

**GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY
FINANCE AND LEGISLATIVE COMMITTEE MINUTES
Wednesday, February 19, 2020
7:15 a.m.**

Present: Ted Vonk-Chair, Birgit Klohs (via phone), Dan Koorndyk

Also Present: Tory Richardson, Alex Peric, Tara Hernandez, Matt Zeilstra, Stephen Clark, Casey Ries, Moe Khattak, Tom Cizauskas, Margie Witbeck

2-1 Minutes

The minutes Finance and Marketing Committee meeting minutes of November 27, 2019 were approved as submitted.

2-2 Public Comment

No public comment.

2-3 Resolution 20-3: Notice of Public Hearing & Plan of Finance for a Bond Issue

Mr. Zeilstra explained that the Authority is under contract with Fishbeck, Thompson, Carr & Huber to design a new parking garage and under contract with Mead & Hunt to design expansion and extension of Concourse A. Construction of both projects are anticipated to start in the spring of 2020. Mr. Zeilstra explained that the Authority is planning to issue bonds to pay for the construction. In order to do so, the Board published a Notice of Intent to Issue Bonds on January 9, 2020. Dickinson Wright, Bond Counsel, has drafted a Notice Public Hearing. He said that a Public Hearing is required under the Revenue Bond Act and a notice must be published on the GFIA website at least 7 days before the hearing. The notice will be also published on the County's website as we will be requesting the County to pledge its limited tax full faith & credit. The Public Hearing will be March 10, 2020 at 10:00 a.m. in the International Room.

Motion by Mrs. Klohs, supported by Mr. Koorndyk, the approval to publish the Notice of Public Hearing & Plan of Finance for a Bond Issue. Motion Carried.

2-4 Resolution 20-4: Issuance of the 2020 Airport Revenue Bonds

Mr. Zeilstra said that Under Act 95, Public Acts of Michigan, 2015, the Authority is authorized to issue revenue and revenue refunding bonds in accordance with Act 94, Public Acts of Michigan, 1933. In order to do so, the Board published a Notice of Intent to Issue Bonds on January 9, 2020. He said that under the Articles of Incorporation filed to form the Authority, the Authority shall not incur indebtedness pledging the net revenues of the Authority on a parity basis for which the full faith and credit of the County has been pledged unless the County approves the indebtedness. A Public Hearing is required under the Revenue Bond Act and a notice must be published on the GFIA website at least 7 days before the hearing. On January 9, 2020, the Board authorized the publishing of a Notice of Intent to Issue Bonds for payment on the construction of the eight new gates on Concourse A and the consolidated Rent A Car garage. Mr. Zeilstra said that the Public Hearing will be March 10, 2020 at 10:00 a.m. in the International Room. Authority staff have been working with Kari Blanchet of Public Financial Management, GFIAA's financial advisor and Terry Donnelly of Dickinson Wright, GFIAA's bond counsel. This is a supplemental resolution and amends the Master Board Resolution adopted by the Board on September 26, 2018.

Motion by Mrs. Klohs, supported by Mr. Koorndyk, the approval of the issuing of Revenue Bonds, Series 2020 and authorize staff to request the Kent County Board of

Commissioners to pledge the County's full faith and credit and to approve the issuance of the Series 2020 Bonds. Motion carried.

2-5 **Resolution 20-5:** Airport Dimensions – Common Use Lounge Concessions Agreement

Mr. Peric explained that three statements were received by Purchasing on October 31, 2019, to construct and operate a Common-Use Lounge to be in the new, expanded A Concourse. The statements were reviewed by a panel that consisted of Brian Picardat, Alex Peric, Casey Ries, Stephen Clark, Moe Khattak, and Tom Cizauskas. He said that the evaluation criteria included how compatible the project was to Project Elevate, as well as the firm's overall financial position, design capabilities, experience, and staffing plan for the lounge. As a result of this review, the panel selected Airport Dimensions to begin negotiating a concession agreement. Following these negotiations, Airport Dimensions has committed to a total capital investment program of \$5,400,000 to complete the full buildout including two mid-term refurbishments in year seven estimated at \$560,000, and year thirteen estimated at \$840,000. Mr. Peric said that the annual maintenance and repairs are budgeted for on an annual basis and that GFIAA will incur no costs under this agreement. Significant terms have been agreed upon and include a term length of 20-years, 1% of gross revenues year one through seven; 12% of gross revenues year eight through twenty. The total projected payment to GFIAA will be \$6,658,857 (over the full term). The Airport Dimensions' team will be contractually obligated to deliver a premium, quality product and ensure a first-class guest experience for the West Michigan traveling public. Mr. Peric added that the agreement will be drafted and reviewed by legal counsel.

Motion by Mrs. Klohs, supported by Mr. Koorndyk, the approval to authorize the President and CEO to enter into a Common Use Lounge Concessions Agreement between the Gerald R. Ford International Airport Authority and ALD Development Corporation, d/b/a Airport Dimensions. Motion carried.

2-6 **Resolution 20-6:** Clear Channel Airports – Advertising Concessions Agreement

Mr. Clark said that four statements were received by Purchasing on January 24, 2020, to provide management and operation services for the airport's Advertising Concession program. The statements were reviewed by a panel of Alex Peric, Stephen Clark, Clint Nemeth, Moe Khattak, and Tom Cizauskas. The evaluation criteria included relevant experience, business plan, proposed staffing, and overall financial value to the airport. As a result of this review, the panel selected Clear Channel Airports to begin negotiating an Advertising Concession agreement. Following these negotiations, Clear Channel Airports has committed to a capital investment program of nearly \$350,000 over the term of the agreement with \$247,250 to be spent in year one. Additionally, at the beginning of the option period, Clear Channel Airports has agreed to provide a \$101,050 reinvestment to ensure that the program remains optimally functional, aesthetically pleasing, and technologically up to date. GFIAA will incur no costs under this agreement. Significant terms have been agreed upon and include a 5-year base term with one 5-year option, 45% revenue share (on all asset types), \$100,000 minimum annual guarantee and \$1,869,762 Total Projected Payment to GFIAA (over the full term). Mr. Clark said that the GFIAA staff will retain the right to approve all ads and will work with Clear Channel Airport's team to deliver a robust advertising program inclusive of digital,

experiential, and printed media products. The agreement will be drafted and reviewed by legal counsel.

Motion by Mrs. Klohs, supported by Mr. Koorndyk, the approval to authorize the President and CEO to enter into an Advertising Concessions Agreement between the Gerald R. Ford International Airport Authority and Clear Channel Airports. Motion carried.

2-7 **Resolution 20-7:** Hudson Group – First Amendment to Terminal Retail Concession Agreement

Mr. Clark said that the Hudson Group provides in-terminal concession and specialty retail services to airport guests under a Terminal Retail Concession Agreement with the Authority dated January 1st, 2017. This First Amendment will rebrand Hudson Group's current "Touch of Grand Rapids" concept (located post security) to a "Grand Rapids Ink by Hudson" concept. GFIAA staff negotiated with Hudson Group to commit to investing a minimum of \$400,000 for the rebranding. In return, GFIAA accepted Hudson Group's proposal to extend the existing Terminal Retail Concession Agreement by four years. The amended agreement will now expire October 31, 2028. Mr. Clark said the Hudson Group projects increased gross sales for the re-concept will be at least 15%. The First Amendment will be drafted and reviewed by legal counsel.

Motion by Mrs. Klohs, supported by Mr. Koorndyk, the approval to authorize the President and CEO to enter into a First Amendment between the Gerald R. Ford International Airport Authority and Hudson Group d/b/a GH Grand Rapids Retailers JV. Motion Carried.

Meeting adjourned at 8:05 a.m.

MAW