

# Metropolitan Airports Commission



## Management and Operations Committee

Regular Monthly Meeting Minutes

Wednesday, March 03, 2010

1:00 pm

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## REPORTS B

### **METROPOLITAN AIRPORTS COMMISSION MANAGEMENT & OPERATIONS COMMITTEE REGULAR MEETING**

Wednesday, March 3, 2010, 1:00 p.m.  
Room 3048A, Lindbergh Terminal - Wold-Chamberlain Field  
Minneapolis-St. Paul International Airport

### **"CONSENT ITEMS"**

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#### **Call to Order**

A regular meeting of the Management and Operations Committee, having been duly called, was held Wednesday, March 3, 2010, in Room 3048A, Charles Lindbergh Terminal Building, Minneapolis-St. Paul International Airport, Wold-Chamberlain Field. Chair Landy called the meeting to order at 1:00 p.m. The following were in attendance:

**Commissioners:** Landy, Westerberg, Lanners, Harris, Monaco, Rehkamp

**Staff:** S. Busch, T.W. Anderson, T.L. Anderson, J. Hamiel, D. Probst, J. Nielsen, D. Ruch, S. Wareham, E. Johnson, J. Anderson, J. Prihoda, B. Rineer, J. Greer, P. Hogan, P. Sichko, M. Batt, B. Schauer, B. Johnson, J. Courteau, M. Koss, J. Henning, S. Mahoney, A. Johnson, J. Kedrowski, K. Gerads, G. Schmidt, M. Scovronski, B. Zwart, G. Warren, A. Irish

**Others:** Kurt Gibbs, Pacific Telemanagement Systems; Jessie and Laura Perez, Minnesota Shines; Tom McCarver, Clear Channel; Colin Wilson, Mark Read, Zeag USA, Inc.; Dann Shoultz, FSH Communications; Rosemary Zeno, Royal Zeno Shoe Shine; Jane L. Prince, Weinblatt & Gaylord; Mary Loeffelholz, Delta

#### **OPEN FORUM**

The Open Forum is a portion of the Committee meeting where persons are allowed to address the Committee on subjects which are not a part of the meeting agenda. Public comments were received from Mr. Jon Rasmussen, Vice President for Crossroads Aviation at Anoka County-Blaine Airport.

#### **CROSSROADS REQUEST FOR LEASE ACTION – CF 2139**

Mr. Rasmussen presented to Commissioners a one page document (copy attached) from Crossroads Aviation, LLC's President Michael Hayes. In response to questions from Commissioners, Mr. Rasmussen clarified the proposed terms and timeline of Crossroads' request submitted to the Commissioners. Commissioners recommended that discussion regarding Crossroads Aviation be deferred to the Full Commission meeting March 15, 2010.

**THIS ISSUE IS INFORMATION ONLY. NO COMMITTEE ACTION IS REQUESTED.**

**ATTACHMENT  
M&O MARCH 3, 2010**

26 February 2010

Metropolitan Airports Commission  
Management and Operations Committee  
3 March 2010 Meeting

Request from Crossroads Aviation, LLC  
Anoka County - Blaine Airport FBO Tenant

Cash flow is very limited, as our FBO was never allowed to construct and expand as was unanimously approved by your Commission in August 2005. It has taken Crossroads 56 months to achieve the once approved leasehold to construct on. Given the evolution of business metrics while Crossroads was hobbled at ANE, investment there is no longer a viable business plan.

Crossroads has paid to the MAC all amounts owed for ground rent through the end of February 2010. Crossroads has submitted all required reports and paid all percentage rent due through the end of March 2010. Crossroads is current in its payment agreement through the end of February 2010, with nine of twelve payments paid on that agreement, with \$3064.16 remaining due. CR is current in all fees owed to MAC through the end of February 2010.

Crossroads needs to complete its mortgage documents restatement with its lenders by the 15<sup>th</sup> of this month. This signing of restated documents has been delayed until last week since it was agreed to on 30 Jun 2009. MAC staff needs to sign the resulting Crossroads mortgage.

Crossroads then intends to sell its holdings on the airport as quickly as possible and will certainly be willing to accept the first bona fide reasonable offer to sell its holdings. Crossroads has one prospect and has spoken in the previous week to a second.

Crossroads will continue to report its monthly monthly, and pay monthly any resulting percentage rent and/or flowage fees owed to MAC.

Crossroads Aviation, LLC Respectfully requests the M&O Committee approve this request on March 3, 2010 and then ask the full Commission to approve in March, and to instruct the MAC staff, to not take any collection actions on Crossroads ground rent/lease payments or payment plan payments that come due between March 1 and the date of closing of this property sale. Crossroads requests that MAC view Crossroads' payments of rent and payment agreement current during this period for purposes of document signings and reporting.

Crossroads offers our commitment to pay the entire outstanding dollar balance of these delayed ground rent and payment plan payments immediately at closing on the sale. Crossroads requests this approval sunset after twelve months from its commencing on 1 Mar 2010, or at closing on the property, whichever comes first.

Jon Rasmussen, Crossroads Vice President for FBO Operations, is here before you to discuss this with you and stand for questions. I can be reached by cell phone by Jon to answer questions during your meeting.

Michael Hayes, President, Crossroads Aviation, LLC

**AGENDA ITEMS**

**B1. RECOMMENDATION REGARDING ANNUAL RADIO SYSTEM OPERATING COSTS PAYMENTS – CF 2129**

MAC uses the region-wide Allied Radio Matrix for Emergency Response (ARMER) 800MHz digital trunked radio system for both emergency and day to day operations. The system not only allows seamless radio communication among MAC departments, it also connects MAC to other metro public safety and emergency resources, an essential capability in time of emergency. The 800 MHz system was funded in large part by grants and has proven to be a highly successful communications tool. MAC is the host for one of the system network sites and shares operation and maintenance costs with Hennepin County.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER WESTERBERG SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT THE INFORMATION SERVICES DEPARTMENT BE AUTHORIZED:**

- 1. TO PAY ITS SHARE OF THE PRO RATA OPERATING COSTS TOTALING \$50,388.76 TO HENNEPIN COUNTY FOR USE OF THE ARMER 800MHZ RADIO SYSTEM,**
- 2. TO PAY THE COST OF THE ANNUAL COMMUNICATIONS SYSTEM SUBSCRIBER AGREEMENT TOTALING \$120,173.22 TO HENNEPIN COUNTY FOR ADMINISTRATION OF THE ARMER 800MHZ RADIO SYSTEM, AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B2. RECOMMENDATION REGARDING ANNUAL EQUIPMENT LEASE AGREEMENT – CF 2130**

Mr. Brad Johnson, Purchasing Manager, presented background on this item. When the 2010 budget was approved in December, 2009, it included a list of capital assets to be acquired in 2010. During the 2010 budget process it was presented to the Commission that capital assets would be acquired either by using MAC funds, or by using third party financing. The purpose of using the equipment financing mechanism is to obtain a partial recovery of the costs of the assets through airline and tenant rates and charges. In order to locate third party financing companies, staff advertised on the MAC Web site and the State of Minnesota solicitation page. Twenty six vendors reviewed the solicitation and four submitted bids.

Staff is recommending award of this bid as follows: Global Capital for the 2 year leases and Wells Fargo for the 5 and 10 year leases. All equipment will be acquired through open bidding or our State of Minnesota Cooperative Purchasing Venture membership.

In response to questions from Commissioners, Mr. Johnson confirmed that, at the end of the leases, equipment will belong to the MAC, with the exception of the sweeper equipment. Mr. Sichko clarified that the equipment covered under the lease agreement is operated exclusively by MAC personnel. Snow removal is contracted in areas such as parking ramps, tenant lease areas and other areas outside of the MSP perimeter fence.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER WESTERBERG SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. ACCEPTANCE OF THE LOW BIDS FROM GLOBAL CAPITAL FOR THE 2 YEAR LEASES (\$37,814.17/ 4 SEMI-ANNUAL PAYMENTS) AND WELLS FARGO FOR THE 5 YEAR LEASES (\$46,943.04/ 11 SEMI-ANNUAL PAYMENTS) AND THE 10 YEAR LEASES (\$114,306.17/ 21 SEMI-ANNUAL PAYMENTS).**
- 2. THAT CONTRACTS WITH GLOBAL CAPITAL AND WELLS FARGO BE ENTERED INTO AND,**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B3. REQUEST AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR A SPECIALTY RETAIL CONCESSION OPERATOR AT THE LINDBERGH TERMINAL – CF 2131**

Staff is requesting Commission approval to issue a Request For Proposals (“RFP”) for a specialty retail store in the current Tie Rack location in the Airport Mall. The Tie Rack Lease Agreement will expire on March 31, 2010. Sales for Tie Rack have declined significantly over the past few years and Staff believes it’s time to provide a specialty retail store that offers retail products that fit the desires of today’s traveling public. Staff will ask Proposers to propose a specific retail concept, taking into account the current tenant mix at MSP.

Tie Rack recently informed MAC that it was not interested in continuing on a month-to-month holdover under the current terms of the Agreement and that it would be out of the space upon expiration of its Agreement. Staff is requesting authority to allow Tie Rack to continue operations on a month-to-month basis, waiving its MAG payment and requiring only percent rent, throughout the Specialty Retail RFP process. This would ensure the continued operation of this location throughout the RFP process, avoiding having the space sit empty, and continue to bring in rent during this interim period of time.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER WESTERBERG SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS SEEKING A SPECIALTY RETAIL CONCESSION OPERATOR AT THE LINDBERGH TERMINAL,**
- 2. A MONTH-TO-MONTH AGREEMENT WITH THE TIE RACK ON THE BASIS OUTLINED, AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B4. REQUEST AUTHORIZATION TO CHANGE TERMS IN OUTDOOR ADVERTISING CONCESSION – CF 2132**

Mr. Bruce Rineer - Assistant Manager Concessions and Business Development; and Ms. Jennifer Prihoda, Properties & Projects Administrator, Commercial Management and Airline Affairs presented background on this item.

In December of 2009, staff requested authorization to re-issue a Request for Bids (RFB) for the operation of the two (2) existing Outdoor Advertising sites located on Highway 62 plus a new location along Highway 77 and 66<sup>th</sup> Street. In addition, the RFB asked for bids on an optional fourth location, located along Highway 77 and Cargo Road, which would be included in the Lease only at MAC's option. The basis for award would be the MAG bid for the three (3) mandatory locations. The RFB was posted on MAC's website, and on January 28, 2010 MAC held a pre-bid conference attended by four different billboard operators.

After receiving meaningful feedback from the attendees, MAC staff now requests authority to extend the proposed term of the concession from 10 to 15 years. The current Agreement term of ten (10) years is not favorable to the interested bidders due to the amortization and capital recoupment of the construction of the Highway 77 sign(s). In addition, if the current operator of the Highway 62 billboards is not awarded the new contract, the successful bidder will need to purchase the existing structures or build new ones. Staff believes, if the term is extended to fifteen (15) years, the revenue potential is greater since the operator has a longer time to recover their costs. In addition to extending the term, MAC received requests from the potential bidders regarding the Rent structure and Concession fees.

Commissioners asked questions regarding this concession and also suggested possible options. One option would involve negotiation with the current vendor to extend the current contract for three years, at which time the other outdoor advertising locations would also open for bids, thus giving vendors an opportunity to bid this concession as a whole. Various other options were offered and, given that no consensus was reached, this item will be postponed to the next M&O meeting in April.

**WITHOUT A SECOND TO THE MOTION, THIS ITEM FAILED AND WILL BE DEFERRED TO THE NEXT M&O MEETING APRIL 7, 2010.**

**B5. RECOMMENDATION TO AWARD SPECIALTY RETAIL MERCHANDISING UNIT (RMU) CONCESSION AT HUMPHREY TERMINAL – CF 2133**

At its October 20, 2009 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) for a specialty retail cart operator for Terminal 2–Humphrey. One (1) Proposal was received in response to the RFP from Sterling Works, Inc.

The concession program was searching for additional products to add to the limited retail assortments currently being offered to the traveling public at Terminal 2-Humphrey. The retail merchandising unit (RMU) became available due to its discontinued use at Terminal 1–Lindbergh on the C Concourse. This opportunity is intended to find those products to fit the needs of the traveling public that were not already being offered by other existing retailers.

The Review Team members independently reviewed the one (1) proposal received and met to discuss and evaluate the proposal. Based on the complete analysis, it is the Review Team's unanimous recommendation that Sterling Works, Inc. be selected to operate the RMU at Terminal 2-Humphrey.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER WESTERBERG SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. SELECTION OF STERLING WORKS, INC. TO OPERATE THE HUMPHREY TERMINAL RMU,**
- 2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH STERLING WORKS, INC., AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B6. REQUEST AUTHORIZATION TO UPGRADE THE PUBLIC PARKING REVENUE CONTROL SYSTEM – CF 2134**

Mr. Dave Ruch, Director, Information Systems, presented background information on this item. The Revenue Control System (RCS) currently manages access and revenue collection for 23,000 parking spaces, 2.6 million parking visits annually, and \$67 million annual gross sales. The RCS is also tightly integrated with the MAC Automatic Vehicle Identification System (MAVIS), which manages contract parking, commercial vehicle and taxi cab activity and billing by means of Automatic Vehicle Identification (AVI) tags. The existing system, purchased from PES Parking Technology (now Zeag Orion USA, Inc.) in 1999, has passed its expected lifespan of eight years. There are several other requirements besides obsolescence that lead to the need to upgrade or replace the present system.

The system handles 1.7 million credit card transactions per year. Credit card processing is regulated by the Payment Card Industry association (PCI), which requires merchants like the MAC to meet twelve major security standards. The penalties are extremely severe if credit card data is lost by merchants that are not in compliance with the standards. The current system is not able to continue to meet these continuously evolving standards.

The existing hardware is aging, and replacement parts are difficult to obtain and expensive when they can be found. Some of the underlying software for the database cannot be updated without major upgrades to the hardware and operating system software. At other airports, cost for replacing the system has been over twenty (20) million dollars, and upgrading the existing RCS can be accomplished for much less. A complete replacement would likely require the change out of significant amounts of existing equipment. MAC custom features in the existing system would need to be developed and integrated in a replacement system.

The benefits to MAC of upgrading the existing system to Zeag Orion include moving to a new database that will reduce ongoing costs, building on existing equipment and reporting capabilities, introducing new features that improve the customer experience,

adding capabilities for more flexible management ranging from rates to ticket validity and moving to current technology for network components and cashier equipment. One of the largest benefits is maintaining PCI compliance and protecting the MAC's credit card processing. Self-payment utilizing ePark® and eTrip® is dependent upon credit card processing.

It is the staff recommendation that the current Zeag RCS be upgraded to Zeag's Orion product as a sole source, given the costs/benefit analysis. The funding for this is included in the approved 2010 budget and will be proposed in the 2011 budget, with half of the cost being expended in each of the two years.

In response to questions from Commissioners, Mr. Ruch explained that MAC retains credit card data starting at the point when customers enter parking facilities until they depart. When holding credit card data in the system during a customer's parking period, MAC is obligated to adhere to security standards and regulations to protect that data. In light of this function and other concerns about the Revenue Control System already mentioned, MAC has chosen to upgrade the parking system in part to continue to provide fail-proof data security and credit card transaction management. In response to further questions, Mr. Ruch confirmed that the parking Revenue Control System is completely separate from that service provided by Heartland Payment Systems, which receives MAC credit card transactions and processes them for the card issuers like Visa or Mastercard.

**COMMISSIONER WESTERBERG MOVED AND COMMISSIONER REHKAMP SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION APPROVAL TO UPGRADE THE PUBLIC PARKING REVENUE CONTROL SYSTEM TO THE ZEAG ORION PLATFORM FOR A COST NOT TO EXCEED \$2.6 MILLION SPREAD OVER THE 2010 AND 2011 BUDGETS, AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS. THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B7. REQUEST AUTHORIZATION TO AWARD TELECOMMUNICATIONS CONCESSION – CF 2135**

Mr. Bruce Rineer – Assistant Manager, Concessions and Business Development, presented background on this item. At its September 21, 2009 meeting, the Commission authorized staff to issue a Request For Proposals (RFP) for a Telecommunications Concession at MSP, and two (2) Proposals were received from the following entities: FSH Communications and Jaroth Inc., d/b/a Pacific Telemanagement Services (“PTS”).

The goal of this RFP is to provide a first class, full service telecommunications concession that would benefit the Airport customers and employees, while generating revenue to MAC. Proposers were asked to provide pay telephone service, pay-per-use email/internet stations, phone cards, public access video phones (“PAV’s”), TTY/TDD (Teletypewriter/Telecommunications Device for the Deaf), and other revenue-generating service options that might utilize the approved locations.

The Review Team members independently reviewed the two (2) proposals received and then met to collectively discuss and evaluate the proposal. Based on the complete

analysis, it is the Review Team's unanimous recommendation that FSH Communications be selected to operate the Telecommunications Concession at MSP and the Reliever Airports.

In response to questions from Commissioners, Mr. Rineer and staff explained that the review team analyzed both proposals in depth and that the services offered by FSH outweigh those of PTS. As a voting member of the review team, Mary Loeffelholz of Delta voiced her support of staff's recommendation. Mr. Rineer confirmed that FHS will provide telecommunication for reliever airports and that the number and location of payphones and other equipment will be determined in a joint effort between MAC and FHS. Mr. Kurt Gibbs of PTS presented a statement to Commissioners to provide background on services they have provided MAC and on their ongoing service capabilities.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER HARRIS SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. AWARD OF THE TELECOMMUNICATIONS CONCESSION TO FSH COMMUNICATIONS AT TERMINAL 1-LINDBERGH, TERMINAL 2-HUMPHREY AND THE RELIEVER AIRPORTS,**
- 2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH FSH COMMUNICATIONS; IF AGREEMENTS CANNOT BE REACHED WITH FSH COMMUNICATIONS, TO NEGOTIATE WITH THE SECOND RANKED PROPOSER, AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B8. RECOMMENDATION TO AWARD HIGH TECH ELECTRONIC RETAIL STORE CONCESSION – CF 2136**

Mr. Joe Anderson – Manager, Business Development, presented background on this item. At its November 20, 2009 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) seeking a high tech specialty retail operator for the main shopping mall area at Lindbergh (Terminal 1), and one (1) Proposal was received in response to the RFP from Project Horizon, Inc. offering a Blackberry, Wireless Giant electronic store.

Despite the slow economy, demand for high tech personal communication devices and services continues to rise. This is especially true with the traveling public. The addition of an experienced operator would provide state-of-the-art cell phones, PDAs (personal data assistant) and related communication products to operate in Terminal 1-Lindbergh, a service not currently offered at MSP. Space # 39 is approximately 700 sq ft and is ideally positioned in the middle of the mall and, therefore, available to the vast majority of the traveling public.

The Review Team members independently reviewed the one (1) proposal received. The Review Team then met to collectively discuss and evaluate the proposal. Based on the complete analysis, it is the Review Team's unanimous recommendation that Project Horizon, Inc. be selected to operate the high tech retail store at Terminal 1-Lindbergh.

In response to questions from Commissioners, Mr. Anderson discussed projected revenues based on MSP traveler statistics.

**COMMISSIONER WESTERBERG MOVED AND COMMISSIONER HARRIS SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. SELECTION OF PROJECT HORIZON, INC. TO OPERATE THE HIGH TECH RETAIL STORE CONCESSION AT TERMINAL 1 LINDBERGH**
- 2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH PROJECT HORIZON, INC., AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B9. RECOMMENDATION TO AWARD GOLF EXPERIENCE CENTER CONCESSION – CF 2137**

Mr. Joe Anderson – Manager, Concessions Development presented background on this item. At its June 15, 2009 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) for a Golfing Experience & Retail concession above French Meadow in the north terminal space at MSP airport. MAC issued the RFP, and two proposals were received from MSP Golf, LLC and Runway Links, LLC.

As set forth in the RFP process, the Review Team members independently reviewed each of the two (2) proposals. The Review Team then met collectively to discuss and evaluate the proposals. Following the review and preliminary scoring, interviews were conducted on February 4 and 5, 2010. The review team met on February 8, 2010 to discuss the interviews and to complete the scoring analysis. Based on the complete analysis, it is the Review Team's unanimous recommendation that the highest scoring proposal from MSP Golf, LLC be awarded the Gold Experience and Retail Concession. However, Staff and MSP Golf, LLC will need to finalize several proposed variations / exceptions as laid out in the original RFP.

In response to questions from Commissioners, Mr. Anderson discussed the importance of well-placed signage at MSP to direct travelers to the Golf Experience Concession. Commissioners agreed that visual reminders could increase traffic to this concession by offering the Golf Experience to travelers looking to occupy their time during layovers or significant delays. Mr. Anderson confirmed that MSP Golf will offer competitive "street" pricing. Staff will develop the final agreement to include a longer term than the five years proposed in the RFP.

**COMMISSIONER HARRIS MOVED AND COMMISSIONER REHKAMP SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT THE GOLF EXPERIENCE AND RETAIL CONCESSION BE AWARDED TO MSP GOLF, LLC; AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**  
**THE MOTION CARRIED BY UNANIMOUS VOTE.**

**B10. RECOMMENDATION TO AWARD SHOESHINE CONCESSION – CF 2138**

Mr. Joe Anderson – Manager, Concessions Development presented background on this item. At its December 21, 2009 meeting, the Commission authorized staff to issue a Request For Bids (RFB) seeking a shoeshine operator who would operate five (5) shoe shine stands at Lindbergh (Terminal 1). MAC issued the RFB on January 22, 2010. On February 5, 2010, interested parties were to submit any questions pertaining to the RFB. On February 11, 2010, MAC issued Addendum # 1 and Addendum # 2 which responded to all the questions submitted and provided the proposed Lease Agreement. On February 18, 2010, bids were received from A.P.T.A Inc.; Jessie Quality Classic Shoe Shines, LLC; and Royal Zeno Shoe Shine. At 2:30 p.m. February 18, all three (3) BIDS were opened in a public forum and were read aloud to all persons in attendance. Following the BID opening, Staff reviewed the BIDS for completeness and accuracy, and found them to be in compliance with the BID process.

The Bid Tabulation below summarizes the results of that public BID opening.

BID Package	Location	Royal Zeno Shoe Shine	Jessie Quality Classic Shoe Shine	A.P.T.A. Inc.
Package A	Main Terminal	\$1,400	\$900	\$800
	(New) Bag Claim	\$1,000	\$650	\$400
	<b>TOTAL BID OFFER</b>	<b>\$2,400</b>	<b>\$1,550</b>	<b>\$1,200</b>
Package B	E Concourse	\$1,100	\$750	\$-0-
	F Concourse	\$1,100	\$700	\$-0-
	(New) C Concourse	\$1,100	\$ 750	\$-0-
	<b>TOTAL BID OFFER</b>	<b>\$3,300</b>	<b>\$2,200</b>	<b>\$-0-</b>
Package C	Main Terminal	\$1,400	\$1,050	\$800
	(New) Bag Claim	\$1,000	\$ 700	\$400
	E Concourse	\$1,100	\$ 800	\$400
	F Concourse	\$1,100	\$ 750	\$400
	(New) C Concourse	\$1,100	\$ 800	\$400
	<b>TOTAL BID OFFER</b>	<b>\$5,700</b>	<b>\$4,100</b>	<b>\$2,400</b>

Royal Zeno Shoe Shine offered the highest monthly rent to MAC and is recommended to the Commission as the proposed operator. Staff would therefore offer the following timing for implementation of the Royal Zeno shoe shine concession:

February 26, 2010 - Notice to Existing Tenant – Based on BID results, a lease-required 30 day notice will be sent to Jessie Quality Shoe Shine. This notice will then allow Royal Zeno to take over operations of three (3) currently existing shoe shine stands. Jessie Quality Shoe Shine will continue to operate their C/D concourse location (which was not part of the BID offered locations) until such time that the Wellness Center expands into that space. However, this C/D location will close when Royal Zeno has successfully opened its new location on the C concourse. A separate 30 days notice will be issued to Jessie Quality Shines when needed for that location.

April 1, 2010 - As stated in the BID document, Royal Zeno can expect to start its operations in three of the five locations on April 1, 2010, provided that the following have been completed:

- Fully executed Lease Agreement between MAC and Royal Zeno
- MAC's receipt of the Lease Agreement security deposit.
- MAC's receipt of \$21,000 from Royal Zeno as per the BID document.

- MAC's receipt of \$3,600 from Royal Zeno as rent payment for April 2010 for the three locations.
- All personal property has been removed from the current Royal Zeno space.

April 2, 2010 – MAC installs its construction barrier outside both the current Zeno space and the original Lottery space, thus allowing MAC adequate time to prepare the space for the retail tenant.

April 12, 2010 – New retail tenant initiates its construction and tenant improvements.

April 19, 2010 – MAC receives the required construction documents for the new Zeno location on the C concourse. Shoe shine construction on the C concourse is planned to start in May 2010, provided that the FIDS (Flight Information Display System) project has been completed.

April 30, 2010 – MAC receives the required upgrading / refurbishment plans from Royal Zeno for the three (3) shoe shine stands as per the BID document.

May 28, 2010 – Completion by Royal Zeno of the required upgrading / refurbishment of the three (3) existing shoe shine stands.

Aug 2010 – MAC receives the required construction documents for the new Royal Zeno location in Bag Claim. Construction of this location is dependant upon the completion of a checkpoint modification planned for early fall 2010.

In response to questions from Commissioners, Mr. Anderson confirmed that the bid process was primarily financial in nature with minimal requirements on the facilities. In response to Commissioners' questions, Ms. Rosemary Zeno, of Royal Zeno Shoe Shine, confirmed that she is fully aware of, and able to meet, requirements set forth in the agreement with MAC for this concession. Additionally, Ms. Zeno confirmed that she is aware of consequences if her company is in default of any requirement in the agreement. Mr. Perez of Minnesota Shines also provided a statement to Commissioners.

**COMMISSIONER LANNERS MOVED AND COMMISSIONER WESTERBERG SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:**

- 1. SELECTION OF ROYAL ZENO SHOE SHINE TO OPERATE THE FIVE (5) SHOE SHINE CONCESSION LOCATIONS AT TERMINAL 1 - LINDBERGH**
- 2. THAT STAFF BE AUTHORIZED TO FINALIZE THE AGREEMENTS AND RELATED DOCUMENTS WITH ROYAL ZENO SHOE SHINE, AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

**THE MOTION CARRIED BY UNANIMOUS VOTE.**

The meeting was adjourned at 3:16 pm.