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

AMENDMENT NO. 3 TO CONCESSION AGREEMENT NO. DOT-A-09-0002
TO EXTEND LEASE TERM UNDER PROVISIONS OF ACT 46
DFS GROUP, L.P., RETAIL CONCESSION
HONOLULU INTERNATIONAL AIRPORT

O'AHU

The Department of Transportation (DOT) proposes to amend the existing Retail Concession
Agreement No. DOT-A-09-0002 at Honolulu International Airport (HNL) under the provisions

PURPOSE:

To amend the existing Retail Concession Agreement at Honolulu International
Airport to extend the term of the concession, require the concessionaire to make
improvements and establish the concession fee for the extension period.

APPLICANT:

DFS GROUP, L.P.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Honolulu International Airport, Island of Oahu,
1st Division, 1-1-03: Portion of 1.

ZONING:

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

Section 5 (a) and 5 (b) lands of the Hawaii Admission Act: Ceded and Non-Ceded
DHHL 30% entitlement lands: Yes ___ No __X

CONCESSION TERM:

The Retail Concession Agreement No. DOT-A-09-0002 began on April 1, 2009, and continues through March 31, 2015. The proposed amendment would extend the concession term through May 31, 2025.

IMPROVEMENTS:

Applicant will construct, install and pay for approximately $18 million in new concession improvements in the Central Waiting Lobby Building, and has agreed to make additional concession improvements as part of the DOT’s projects to reconfigure and revitalize the concessions areas within the footprint of the Diamond Head and Ewa concourses at Honolulu International Airport.

CONCESSION FEE:

The existing concession fee is the greater of minimum annual guaranteed fee of $9.18 million or a percentage of gross receipts. The existing percentage of gross receipts is 20%.

The proposed amendment would adjust the minimum annual guaranteed fee to $12 million through the end first concession agreement year of the extension. In subsequent years, the minimum annual guaranteed fee will adjust to 85% of what was paid and payable in the previous concession agreement year.

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, 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.
REMARKS:

Under the Act 46, Session Laws of Hawaii 2012, "...the department of transportation is allowed to upon mutual agreement with a concession and in exchange for revenue-enhancing improvements that are made or paid for by the concession deemed acceptable by the department of transportation, may extend, modify, alter, or amend the terms of concession contracts, leases and permits."

The DOT has reviewed the request and determined that the proposed concession improvements within the airport terminal will allow the applicant to better serve the traveling public, the airports will benefit from the increase in concession activity.

RECOMMENDATION:

That the Board authorizes the Department of Transportation to amend the existing Concession Agreement No. DOT-A-09-0002 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 interest of the State; and 3) review and approval by the Department of the Attorney General.

Respectfully submitted,

[Signature]

FORD N. FUCHIGAMI
Interim Director of Transportation

APPROVED FOR SUBMITTAL:

[Signature]

WILLIAM J. AILA, JR.
Chairperson and Member