



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
AIRPORTS
400 RODGERS BOULEVARD, SUITE 700
HONOLULU, HAWAII 96819-1880**

IN REPLY REFER TO:

AIR-PM 25.0826

October 9, 2025

DOT Land Matters
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECT LEASE FOR THE DEVELOPMENT,
CONSTRUCTION, AND MAINTENANCE OF A VIP AIRLINE LOUNGE
SOUTHWEST AIRLINES CO.
DANIEL K. INOUE INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-003:051 (PORTION)

OAHU

APPLICANT:

Southwest Airlines Co. (Southwest), whose business address is 2702 Love Field Drive,
Dallas, Texas 75235.

LEGAL REFERENCE:

Section 171-59 (b), Hawaii Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portions of Building 342, Garden Conference Center, Ground Level and Waiting Lobby,
Second Level at Daniel K. Inouye International Airport, Island of Oahu, State of Hawaii,
identified by Tax Map Key: 1st Division, 1-1-003:051 (portion).

AREA:

Building/Room No. 342-155, containing an area of approximately 9,577 square feet and
Building/Room No. 342-220H, containing an area of approximately 2,664 square feet,
as shown and delineated on the attached map labeled Exhibits A and B.

ZONING:

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

ISSUANCE OF A DIRECT LEASE FOR THE DEVELOPMENT, CONSTRUCTION AND
MAINTENANCE OF A VIP AIRLINE LOUNGE
SOUTHWEST AIRLINES CO.
PAGE 2

LAND TITLE STATUS:

Non-ceded - Section 5(a) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to Hawaii State Constitution YES ☐ NO ☒

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 Daniel K. Inouye International Airport under the control and management of the State of Hawaii Department of Transportation (HDOT), for Airport Purposes.

CHARACTER OF USE:

To develop, construct, operate, and maintain a VIP Airline Lounge, as part of its Signatory Airline Carrier Operations at the Airport.

TERM OF LEASE:

Five (5) years

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Annual Lease Rental: Beginning upon the commencement date of the Lease, the rental shall be determined by multiplying the applicable prevailing per square footage signatory airline terminal building rate by the demised square footage (as published in the Airports Signatory Carriers Rates and Charges, Hawaii Airports System) for the Airport.

The Airports Signatory Carriers Rates and Charges, Hawaii Airports System for Fiscal Year 2025 is \$156.14 per square, per annum.

PERFORMANCE BOND:

The sum equal to one quarter of the annual rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$20,000,000.00

ISSUANCE OF A DIRECT LEASE FOR THE DEVELOPMENT, CONSTRUCTION AND
MAINTENANCE OF A VIP AIRLINE LOUNGE
SOUTHWEST AIRLINES CO.
PAGE 3

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

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 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.

Airports 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 Department of Transportation 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, Airports proposes to issue a direct lease to Southwest to develop, construct, operate, use and maintain a VIP Airline Lounge, as part of its Signatory Airline Operations at the Airport.

Southwest is a signatory airline carrier with airline operations located mainly within the Overseas Terminal and has been operating in Hawaii since 2018.

The Area for the development and construction of Southwest's Airline Lounge is the former Airport's Garden Conference Center.

To accommodate the increase in passengers to Honolulu, Southwest has requested a directly-negotiated lease for the construction and development of a new Airline Lounge. HDOT recognizes Southwest's commitment and believes that the new Airline Lounge is in the best interest of the State.

ISSUANCE OF A DIRECT LEASE FOR THE DEVELOPMENT, CONSTRUCTION AND
MAINTENANCE OF A VIP AIRLINE LOUNGE
SOUTHWEST AIRLINES CO.
PAGE 4

HDOT considers the proposed lease is in accordance with the underlying intent of Section 171-59 (b), HRS, since it will allow Southwest to compete with other major Signatory Airline Carriers at the Airport.

RECOMMENDATION:

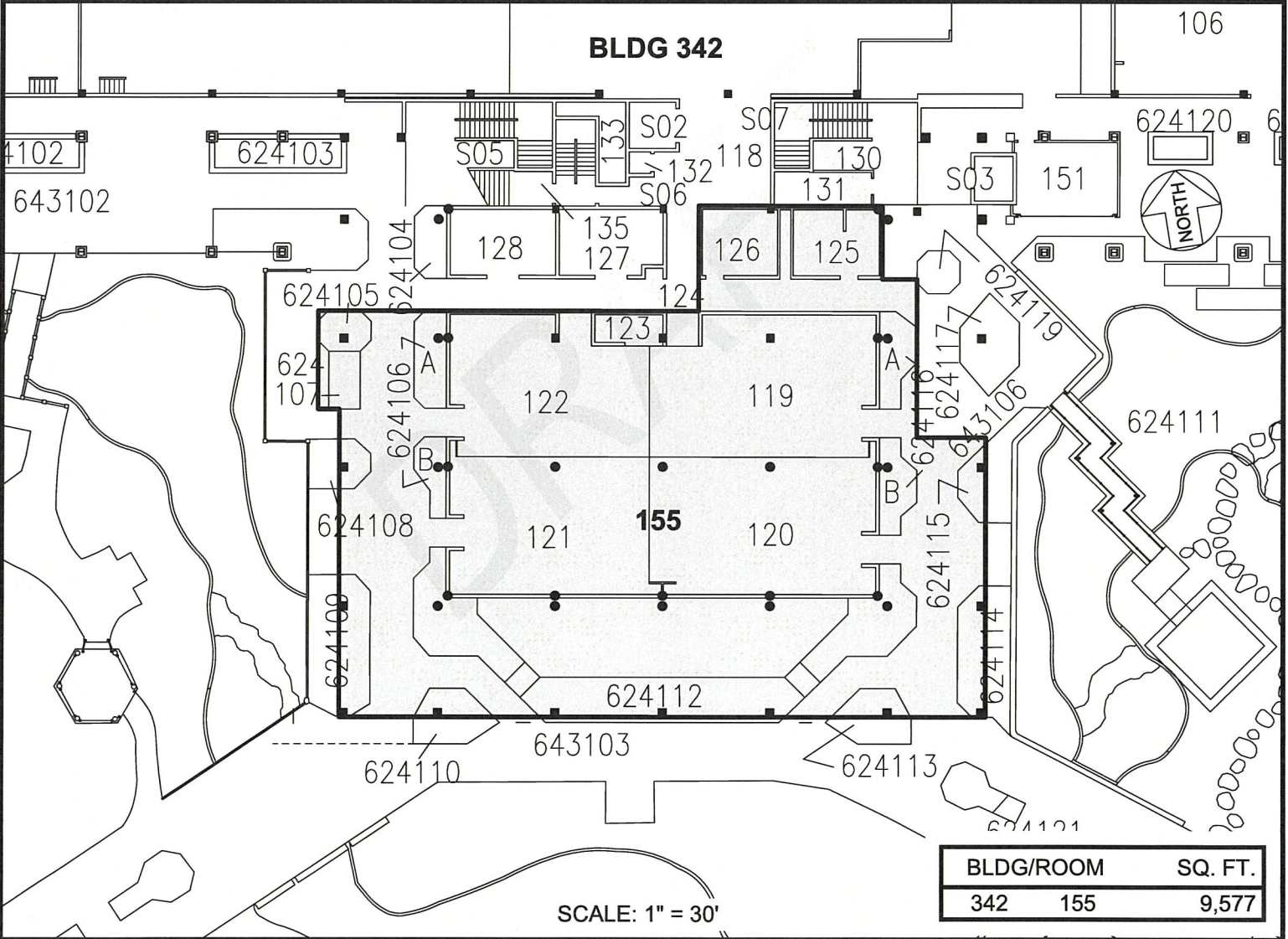
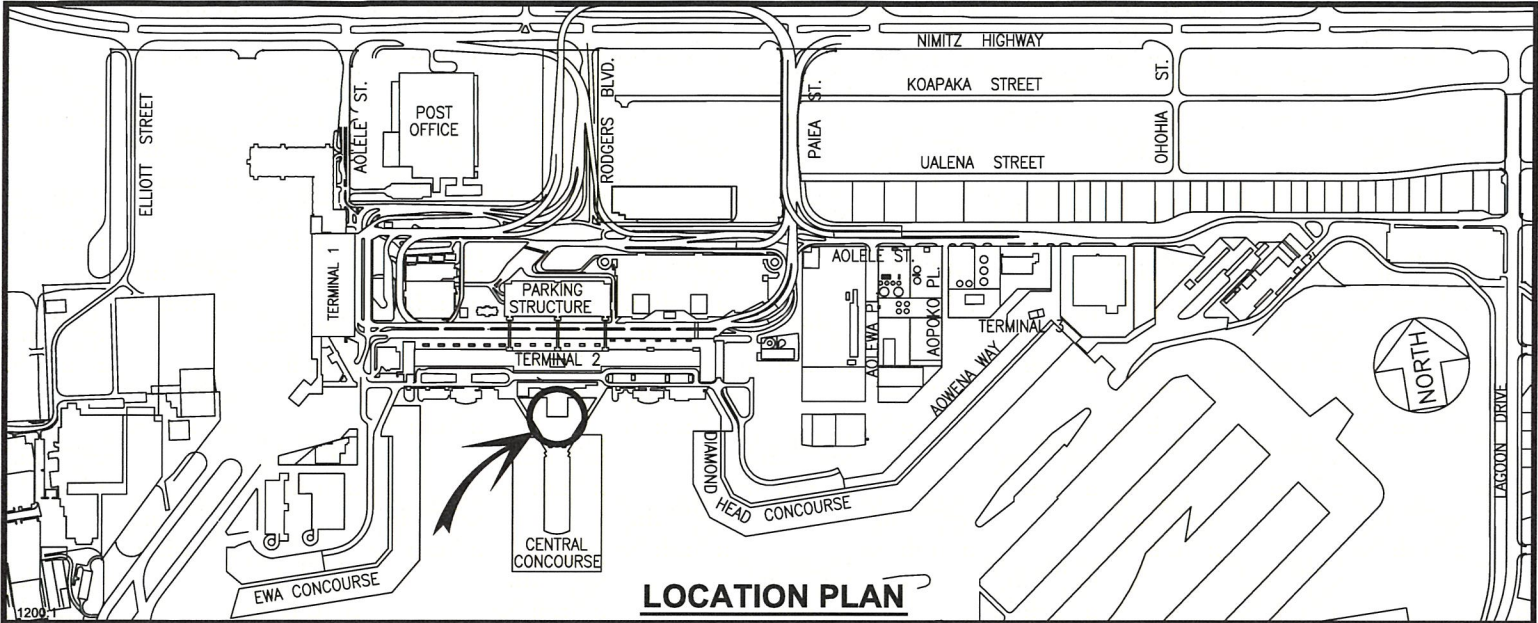
Based on this submittal, and testimony and facts presented, the HDOT recommends the Director of Transportation finds that approving the issuance of a directly-negotiated lease to Southwest, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other 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,



CURT T. OTAGURO
Deputy Director of Transportation for Airports

Attachment



DATE : SEPTEMBER 2025

EXHIBIT: **A**

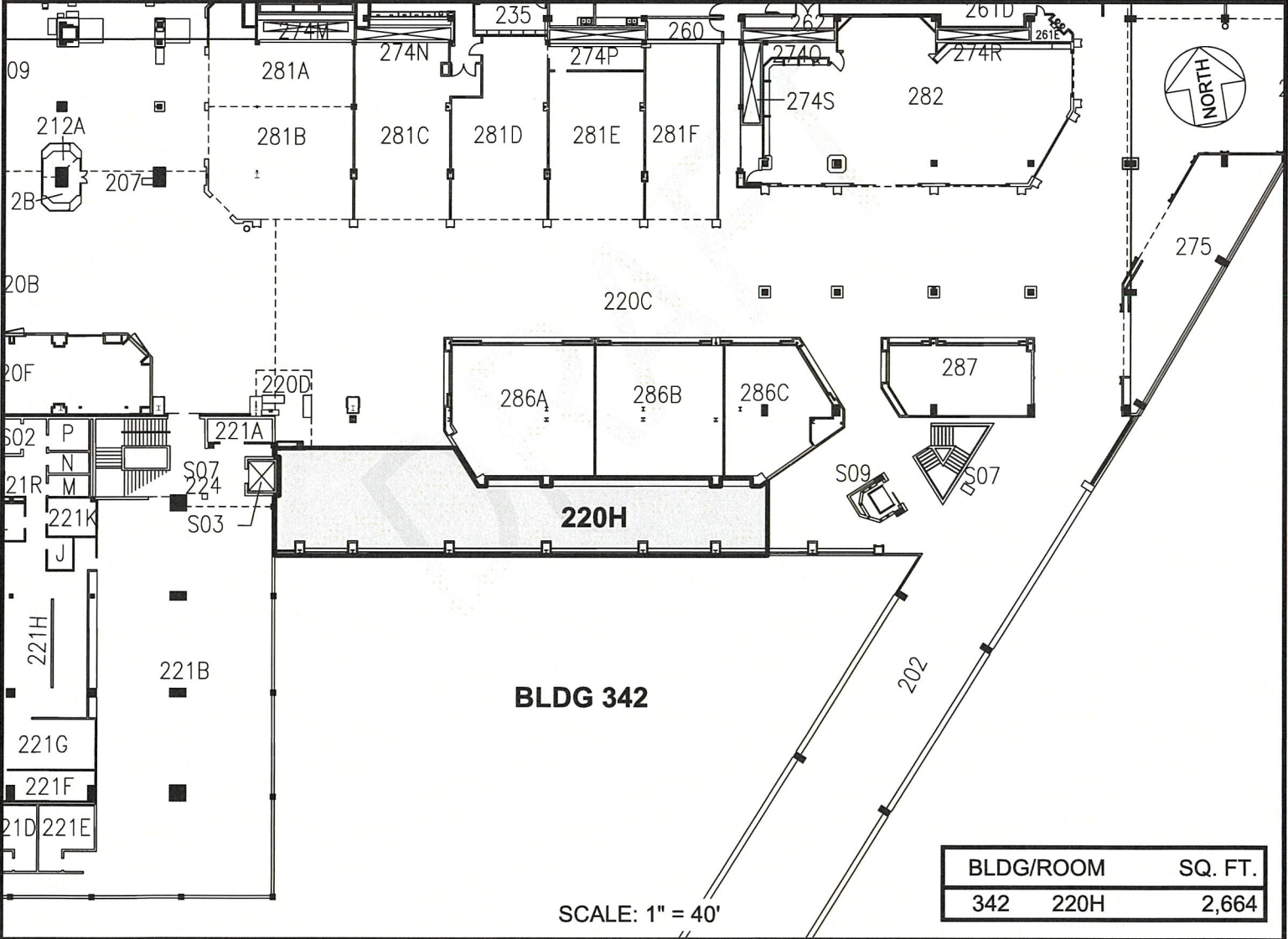
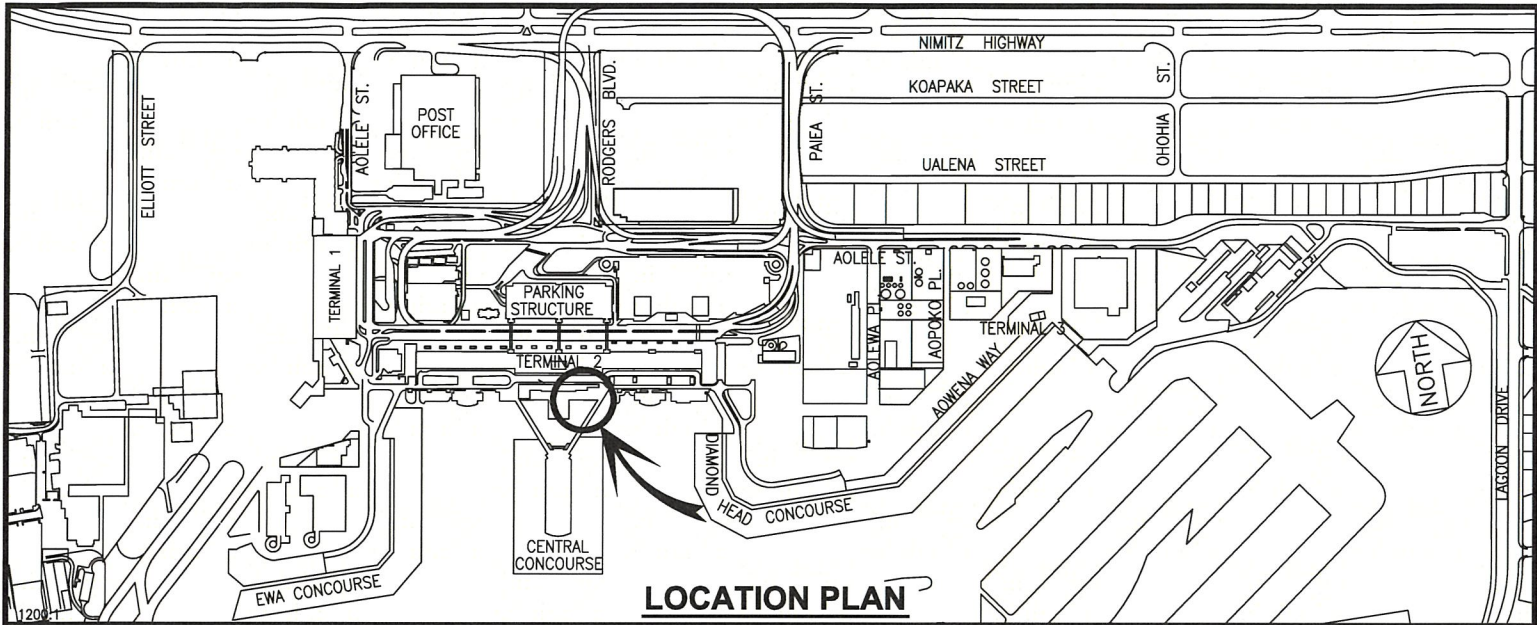


AIRPORTS

SOUTHWEST AIRLINES CO.

**BUILDING 342
GARDEN CONFERENCE
CENTER
GROUND LEVEL**

342155



DATE : ARPIL 2025

EXHIBIT: **B**



AIRPORTS

SOUTHWEST

**BUILDING 342
WAITING LOBBY
SECOND LEVEL**

342220H

DANIEL K. INOUE INTERNATIONAL AIRPORT