

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

IN REPLY REFER TO:

AIR-PM 25.1014

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

January 8, 2026

DOT Land Matters
State of Hawaii
Honolulu, Hawaii

AMENDMENT TO PRIOR BOARD ACTION OF OCTOBER 9, 2025, ITEM C-1
REQUEST AMENDMENT TO AREA AND ADDITION OF RENT WAIVER
SOUTHWEST AIRLINES CO.

DANIEL K. INOUYE INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-003:051 (PORTION)

OAHU

On October 9, 2025, under agenda Item C-1, and pursuant to Section 171-59(b), Hawaii Revised Statutes, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Director of Transportation (DIR) authorized the State of Hawaii Department of Transportation (HDOT) to issue a direct VIP Lounge Lease (Lease) to Southwest Airlines Co. (Southwest), for use of Building/Room Nos. 342-155 and 342-220H for the development, construction and maintenance of a VIP Airline Lounge.

PURPOSE:

The HDOT requests a certain change to the AREA and addition of RENT WAIVER, as written on said submittal previously approved by DIR (attached).

The Lease modifications are listed as follows:

AREA:

Original:

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.

AMENDMENT TO PRIOR BOARD ACTION OF OCTOBER 9, 2025, ITEM C-1, REQUEST
AMENDMENT TO AREA AND ADDITION OF RENT WAIVER
SOUTHWEST AIRLINES CO.

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Amended:

Building/Room No. 342-115A, containing an area of approximately 2,342 square feet, Building/Room No. 342-115B, containing an area of approximately 138 square feet, Building/Room No. 342-115C, containing an area of approximately 161 square feet, Building/Room No. 342-115D, containing an area of approximately 160 square feet, Building/Room No. 342-119, containing an area of approximately 1,118 square feet, Building/Room No. 342-120, containing an area of approximately 1,106 square feet, Building/Room No. 342-121, containing an area of approximately 990 square feet, Building/Room No. 342-122, containing an area of approximately 937 square feet, Building/Room No. 342-123, containing an area of approximately 88 square feet; Building/Room No. 342-125, containing an area of approximately 224 square feet, Building/Room No. 342-126, containing an area of approximately 203 square feet, Building/Room No. 342-127, containing an area of approximately 277 square feet, Building/Room No. 342-156, containing an area of approximately 234 square feet, and Area/Space No. 624-112, containing an area of approximately 2,901 square feet, as shown and delineated on the attached map labeled Exhibit B.

Building/Room No. 350-105F, containing an area of approximately 1,775 square feet, as shown and delineated on the attached map labeled Exhibit C.

RENT WAIVER:

Annual Lease Rental Waiver: The annual rental shall be waived at the commencement date of Lease for a period of 12 months, provided that the waiver of rent shall be conditioned on Southwest making substantial improvements to the spaces.

RECOMMENDATION:

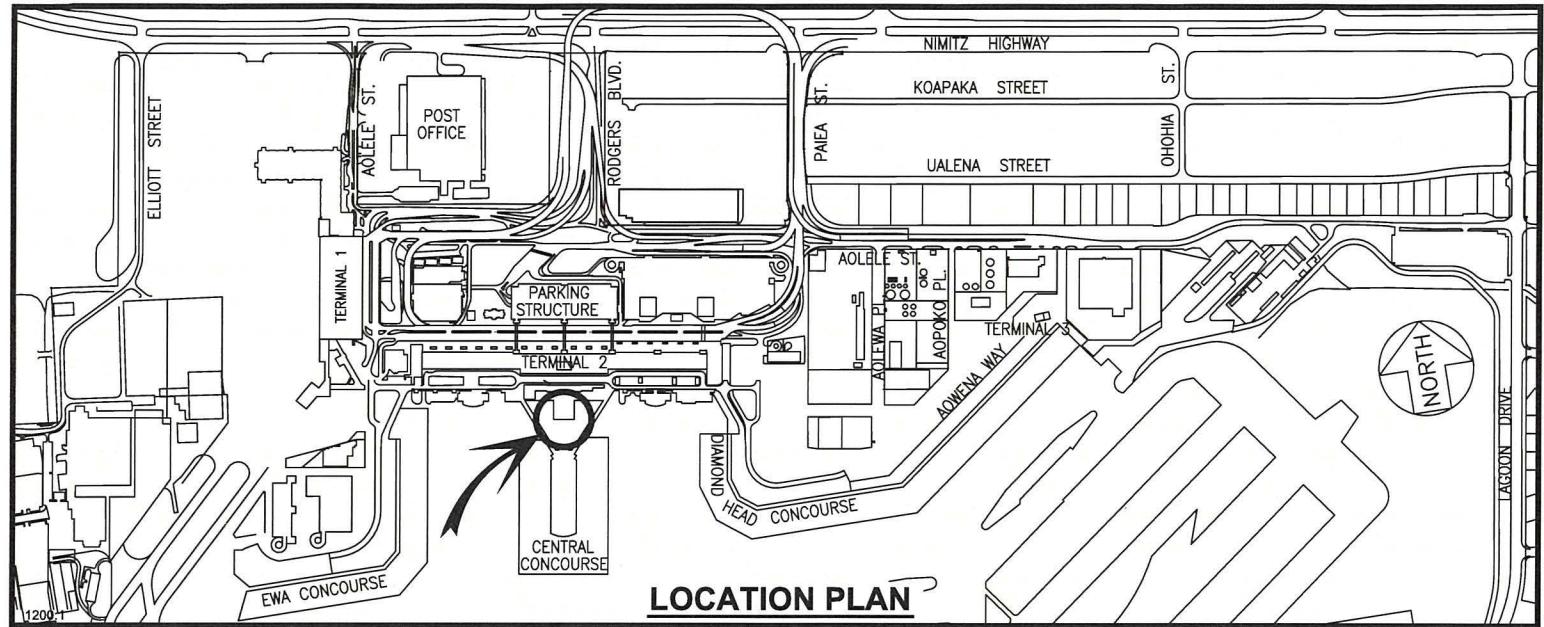
Based on the submittal, and testimony and facts presented, the HDOT recommends DIR finds that amending its prior action of October 9, 2025, under agenda Item C-1, by approving Lease modifications relating to the Area in the proposed Lease by and between the HDOT and Southwest, as herein outlined, which are by reference incorporated herein and subject to such other terms and conditions as may be prescribed by DIR to best serve the interests of the State.

Respectfully submitted,

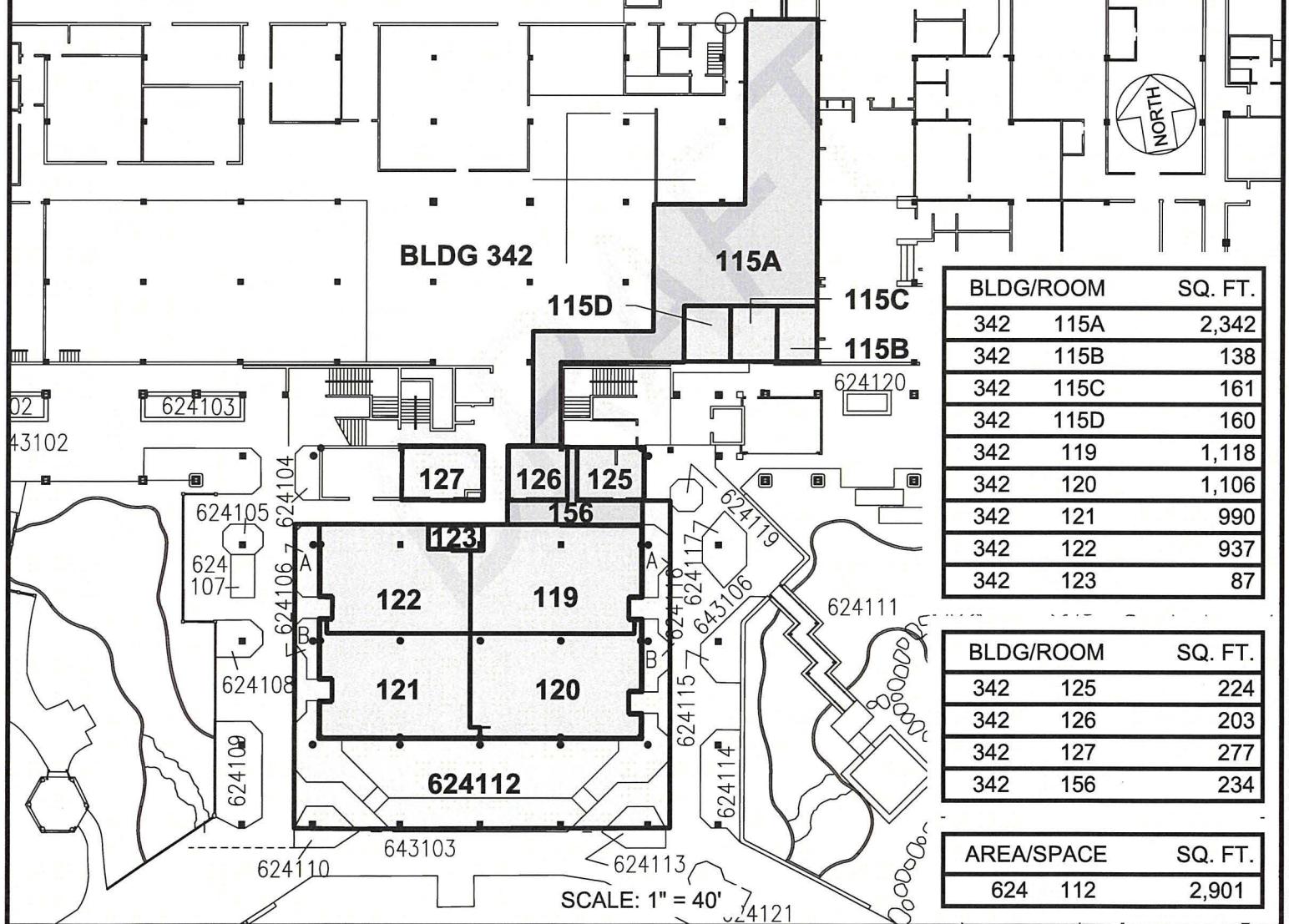


CURT T. OTAGURO
Deputy Director of Transportation for Airports

Attachments



LOCATION PLAN



BLDG/ROOM	SQ. FT.
342 115A	2,342
342 115B	138
342 115C	161
342 115D	160
342 119	1,118
342 120	1,106
342 121	990
342 122	937
342 123	87

BLDG/ROOM	SQ. FT.
342 125	224
342 126	203
342 127	277
342 156	234

AREA/SPACE	SQ. FT.
624 112	2,901

STATE LEASE NO. DOT-A-25-0019

DATE : SEPTEMBER 2025

EXHIBIT: **B**



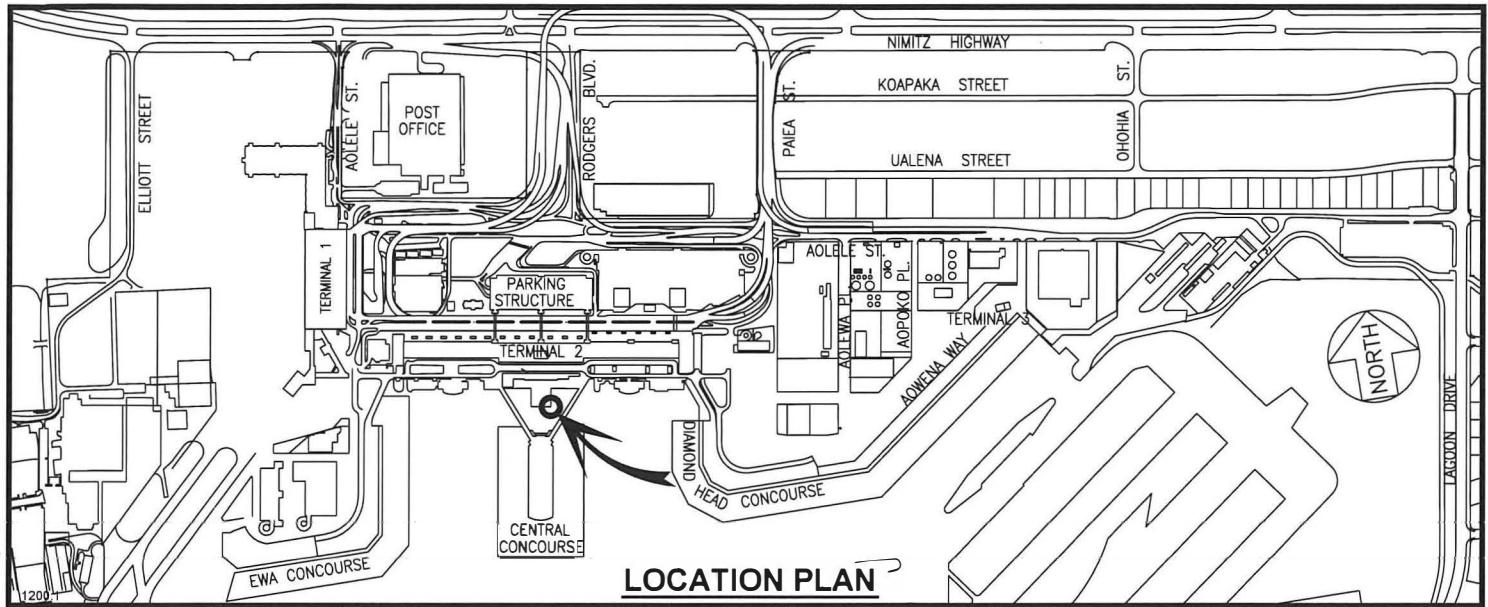
AIRPORTS

SOUTHWEST AIRLINES CO.

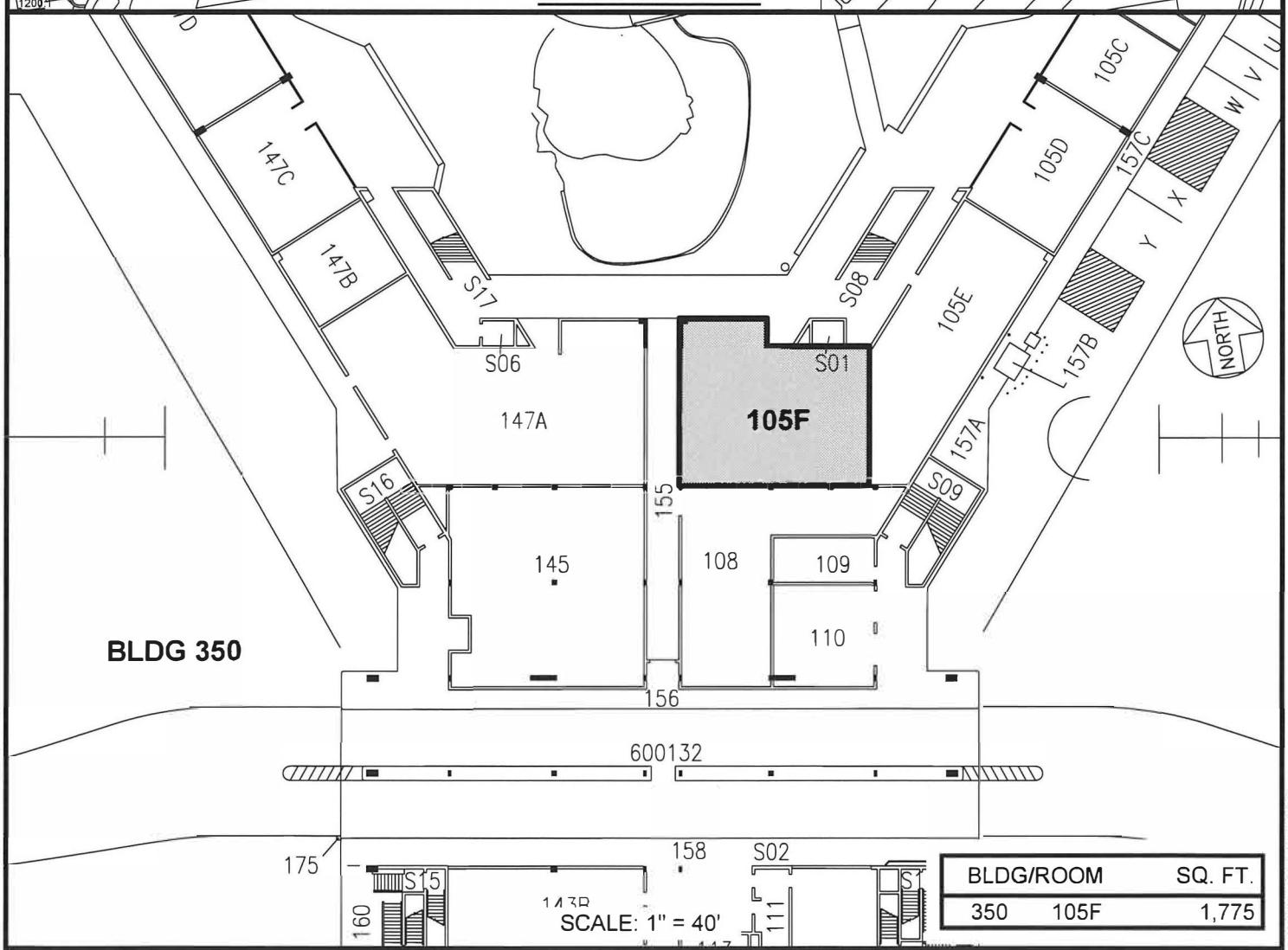
BUILDING 342
GARDEN CONFERENCE
CENTER
GROUND LEVEL

342115A-D
342119-122
342125-127
342156
624112

DANIEL K. INOUYE INTERNATIONAL AIRPORT



LOCATION PLAN



STATE LEASE NO. DOT-A-25-0019

DATE : NOVEMBER 2025

EXHIBIT:

C



AIRPORTS

SOUTHWEST AIRLINES CO.

BUILDING 350
CENTRAL CONCOURSE
GROUND LEVEL

350105F

DANIEL K. INOUYE INTERNATIONAL AIRPORT

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IN REPLY REFER TO:

AIR-PM 25.0826

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

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. INOUYE 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)

ITEM C-1
OCTOBER 9, 2025
DOT-A-25-0019

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 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 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 _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

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:

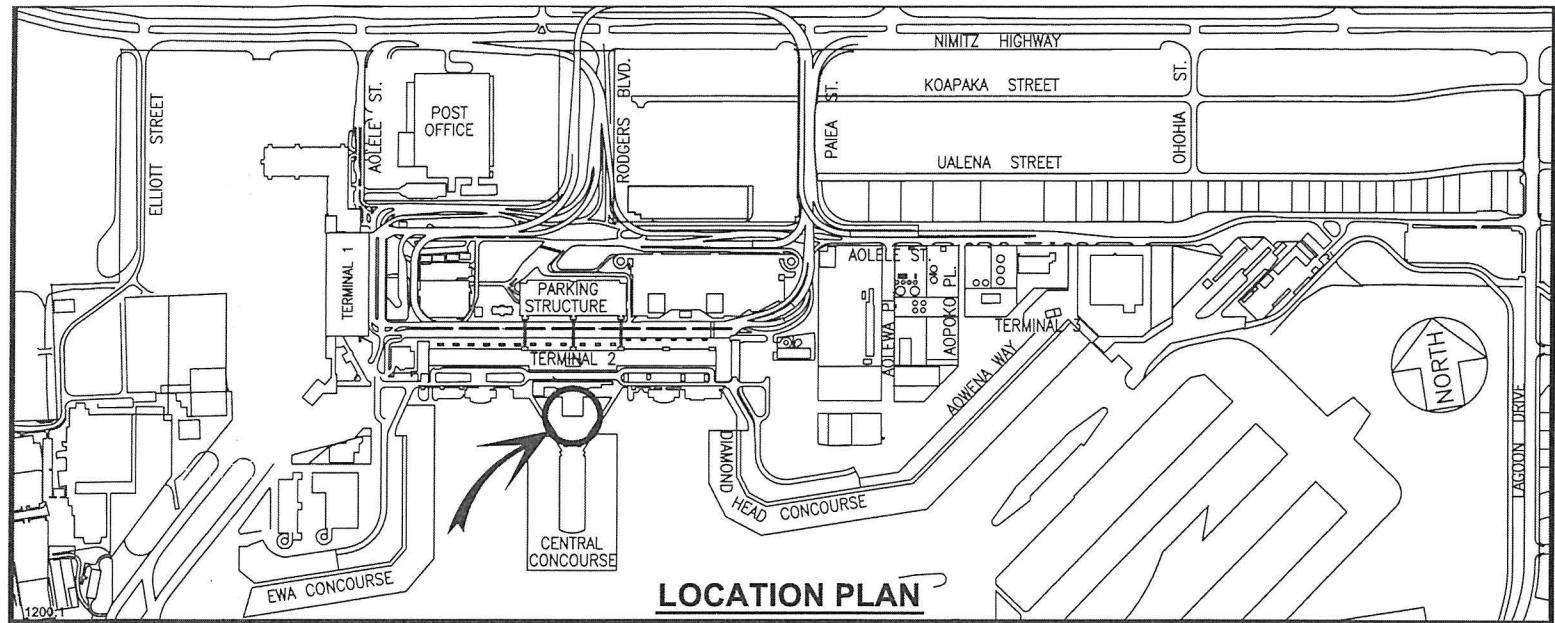
Based on this submittal, and testimony and facts presented, the HDOT recommends the Director of Transportation finds that approving the issuance of a directly-negotiated lease to Southwest, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other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



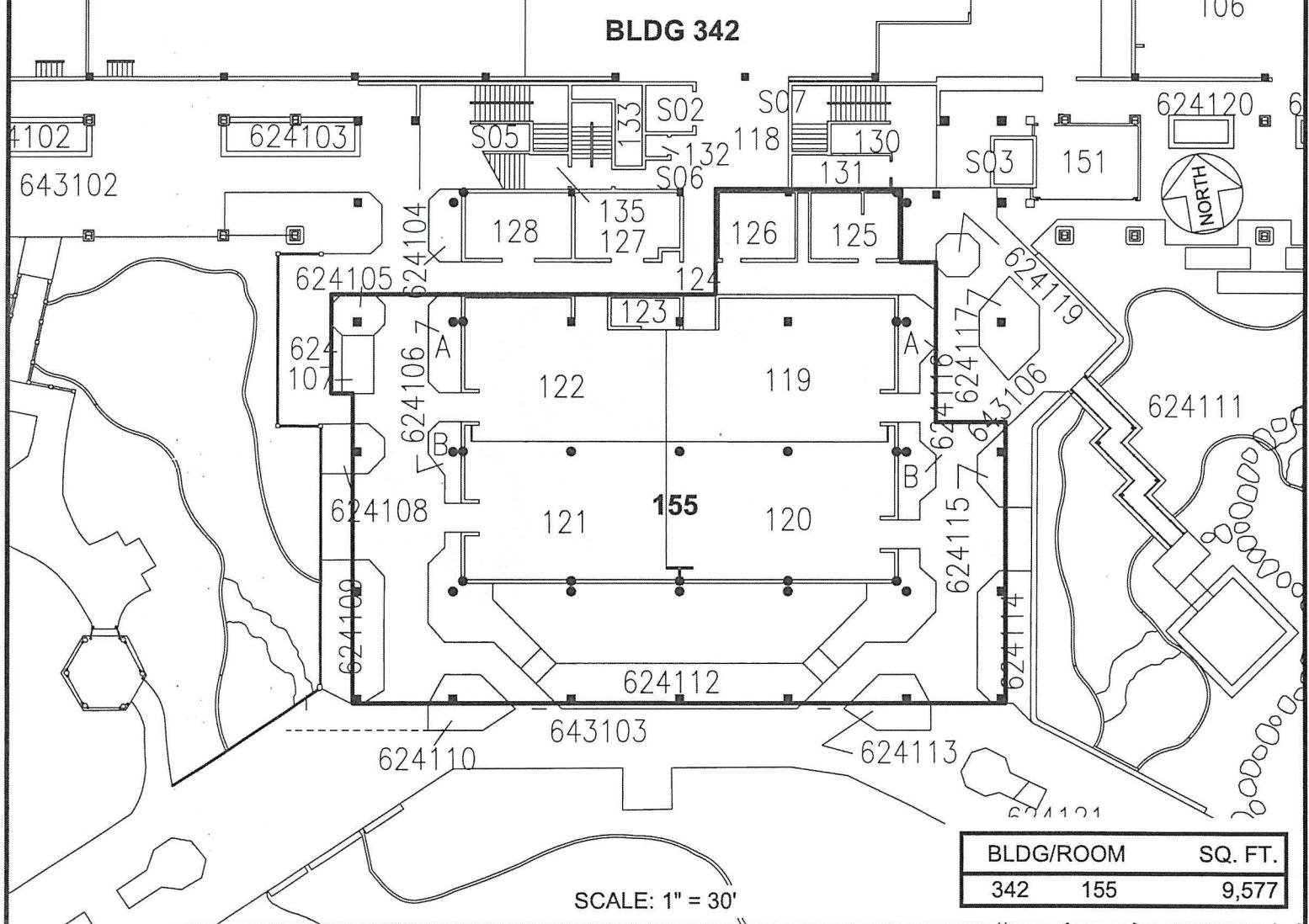
CURT T. OTAGURO
Deputy Director of Transportation for Airports

Attachment



LOCATION PLAN

BLDG 342



DATE : SEPTEMBER 2025

EXHIBIT:

A



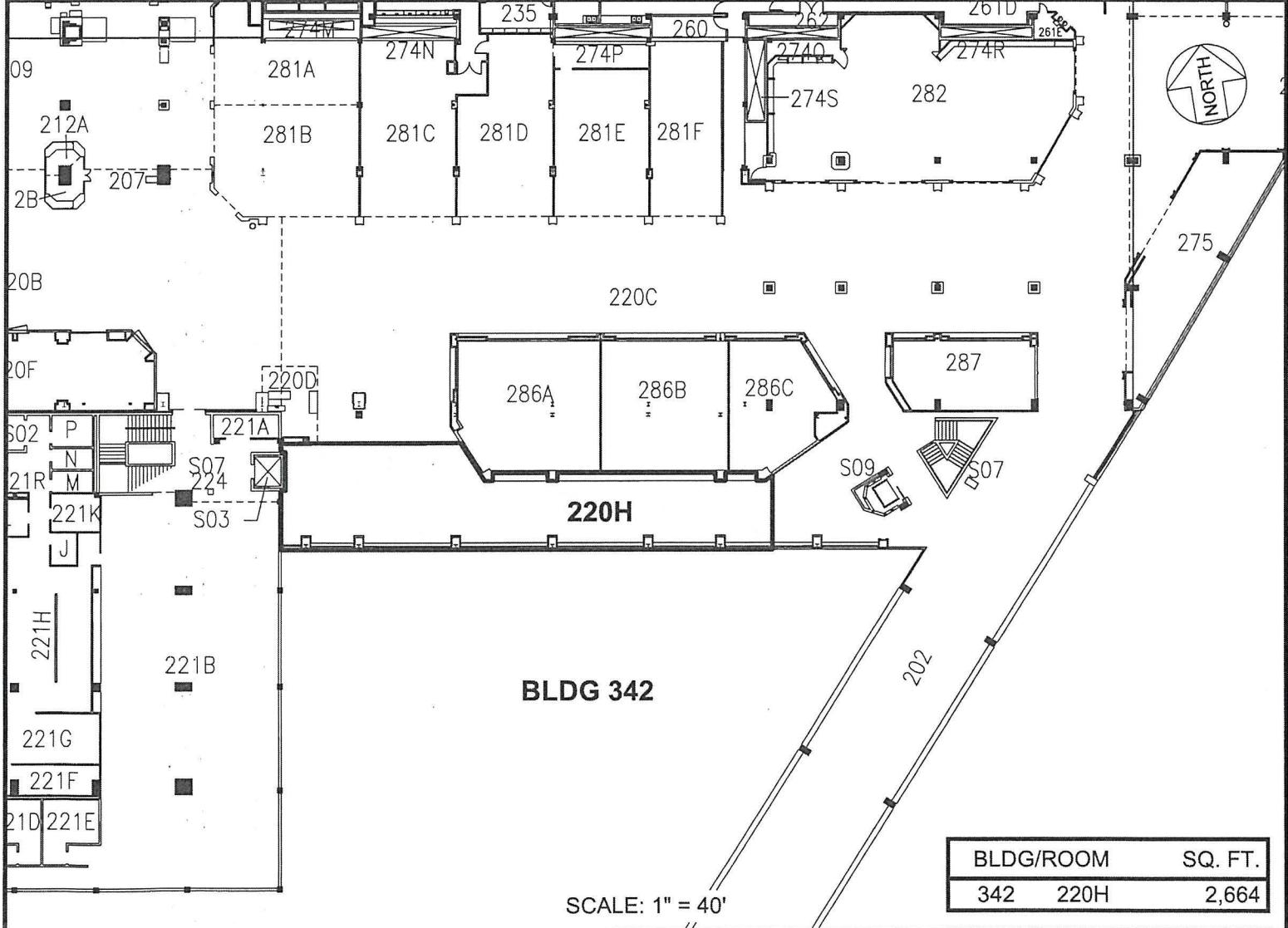
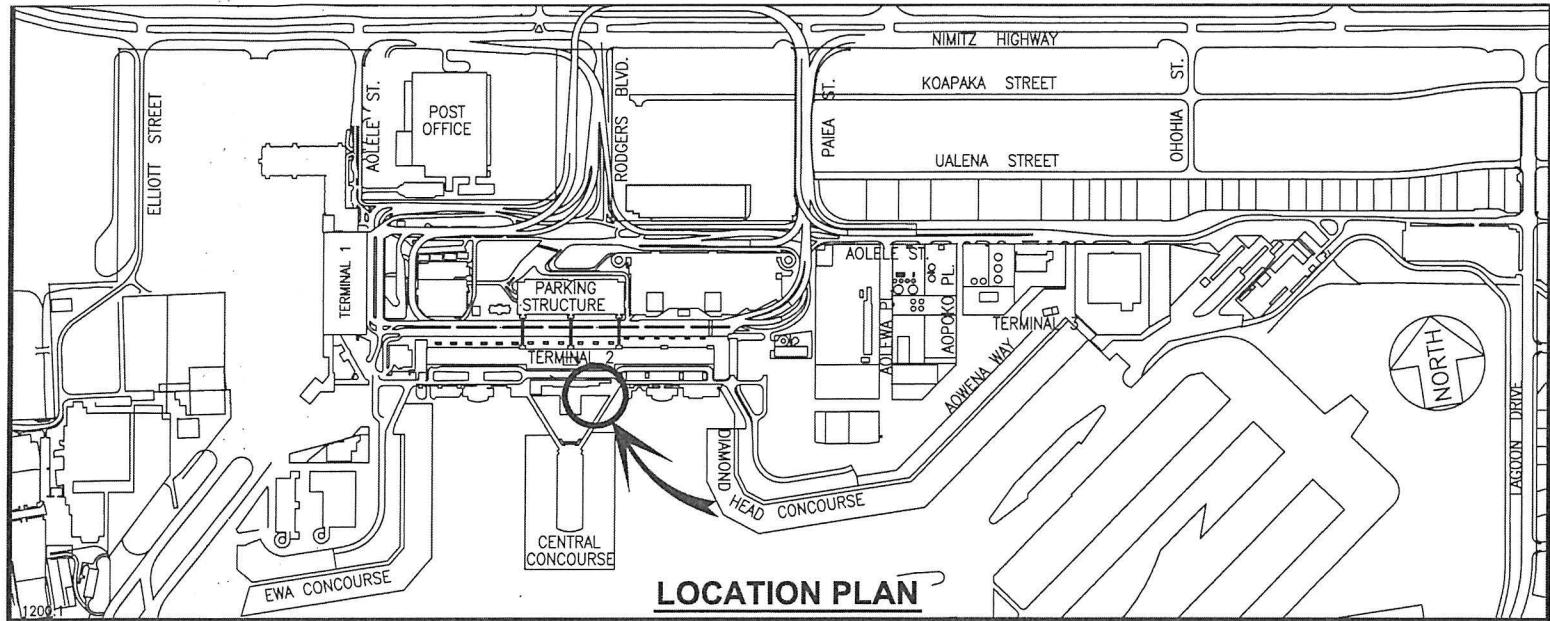
AIRPORTS

SOUTHWEST AIRLINES CO.

BUILDING 342
GARDEN CONFERENCE
CENTER
GROUND LEVEL

342155

DANIEL K. INOUYE INTERNATIONAL AIRPORT



DATE : APRIL 2025

EXHIBIT: B



AIRPORTS

SOUTHWEST

BUILDING 342
WAITING LOBBY
SECOND LEVEL

342220H

DANIEL K. INOUYE INTERNATIONAL AIRPORT