



April 23, 2020

Airport Concession Program



Airport Concession Program - Program Details

The Airport Concession Program is managed by two master concessionaires, Host International Inc. and Paradies Lagardere.

Host (Food and Beverage):

- 72 total locations
- 23 locations (of the total) are operated by ACDBEs
- In FY19, gross sales for Host totaled **\$178,951,566*** with net revenue of \$48,508,318 and Airport net revenues of **\$34,644,923** (*Includes fixed space rent*)

Paradies (Retail):

- 60 total locations
- 29 locations (of the total) are either operated at 100% by an ACDBE, or have ACDBE participation through a Joint Venture
- In FY19, gross sales for Paradies totaled **\$74,696,786**** with net revenue of \$22,836,652 and Airport net revenues of **\$15,075,811** (*Includes fixed space rent*)

* 20% gross sales generated by an ACDBE

** 26% gross sales generated by an ACDBE



Airport Concession Program - ACDBE Definition

Airport Concession Disadvantaged Business Enterprise (ACDBE) is defined as a concession that is a for-profit small business concern with-

- At least 51% owned by one or more individuals who are both socially and economically disadvantaged
- Management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it

Criteria to be an ACDBE:

- Firm's gross receipts, averaged over the firm's previous three fiscal years, do not exceed \$56.42 million
- Firm is at least 51% owned by a socially/economically disadvantaged individual (based on criteria located above) and must be able to demonstrate that they exercise ownership and control of the company
- Personal net worth cannot exceed \$1.32 million



Airport Concession Program - ACDBE Demo Make-Ups

The Airport has a total of 20 ACDBE firms that operate the ACDBE locations. Below is a breakdown of the firms by ethnicity as defined by the program:

- 10 Firms are African American
- 7 Firms are Non-Minority Female
- 1 Firm is Pacific Asian American
- 1 Firm is Hispanic American
- 1 Firm is Sub Continental Asian American

Airport Concession Program – Contract Timeline

Host International Inc.-

- 2010 - Rights to retail were given up in exchange for a contract extension
- 2017 – Contract amended
- 2030 - Current expiration

Paradies Lagardere-

- 2010 -Contract issued
- 2014, 2018 - Contract amended
- 2028 - Current contract expiration



Airport Concession Program – Contract Financials

Host International Inc.

- Financial Obligation
 - Host operated stores pay a fixed space rental + 50% profit share fee
 - ACDBE operated stores pays fixed space rental + 15.5% percentage of gross
- Annual Reconciliation
 - The Airport is owed the greater of the current year's profit share vs. 85% of the previous years profit share/percent of gross

Paradies Lagardere

- Financial Obligation
 - Paradies operated stores pay a fixed space rental + 50% profit share fee
 - ACDBE operated stores pays fixed space rental + 50% profit share fee
- Annual Reconciliation
 - The Airport is owed the greater of the fixed space rental + current year's profit share vs. Minimum Annual Rent (MAR)
 - The MAR is a set percent of gross sales based on store type

Airport Concession Program – Concession Relief

Host International Inc.-

- Fixed Space Rent is abated on a pro rata basis once enplanement reduction exceeds 35% for a 30 day period relative to the same 30 day period in the prior year.
- The minimum annual concession fee for ACDBEs is waived once the enplanement reduction exceeds 35% as described in the first bullet. Percentage rent still due.

Paradies Lagardere-

- Fixed Space Rent abated in full for as long as a majority of the states, including NC, have statewide stay-at-home orders in place.
- Fixed Space Rent abated after 90 days if enplanements drop by greater than 35% during that 90 day period relative to the same 90 days period in the previous year.

Current Actions taken-

- The Airport has offered to defer any Fixed Space Rent due and owing for the remainder of the Fiscal Year through the end of the calendar year, with repayment to be made in three equal monthly installments in Jan-March 2021 to both Host and Paradies.

