

APRIL 22, 2003

APPROVED

PROPOSED MINUTES OF THE SPECIAL MEETING OF THE PORT
COMMISSION OF THE PORT OF SEATTLE

The Port of Seattle Commission met in a special meeting at 2:00 p.m., Tuesday, April 22, 2003 in the Commission Chambers, Pier 69, 2711 Alaskan Way, Seattle WA. Commissioners Davis, Edwards, Miller, Molloy and Nordquist were present.

1. CALL TO ORDER

The special meeting was called to order at 2:05 p.m. by Patricia Davis, Chair and President.

2. EXECUTIVE SESSION

(Held after public session.)

3. APPROVAL OF MINUTES

Commissioner Nordquist moved approval of the minutes of the work session of March 6, regular meeting of March 11, and special meeting of March 20, 2003, without reading into the record. Motion unanimously carried.

4. SPECIAL ORDER OF BUSINESS

Commissioner Davis referenced Earth Week activities and particularly the Port's activity at Terminal 107 on Saturday, April 19, 2003, which was "Earth Day".

a. Request was presented for ratification of declaration of an emergency and the execution of contracts for services and public works pursuant to RCW 39.04.020 and Port of Seattle Resolution No. 3181, s Amended, Exhibit "A", Section IV.B.4-South Terminal Expansion Project's Baggage Handling System at Seattle-Tacoma International Airport.

PORT COMMISSION MINUTES OF THE SPECIAL MEETING

TUESDAY, APRIL 22, 2003

P. 2

b. TIER III OUTREACH FOR RETAIL AND FOOD AND BEVERAGE CONCESSIONS AT SEA-TAC INTERNATIONAL AIRPORT.

Presenters: Kottayam Natarajan, General Manager, Aviation Business Development, and Linda LaCombe, Manager, Retail Development.

Presentation Documents: Commission Agenda-Policy and Staff Briefing Memorandum dated April 2, 2003 from Mr. Natarajan and Ms. LaCombe; and computer slide presentation entitled, "Seattle-Tacoma International Airport Commission Meeting April 22, 2003, Tier III-Food and Retail Concessions Program Status Report".

As reported in the presentation document, Seattle-Tacoma International Airport (Airport) is undergoing a major expansion of its concession program with the advent of new venues in the Central Terminal and the new Concourse A. In addition the 40-year-old contract with HMS Host will be expiring at the end of 2004. The Commission has authorized a three-tier concessions program consisting of:

1. Tier I A new non-competitive contract with HMS Host for 30 food & beverage and duty free venues and with Concessions International for 9 food and beverage venues.
2. Tier II A competitive solicitation for a retail prime concessionaire with 22 venues and a competitive solicitation for a food and beverage concessionaire with 11 venues. Both contracts will include labor harmony provisions.
3. Tier III Ten direct leases with retail and food & beverage operators recruited with the assistance of a third party manager and one direct lease for a sit-down restaurant.

PORT COMMISSION MINUTES OF THE SPECIAL MEETING

TUESDAY, APRIL 22, 2003

P.3

In January 2003 the Commission approved a three-year contract with Marketplace Development, an airport concessions developer and third party manager, to assist with concessions and retail leasing and development efforts at the airport.

Marketplace Development and Port staff undertook research and initial outreach to identify potential local and national tenants. In many cases, individual meetings with tenants were held to encourage their interest in an airport location. A public meeting was held on February 27, 2003 to describe opportunities, answer questions and solicit interest. More than 150 people representing approximately 90 companies attended the meeting. Over 200 companies were contacted and 114 companies applied for 10 venues (38 retail and 76 food and beverage). Of these, 61 are either Disadvantaged Business Enterprises (DBE's), applied for DBE status or will apply for DBE status.

Mr. Natarajan advised staff would return to the Commission in May 2003 requesting approval of the Tier I contracts and in June 2003 for Tier II contracts approval. He then introduced Robert Weinberg, President, Marketplace Development, who reviewed the following topics. A summary of Commission/Mr. Weinberg/staff discussion is as follows:

- OVERVIEW
- LAYOUT OF CENTRAL TERMINAL
- OVERALL TERMINAL MAP
- MARKET CONDITIONS
- OBJECTIVES
- GENERAL DESCRIPTION OF PROCESS

Commissioner Molloy and Mr. Weinberg discussed pre-and post-security infrastructure as it relates to space and efficiency for the delivery and movement of supplies, potential impacts to Tier III venue operators, marketing efforts for tenants with respect to operating in an airport environment, complexities of operations. In response to Commissioners Molly and Davis, Mr. Weinberg advised that part of the scope of work in the contract with Marketplace was to bring into the Airport tenants that are typically not airport tenants. Mr. Weinberg reported that these perspective tenants would be made aware/taken through the pitfalls for operating in an airport environment.

- SPECIFIC DISCUSSION OF OUTREACH
- RESULTS OF PHASE I
- PHASE II STATUS
- CAVEATS

PORT COMMISSION MINUTES OF THE SPECIAL MEETING

TUESDAY, APRIL 22, 2003

P.4

Commissioner Miller expressed interest in the process that is being developed for the replacement of a tenant.

Commissioners and Mr. Weinberg discussed risk and return for the Airport operator and the tenant; service level, mix of operators, design of space and who pays, difficulties associated with building in small venues, time to get the operation up and running, tenant construction coordination and help through the process; due diligence process and responsibility for handling complaints from tenants not selected, etc.