

DAVID Y. IGE  
GOVERNOR



FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
EDWARD H. SNIFFEN  
DARRELL T. YOUNG

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

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawai'i  
Honolulu, Hawai'i

ISSUANCE OF AN ADVERTISING CONCESSION AGREEMENT  
TO IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS  
HONOLULU INTERNATIONAL AIRPORT  
TAX MAP KEY: (1) 1-1-03:001, AND :061 (PORTIONS)

O'AHU

The Department of Transportation (DOT) proposes to issue a Concession Agreement for Display Advertising at Honolulu International Airport (HNL).

LEGAL REFERENCE:

Section 102-2, Hawaii Revised Statutes.

APPLICANT:

In-Ter-Space Services, Inc., dba Clear Channel Airports, licensed to do business in the State of Hawai'i, whose business address is 7450 Tilghman Street, Suite 104, Allentown, Pennsylvania 18106.

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>

LOCATION:

Various spaces within the Terminal Building Complex at HNL. Specific spaces to be agreed upon by the Concessionaire and the DOT.

ZONING:

State Land Use District: Urban  
City and County of Honolulu LUO: Industrial (I2)

TAX MAP KEY:

Honolulu International Airport, Island of O‘ahu, State of Hawai‘i, identified by  
Tax Map Key: 1<sup>st</sup> Division, 1-1-03:001, and :061 (Portions)

LAND TITLE STATUS:

Non-ceded and Ceded - Section 5(a) and 5(b) lands of the Hawai‘i Admission Act  
DHHL 30% entitlement lands pursuant to Hawai‘i Admission Act YES \_\_\_ NO X

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a) Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i, this disposition is exempt from the requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i 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 Hawai‘i, Department of Transportation, dated November 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.

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawai‘i, for Airport Purposes.

CHARACTER OF USE:

Display Advertising Concession

COMMENCEMENT DATE:

To be established at final execution of the Concession Agreement.

TERM:

Ten Years.

CONCESSION FEE:

For the first year of the Concession term, the greater of the Minimum Annual Guarantee (MAG) of \$500,000 or 50% of the gross receipts of the Concession. As this is the first display concession issued by the DOT at HNL, the required MAG shall take effect when 80% of the advertising locations have been installed.

For subsequent years, the MAG shall be 85% of what was paid and payable in the prior concession year.

SECURITY DEPOSIT:

Amount equal to three months of the MAG.

HOLDOVER TENANCY:

The DOT, at its sole determination may holdover the terms of the Concession Agreement for a period not to exceed one year. During such holdover period, the Concession Fee shall be equivalent to the greater of the Monthly MAG or percentage fee. DOT may amend the concession fee during a holdover period with 30 days' prior notification.

REMARKS:

The DOT issued a request for proposals to operate an advertising concession at HNL. The applicant, based on the proposal submitted, was determined to be the most experienced and best qualified candidate to operate the concession. Such experience includes operating advertising concessions at four of the top five airports (based on traffic) in the United States.

RECOMMENDATION:

That the Board authorize the DOT to issue a concession agreement to In-Ter-Space Services, Inc. dba Clear Channel Airports subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; and (2) such additional terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



FORD N. FUCHIGAMI  
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE  
Chairperson and Member