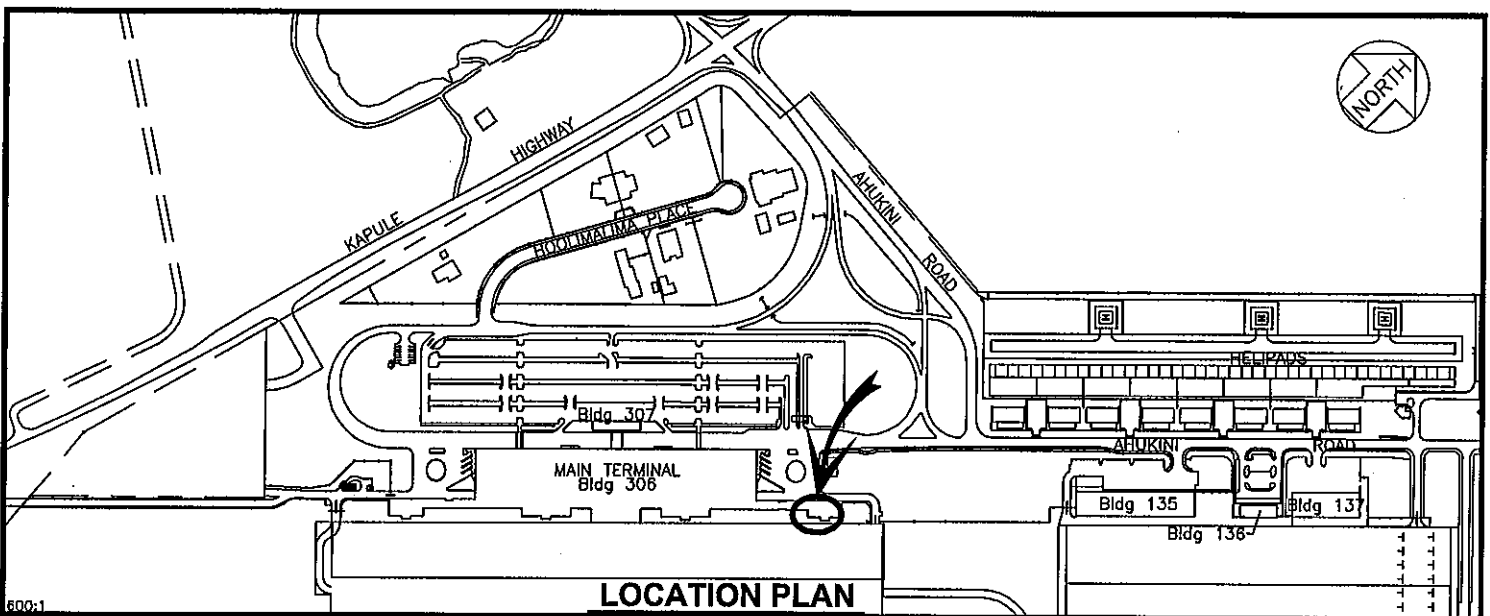
**BUILDING 306  
MAIN TERMINAL  
TERMINAL LEVEL**

306270

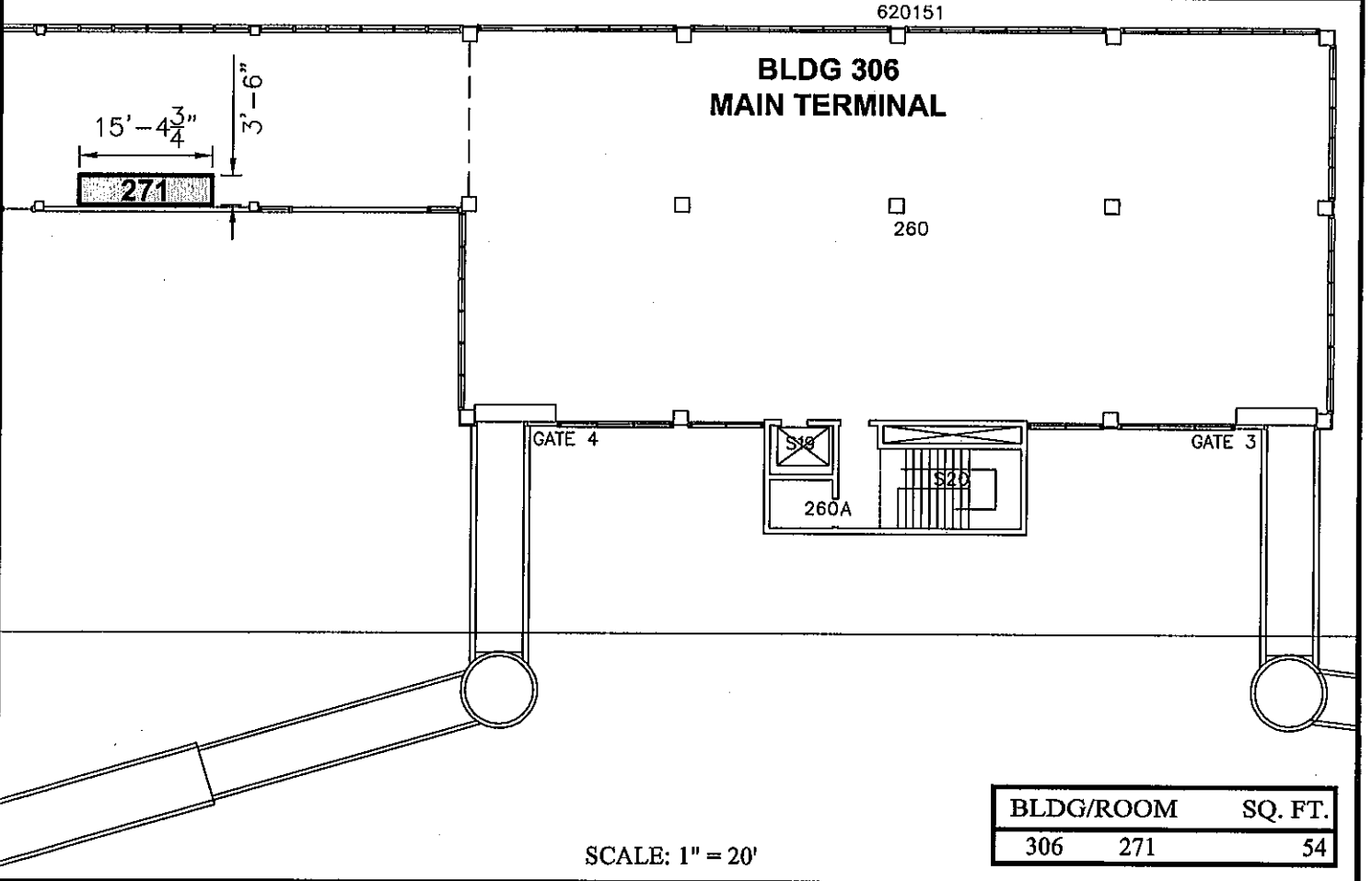
PLATS C2, 44

**LIHUE AIRPORT**

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600128 620151



SCALE: 1" = 20'

BLDG/ROOM	SQ. FT.
306 271	54

Amendment No. 1 to DOTA-11-0006 DATE : APRIL 2012 EXHIBIT: **F**



HOST INTERNATIONAL, INC.

BUILDING 306  
MAIN TERMINAL  
TERMINAL LEVEL

306271  
PLATS D2, 45

**LIHUE AIRPORT**

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