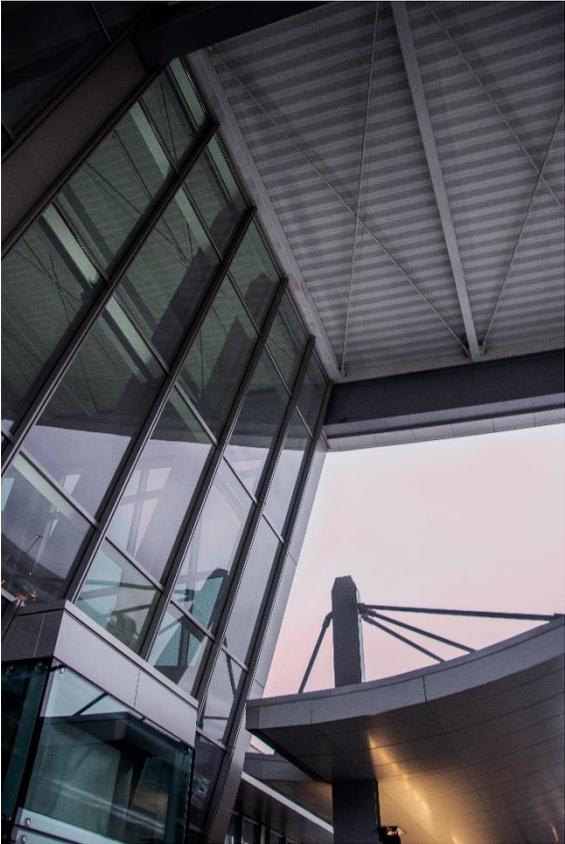


Interim Food and Beverage Concession Opportunity

January 2020

Raleigh-Durham International Airport



About Raleigh-Durham International Airport (RDU)

Goal: RDU's goal is to implement an innovative and holistic commercial program that optimizes revenue to RDAA by creating an authentic sense of place and experiential journey for our guests.

AIRPORT GOVERNANCE: RDU is governed by the Raleigh-Durham Airport Authority, led by an eight-member board. The cities of Durham and Raleigh, along with Durham and Wake counties, each appoint two members to the board.

LOCATION: RDU is just 13 miles from downtown Durham and 17 miles from downtown Raleigh, with quick access via highways. The Airport sits at the heart of the quickly-growing Research Triangle region. Three major research universities are within an easy drive of RDU.

AIR SERVICE: Ten airlines serve Raleigh-Durham International Airport: Air Canada, Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit and United.

Approximately 400 flights depart RDU daily to 61 nonstop destinations, including international cities, such as London, Paris, Montreal, and Toronto. RDU is a focus city for Delta and Frontier.



RDU Calendar Year Passengers 2016-2019, Terminal 2

	Domestic Enplaned	International Enplaned	Total Enplaned
2016	5,408,456	130,399	5,538,855
2017	5,685,149	165,855	5,851,004
2018	6,235,997	180,825	6,416,822
2019¹	6,254,269	232,628	6,486,897

1. Passenger data for 2019 through November

RDU Calendar Year Food and Beverage Sales 2016-2019, Terminal 2

	2016	2017	2018	2019 (Jan-Nov)
F&B Sales	\$27,100,973	\$30,688,286	\$35,237,236	\$35,836,905



Airport Concession Program Goals and Layout

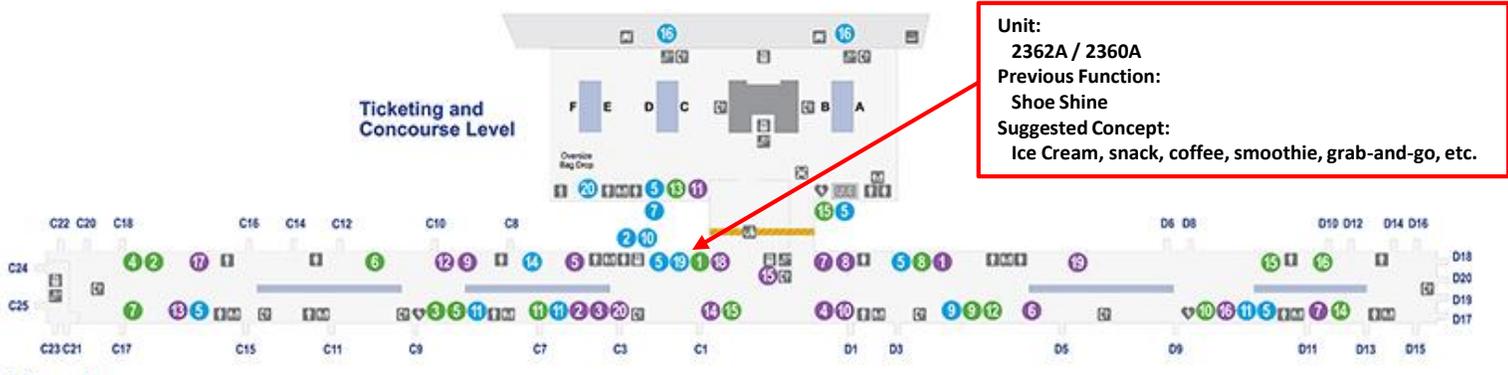


Concessions Program Goals:

- Reflect food and beverage concepts that originate in and/or are familiar to the Triangle region and North Carolina.
- Develop a well-balanced and reimagined concessions program that is world-class, engaging, consistently “fresh” and broadly appealing to our guests.
- Elevate the guest experience through innovative and attractive concepts and offerings.
- Increase revenue by promoting a competitive concessionaire environment.
- Facilitate and encourage ACDBE participation.
- Create and maintain a concession program experience where our guests always feel welcome, cared for, and appreciated.
- Use technology to enhance operational efficiency and the overall guest experience.

Airport Layout and Food Service Program

- The unit in this package is in Terminal 2, which is currently served by all commercial airlines at RDU except for Southwest Airlines.
- The unit will be leased on an interim basis to introduce a food & beverage concept to the Terminal with a limited capital investment.
- **This unit is not intended for traditional food & beverage service due to limitations in obtaining water, grease trap, or vent accessibility, and is uniquely suited to accommodate a kiosk, cart, or other self-sustaining operation.**



RDU Terminal 2 – Post Security

Considerations of Award

The Authority reserves the right to accept or reject any or all applications in their entirety or in part, and to waive informalities and minor irregularities. During the evaluation process, if the Authority decides to modify or waive a particular requirement, then the requirement will be modified or waived for all applicants and all applications will be evaluated considering the change. In the event that, in the Authority's sole determination, there is not an acceptable response, the Authority reserves the right to enter into direct lease negotiations with any party on such terms and conditions as are then acceptable to the Authority, notwithstanding any provisions of this application process. Absolutely nothing in this solicitation process is intended, or should be construed, to create enforceable due process rights in favor of any applicant or potential applicant. Furthermore, the Authority specifically reserves the right to negotiate the concession agreement with the selected applicant, the final terms of which shall be determined to be in the best interest of the Authority and its stakeholders.

Interim Food and Beverage Concession Opportunity Terms



Operating Term: 12 Months from Commencement of Operation
Lease Start Date: April 17, 2020 (subject to change)
Lease Execution: Executed within 10 days of award

Concession Agreement:

Review the attached sample concession agreement; the sample agreement is included in Exhibit 7. If Applicant is requesting consideration for an agreement modification, please list on a separate sheet as an attachment to the Application. Modifications to the concession agreement will not be considered after the Application submitted.

Minimum Annual Guarantee:

Further information on MAG is included in Appendix 4 \$24,000

Food & Non-Alcoholic Bev. Percentage Rent: To be proposed, minimum of 12% gross sales

Alcoholic Beverage Percentage Rent: To be proposed, minimum of 17% gross sales

Minimum Initial Capital Investment: No minimum requirement, per square foot amount to be proposed

ACDBE Participation: 26.4% (Minimum)

Typical Operating Hours: 4:30 am – Last Departure

Pre-Proposal Meeting:

An optional Concessions Outreach and Pre-Proposal meeting will be held on Thursday, January 23. The Outreach session is scheduled from 8:30am to 12:00pm, the Pre-Proposal is scheduled from 12:00pm to 12:30pm; both meetings will be held at the RDUAA Administrative Office (see address on page 8). To join the meeting from a computer, use this link: <https://global.gotomeeting.com/join/354746941>. You can also dial in using your phone toll free at: 877-309-2073, access Code: 354-746-941

A video tour of the interim unit will be posted here: <https://www.rdu.com/do-business-with-rdu/>

Solicitation and Implementation Schedule

Solicitation Posted to Website	1/7/20
Pre-Proposal Meeting	1/23/20
Questions and Optional JV Agreement Due	2/5/20
Answers and JV Review Posted to Website	2/14/20
Applications Due by 10:00am Local	3/2/20
Interview (if necessary)	3/12-3/13/20
Lease Executed	3/16-4/2/20
Board Approval	4/16/20
Design Kickoff	4/20/20
60% Design & Transition Plan Due	5/7/20
Plan Review, Permitting, Build-Out	60 to 120 days depending on Selected Applicant

Interim Food & Beverage Unit Unit 2362A / 2360A



Future Opportunity

Unit Size (approx.):

**221 TOTAL square feet
(Unit 2362A 137 SF, Unit 2360A 83 SF)**

Open Linear Frontage

6.25'

Approximate Interior Dimensions		
Unit	Depth	Width
2362A	10' 7"	12' 3"
2360A	5' 10"	12' 3"

Adjacencies:

Unit near primary terminal
ingress/egress across from Gate C1

Previous Function:

Shoe Shine

Suggested Concept:

Ice cream, snack, coffee, smoothie,
grab-and-go, etc.

Suggested Concept Description:

This is an excellent opportunity for a local* food and beverage concept offering to feature key products at the airport on an interim basis using a currently vacant space to raise the profile of a Triangle Region concept and augment the burgeoning concessions program at RDU.

** Regarding the intent of the Authority to explore local concepts, it is ideally desired to receive Proposed Concepts that are reminiscent, reflective of, originate in and/or familiar to the Research Triangle region and the state of North Carolina. A Concept is defined as the overall idea or theme that defines the offer. Concepts includes the menu design, service style, environment décor, overall guest experience/atmosphere, involvement of a specific chef, restaurateur, or brand, style of food, use of ingredients from North Carolina and/or signature elements that create the atmosphere of the offer.*

The space is envisioned as a short-term food and beverage opportunity such as ice cream, snack, coffee, smoothie, grab-and-go, or other concept. The Authority is looking for the concept that most closely aligns with program goals and maximizes potential of the unit. If offering grab-and-go products aligns with the proposed concept, the Authority encourages doing so.

Because the space is not intended for traditional food & beverage service due to limitations in obtaining water, grease trap, or vent accessibility; applicants are encouraged to explore a kiosk, cart, or other self-sustaining operation.

Interim Coffee/Snack Unit

Unit 2362A / 2360A



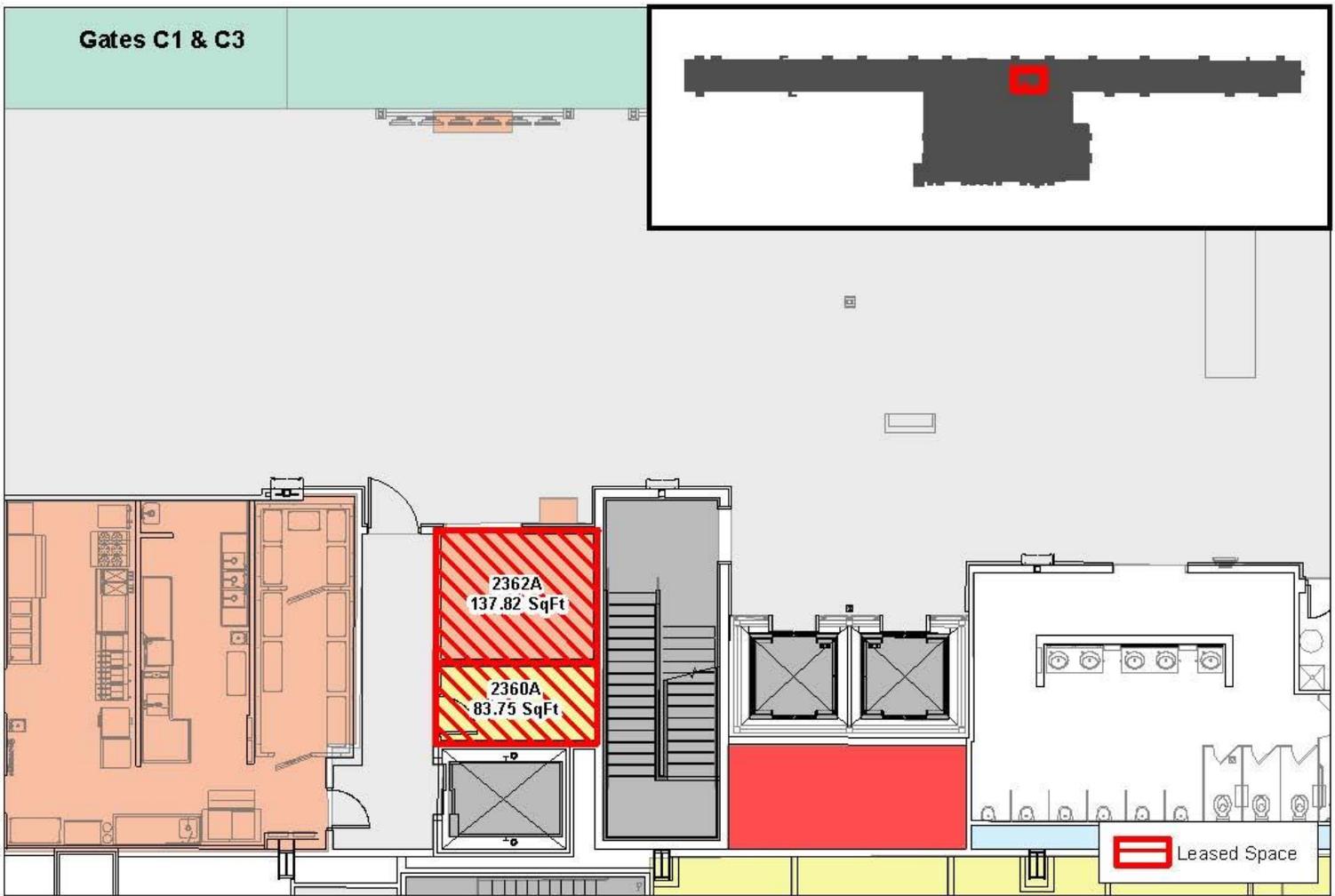
Suggested Concept Description (Continued):

Comments:

- Lease outline drawing is approximate and subject to field verification.
- **This unit is not intended for traditional food & beverage service due to limitations in obtaining water, grease trap, or vent accessibility, and is uniquely suited to accommodate a kiosk, cart, or other self-sustaining operation.**
- There are two separate units offered in this solicitation; 2362A is situated as the front-of-house, passenger facing service area, while 2360A is situated as a storage space.
- Selected Applicant may conduct a tenant improvement to alter the space (including removing walls) at its sole expense and with the prior approval of the Authority. Selected Applicant will be responsible for planning, permitting, inspections, and approvals.
- Selected Applicant will be responsible for new signage and branding.
- All equipment required for operation of the proposed concept will be furnished and installed by the Selected Applicant at its sole expense.
- Grab-and-go options are encouraged should they align with the proposed concept.
- The Airport is a unique operating environment with various challenges relating to, in part, product storage and delivery, employee badging, and parking. More information is included in Exhibits 2 – 4.

Leasing Opportunity Interim Food & Beverage Unit

Unit 2362A / 2360A – 221 SF



Terminal 2: Level 2: Room 2362A
Temporary Concessions




1 inch = 10 feet

Interim Food and Beverage Concession Opportunity Timeline



Application Submittal Deadline: March 2, 2020

➔ Applications are due to the Authority Administrative Offices no later than 10:00 a.m. ET

Estimated Board Approval: April 16, 2020

For additional information contact:

Tyler Maheu, C.M.
Director of Commercial Management
Raleigh-Durham Airport Authority
1000 Trade Drive, PO Box 80001
RDU Airport, NC 27623
tyler.maheu@rdu.com

The schedule is subject to change at the sole discretion of the Raleigh-Durham Airport Authority.

Airport Concession Program Requirements



Requirements

- The Authority assumes no responsibility for any impact on sales that may be caused by fluctuations in enplanements. Enplanement figures for the past three years are included in Appendix 1 of this brochure.
- All designs and build-out must adhere to the Tenant Design Standards. The Tenant Design Standards can be found on the RDU website at:

<https://www.rdu.com/concessions/resources/>
- The Selected Applicant will be responsible for all build-out costs, including costs that exceed the amount proposed by the applicant in the Concession Application Form.
- The unit in this leasing package will be required to have deliveries processed through the food service commissary, which is an additional cost paid to the commissary third-party operator. Further information on the food service commissary is included in Appendix 2.
- The Selected Applicant must meet Airport Concessions Disadvantaged Business Enterprise (ACDBE) goals or demonstrate good faith efforts. Further information on ACDBE is included in Appendix 3.
- The Authority anticipates partnering with a leading global brand in a Beverage Services and Sponsorship Agreement (a “pouring rights” agreement). The units offered in this solicitation will be included in the pouring rights program. More details regarding the pouring rights program will be released by the Authority in early 2020. Further information on pouring rights is included in Appendix 4.
- Selected Applicant may be able to lease finished storage space in the terminal. The current cost for in-terminal storage space is \$48.81 per square foot.
- The cost of common area HVAC and electrical services will be borne by the Authority. All other utilities required to operate the concessions are the responsibility of the selected applicant in accordance with the Tenant Design Standards. This includes electrical and water usage.
- Selected Applicant will contribute 0.5% of the monthly Gross Receipts to a Joint Marketing Fund, which the Authority has established to promote the concessions at the Airport.
- RDU intends to explore the possibility of deliver-to-gate services for in-terminal concessions which could help increase exposure



**Appendix 1: December 2017, December 2018
& January-November 2019
RDU Activity Reports**

RALEIGH-DURHAM INTERNATIONAL AIRPORT
ACTIVITY STATISTICS

ENPLANED PASSENGERS	NOVEMBER			FISCAL YEAR TO DATE			CALENDAR YEAR TO DATE			Market Share
	2019	2018	% CHANGE	2019/2020	2018/2019	% CHANGE	2019	2018	% CHANGE	
Air Canada	0	3,087	-100.0%	23,114	3,087	648.8%	34,419	7,056	387.8%	0.7%
Air Georgian Limited/Jazz Air	3,975	0	n/a	7,337	22,155	-66.9%	13,188	33,201	-60.3%	
Air Canada + Regionals	3,975	3,087	28.8%	30,451	25,242	20.6%	47,607	40,257	18.3%	
American/US Airways	118,322	100,709	17.5%	698,741	632,376	10.5%	1,233,909	1,107,890	11.4%	22.8%
Envoy/American Eagle	3,917	7,086	-44.7%	30,706	46,462	-33.9%	66,494	74,785	-11.1%	
Air Wisconsin	0	0	n/a	0	190	-100.0%	0	0	n/a	
Piedmont	0	0	n/a	0	51	-100.0%	0	380	-100.0%	
PSA	5,637	9,956	-43.4%	45,331	36,041	25.8%	76,239	62,352	22.3%	
Republic	10,858	11,642	-6.7%	62,499	55,276	13.1%	103,942	91,336	13.8%	
SkyWest	0	0	n/a	0	0	n/a	0	3	-100.0%	
Trans States	0	103	-100.0%	0	35,572	-100.0%	0	59,483	-100.0%	
American + Regionals	138,734	129,496	7.1%	837,277	805,968	3.9%	1,480,584	1,396,229	6.0%	
Alaska Airlines/Virgin America	4,772	7,618	-37.4%	50,752	52,469	-3.3%	89,167	88,417	0.8%	
Allegiant	1,926	5,144	-62.6%	19,311	38,512	-49.9%	37,858	61,500	-38.4%	0.6%
Delta	115,074	106,976	7.6%	739,159	676,818	9.2%	1,254,909	1,111,060	12.9%	30.9%
Atlantic Southeast	0	0	n/a	0	9,416	-100.0%	0	25,108	-100.0%	
Endeavor (Pinnacle)	42,560	28,560	49.0%	203,310	167,364	21.5%	350,502	303,488	15.5%	
Go Jet	20,312	16,100	26.2%	171,323	100,175	71.0%	283,811	185,555	53.0%	
Republic	6,328	8,384	-24.5%	54,251	35,048	54.8%	90,796	48,825	86.0%	
SkyWest	0	9,607	-100.0%	5,337	82,517	-93.5%	20,967	134,372	-84.4%	
Delta + Regionals	184,274	169,627	8.6%	1,173,380	1,071,338	9.5%	2,000,985	1,808,408	10.6%	
Frontier	35,695	39,042	-8.6%	299,155	230,616	29.7%	461,902	332,876	38.8%	7.1%
JetBlue	23,731	24,677	-3.8%	155,280	147,614	5.2%	273,300	254,900	7.2%	4.2%
Southwest Airlines	113,522	120,558	-5.8%	691,660	679,053	1.9%	1,176,376	1,121,924	4.9%	18.1%
Spirit	21,932	0	n/a	124,531	0	n/a	164,246	0	n/a	2.5%
United	43,476	60,288	-27.9%	289,233	295,970	-2.3%	474,246	496,208	-4.4%	11.6%
Express Jet	2,450	386	534.7%	3,512	985	256.5%	6,771	1,321	412.6%	
Go Jet	0	1,928	-100.0%	13,059	12,259	6.5%	26,010	22,899	13.6%	
Mesa	6,336	534	1,086.5%	34,946	36,580	-4.5%	58,978	59,411	-0.7%	
Republic	15,793	12,243	29.0%	98,344	96,598	1.8%	176,239	162,964	8.1%	
SkyWest	436	50	772.0%	2,659	50	5,218.0%	8,836	3,305	167.4%	
Trans States	0	0	n/a	393	0	n/a	535	0	n/a	
United + Regionals	68,491	75,429	-9.2%	442,146	442,442	-0.1%	751,615	746,108	0.7%	
Charter Carriers	79	389	-79.7%	1,707	1,827	-6.6%	3,257	3,322	-2.0%	0.1%
Total Passengers	597,131	575,067	3.8%	3,825,650	3,495,081	9.5%	6,486,897	5,853,941	10.8%	100.0%
Connections	3,433	2,160	58.9%	48,365	14,220	240.1%	36,960	23,594	56.6%	
Total Passengers (Less Connections)	593,698	572,907	3.6%	3,777,285	3,480,861	8.5%	6,449,937	5,830,347	10.6%	
International	17,402	17,214	1.1%	117,694	104,828	12.3%	232,628	168,167	38.3%	
Total Major Carriers	478,450	468,099	2.2%	2,966,405	2,756,515	7.6%	5,200,332	4,581,831	13.5%	
Total Regional Carriers	118,681	106,968	11.0%	734,714	738,566	-0.5%	1,286,565	1,272,110	1.1%	

RALEIGH-DURHAM INTERNATIONAL AIRPORT
ACTIVITY STATISTICS

	NOVEMBER			FISCAL YEAR TO DATE			CALENDAR YEAR TO DATE			Market Share
	2019	2018	% CHANGE	2019/2020	2018/2019	% CHANGE	2019	2018	% CHANGE	
DEPLANED PASSENGERS										
Air Canada	0	3,500	-100.0%	23,265	3,500	564.7%	35,708	7,924	350.6%	
Air Georgian Limited/Jazz Air	4,342	0	n/a	7,707	21,988	-64.9%	14,449	34,077	-57.6%	
Air Canada + Regionals	4,342	3,500	24.1%	30,972	25,488	21.5%	50,157	42,001	19.4%	0.8%
American (US Airways)	115,777	100,456	15.3%	693,397	634,275	9.3%	1,222,765	1,110,708	10.1%	
Envoy/American Eagle	4,030	7,038	-42.7%	35,978	46,546	-22.7%	72,484	74,863	-3.2%	
Air Wisconsin (US)	0	0	n/a	0	0	n/a	0	0	n/a	
Piedmont	45	0	n/a	45	198	-77.3%	105	389	-73.0%	
PSA (US)	5,988	10,323	-42.0%	47,864	36,857	29.9%	81,560	63,069	29.3%	
Republic (US)	10,877	10,438	4.2%	60,908	51,738	17.7%	100,335	87,126	15.2%	
SkyWest	0	0	n/a	0	0		0	50	-100.0%	
Trans States (US)	0	140	-100.0%	0	38,391	-100.0%	0	65,173	-100.0%	
American + Regionals	136,717	128,395	6.5%	838,192	808,005	3.7%	1,477,249	1,401,378	5.4%	22.8%
Alaska Airlines/Virgin America	4,459	8,220	-45.8%	50,585	51,698	-2.2%	90,686	88,346	2.6%	1.4%
Allegiant	1,904	5,112	-62.8%	19,619	39,317	-50.1%	38,710	61,897	-37.5%	0.6%
Delta	113,794	105,633	7.7%	729,269	671,448	8.6%	1,243,429	1,105,010	12.5%	
Atlantic Southeast	0	0	n/a	0	9,447	-100.0%	0	25,356	-100.0%	
Endeavor (Pinnacle)	41,440	28,562	45.1%	204,246	163,935	24.6%	349,314	298,430	17.1%	
Go Jet	20,202	16,579	21.9%	174,256	101,437	71.8%	288,804	188,711	53.0%	
Republic	6,149	8,168	-24.7%	51,975	34,836	49.2%	88,046	48,682	80.9%	
SkyWest	0	9,189	-100.0%	5,265	80,684	-93.5%	20,774	130,774	-84.1%	
Delta + Regionals	181,585	168,131	8.0%	1,165,011	1,061,787	9.7%	1,990,367	1,796,963	10.8%	30.7%
Frontier	36,223	39,321	-7.9%	301,407	233,163	29.3%	466,837	339,071	37.7%	7.2%
JetBlue	23,802	23,945	-0.6%	153,106	145,494	5.2%	270,684	251,609	7.6%	4.2%
Southwest	114,168	122,021	-6.4%	693,447	682,845	1.6%	1,179,684	1,128,599	4.5%	18.2%
Spirit	22,316	0	n/a	123,478	0	n/a	162,898	0	n/a	2.5%
United	43,352	59,365	-27.0%	288,602	293,237	-1.6%	480,184	493,566	-2.7%	
Express Jet	2,234	329	579.0%	3,269	967	238.1%	6,674	1,312	408.7%	
Go Jet	0	1,876	-100.0%	13,841	12,232	13.2%	26,883	23,560	14.1%	
Mesa	6,574	531	1,138.0%	36,419	36,358	0.2%	59,732	58,632	1.9%	
Republic	15,397	12,366	24.5%	99,279	97,314	2.0%	177,712	163,281	8.8%	
SkyWest	445	36	1,136.1%	2,975	36	8,163.9%	9,657	3,321	190.8%	
Trans States	1	0	n/a	399	0	n/a	530	0	n/a	
United + Regionals	68,003	74,503	-8.7%	444,784	440,144	1.1%	761,372	743,672	2.4%	11.7%
Charter Carriers	79	255	-69.0%	1,400	1,570	-10.8%	2,971	2,976	-0.2%	0.1%
Total Passengers	593,598	573,403	3.5%	3,822,001	3,489,511	9.5%	6,491,615	5,856,512	10.8%	100.0%
Connections	3,433	2,160	58.9%	48,365	14,220	240.1%	36,960	23,594	56.6%	
Total Passengers (Less Connections)	590,165	571,243	3.3%	3,773,712	3,475,291	8.6%	6,454,655	5,832,918	10.7%	
International	16,964	16,418	3.3%	116,548	103,681	12.4%	235,309	170,845	37.7%	
Total Major Carriers	475,795	467,573	1.8%	2,952,697	2,754,977	7.2%	5,191,585	4,586,730	13.2%	
Total Regional Carriers	117,803	105,830	11.3%	745,826	734,534	1.5%	1,300,030	1,269,782	2.4%	

RALEIGH-DURHAM INTERNATIONAL AIRPORT
ACTIVITY STATISTICS

	NOVEMBER			FISCAL YEAR TO DATE			CALENDAR YEAR TO DATE		
	2019	2018	% CHANGE	2019/2020	2018/2019	% CHANGE	2019	2018	% CHANGE
ENPLANED AIR CARGO (LBS)									
Air Freight - Air Shipped	6,933,896	6,547,368	5.9%	42,053,176	40,399,950	4.1%	78,064,125	74,917,682	4.2%
Air Freight - Truck Shipped	0	0	n/a	0	0	n/a	0	0	n/a
Air Mail	2,782	35,838	-92.2%	1,434,451	319,040	349.6%	1,589,105	477,447	232.8%
Total	6,936,678	6,583,206	5.4%	43,487,627	40,718,990	6.8%	79,653,230	75,395,129	5.6%
International	160,359	393,927	-59.3%	1,439,280	2,937,087	-51.0%	3,994,747	3,990,474	0.1%
DEPLANED AIR CARGO (LBS)									
Air Freight - Air Shipped	10,556,647	10,722,478	-1.5%	62,863,088	60,898,910	3.2%	116,104,480	110,823,973	4.8%
Air Freight - Truck Shipped	0	0	n/a	0	0	n/a	0	0	n/a
Air Mail	9,380	167,192	-94.4%	3,877,221	774,750	400.4%	4,668,792	1,408,866	231.4%
Total	10,566,027	10,889,670	-3.0%	66,740,309	61,673,660	8.2%	120,773,272	112,232,839	7.6%
International	591,789	1,092,588	-45.8%	4,833,459	4,332,106	11.6%	7,976,576	6,552,856	21.7%
AIRCRAFT OPERATIONS									
Air Carrier	11,492	10,576	8.7%	71,266	64,797	10.0%	124,728	113,412	10.0%
Air Taxi/Commuter	2,128	2,528	-15.8%	12,749	14,553	-12.4%	24,294	27,154	-10.5%
General Aviation:									
Itinerant	4,741	4,425	7.1%	29,138	27,758	5.0%	52,172	49,882	4.6%
Military:									
Itinerant	200	112	78.6%	1,475	943	56.4%	2,412	2132	13.1%
Total	18,561	17,641	5.2%	114,628	108,051	6.1%	203,606	192,580	5.7%
Average Number Of Daily Departures	227	218	4.1%	175	165	5.9%	223	216	3.2%
Landed Weight-In-Thousands (All)	727,664	684,107	6.4%	4,487,205	4,135,285	8.5%	7,859,886	7,202,039	9.1%
Load Factor	82.4%	84.4%	-2.4%	84.2%	81.8%	3.0%	82.5%	83.1%	-0.7%

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RALEIGH-DURHAM INTERNATIONAL AIRPORT
ACTIVITY STATISTICS

ENPLANED PASSENGERS	DECEMBER			FISCAL YEAR TO DATE			CALENDAR YEAR TO DATE			Market Share
	2018	2017	% CHANGE	2018/2019	2017/2018	% CHANGE	2018	2017	% CHANGE	
Air Canada	3,178	0	n/a	10,234	0	n/a	10,234	0	n/a	
Air Georgian Limited/Jazz Air		3,172	-100.0%	25,490	36,841	-30.8%	33,201	44,224	-24.9%	
Air Canada + Regionals	3,178	3,172	0.2%	35,724	36,841	-3.0%	43,435	44,224	-1.8%	0.7%
American/US Airways	103,372	98,379	5.1%	933,446	926,716	0.7%	1,211,262	1,191,562	1.7%	
Envoy/American Eagle	6,757	6,374	6.0%	65,614	54,556	20.3%	81,542	56,931	43.2%	
Air Wisconsin	0	0	n/a	0	3,372	-100.0%	0	8,454	-100.0%	
Piedmont	0	806	-100.0%	241	5,189	-95.4%	380	5,189	-92.7%	
PSA	8,994	7,296	23.3%	57,648	52,110	10.6%	71,349	68,382	4.3%	
Republic	9,475	9,384	1.0%	78,759	89,325	-11.8%	100,811	115,092	-12.4%	
SkyWest	0	0	n/a	0	0	n/a	0	0	n/a	
Trans States	0	7,274	-100.0%	39,729	73,189	-45.7%	59,483	95,730	-37.9%	
American + Regionals	128,598	129,513	-0.7%	1,175,437	1,204,457	-2.4%	1,524,827	1,541,340	-1.1%	23.8%
Alaska Airlines/Virgin America	8,718	7,906	10.3%	75,017	51,187	46.6%	97,135	63,331	53.4%	1.5%
Allegiant	5,852	6,288	-6.9%	49,270	43,293	13.8%	67,352	55,261	21.9%	1.1%
Delta	91,830	71,928	27.7%	950,903	708,868	34.1%	1,213,984	922,526	31.6%	
Atlantic Southeast	0	3,624	-100.0%	9,416	36,882	-74.5%	25,108	45,997	-45.4%	
Endeavor (Pinnacle)	22,002	41,141	-46.5%	254,064	362,142	-29.8%	325,490	452,754	-28.1%	
Go Jet	24,516	21,269	15.3%	159,175	245,233	-35.1%	210,071	312,321	-32.7%	
Republic	15,082	2,685	461.7%	61,208	8,140	651.9%	63,907	8,177	681.5%	
Shuttle America	0	0	n/a	0	0	n/a	0	714	-100.0%	
Skywest	4,881	4,229	15.4%	110,233	53,971	104.2%	128,159	58,387	119.5%	
Delta + Regionals	158,311	144,876	9.3%	1,544,999	1,415,236	9.2%	1,966,719	1,800,876	9.2%	30.7%
Frontier	37,800	10,342	265.5%	343,580	118,924	188.9%	370,676	135,835	172.9%	5.8%
Jetblue	22,449	21,027	6.8%	215,977	208,925	3.4%	277,349	263,672	5.2%	4.3%
Southwest Airlines	120,912	116,761	3.6%	990,540	953,399	3.9%	1,242,836	1,196,578	3.9%	19.4%
United	59,731	40,081	49.0%	460,459	332,255	38.6%	555,939	397,358	39.9%	
Express Jet	196	150	30.7%	1,231	3,615	-65.9%	1,517	5,574	-72.8%	
Go Jet	1,844	1,981	-6.9%	18,050	17,039	5.9%	24,743	24,406	1.4%	
Mesa	2,466	7,980	-69.1%	41,738	79,867	-47.7%	61,877	112,955	-45.2%	
Republic	12,059	15,627	-22.8%	137,282	144,553	-5.0%	175,023	186,075	-5.9%	
Shuttle America	0	0	n/a	0	0	n/a	0	2,953	-100.0%	
SkyWest	164	1,017	-83.9%	214	8,345	-97.4%	3,469	17,052	-79.7%	
Trans States	228	0	n/a	228	289	-21.1%	228	337	-32.3%	
United + Regionals	76,688	66,836	14.7%	659,202	585,963	12.5%	822,796	746,710	10.2%	12.8%
Charter Carriers	375	327	14.7%	2,873	2,166	32.6%	3,697	3,177	16.4%	0.1%
Total Passengers	562,881	507,048	11.0%	5,092,619	4,620,391	10.2%	6,416,822	5,851,004	9.7%	100.0%
Connections	1,796	2,442	-26.5%	20,622	15,076	36.8%	25,390	18,607	36.5%	
Total Passengers (Less Connections)	561,085	504,606	11.2%	5,071,997	4,605,315	10.1%	6,391,432	5,832,397	9.6%	
International	19,729	13,701	44.0%	155,755	145,567	7.0%	180,825	165,855	9.0%	
Total Major Carriers	453,842	372,712	21.8%	4,029,426	3,343,567	20.5%	5,046,767	4,226,123	19.4%	
Total Regional Carriers	109,039	134,336	-18.8%	1,063,193	1,276,824	-16.7%	1,370,055	1,624,881	-15.7%	

RALEIGH-DURHAM INTERNATIONAL AIRPORT
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<u>DEPLANED PASSENGERS</u>	<u>DECEMBER</u>			<u>FISCAL YEAR TO DATE</u>			<u>CALENDAR YEAR TO DATE</u>			<u>Market Share</u>
	<u>2018</u>	<u>2017</u>	<u>% CHANGE</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>% CHANGE</u>	<u>2018</u>	<u>2017</u>	<u>% CHANGE</u>	
Air Canada			n/a	7,924	0	n/a	11,177		n/a	
Air Georgian Limited/Jazz Air	3,253	3,232	0.6%	28,828	37,784	-23.7%	34,077	45,855	-25.7%	
Air Canada + Regionals	3,253	3,232	0.6%	36,752	37,784	-2.7%	45,254	45,855	-1.3%	0.7%
American (US Airways)	96,780	93,759	3.2%	931,635	911,482	2.2%	1,207,488	1,178,546	2.5%	
Envoy/American Eagle	6,408	5,972	7.3%	65,334	54,089	20.8%	81,271	56,976	42.6%	
Air Wisconsin (US)	0	0	n/a	0	3,301	-100.0%	0	8,353	-100.0%	
Piedmont	28	762	-96.3%	275	5,007	-94.5%	417	5,043	-91.7%	
PSA (US)	9,241	7,255	27.4%	59,113	51,369	15.1%	72,360	68,856	5.1%	
Republic (US)	8,750	9,734	-10.1%	72,492	94,707	-23.5%	95,876	119,078	-19.5%	
SkyWest	0	0	n/a	0	0		0	0	n/a	
Trans States (US)	0	6,935	-100.0%	44,457	72,188	-38.4%	65,173	97,182	-32.9%	
American + Regionals	121,207	124,417	-2.6%	1,173,306	1,192,143	-1.6%	1,522,585	1,534,034	-0.7%	23.9%
Alaska Airlines/Virgin America	8,822	7,411	19.0%	75,651	50,968	48.4%	97,168	63,356	53.4%	1.5%
Allegiant	5,340	5,823	-8.3%	49,372	42,812	15.3%	67,237	55,072	22.1%	1.1%
Delta	83,895	68,275	22.9%	937,465	704,653	33.0%	1,199,509	914,243	31.2%	
Atlantic Southeast	0	3,489	-100.0%	9,447	35,397	-73.3%	25,356	44,741	-43.3%	
Endeavor (Pinnacle)	20,738	37,777	-45.1%	248,373	353,314	-29.7%	319,168	447,124	-28.6%	
Go Jet	24,267	21,556	12.6%	159,024	247,050	-35.6%	212,978	316,069	-32.6%	
Republic	14,295	2,637	442.1%	60,150	7,618	689.6%	62,977	7,761	711.5%	
Shuttle America	0	0	n/a	0	0	n/a	0	973	-100.0%	
Skywest	5,204	4,416	17.8%	108,483	53,273	103.6%	125,374	58,469	114.4%	
Delta + Regionals	148,399	138,150	7.4%	1,522,942	1,401,305	8.7%	1,945,362	1,789,380	8.7%	30.5%
Frontier	34,610	9,477	265.2%	348,133	119,560	191.2%	373,681	136,112	174.5%	5.9%
Jetblue	20,588	19,608	5.0%	212,139	205,920	3.0%	272,197	260,580	4.5%	4.3%
Southwest	114,676	112,478	2.0%	989,177	947,517	4.4%	1,243,275	1,193,577	4.2%	19.5%
United	54,149	36,980	46.4%	450,427	329,750	36.6%	547,715	396,661	38.1%	
Express Jet	196	149	31.5%	1,210	3,314	-63.5%	1,508	5,281	-71.4%	
Go Jet	1,851	2,036	-9.1%	18,145	18,410	-1.4%	25,411	26,439	-3.9%	
Mesa	2,492	7,767	-67.9%	41,087	77,282	-46.8%	61,124	109,363	-44.1%	
Republic	12,015	13,729	-12.5%	137,751	140,880	-2.2%	175,296	182,523	-4.0%	
Shuttle America	0	0	n/a	0	0	n/a	0	2,442	-100.0%	
SkyWest	174	997	-82.5%	210	8,119	-97.4%	3,495	16,568	-78.9%	
Trans States	217	0	n/a	217	290	-25.2%	217	333	-34.8%	
United + Regionals	71,094	61,658	15.3%	649,047	578,045	12.3%	814,766	739,610	10.2%	12.8%
Charter Carriers	374	254	47.2%	2,453	2,327	5.4%	3,350	3,113	7.6%	0.1%
Total Passengers	528,363	482,508	9.5%	5,058,972	4,578,381	10.5%	6,384,875	5,820,689	9.7%	100.0%
Connections	1,796	2,442	-26.5%	20,622	15,076	36.8%	25,390	18,607	36.5%	
Total Passengers (Less Connections)	526,567	480,066	9.7%	5,038,350	4,563,305	10.4%	6,359,485	5,802,082	9.6%	
International	17,015	12,646	34.5%	153,631	144,142	6.6%	179,921	165,546	8.7%	
Total Major Carriers	418,860	353,811	18.4%	4,001,923	3,312,662	20.8%	5,019,447	4,198,147	19.6%	
Total Regional Carriers	109,503	128,697	-14.9%	1,057,049	1,265,719	-16.5%	1,365,428	1,622,542	-15.8%	

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	<u>DECEMBER</u>			<u>FISCAL YEAR TO DATE</u>			<u>CALENDAR YEAR TO DATE</u>		
	<u>2018</u>	<u>2017</u>	<u>% CHANGE</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>% CHANGE</u>	<u>2018</u>	<u>2017</u>	<u>% CHANGE</u>
<u>ENPLANED AIR CARGO (LBS)</u>									
Air Freight - Air Shipped	8,109,576	8,278,604	-2.0%	62,642,847	61,999,043	1.0%	83,027,258	80,140,311	3.6%
Air Freight - Truck Shipped	0	0	n/a	0	0	n/a	0	0	n/a
Air Mail	31,806	36,190	-12.1%	417,710	374,137	11.6%	509,253	492,343	3.4%
Total	8,141,382	8,314,794	-2.1%	63,060,557	62,373,180	1.1%	83,536,511	80,632,654	3.6%
International	802,804	847,230	-5.2%	3,899,486	2,996,240	30.1%	4,793,278	3,663,867	30.8%
<u>DEPLANED AIR CARGO (LBS)</u>									
Air Freight - Air Shipped	12,724,476	12,102,385	5.1%	95,394,703	88,468,388	7.8%	123,548,449	114,857,472	7.6%
Air Freight - Truck Shipped			n/a	0	0	n/a	0	0	n/a
Air Mail	165,641	151,532	9.3%	1,169,218	1,199,828	-2.6%	1,574,507	1,564,648	0.6%
Total	12,890,117	12,253,917	5.2%	96,563,921	89,668,216	7.7%	125,122,956	116,422,120	7.5%
International	452,291	641,199	-29.5%	6,183,275	3,969,652	55.8%	7,005,147	5,460,205	28.3%
<u>AIRCRAFT OPERATIONS</u>									
Air Carrier	10,584	10,043	5.4%	96,280	90,263	6.7%	123,996	117,815	5.2%
Air Taxi/Commuter	2,282	2,135	6.9%	22,437	21,618	3.8%	29,436	28,307	4.0%
General Aviation: Itinerant	3,848	4,285	-10.2%	41,060	39,274	4.5%	53,730	50,843	5.7%
Military: Itinerant	107	192	-44.3%	1,683	2,116	-20.5%	2,239	2,863	-21.8%
Total	16,821	16,655	1.0%	161,460	153,271	5.3%	209,401	199,828	4.8%
Average Number Of Daily Departures	208	196	5.6%	220	207	6.1%	213	203	5.0%
Landed Weight-In-Thousands (All)	692,708	629,867	10.0%	6,175,853	5,586,121	10.6%	7,894,747	7,218,160	9.4%
Load Factor	83.8%	84.9%	-1.1%	83.3%	85.2%	-1.9%	81.8%	83.2%	-1.4%

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RALEIGH-DURHAM INTERNATIONAL AIRPORT
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ENPLANED PASSENGERS	DECEMBER			FISCAL YEAR TO DATE			CALENDAR YEAR TO DATE			Market Share
	2017	2016	% CHANGE	2017/2018	2016/2017	% CHANGE	2017	2016	% CHANGE	
Air Canada										
Air Georgian Limited/Jazz Air	3,172	3,190	-0.6%	36,841	30,935	19.1%	44,224	37,607	17.6%	
Air Canada + Regionals	3,172	3,190	-0.6%	36,841	30,935	19.1%	44,224	37,607	17.6%	0.8%
American/US Airways	98,379	93,705	5.0%	926,716	830,609	11.6%	1,191,562	1,060,521	12.4%	
Envoy/American Eagle	6,374	0	n/a	54,556	111	49049.5%	56,931	566	9958.5%	
Air Wisconsin	0	3,772	-100.0%	3,372	55,166	-93.9%	8,454	78,612	-89.2%	
Piedmont	806	87	826.4%	5,189	1,764	194.2%	5,189	2,650	95.8%	
PSA	7,296	9,395	-22.3%	52,110	77,117	-32.4%	68,382	92,444	-26.0%	
Republic	9,384	10,674	-12.1%	89,325	132,758	-32.7%	115,092	172,800	-33.4%	
Trans States	7,274	8,649	-15.9%	73,189	74,719	-2.0%	95,730	101,369	-5.6%	
American + Regionals	129,513	126,282	2.6%	1,204,457	1,172,244	2.7%	1,541,340	1,508,962	2.1%	26.3%
Alaska Airlines	4,980	4,608	8.1%	44,406	42,164	5.3%	56,550	54,640	3.5%	1.0%
Allegiant	6,288	3,800	65.5%	43,293	32,841	31.8%	55,261	43,397	27.3%	0.9%
Delta	71,928	71,854	0.1%	708,868	736,456	-3.7%	922,526	941,584	-2.0%	
Atlantic Southeast	3,624	4,281	-15.3%	36,882	39,362	-6.3%	45,997	55,942	-17.8%	
Compass	0	266	-100.0%	0	281	-100.0%	0	735	-100.0%	
Go Jet	21,269	28,477	-25.3%	245,233	226,184	8.4%	312,321	270,568	15.4%	
Endeavor (Pinnacle)	41,141	34,529	19.1%	362,142	252,246	43.6%	452,754	318,696	42.1%	
Republic	2,685	0	n/a	8,140	0	n/a	8,177	0	n/a	
Shuttle America	0	2,287	-100.0%	0	43,047	-100.0%	714	62,350	-98.9%	
Skywest	4,229	0	n/a	53,971	239	22,482.0%	58,387	4,481	1,203.0%	
Delta + Regionals	144,876	141,694	2.2%	1,415,236	1,297,815	9.0%	1,800,876	1,654,356	8.9%	30.8%
Frontier	10,342	5,779	79.0%	118,924	128,819	-7.7%	135,835	129,698	4.7%	2.3%
Jetblue	21,027	18,762	12.1%	208,925	202,030	3.4%	263,672	259,086	1.8%	4.5%
Southwest Airlines	116,761	112,629	3.7%	953,399	925,710	3.0%	1,196,578	1,161,777	3.0%	20.5%
United	40,081	31,270	28.2%	332,255	329,692	0.8%	397,358	383,375	3.6%	
Express Jet	150	348	-56.9%	3,615	6,180	-41.5%	5,574	9,468	-41.1%	
Go Jet	1,981	1,946	1.8%	17,039	18,011	-5.4%	24,406	23,172	5.3%	
Mesa	7,980	11,609	-31.3%	79,867	81,334	-1.8%	112,955	114,377	-1.2%	
Republic	15,627	12,506	25.0%	144,553	68,727	110.3%	186,075	82,601	125.3%	
Shuttle America	0	3,511	-100.0%	0	21,323	-100.0%	2,953	35,231	-91.6%	
SkyWest	1,017	3,050	-66.7%	8,345	22,171	-62.4%	17,052	37,753	-54.8%	
Trans States	0	48	-100.0%	289	814	-64.5%	337	814	-58.6%	
United + Regionals	66,836	64,288	4.0%	585,963	548,252	6.9%	746,710	686,791	8.7%	12.8%
Virgin America	2,926		n/a	6,781	0	n/a	6,781		n/a	0.1%
Charter Carriers	327	239	36.8%	2,166	2,199	-1.5%	3,177	2,541	25.0%	0.1%
Total Passengers	507,048	481,271	5.4%	4,620,391	4,383,009	5.4%	5,851,004	5,538,855	5.6%	100.0%
Connections	2,442	1,533	59.3%	15,076	16,177	-6.8%	18,607	22,792	-18.4%	
Total Passengers (Less Connections)	504,606	479,738	5.2%	4,605,315	4,366,832	5.5%	5,832,397	5,516,063	5.7%	
International	13,701	12,969	5.6%	136,879	109,428	25.1%	165,855	130,399	27.2%	
Total Major Carriers	372,712	342,407	8.9%	3,343,567	3,228,321	3.6%	4,226,123	4,034,078	4.8%	
Total Regional Carriers	134,336	138,864	-3.3%	1,276,824	1,154,688	10.6%	1,624,881	1,504,777	8.0%	

RALEIGH-DURHAM INTERNATIONAL AIRPORT
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<u>DEPLANED PASSENGERS</u>	<u>DECEMBER</u>			<u>FISCAL YEAR TO DATE</u>			<u>CALENDAR YEAR TO DATE</u>			<u>Market Share</u>
	<u>2017</u>	<u>2016</u>	<u>% CHANGE</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>% CHANGE</u>	<u>2017</u>	<u>2016</u>	<u>% CHANGE</u>	
Air Canada										
Air Georgian Limited/Jazz Air	3,232	3,194	1.2%	37,784	32,549	16.1%	45,855	39,924	14.9%	
Air Canada + Regionals	3,232	3,194	1.2%	37,784	32,549	16.1%	45,855	39,924	14.9%	0.8%
American (US Airways)	93,759	85,128	10.1%	911,482	822,899	10.8%	1,178,546	1,051,197	12.1%	
Envoy/American Eagle	5,972	0	n/a	54,089	114	47346.5%	56,976	732	7683.6%	
Air Wisconsin (US)	0	4,378	-100.0%	3,301	56,637	-94.2%	8,353	78,180	-89.3%	
Piedmont	762	96	693.8%	5,007	1,916	161.3%	5,043	2,739	84.1%	
PSA (US)	7,255	10,288	-29.5%	51,369	78,979	-35.0%	68,856	94,954	-27.5%	
Republic (US)	9,734	9,224	5.5%	94,707	132,190	-28.4%	119,078	172,952	-31.1%	
Trans States (US)	6,935	9,010	-23.0%	72,188	76,103	-5.1%	97,182	103,942	-6.5%	
American + Regionals	124,417	118,124	5.3%	1,192,143	1,168,838	2.0%	1,534,034	1,504,696	1.9%	26.4%
Alaska Airlines	4,728	4,384	7.8%	44,230	42,410	4.3%	56,618	55,089	2.8%	1.0%
Allegiant	5,823	3,570	63.1%	42,812	33,119	29.3%	55,072	43,606	26.3%	1.0%
Delta	68,275	68,681	-0.6%	704,653	725,954	-2.9%	914,243	931,237	-1.8%	
Atlantic Southeast	3,489	4,117	-15.3%	35,397	37,594	-5.8%	44,741	51,972	-13.9%	
Compass	0	273	-100.0%	0	411	-100.0%	0	988	-100.0%	
Go Jet	21,556	27,476	-21.5%	247,050	226,588	9.0%	316,069	273,662	15.5%	
Endeavor (Pinnacle)	37,777	33,065	14.3%	353,314	245,517	43.9%	447,124	310,911	43.8%	
Republic	2,637	0	n/a	7,618	0	n/a	7,761	0	n/a	
Shuttle America	0	2,380	-100.0%	0	44,290	-100.0%	973	62,468	-98.4%	
Skywest	4,416	0	n/a	53,273	373	14,182.3%	58,469	4,085	1,331.3%	
Delta + Regionals	138,150	135,992	1.6%	1,401,305	1,280,727	9.4%	1,789,380	1,635,323	9.4%	30.7%
Frontier	9,477	5,438	74.3%	119,560	131,092	-8.8%	136,112	132,079	3.1%	2.3%
Jetblue	19,608	19,022	3.1%	205,920	199,769	3.1%	260,580	256,742	1.5%	4.5%
Southwest	112,478	108,411	3.8%	947,517	921,011	2.9%	1,193,577	1,156,207	3.2%	20.5%
United	36,980	29,911	23.6%	329,750	328,873	0.3%	396,661	384,442	3.2%	
Express Jet	149	333	-55.3%	3,314	6,081	-45.5%	5,281	9,507	-44.5%	
Go Jet	2,036	1,828	11.4%	18,410	18,074	1.9%	26,439	23,484	12.6%	
Mesa	7,767	11,172	-30.5%	77,282	79,435	-2.7%	109,363	112,199	-2.5%	
Republic	13,729	12,124	13.2%	140,880	67,530	108.6%	182,523	81,179	124.8%	
Shuttle America	0	3,201	-100.0%	0	21,230	-100.0%	2,442	35,441	-93.1%	
SkyWest	997	2,915	-65.8%	8,119	21,773	-62.7%	16,568	37,059	-55.3%	
Trans States	0	46	-100.0%	290	797	-63.6%	333	797	-58.2%	
United + Regionals	61,658	61,530	0.2%	578,045	543,793	6.3%	739,610	684,108	8.1%	12.7%
Virgin America	2,683	0	n/a	6,738	0	n/a	6,738	0	n/a	0.1%
Charter Carriers	254	168	51.2%	2,327	2,172	7.1%	3,113	2,514	23.8%	0.1%
Total Passengers	482,508	459,833	4.9%	4,578,381	4,355,480	5.1%	5,820,689	5,510,288	5.6%	100.0%
Connections	2,442	1,533	59.3%	15,076	16,177	-6.8%	18,607	22,792	-18.4%	
Total Passengers (Less Connections)	480,066	458,300	4.7%	4,563,305	4,339,303	5.2%	5,802,082	5,487,496	5.7%	
International	12,646	11,022	14.7%	135,060	105,810	27.6%	165,596	126,763	30.6%	
Total Major Carriers	353,811	324,545	9.0%	3,312,662	3,205,127	3.4%	4,198,147	4,010,599	4.7%	
Total Regional Carriers	128,697	135,288	-4.9%	1,265,719	1,150,353	10.0%	1,622,542	1,499,689	8.2%	

RALEIGH-DURHAM INTERNATIONAL AIRPORT
ACTIVITY STATISTICS

	<u>DECEMBER</u>			<u>FISCAL YEAR TO DATE</u>			<u>CALENDAR YEAR TO DATE</u>		
	<u>2017</u>	<u>2016</u>	<u>% CHANGE</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>% CHANGE</u>	<u>2017</u>	<u>2016</u>	<u>% CHANGE</u>
ENPLANED AIR CARGO (LBS) ¹									
Air Freight - Air Shipped	8,278,604	6,968,258	18.8%	61,999,043	55,125,225	12.5%	80,140,311	73,558,483	8.9%
Air Freight - Truck Shipped			n/a	0	0	n/a			n/a
Air Mail	36,190	24,511	47.6%	374,137	150,585	148.5%	492,343	289,661	70.0%
Total	8,314,794	6,992,769	18.9%	62,373,180	55,275,810	12.8%	80,632,654	73,848,144	9.2%
International	847,230	276,696	206.2%	2,996,240	1,631,283	83.7%	3,663,867	2,809,663	30.4%
DEPLANED AIR CARGO (LBS)									
Air Freight - Air Shipped	12,102,385	10,773,011	12.3%	88,468,388	80,610,822	9.7%	114,857,472	104,264,748	10.2%
Air Freight - Truck Shipped			n/a	0	0	n/a			n/a
Air Mail	151,532	102,112	48.4%	1,199,828	697,086	72.1%	1,564,648	1,003,561	55.9%
Total	12,253,917	10,875,123	12.7%	89,668,216	81,307,908	10.3%	116,422,120	105,268,309	10.6%
International	641,199	378,855	69.2%	3,969,652	3,114,036	27.5%	5,460,205	4,016,237	36.0%
AIRCRAFT OPERATIONS									
Air Carrier	10,043	9,941	1.0%	90,263	85,468	5.6%	117,815	109,997	7.1%
Air Taxi/Commuter	2,135	2,233	-4.4%	21,618	23,195	-6.8%	28,307	31,147	-9.1%
General Aviation: Itinerant	4,285	3,551	20.7%	39,274	35,571	10.4%	50,843	46,492	9.4%
Military: Itinerant	192	203	-5.4%	2,116	2,747	-23.0%	2,863	3,712	-22.9%
Total	16,655	15,928	4.6%	153,271	146,981	4.3%	199,828	191,348	4.4%
Average Number Of Daily Departures	196	196	0.0%	207	201	3.0%	200	196	2.0%
Landed Weight-In-Thousands (All)	629,878	605,946	3.9%	5,586,132	5,351,294	4.4%	7,218,290	6,844,234	5.5%
Load Factor	84.9%	83.3%	1.6%	85.2%	82.7%	2.5%	83.2%	81.5%	1.7%

Prepared By: Raleigh-Durham Airport Authority Finance Dept.
P.O. Box 80001, RDU Airport, NC 27623
919-840-7700 (Phone), 919-840-0176 (Fax)

Appendix 2: Food Service Commissary

RDU utilizes a remote warehouse and commissary system. The respective food and retail commissaries receive, store, and deliver all products and merchandise to the terminals either directly to the stores or to storage units for the stores. Use of the commissaries is a critical requirement of the concession program that ensures efficient concession warehousing and operations. Contact information for the current commissary operators is listed below as information. Applicants are encouraged to contact the appropriate commissary operator to discuss commissary delivery needs, terminal security requirements and inspections, and service fees.

Food Commissary	Retail Commissary
Host Warehouse Services Jeff Stewart, Commissary Manager 1025 Cargo Road, Suite 2101 Morrisville, NC 27560 (919) 422-5634 jeff.stewart@hmshost.com	Raleigh Durham Services Sam Ratliff, Manager 1025 Cargo Road, Suite 2501 Morrisville, NC 27560 (919) 522-3080 sam.ratliff@paradies-na.com

Appendix 3: Airport Concessions Disadvantaged Business Enterprise

Appendix 3: Airport Concessions Disadvantaged Business Enterprise

ACDBE Certification

An Airport Concessions Disadvantaged Business Enterprise (ACDBE), as defined by 49 CFR Part 23, is a business concern that meets criteria in the following categories:

A. Ownership – A firm seeking ACDBE certification must be a for-profit small business in which a U.S. citizen (or resident alien) owns at least a 51% interest (or in the case of any publicly owned business, at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals). Socially disadvantaged individuals include:

- Women;
- Black Americans,
- Hispanic Americans, regardless of race;
- Native Americans;
- Asian-Pacific Americans,
- Asian-Indian Americans.

Individuals who are not in a presumptive group must prove social disadvantage to the Authority.

B. Personal Net Worth – The disadvantaged individual must have a personal net-worth (PNW) of less than \$1,320,000. Items excluded from a person's net worth calculation include an individual's ownership interest in the applicant firm, and his or her equity in their primary residence; additional exemptions are listed in 49 CFR Part 23.

C. Control - The socially and economically disadvantaged applicants(s) must have an overall understanding of, and managerial and technical competence and experience directly related to, the type of business in which the firm is seeking certification. The socially and economically DBE owner(s) must possess the power to direct or cause the direction to the management and policies of the firm and to make day-to-day, as well as long-term decisions on matters of management, policy and operations. The firm must not be tied to another firm in such a way as to compromise its independence and control

D. Size - Applicant firms must meet the small business size standards established by the U.S. Small Business Administration. Depending upon the nature of work performed, a firm (including its affiliates) must not have average annual gross receipts over the firm's previous three fiscal years in excess of \$52,470,000 with some exceptions. Applicable size standards can be found here (www.tinyurl.com/acdberules).

The Authority may conduct post award compliance reviews of the ACDBE participation under the contract. Concessionaires that are awarded contracts pursuant to this RFP

shall keep all records as necessary to enable the Authority to determine compliance with the ACDBE obligations. Records to be kept by the Contractor will include, but are not limited to, information on the type of goods and/or services provided by the ACDBE firm(s), the dollars spent with each ACDBE firm and the ACDBE certification status of the firms.

Certification Process:

Firms seeking to participate in concession opportunities as an ACDBE must be certified by the Raleigh-Durham Airport Authority's Small Business Program Office. The ACDBE Uniform Certification Application is available for download at: <https://www.rdu.com/do-business-with-rdu/small-businesses/>.

Submit all ACDBE applications and supporting documents for certification to:

ACDBELO

Raleigh-Durham Airport Authority

PO Box 80001

RDU Airport, NC 27623

smallbusiness@rdu.com

The application should clearly identify the "Airport Concession" as the opportunity for which the ACDBE certification is being sought. The concessionaire shall ensure that ACDBE applications are submitted in a timely manner (Certification may take between 2-4 weeks to complete.). The applicant ACDBE shall include a statement of the goods and services that it plans to provide in reference to this Airport Concession. Once certified by the Authority, ACDBE firms will be required to submit an annual "No Change Affidavit" to the North Carolina Unified Certification Program as required under 49 CFR Part 23.

The Authority's ACDBELO will assist interested Proposers in identifying currently certified ACDBE firms and other small businesses upon request. Direct all questions about ACDBE certification to Thiané Carter at (919) 840-7712 or via email at thiane.carter@rdu.com.

Acceptable ACDBE Participation

Proposers should reference 49 CFR Part 23.55 to demonstrate acceptable ACDBE participation. ACDBE Participation is reviewed based on the total dollar amount of the gross receipts earned by the ACDBE for its portion of work in the proposed concession. Options for meeting this commitment are:

- A. 100% ACDBE participation: For this option, the proposer is solely owned and operated as a certified ACDBE firm. ACDBE participation represents the total dollar value of gross receipts under a concession agreement or management contract or subcontract. Include ACDBE certification letter in proposal.
- B. Percentage Participation: For this option, a percentage of the business is designated to be owned, operated and/or maintained by a certified ACDBE through a sub-lease, management, and operating and/or franchise agreement. When ACDBE performs as a sub concessionaire or subcontractor for a non-ACDBE, only the portion of the gross receipts earned by ACDBE may be counted. Include the nature and percentage of ACDBE participation in proposal.
- C. Joint Venture Agreement: For this option, a proposer enters into a joint venture agreement with a certified ACDBE partner, in which the ACDBE partner has financial risk and reward commensurate with the ACDBE participation goal for this Concession Opportunity. For example if the ACDBE goal is 35%, then the ACDBE concessionaire's risk in terms of investment in the operation and anticipated upside (reward) must be no less than 35%.

The Authority interprets 49 CFR Part 23.55 strictly as it relates to joint ventures. Neither the revenues generated by the joint venture nor the ownership interest of an ACDBE partner will count towards the ACDBE goal established in this RFP. 49 CFR Part 23.55(d) provides that when an ACDBE performs as a participant in a joint venture, the Authority must "count a portion of the gross receipts equal to the distinct, clearly defined portion of the work of the concession that the ACDBE performs with its own forces toward the ACDBE goals." The Authority has determined that in order for the ACDBE's role to be "distinct" and "clearly defined", the joint venture must either subcontract or otherwise assign to an ACDBE firm(s) specific concession units to be independently operated by the ACDBE firm(s), or must contract for specific management or other services with ACDBE firm(s). If the parties entered into a management agreement, 49 CFR Part 23 would permit the "entire amount of fees or commissions charged by an ACDBE for bona fide services to count towards ACDBE participation". The fees or commissions must be based on market rates ("reasonable and not excessive as compared with fees customarily allowed for similar services").

If the proposer plans to participate in a joint venture with a certified ACDBE firm, the proposer may submit a joint venture application (See Appendix 3) for review in accordance with the RFP schedule. For purposes of ACDBE participation, joint venture entities are not certified as ACDBEs.

- D. Percentage of Goods/Services towards Vendor Purchases: For this option, the proposer designates a percentage of the gross revenue that will be committed to the purchase of goods and services from ACDBE or DBE certified vendors. ACDBE participation for goods and services will be counted according to regulations 49 CFR Part 23.55

Good Faith Efforts

All proposers shall be required to take all steps reasonably necessary in accordance with the Authority's ACDBE Plan and 49 CFR Part 23 and 26 to ensure that minority firms and ACDBEs have the maximum opportunity to participate in contracts and subcontracts. Failure to make a good faith effort and to adequately document such efforts to the Authority will be grounds for disqualifying a bid as non-responsive. Proposers shall not discriminate on the basis of race, color, national origin or gender in the selection of suppliers and subcontractors and in the performance of this contract. In order to comply with the proposal requirements of Part 23 a proposer shall either meet the specific ACDBE goal for this Concession Opportunity, or in the alternative demonstrate that the Proposer has made sufficient good faith efforts to meet the goal in accordance with the good faith effort provisions of Part 23 and Part 26.

- a. If a Proposer is unable to meet all or any part of the ACDBE participation goal, the Proposer must submit documentation of good faith efforts. The good faith effort documentation must be submitted with the proposal, under separate cover titled "Good Faith Efforts".
- b. Good faith efforts of a Proposer shall be evaluated by the Authority to determine whether the efforts to obtain ACDBE participation were those that a firm aggressively seeking partners or subcontractors would take in the normal course of doing business; whether the steps taken had a reasonable probability of success; and whether there were qualified ACDBEs available and willing to participate in a reasonable manner.
- c. The Small Business Program Office will review the good faith effort documentation and determine whether a Proposer has made a good faith effort to achieve the ACDBE goal.
- d. The following examples are possible efforts demonstrating good faith; however, this is not inclusive or exhaustive:
 - i. Attend any informational meetings that are scheduled by the Authority regarding ACDBEs;
 - ii. Advertise in major circulation newspapers, trade association newsletters and minority and/or women oriented media concerning the ACDBE participation opportunities;
 - iii. Provide written notice to ACDBEs regarding the concession contract being solicited, in sufficient time to allow ACDBEs to participate;
 - iv. Follow-up initial solicitations of interested ACDBEs to determine their level of interest in the opportunity; Provide interested ACDBEs with adequate information about the RFP, the certification process and other elements of the opportunity;
 - v. Negotiate in good faith with interested ACDBEs and not reject ACDBEs as unqualified without sound reasons, based upon thorough investigation of their capabilities; and,

- vi. Make efforts to assist interested ACDBEs in obtaining financing or insurance (if applicable).

Compliance and Assurances

All proposers are hereby notified that failure to carry out the obligations of the ACDBE Plan and 49 CFR Part 23 and 26 regulations will constitute a breach of good faith in dealing with the Authority, and the Authority will take any and all actions permitted by law to ensure compliance by all concessionaires employed by it. Any Proposer who fails to meet or exceed the goals and fails to provide satisfactory evidence of its good faith effort to include ACDBEs in its proposal will be deemed to have submitted an incomplete or non-responsive bid and its bid will be rejected.

Agreements between a Proposer and an ACDBE in which the ACDBE promises not to provide proposals to other Proposers are prohibited. Following the opening of the proposals, no change shall be made in any of the ACDBE firms proposed to be engaged by the Proposer without the prior written consent and approval of the ACDBELO and the Director of Business Development. Proposers shall make a satisfactory good faith effort to replace any ACDBE that is unable to perform successfully with another ACDBE. All substitutions shall be coordinated with and approved by the ACDBELO and the Authority's Director of Business Development prior to being made.

Optional JV Agreement Review

Proposers may submit their joint venture, partnering, or operating agreement to the Authority for review prior to the application due date to ensure the agreement meets the requirements of 49 CFR Part 23 and applicable guidance.

Proposers electing to have their agreement reviewed must submit to the Authority no later than the deadline for questions as identified in the RFP schedule.

Please submit agreements to Thiané Carter via email at thiane.carter@rdu.com.

Appendix 4: Supplemental Information

MAG / Percent Rent

Rent to the Authority shall be the higher of the proposed Percent Rent or Minimum Annual Guaranteed Rent (“MAG Rent”). If Lease is held over past agreed upon term, MAG Rent will adjust annually beginning immediately upon hold over, to an amount equal to 85% of the Percentage Rent generated during previous lease year, but not less than the Initial MAG established for lease year one. Proposers must propose a Percentage Rent rate(s) for the concept proposed. Neither the MAG Rent nor the Percentage Rent will be renegotiated during the term of the Concession Agreement.

Repair, Replacement, Remodeling

Once the concept has opened, any repairs, replacements, or remodeling to the Premises done by or on behalf of Concessionaire shall be of first-class quality in both materials and workmanship, and shall be equal to or better than the original in materials and workmanship. Except in emergency situations requiring immediate response, or for repairs costing less than Two Thousand Dollars (\$2,000.00), all repairs must have the prior written approval of the Authority. All repairs shall conform to the RDU Design Standards and all applicable rules and regulations of any federal, state, or local authority having jurisdiction over construction work performed on the Premises. The Authority shall be the sole judge of the quality of the repairs, replacements or remodeling performed. Prior to beginning any repair, replacement or remodeling work, except for the above-described emergency repairs, Concessionaire shall notify the Authority of what type of repairs, replacements, or remodeling work it intends to do and must secure written Authority approval of the same before beginning any such work. In the event of an emergency repair situation, Concessionaire must notify the Authority as soon as possible and following such notice, the Authority may inspect the repair work and require alterations if the repair is not satisfactory to the Authority.

Appendix 4: Supplemental Information

Employee Parking

Parking for Concessionaire's employees is provided on a space-available basis in the employee parking area, and is provided for use in common with other employees of other Airport tenants, concessionaires, airlines and other users of the Airport. The Authority will charge Concessionaire a monthly or quarterly parking fee for any of its employees who park in the employee parking area. The parking fee charged will be the same as the fee charged other tenant employees for similar access to the Authority's designated employee parking areas. The Authority may change this parking fee, from time to time, upon giving a thirty (30) day written notice to Concessionaire. Parking fees will be billed to Concessionaire quarterly and will be due within thirty (30) days following the date of invoice. The Authority will look to Concessionaire, not the employees, to pay for all employee parking.

Beverage Pouring Rights

The Authority may enter into contracts with one or more manufacturers or suppliers granting to said companies' certain exclusive rights pertaining to the sale of food, beverages, other products and technologies of said exclusive supplier or manufacturer in Concessionaire's menu or merchandise list, as applicable. Concessionaire further acknowledges that price ceilings for exclusive rights shall be set by the Authority or its designee and shall be reviewed annually for price adjustments. If the Authority grants such an exclusive right during the Term of this Lease, Concessionaire shall have sixty (60) days from receipt of written notice to comply with the exclusive right. Concessionaire agrees not to sell, display, advertise, or promote similar products of or from other manufacturers or suppliers unless Concessionaire has first received written approval from the Authority, which may be granted or withheld at its sole discretion.

Appendix 4: Supplemental Information

Monthly Statements and Payments

On or before the first day of each month, Concessionaire shall pay the Authority the Monthly MAG (one-twelfth (1/12) of the MAG). The Concessionaire shall, thereafter, provide to the Authority, via email at Sales.Reports@rdu.com and by or before the 5th day of each calendar month and using the standardized form provided by the Authority, a preliminary "Monthly Statement" showing Concessionaire's total Gross Receipts and Total Transactions for all Premises for the preceding month. Concessionaire shall further provide to the Authority, by or before the 15th day of each calendar month ("Statement Due Date" and "Concession Fee Due Date") and using the standardized form provided by the Authority, the final "Monthly Statement" showing Concessionaire's total Gross Receipts for all Premises for the preceding month. The monthly Concession Fee payment shall be the greater of Monthly MAG or the Percentage Fee earned for that previous month. On or before the Concession Fee Due Date, Concessionaire shall submit the final signed, original copy of the Monthly Statement along with any additional amount due by mail to:

Raleigh-Durham Airport Authority
P. O. Box 63240
Charlotte, NC 28263-3240

The Authority may, at any time upon written notice to Concessionaire, require Concessionaire to change the timing of the Monthly Statement and/or Concession Fee Due Date or modify the form of the Monthly Statement. The Authority shall also be entitled to receive, upon request, detailed monthly profit and loss statements broken down into merchandise categories.

Appendix 4: Supplemental Information

Annual Report

On or before the first date of the fourth month of each Lease Year, Concessionaire shall furnish an Annual Report (“Annual Report”) to the Authority audited by an independent certified public accounting firm. The accounting firm shall assure that the Concession Fee and Joint Marketing Fund contributions paid by Concessionaire during the preceding Lease Year were properly calculated and paid, and that all information included in the Annual Report is complete, accurate and correctly calculated. The Annual Report shall contain a Statement of Gross Receipts (“Statement of Gross Receipts”), Part A and Part B, which shall be in a form provided by the Authority and shall contain a complete, itemized statement of Concessionaire's: (a) annual total Gross Receipts, listed by unit as shown on the books and records of Concessionaire, that were used to compute the Percentage Fees during the period covered by the Statement of Gross Receipts, including a breakdown of monthly Discounts; (b) the total Concession Fee paid; (c) annual Joint Marketing Fund contributions paid listed by unit; and (d) the total Percentage Fees. In the event the Annual Report reveals an error in Concession Fee payment that equals or exceeds 3% of Concession Fee paid, the MAG and Security Deposit shall be recalculated by the Authority. The new MAG and Security Deposit shall become effective immediately upon written notice to Concessionaire.

Appendix 4: Supplemental Information

Evaluation of Application

The Authority will review all applications submitted that comply with the stated requirements. During this process, questions and/or requests for clarification or provision of supplemental information may be directed to Applicant. Based on evaluation of the applications, the Authority may select a limited number of Applicants for further consideration and conduct interviews with these Applicants. The Authority reserves the right to request a “best and final” offer from each finalist. A final application rating will be made thereafter. The Authority reserves the right to reject all applications.

Applicants may use the following guidelines in preparing their applications:

Concept (Application Part I)

The Authority is looking for the concept that best aligns with program goals and maximizes the potential of the unit; concepts the Authority will consider include but are not limited to ice cream, snack, coffee, smoothie, grab-and-go, or any combination thereof.

Applicant should describe the concept, the products and services offered, include a proposed menu, describe any grab and go products, involvement of a specific chef, restaurateur, or brand, service style, customer service and support, and any other relevant information to help the panel understand the concept. Applicant should also describe how it will accomplish “creating a world-class guest experience in the concession program.”

Appendix 4: Supplemental Information

Evaluation of Application (continued)

Experience and Qualifications (Application Parts II and III)

The Authority is looking for an applicant with experience operating the proposed concession (or a similar concession) in a high-traffic location such as a mall, downtown area, or airport. Operating a concession in an airport is a unique endeavor; the airport environment is heavily regulated, subject to badging, inventory inspection, and other security requirements, and, at times, extraordinarily busy.

Applicant should describe concessions it operates in high-traffic locations including dates of operation, size of operation, rental fees, annual sales, and any other relevant information to help the panel understand what makes it the most experienced and qualified Applicant for this lease opportunity.

Financial Return to RDU (Application Part IV and Pro Forma)

The Authority is required by federal law to operate in such a manner as to be financially self-sufficient. The concessions program is one line of business the airport operates in pursuit meeting that requirement.

Applicant should propose a percent rent and indicate on its pro forma how it will exceed the minimum annual guarantee and offer the highest financial return to the Authority. Note, Applicant must explain in detail its assumptions on its pro forma.

Appendix 4: Supplemental Information

Evaluation of Application (continued) (continued)

Design of Tenant Improvement (Application Part V)

Selected applicant will be responsible for any and all build-out costs, including costs that exceed the amount proposed by the Applicant. The Authority is looking to increase revenue, reflect concepts that originate in or are familiar to the Triangle region and North Carolina, elevate the guest experience through innovative concepts and offerings, use technology and innovation to enhance operational efficiency and the overall guest experience, and create and maintain a program where our guests always feel welcome, cared for, and appreciated.

Applicant should describe how the proposed buildout meets Authority goals and Tenant Design Standards, describe its procurement and use of furniture, fixtures, and equipment, include layout and drawings or renderings, and include any other relevant information to help the panel understand the design and buildout.

Airport Concessions Disadvantaged Business Enterprise Participation (Application Part VI)

The Authority aspires to facilitate and encourage Airport Concessions Disadvantaged Business Enterprise (ACDBE) participation. The Authority has set the ACDBE participation goal for this opportunity at 26.4%.

Applicant should propose the ACDBE participation level it will achieve if selected for this lease opportunity.

Appendix 4: Supplemental Information

Application Checklist

Applicant may use the following checklist as a guide to ensure all required documents are included in the final application:

Item	Document
1 Completed Tenant Application	RFP Appendix 5
2 Completed Solicitation/Addenda Acknowledgement Form	RFP Appendix 6
3 Completed Pro Forma	RFP Appendix 5
4 Menu	To be created by Applicant
5 Concept photos, layout, drawings, renderings	To be created by Applicant at Applicant's discretion
6 Photos of existing store(s)/concession(s) to describe proposed concept, if applicable	To be created by Applicant
7 LLC information for partnering relationships per Tenant Application Part II, if applicable	To be created by Applicant
8 List of stockholders or members holding 10 percent or greater of outstanding stock or membership interest per Tenant Application Part II, if applicable	To be created by Applicant
9 ACDBE Certification per Tenant Application Part II, if applicable	To be tendered by Applicant
10 Supplemental information regarding bankruptcy and/or judgment or lien per Tenant Application Part II, if applicable	To be created by Applicant
11 Evidence of annual gross sales of existing locations per Tenant Application Part III	To be tendered by Applicant

Appendix 5: Tenant Application and Pro-Forma

**TENANT APPLICATION
 INTERIM FOOD AND BEVERAGE CONCESSION OPPORTUNITY
 RALEIGH-DURHAM INTERNATIONAL AIRPORT**

Please complete the following application in its entirety. This application is for informational purposes only and is not to be considered in any way a commitment to enter into a Concession Agreement with the applicant.

Contact Name & Title:	Date:
Company Name:	
Contact Telephone No.:	Contact Email:
Contact Address:	
Part I: Concept Information (1 of 5)	
Unit Number: 2362A / 2360A	Previous Function: Shoe Shine (221 SF)
Suggested Concept: Ice cream, snack, coffee, smoothie, etc.	
<i>Concept Note: Authority seeks creative options to re-purpose a vacant concessions space on an interim basis</i>	
Proposed Restaurant Name/Doing Business As:	
Would this be a franchised or licensed operation? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Brief Concept Description (attach a menu):	
Special Requirements/Utility Requirements (please describe any special needs for utilities or storage):	
Please submit photos of existing store(s), if any, including interior, brochure, menu, or other supplemental material to describe the proposed concept.	

During the last ten years, has the entity making this application or any subsidiary, predecessor, officer, or principal (provide full details in a separate letter if the answer is "yes" to any of the following):

Filed bankruptcy? Yes No Been named as a defendant in any legal proceedings? Yes No

Had a judgment or lien filed against it? Yes No

If judgements or liens were filed, have they been satisfied? Yes No

Part III: Summary of Experience			
Are you currently or have you been a tenant in a mall, downtown, airport, or other transportation or high-traffic location? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Number of locations currently in operation: _____			
Existing Locations (please limit to three (3) examples; include local locations, if available)			
Location #1			
Concept Name:			
Brief Description (if different from proposed concepts):			
Dates of Operation (MM/YY – MM/YY):			
Size of Operation: _____ sq. ft.		Rental Terms/Fees:	
Address: _____, _____, _____			
No.	Street	City	State Zip code
Annual Sales:	Annual Rent:	Sales Year (YYYY):	
Landlord Name:		Landlord Telephone No.	
Location #2			
Concept Name:			
Brief Description (if different from proposed concepts):			
Dates of Operation (MM/YY – MM/YY):			
Size of Operation: _____ sq. ft.		Rental Terms/Fees:	
Annual Sales:	Annual Rent:	Sales Year (YYYY):	
Address: _____, _____, _____			
No.	Street	City	State Zip code
Landlord Name:	Landlord Telephone No.		
Location #3			
Concept Name:			
Brief Description (if different from proposed concepts):			
Dates of Operation (MM/YY – MM/YY):			
Size of Operation: _____ sq. ft.		Rental Terms/Fees:	
Annual Sales:	Annual Rent:	Sales Year (YYYY):	
Address: _____, _____, _____			
No.	Street	City	State Zip code
Landlord Name:	Landlord Telephone No.		
In a separate attachment, provide evidence of the annual gross sales of the existing locations listed.			

Business References (provide two business references and one financial reference. Bank reference must be the primary financial institution with which business is conducted for the locations provided on the prior page).	
Business Reference #1	
Supplier Name:	Account No.:
Email:	Telephone No.:
Address:	
Goods/Services Purchased:	
Business Reference #2	
Reference Name:	
Email:	Telephone No.:
Address:	
Nature of Relationship:	
Bank Reference	
Reference Name:	
Email:	Telephone No.:
Address:	
Nature of Relationship:	

Part IV: Financial Offer

Beginning on the Commencement Date and during each month of the year of the Concession Agreement, for the right and privilege of operating and managing the designated units at Raleigh-Durham International Airport, the undersigned company proposes to pay to the Raleigh-Durham Airport Authority the following:

I) Minimum Annual Guarantee: \$24,000

II) Proposed Percentage(s) of Gross Receipts:

Flat Percentage of Annual Gross Sales for Food and Non-Alcoholic Beverages: (Minimum 12%)

Proposed Percentage Fee in Number Format	Proposed Percentage Fee in Words
%	

Flat Percentage of Annual Gross Sales for Alcoholic Beverages: (Minimum 17%)

Proposed Percentage Fee in Number Format	Proposed Percentage Fee in Words
%	

The signature of the Authorized Signer below certifies that this Financial Offer is supportable throughout the term of the Concession Agreement.

ATTEST:

(Witness Signature)

(Company Name)

BY: _____
(Signature of Authorized Signer)

(Printed Name of Authorized Signer)

DATE: _____

Phone No.: _____

Part V: Capital Investment Offer for Improvements

The undersigned company hereby proposes to invest the following capital sum for the Leasehold Improvements detailed below (there is no minimum capital requirement for this opportunity):

Unit Number	2362A / 2360A	
Concept		
Square Feet	221	
Capital Investment for Leasehold Improvements	Amount	Percent of Capital Investment
- Unit Improvements	\$	%
- Furnishings, Fixtures, and Equipment	\$	%
- Architectural and Engineering Fees (<i>maximum of 12% of initial capital investment</i>)	\$	%
- Construction Management Fees (<i>maximum of 5% of initial capital investment</i>)	\$	%
Total Capital Investment for Leasehold Improvements	\$	%
Total Capital Investment for Leasehold Improvements per Square Foot	\$_____per Sq. Ft.	100 %

Please disclose all expected funding sources for your proposed capital investment:

The signature of the Authorized Signer below certifies that the Company has the capital necessary to fund the Capital Investment Offer.

ATTEST:

(Witness Signature)

(Company Name)

BY: _____

(Signature of Authorized Signer)

(Printed Name of Authorized Signer)

DATE: _____

Phone No.: _____

Part VI: Airport Concessions Disadvantaged Business Enterprise Participation

Proposers are required to achieve the Airport Concessions Disadvantaged Business Enterprise (“ACDBE”) goal established for each Concession Opportunity, or, in the alternative, demonstrate that the Proposer has made sufficient good faith efforts to meet the goal. This goal is a key element of the Authority’s concession program, and Proposer shall take all necessary and reasonable steps to comply with the requirements of the Raleigh-Durham Airport Authority ACDBE Program and US Department of Transportation regulations 49 CFR Parts 23 and 26 (www.tinyurl.com/acdberules). By submitting a Proposal, Proposer commits to making good faith efforts to achieve the ACDBE goal. Agreements between a Proposer and an ACDBE or non-ACDBE firm in which the ACDBE or non-ACDBE firm promises NOT to provide Proposals to other Proposers are prohibited.

ACDBE participation may be achieved through the purchase of goods and services, joint ventures, partnerships, or other legal arrangements meeting the eligibility standards in 49 CFR Parts 23 and 26. In the event that the Proposer qualifies as an ACDBE, the goal shall be deemed met. Each ACDBE included in the Proposal must be certified as an ACDBE firm by the Authority and must be identified by name, address, ACDBE category, type of work, and dollar amount of proposed participation. All certification applications must be submitted prior to the submittal of the Proposal. ACDBE firms must be certified by the Authority at the time of contract award. If a Proposer will be unable to achieve the ACDBE goal stated herein, the Proposer will be required to provide documentation in its Proposal demonstrating that all necessary and reasonable steps (good faith effort) were taken in attempting to do so. The requirements of this paragraph are not intended to force the Proposer to change its business structure. A Proposal that fails to adequately address the foregoing requirements will be considered non-responsive and will be rejected.

For more information regarding the Airport Concessions Disadvantaged Business Enterprise program, please refer to this link: <https://tinyurl.com/DBEoverview>

The ACDBE goal for this concession opportunity is 26.4%

Please state the ACDBE participation level, if any, that you propose: _____%

SCHEDULE OF ACDBE PARTICIPATION	Participation Type	Description of the Role or Services to be Performed or Provided by the ACDBE	Anticipated % ACDBE Participation
	<input type="checkbox"/> Prime Concessionaire <input type="checkbox"/> Joint Venture Partner <input type="checkbox"/> Sub-concessionaire <input type="checkbox"/> Supplier/ Distributor <input type="checkbox"/> Other		
	<input type="checkbox"/> Prime Concessionaire <input type="checkbox"/> Joint Venture Partner <input type="checkbox"/> Sub-concessionaire <input type="checkbox"/> Supplier/ Distributor <input type="checkbox"/> Other		

All firms must complete Section VI above and include copies of ACDBE Certification Letters/ Certificates for all firms listed in the Schedule of ACDBE Participation. **Joint venture partnerships must submit a copy of the joint venture, partnering or operating agreement with the application.**

Firms **may** request a joint venture agreement review prior to confirm that the proposed joint venture meets the requirements of 49 CFR Part 23 and applicable guidance. If requesting review of joint venture agreement prior to proposal date, adhere to the review schedule as detailed in the RFP. A final copy of the joint venture application and joint venture agreement must be submitted with the Proposal.

The Company will enter into a formal agreement with the above ACDBE contractor(s) for work listed in the schedule, conditioned upon execution of a Concession Agreement. The Authority requires all partnering agreements (operating agreements, JV agreements, etc.) – including any agreements that require Authority approval (subleases, assignments, etc.) – to be executed at the time the Authority executes the concession agreement.

Part VII: Airport Pouring Rights Policy

The Authority anticipates implementing a mandatory beverage pouring rights program in 2020. The food service units included in this Application will be subject to the pouring rights program as established by the Authority.

Part VIII: Initial Comparable Vendors Form

List below three facilities in the Raleigh-Durham Metropolitan Area (Durham, Orange, and Wake Counties) which are comparable to the proposed RDU concession in concept and quality which will be used as a basis for price comparisons in the event this becomes the Selected Application. Describe why you believe each facility is comparable. If Concessionaire has existing similar concepts in the Raleigh-Durham Metropolitan Area, at least one must be specified as a comparable facility unless it does not meet the criteria specified in the Concession Pricing Policy.

RDU Unit Name: _____

RDU Unit: 2362A / 2360A

Vendor Name	Address	Phone Number

Describe the relationship of the proposed comparable facilities to Concessionaire:

Describe why each facility is comparable:

Declaration and Signature

Under penalty of perjury, I, the undersigned, declare that the facts set forth in this application are true and correct to the best of my knowledge, and I am authorized to submit this application. I recognize that the Raleigh-Durham Airport Authority (the Authority) will rely on the information provided herein in determining the credit status of the Company and that any substantial discrepancies that may come to the Authority’s attention before or after execution of a lease may result in the Authority’s finding the lease to be in default and may exercise any of the remedies prescribed in the Concession Agreement. I understand that this application is for informational purposes only and is not to be considered in any way a commitment to enter into a Concession Agreement. Any false statements, omissions, or other misrepresentations made on this application may result in immediate disqualification.

Further, I authorize any person or entity to release or furnish information to the Authority as may be requested in connection with their review and evaluation of this application. I UNDERSTAND THAT ADDITIONAL INFORMATION MAY BE REQUIRED THAT COULD INCLUDE, BUT IS NOT LIMITED TO, BALANCE SHEETS AND INCOME STATEMENTS, PROFORMAS, TAX RETURNS, PLANS AND DESIGNS, AND BUSINESS PLANS. I further agree that all financial statements, tax returns, reports, and other materials furnished or obtained in connection herewith shall become the property of Raleigh-Durham Airport Authority.

Name (printed)

Signature:

Date:

Confirm that you have obtained and reviewed the Tenant Design Standards (check here)

Confirm that you have obtained and reviewed the Draft Concession Agreement (check here)

Confirm that this Application is being submitted with a pro forma in Excel format (check here)

Confirm that the proposed units will be subject to the mandatory pouring rights program (check here)

Raleigh-Durham International Airport
 Pro Forma Statement, Food & Beverage Concession
 Suggested Concept: Ice cream, snack, coffee, smoothie, etc.
 Target Opening Date: June 2020
 Previous Function: Shoe Shine (221 SF)
 Unit Concept Name (please insert below)

Insert concept name here

PROFORMA

(Constant 2019 dollars)

Please input data points for relevant years in the shaded cells with red text

	2019	2020	2021	Total
ASSUMPTIONS USED				
Enplanements ¹	0	0	0	0
Sales per Enplanement	\$ -	\$ -	\$ -	\$ -
Total Square Feet ²	221	221	221	221
Sales per Square Foot	\$ -	\$ -	\$ -	\$ -
PROJECTIONS				
Gross Sales (use as applicable)				
Food and Non-Alcoholic Beverages	\$ -	\$ -	\$ -	\$ -
Alcoholic Beverages (if permitted)	\$ -	\$ -	\$ -	\$ -
Merchandise	\$ -	\$ -	\$ -	\$ -
Total Sales	\$ -	\$ -	\$ -	\$ -
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -
Gross Profit	\$ -	\$ -	\$ -	\$ -
Expenses				
Payroll	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ -	\$ -	\$ -	\$ -
Franchise/License Fees	\$ -	\$ -	\$ -	\$ -
Rent to Airport (excludes storage)	\$ -	\$ -	\$ -	\$ -
Storage Space Rent	\$ -	\$ -	\$ -	\$ -
General & Administrative	\$ -	\$ -	\$ -	\$ -
Marketing Expenses ³	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -
Other Direct Expenses	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -
EBITDA	\$ -	\$ -	\$ -	\$ -
Interest, Depreciation, and Amortization	\$ -	\$ -	\$ -	\$ -
Net Profit Before Taxes	\$ -	\$ -	\$ -	\$ -
Total Initial Investment				\$ -
Initial Investment per Square Foot				\$ -

Notes:

(1) Each applicant is responsible for independently developing their own passenger enplanement projections based on historical data available.

(2) n/a

(3) n/a

Please provide any necessary explanation or detail on the "Proposer Notes" tab within this workbook.

Appendix 6: Solicitation/Addenda Acknowledgement Form

Please complete this form to acknowledge receipt of this Solicitation and each Addendum. Attach the completed form to the Tenant Application.

Company Name

Address

Phone Number

Email Address

Signature

Date

RFP

Addendum 1

Addendum 2

Addendum 3

Addendum 4

Addendum 5

Addendum 6

Appendix 7: Sample Concession Agreement

SAMPLE

TERMINAL CONCESSION LEASE

BETWEEN

THE RALEIGH-DURHAM AIRPORT AUTHORITY

AND

[ENTER SELECTED APPLICANT]

[ENTER DATE]

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TERMINAL CONCESSION LEASE

This Terminal Concession Lease ("Lease") is made and entered into this ____ day of _____, 2020, ("Date of Execution") by and between the RALEIGH-DURHAM AIRPORT AUTHORITY, a municipal authority enabled by the General Assembly of North Carolina and established by the Cities of Raleigh and Durham and the Counties of Wake County and Durham (hereinafter referred to as the "Authority"), and [ENTER SLECTED APPLICANT], a [ENTER ENTITY TYPE] duly authorized to conduct business in North Carolina (hereinafter referred to as "Concessionaire"), as Concessionaire.

WITNESSETH:

That the Authority, having received applications for an Interim Food and Beverage Terminal Concession operator through an Application process and in consideration of the concession fees and rents to be paid and the covenants and agreements to be kept and performed by Concessionaire, hereby leases the space at Raleigh-Durham International Airport hereinafter described and granted the rights and privileges hereinafter enumerated to Concessionaire, subject to the following terms, conditions, covenants and agreements:

1. TERM

1.1 Lease Commencement

This Lease shall commence and be binding upon the parties as of the Date of Execution. The Lease shall continue in effect until [ENTER TERMINATION DATE] (the "Expiration Date"), unless sooner terminated or extended pursuant to the provisions of this Lease.

1.2 Date(s) of Beneficial Occupancy and Use

The Date of Beneficial Occupancy ("DBO") for each location shall be the date each location opens for business, unless the parties agree in writing to a later date.

1.3 Holding Over

If concessionaire holds over after the Expiration Date or earlier termination of this lease, and the Authority and Concessionaire have not otherwise agreed, in writing, to the terms and provisions of such holding over, Concessionaire shall be deemed by the Authority to be a month-to-month holdover tenant and Concessionaire shall remain bound by all terms, covenants, and agreements hereof. If Concessionaire is deemed to be a holdover tenant, Concessionaire and Authority agree that: (i) the tenancy shall be from month-to-month and may be terminated at any time by thirty (30) days prior written notice from either party to the other; (ii) insurance as required by this Lease shall remain continuously in effect through the period of extended occupancy; and (iii) the Concession Fee shall remain the same except that the Minimum Annual Guarantee ("MAG")

shall continue to adjust annually as provided for in Section 4.3. In the event that Concessionaire is a holdover tenant beyond January 1 or any year, concessionaire shall be responsible for payment of all property taxes for the entire following tax year without proration.

2. PREMISES

2.1 Description of the Premises

Subject to the terms of this Lease, the Authority hereby leases to Concessionaire the terminal concession locations and additional facilities shown and described on **Exhibit "A"** attached hereto (the "Premises"). Occupancy of the Premises shall occur when and as provided elsewhere in this Lease.

2.2 Use of Premises

Concessionaire shall have a non-exclusive right to operate the terminal concessions specified herein and shall conduct only those operations and sell only those goods and services described on **Exhibit "B"** ("Permitted Uses"), in accordance with the provisions of this Lease. Concessionaire shall not use the Premises for any other purposes. The Authority may grant rights to others to conduct the same or similar operations and/or to sell the same or similar goods and services.

2.3 Construction

Concessionaire shall have the right and the obligation to construct improvements on the Premises for use in its terminal concessions operations in accordance with plans and a construction schedule approved, in writing, by the Authority. All necessary permits and approvals must be obtained prior to the commencement of the upfit period. Concessionaire's construction obligations are set forth in more detail in Section 8.

2.4 Public Areas

Subject to all applicable rules, regulations, or Authority policies governing the use of the Airport, the Authority grants to Concessionaire the non-exclusive right to use, in common with others, certain areas of the Terminal designated by the Authority to be public or to be used in common, including, but not limited to, the walkways, streets, roadways, waiting rooms, hallways, restrooms and other passenger conveniences ("Public Areas") for Concessionaire's employees, customers, contractors, agents, invitees and suppliers for the uses for which those Public Areas were designed. Concessionaire's rights under this Section shall include the right of ingress and egress to and from the Premises. The Authority reserves the right to modify the Public Areas at any time and in any way it deems appropriate, including, but not limited to, reconfiguration of the Public Areas, expansion or contraction of the Public Areas, or changing access points to and from the Public Areas. Access to some public areas will be restricted to Concessionaire's employees who display valid security access badges issued by the Authority.

2.5 Employee Parking

Parking for Concessionaire's employees is provided on a space-available basis in the employee parking area, and is provided for use in common with other employees of other Airport tenants, concessionaires, airlines and other users of the Airport. The Authority will charge Concessionaire a monthly or quarterly parking fee for any of its employees who park in the employee parking area. The parking fee charged will be the same as the fee charged other tenant employees for similar access to the Authority's designated employee parking areas. The Authority may change this parking fee, from time to time, upon giving a thirty (30) day written notice to Concessionaire. Parking fees will be billed to Concessionaire quarterly and will be due within thirty (30) days following the date of invoice. The Authority will look to Concessionaire, not the employees, to pay for all employee parking.

2.6 Additional Storage Space

Concessionaire may lease storage space and/or office space, if it is available, from the Authority. Such storage space will be covered by a separate lease.

3. DEFINITIONS

For all purposes related to this Lease the following terms shall have the meanings defined in this section:

Additional Rent - All amounts required to be paid by Concessionaire under this Lease, other than the MAG and Percentage Fees, which are referred to as Concession Fee.

Airport - Raleigh-Durham International Airport.

Annual Report - Refers to the audited report for each Lease year due not later than the first date of the fourth month of each Lease Year.

Authority - The Raleigh-Durham Airport Authority.

Business Days - Monday through Friday excluding Saturday, Sunday and Legal Holidays.

Concession Fee - Monthly amount due and payable for the use of the Premises as provided in Section 4.

Concession Fee Commencement Date - The DBO of each terminal concession location as more fully described in Article 4.

Concession Fee Due Date - The date on which the balance due for the previous month's Concession Fee (if the Percentage Fee due to the Authority exceeds the MAG), which shall be the 15th day of each month.

Concessionaire - [ENTER SELECTED APPLICANT]

Date of Beneficial Occupancy ("DBO") - The Date of Beneficial Occupancy ("DBO") for each location shall be the date each location opens for business.

Default - Refers to the event of default by Concessionaire or Authority.

Delinquency Charge - A charge assessed if Concessionaire is more than ten (10) days delinquent in paying to the Authority any Concession Fee or Additional Rent owed to the Authority under this Lease as defined in Section 4.9.

Delinquency Rate - Eighteen percent (18%) per annum or the maximum rate of interest allowed by law, whichever is less, as defined in Section 4.9.

Delivery Zones - Vendor delivery areas located on the south end of Terminals 1 and 2, and airside on the lower level of the Terminal 2.

Discounts - Merchandise discounts given to preferred customers, Airport employees, Concessionaire's employees, suppliers, or any others. The discounted amount may be excluded from the Gross Receipts, but only up to a maximum of two percent (2%) of the Gross Receipts per store per Lease Year as described in Section 4.5.

DOT – United States Department of Transportation.

Employee Bonding – The requirement to maintain a fidelity bond in an amount or amounts acceptable to the Authority on all of its employees engaged in the handling of any monies which may be paid to Concessionaire in the operation of any concession under this Lease.

Event of Default - The occurrence of a default in the payment of rent and fees, performance of other covenants, or a finding of bankruptcy or insolvency.

Expiration Date – The expiration date of this Lease is [ENTER TERMINATION DATE] or later as provided in Section 1.1 of the Lease.

Gross Receipts - The sale prices of all goods, wares, and merchandise sold and the charges for all services performed by Concessionaire or any other person or entity in, at, or from the Premises as further defined in Section 4.4 of the Lease.

Initial Inventory List - Approved services and merchandise list attached in Exhibit “H”.

Joint Marketing Fund - The accumulations of funds contributed by Concessionaire and other concessionaires at the Airport to the Authority to be spent for the marketing and promotion of the overall concession program at the Airport or on any item or service that may enhance the overall passenger experience at the Terminal related to concessions, as determined by Authority and further described in Section 5.7.

Lease Year – Each one year period beginning on the Date of Beneficial Occupancy and ending 12 months later.

Legal Holiday - Any holiday observed by the Federal Government.

Manager - A well-trained, qualified and experienced general manager selected and appointed by Concessionaire, subject to Authority approval, who shall have constant and direct supervision of the operation and management of the Premises.

Minimum Annual Guaranteed Fee (MAG) - Minimum amount paid by Concessionaire each Lease Year, which will be equal to eighty-five percent (85%) of the average of the annualized Concession Fee paid during the previous MAG calculation periods as described in Section 4.3. MAG is payable in monthly installments as described in Section 4.3.

Monthly Statement – Statement showing Concessionaire's total Gross Receipts for the preceding month, along with the balance due for the previous month's Concession Fee, if any, if the Percentage Fee due to the Authority exceeds the MAG.

Partial Damage – Less than fifty percent (50%) damaged.

Percentage Fee - Means the percentage of Concessionaire's monthly "Gross Receipts" as described in Exhibit “B” payable by Concessionaire.

Permitted Uses – The non-exclusive right to operate the terminal concession, and to conduct only those operations and sell only those goods and services described on Exhibit "B."

Premises - The terminal concession locations and additional facilities shown and described in Exhibit “A.”

Public Areas - The areas of the Terminal designated by the Authority to be public or to be used in common, including, but not limited to, the walkways, streets, roadways, waiting rooms, hallways, restrooms and other passenger conveniences.

RDU – Raleigh-Durham International Airport.

RDU Design Standards – Design guidelines for the development of tenant spaces established by the Authority, which includes the Tenant Design Standards.

Raleigh-Durham Airport Authority - A municipal authority enabled by the General Assembly of North Carolina and established by the Cities of Raleigh and Durham and the Counties of Wake and Durham to operate Raleigh-Durham International Airport.

Raleigh-Durham International Airport – The medium hub, commercial airport located in Wake County, North Carolina serving central and eastern North Carolina.

Raleigh-Durham Metropolitan Area – The three county area in and around RDU, comprised of Durham, Orange and Wake counties. (Note: This definition does not correspond with Census Bureau definitions.)

Register - A point of sales registration system used to record all sales generated in, at, or from the Premises, which is capable of producing duplicate sales slips or printouts on which each sale is identified, itemized, and recorded for each concession space as further defined in Section 4.6.

Security Deposit – An irrevocable stand-by letter of credit or surety bond equaling three-month's MAG as provided in Section 4.16.

Statement Due Date – The date on which the Monthly Statement is due, which shall be the 15th day of each month.

Street Pricing -Uniform pricing policy of Street Pricing plus ten percent (10%) intended to make Airport stores competitive with similar stores in the Raleigh-Durham Metropolitan Area.

Taxes - All taxes, assessments, user fees and other charges, however named, which become due after the Effective Date of this Lease levied by the state, county, city, district or any other body upon the Premises or Improvements or other property of Concessionaire as further defined in Section 4.15.

Terminal 1 – The easterly of two air carrier passenger terminals at RDU.

Terminal 2 - The westerly of two air carrier passenger terminals at RDU.

Trade Fixtures - All of Concessionaire's furniture, furnishings, trade fixtures, and equipment.

4. CONCESSION FEE PAYMENTS

4.1 Concession Fee Commencement

Concessionaire shall pay a Concession Fee for the use of the Premises. A Percentage Fee shall begin to accrue on the DBO for each terminal concession location. The Concession Fee shall be due and payable as provided in Section 4.8. The Concession Fee will be based on the greater of the Minimum Annual Guaranteed Fee as described in Section 4.3 or on the Percentage Fee as set forth in Section 4.2.

4.2 Percentage Fee

Concessionaire shall pay to the Authority a Percentage Fee calculated as the percentage of Concessionaire's monthly Gross Receipts for each location as described in **Exhibit "B"** attached hereto.

4.3 Minimum Annual Guaranteed Fee

The MAG shall commence on the first day of the month following the DBO of the last concession location. For the first Lease Year the MAG will be \$24,000, payable in equal monthly installments of \$2,000.00. In the event of holdover to a second Lease Year, the MAG shall be adjusted, effective the first date of the second Lease Year to a new MAG amount which shall equal eighty-five percent (85%) of the annualized Concession Fee paid during the previous Lease Year (the MAG calculation period). In the event of holdover to a third Lease Year and each subsequent Lease Year, the MAG amount will be adjusted, effective the first date of the respective Lease Year to a new MAG amount which shall equal eighty-five percent (85%) of the average of the annualized Concession Fee paid during the previous two (2) MAG calculation periods. If locations are removed from this Lease by the Authority, the MAG and the monthly installment amounts shall be adjusted based on the proportionate historical revenue contributions of the removed locations. Notwithstanding the foregoing, the MAG will never be less than the MAG for the first Lease Year (except for reductions that may occur due to the removal of locations from the Lease).

4.3.1 MAG Calculation and Adjustment

In the event of holdover, upon receipt of the Concession Fee for the twelfth month of the respective Lease Year, the Authority shall calculate the MAG as described in Section 4.3 of this Lease for the next Lease Year. The MAG calculation shall be based on sales reported by Concessionaire. The Authority will provide a written notice to Concessionaire of the new MAG and Security Deposit amounts resulting from the MAG calculation. Concessionaire shall commence payment of the new MAG and update its Security Deposit on the first date of the new Lease Year, the commencement of the next Lease Year. Examples of the MAG calculation are shown on **Exhibit "C"** attached hereto.

4.4 Gross Receipts

Gross Receipts shall mean the sale prices of all goods, wares, and merchandise sold and the charges for all services performed by Concessionaire or any other person or entity in, at, or from the Premises for cash, credit or otherwise, without reserve or deduction for uncollected amounts, credit card charges, or collection costs, including, but not limited to, all sales and services occurring on the Premises and all sales and services: (a) where the orders originate in, at, or from the Premises, regardless from whence delivery or performance is made; (b) where orders are made to and/or filled from the Premises pursuant to mail, telephone, telegraph, catalog, internet, or otherwise received, filled, or distributed from the Premises; and, (c) any income resulting from transactions originating in, at, or from the Premises including the sale of gift certificates, and deposits not refunded to customers. Excluded from Gross Receipts shall be: (i) exchanges of merchandise between Concessionaire's stores made only for the convenient operation of Concessionaire's business and not to consummate a sale made in, at, or from the Premises; (ii) returns to manufacturers; (iii) refunds to customers (but only to the extent the original sale to that customer was included in Gross Receipts); (iv) sales of fixtures, machinery and equipment after use in Concessionaire's business in the Premises; (v) only those sales, excise, or similar taxes imposed by governmental authority and collected from customers and directly paid out by Concessionaire to the government entity; (vi) Discounts not to exceed two percent (2%), as provided in Section 4.5; (vii) any rebates, allowances or funds received from vendors, suppliers or manufacturers that per Generally Accepted Accounting

Principles are deemed reductions to cost of goods sold; (viii) the dollar value of goods provided upon the redemption of gift certificates; and (ix) gratuities for services performed by Concessionaire's employees that are paid by Concessionaire or its customers to such employees, except to the extent such Concessionaire receives a portion of such gratuities.

4.5 Discounts

If Concessionaire gives discounts ("Discounts") to preferred customers, Airport employees, Concessionaire's employees, suppliers, or any others, the amount of the discounted may be excluded from the Gross Receipts, but only up to a maximum of two percent (2%) of the Gross Receipts per store per Lease Year. If total Discounts given by Concessionaire exceed this two percent (2%) maximum, then the Discounts given in excess of the two percent (2%) will not be excluded in calculating the Authority's Percentage Fee. In order to exclude Discounts up to two percent (2%) from Gross Receipts, Concessionaire's books and records must clearly and accurately reflect all Discounts given in order that the Authority will be able to verify the total amount of Discounts given. Discounts must be reported monthly, in the Monthly Report. Total Discounts for the Lease Year shall be set forth in the Annual Report. In any month that Discounts exceed two percent (2%) of Gross Receipts for that month, only Discounts up to the two percent (2%) Discount will be allowed. At the end of the Lease Year, however, the total Discount allowed will be adjusted and Concessionaire's account credited for Discounts not allowed on the monthly basis as long as total Discounts per store for the Lease Year did not exceed two percent (2%) of Gross Receipts for the Lease Year. As used herein, "Discounts" shall not refer to price reductions on merchandise that is marked down to a sale price and is available for purchase at the sale price by all members of the general public.

4.6 Recording of Gross Receipts and Handling of Cash

To record all sales generated in, at, or from the Premises, Concessionaire shall use a point of sales registration system ("Register") acceptable to the Authority, which is capable of producing duplicate sales slips or printouts on which each sale is identified, itemized, and recorded for each concession space. Concessionaire shall adhere to the "Cash and Record Handling" policy developed by Concessionaire and approved by the Authority. The Cash and Record Handling policy shall be submitted to the Authority by Concessionaire upon written request.

4.7 SECTION INTENTIONALLY LEFT BLANK

4.8 Monthly Statements and Payments

On or before the first day of each month, Concessionaire shall pay the Authority the Monthly MAG (one-twelfth (1/12) of the MAG). The Concessionaire shall, thereafter, provide to the Authority, via email at Sales.Reports@rdu.com and by or before the 5th day of each calendar month and using the standardized form attached as Exhibit "D", a preliminary "Monthly Statement" showing Concessionaire's total Gross Receipts and Total Transactions for all Premises for the preceding month. Concessionaire shall further provide to the Authority, by or before the 15th day of each calendar month ("Statement Due Date" and "Concession Fee Due Date") and using the standardized form attached as Exhibit "D," the final "Monthly Statement" showing Concessionaire's

total Gross Receipts for all Premises for the preceding month. The monthly Concession Fee payment shall be the greater of Monthly MAG or the Percentage Fee earned for that previous month. On or before the Concession Fee Due Date, Concessionaire shall submit the final signed, original copy of the Monthly Statement along with any additional amount due by mail to:

Raleigh-Durham Airport Authority
P. O. Box 63240
Charlotte, NC 28263-3240

The Authority may, at any time upon written notice to Concessionaire, require Concessionaire to change the timing of the Monthly Statement and/or Concession Fee Due Date or modify the form of the Monthly Statement. The Authority shall also be entitled to receive, upon request, detailed monthly profit and loss statements broken down into merchandise categories.

4.9 Late Payments or Monthly Statements

The charging of interest, fees or penalties by the Authority or the payment thereof by Concessionaire pursuant to the provisions of this Paragraph shall not constitute: (i) an extension of time for the payment of any amount due to be paid by Concessionaire pursuant to this Lease; (ii) constitute or be interpreted to be a loan by the Authority to Concessionaire of any amount due to be paid by Concessionaire pursuant to this Lease; (iii) constitute a waiver by the Authority or relieve Concessionaire of any default in the payment of any amount due to be paid by Concessionaire pursuant to this Lease; and/or (iv) affect in any manner the right of the Authority to exercise any and all remedies available to it under the terms of this Lease or by operation of law. The Authority may accept late or partial payments, even though marked or designated as "payment in full" or words of similar import, without accepting or treating any such payment of less than the entire amount due as payment as full, and without waiving, compromising, or settling any of its rights pursuant to the provisions of this Lease.

4.9.1 Delinquent Payment

If Concessionaire is more than ten (10) days delinquent in paying to the Authority any MAG, Percentage Fee, or Additional Rent (defined in Section 4.17) or other monthly rents and charges of any kind (hereinafter "Rents and Charges") owed to the Authority under this Lease, Concessionaire shall pay to the Authority a late payment charge in an amount equal to four (4%) percent of the delinquent amount. The late payment charge is in addition to the Delinquency Rate as further defined below.

4.9.2 Delinquency Rate

In addition to the late payment charge, all Rents and Charges not paid within ten (10) days of the date due shall incur a "Delinquency Charge" at the rate of eighteen percent (18%) per annum or the maximum rate of interest allowed by law, whichever is less (the "Delinquency Rate"), from the date such Rents and Charges are due until same are paid in full. The Delinquency Rate is subject to periodic change by the Authority. No change in the Delinquency Rate shall occur, however, without at least thirty (30) days prior written notice to Concessionaire. Imposition of a

Delinquency Charge shall not constitute a waiver of any other remedies available to the Authority for failure to timely pay Rents and Charges.

4.9.3 Delinquent Monthly Statement

If Concessionaire is delinquent for ten (10) days or more in furnishing to the Authority any of the Monthly Statements required under this Lease, Concessionaire shall pay the Authority, in addition to the delinquency rate, a One Hundred Dollar (\$100.00) late fee per delinquent Monthly Statement, for each month or partial month that the Monthly Statement is delinquent, as liquidated damages for the additional administrative costs incurred by the Authority in processing, reviewing, and demanding the delinquent Monthly Statement. The parties have agreed that this is a fair and reasonable estimate of the Authority's costs incurred in processing delinquent Monthly Statements.

4.9.4 Returned Checks

If Concessionaire's check for payment of Concession Fee or Additional Rent due under this Lease is returned to the Authority for any reason, the payment shall be considered not to have been made and shall be delinquent. In addition to the late payment and Delinquency Charges set forth above, the Authority may charge Concessionaire a returned check fee of One Hundred Dollars (\$100.00) per returned check, which Concessionaire agrees is a reasonable fee for the additional administration time and expense incurred by the Authority in having to deal with the returned check. The late payment charge in Section 4.9.1 and the Delinquency Charge described in Section 4.9.2 shall continue to accrue until the returned check fee is paid, the check has been honored or replaced, and the funds are received by the Authority.

4.9.5 Remedies Non-exclusive

The remedies provided by this Section are in addition to all other rights and remedies that the Authority may have for a breach or violation of this Lease. Nothing in this Section shall be deemed to be a waiver by the Authority for any breach or violation or to estop the Authority from terminating this Lease or from asserting any other of its other rights or remedies under this Lease or at law or in equity. Nothing contained herein shall be construed to require the Authority to accept late Concession Fees or Additional Rent. Acceptance of full or partial payment of delinquent Concession Fees or Additional Rent shall not constitute a waiver of any of the Authority's other rights and remedies under Section 16 of this Lease.

4.10 Annual Report

On or before the first date of the fourth month of each Lease Year, Concessionaire shall furnish an Annual Report ("Annual Report") to the Authority audited by an independent certified public accounting firm. The accounting firm shall assure that the Concession Fee and Joint Marketing Fund contributions paid by Concessionaire during the preceding Lease Year were properly calculated and paid, and that all information included in the Annual Report is complete, accurate and correctly calculated. The Annual Report shall contain a Statement of Gross Receipts

("Statement of Gross Receipts"), Part A and Part B, which shall be in the form attached as Exhibit "E" and shall contain a complete, itemized statement of Concessionaire's: (a) annual total Gross Receipts, listed by unit as shown on the books and records of Concessionaire, that were used to compute the Percentage Fees during the period covered by the Statement of Gross Receipts, including a breakdown of monthly Discounts; (b) the total Concession Fee paid; (c) annual Joint Marketing Fund contributions paid listed by unit; and (d) the total Percentage Fees. In the event the Annual Report reveals an error in Concession Fee payment that equals or exceeds 3% of Concession Fee paid, the MAG and Security Deposit shall be recalculated by the Authority. The new MAG and Security Deposit shall become effective immediately upon written notice to Concessionaire.

4.11 Delinquent Annual Report

If Concessionaire is delinquent for ten (10) days or more in furnishing to the Authority the Annual Report required under this Lease, Concessionaire shall pay the Authority, in addition to the Delinquency Rate, a One Hundred Dollar (\$100.00) late fee for each delinquent report, for each month or partial month that the report is delinquent, as liquidated damages for the additional administrative costs incurred by the Authority in processing, reviewing, and demanding the delinquent report. The parties have agreed that this is a fair and reasonable estimate of the Authority's costs incurred in processing a delinquent report.

4.12 Annual Adjustment

The Annual Report will be used to determine whether Concessionaire owes the Authority additional Concession Fee and/or Joint Marketing Fund contributions or is entitled to a refund from the Authority. If Concessionaire owes additional Concession Fees or and/or Joint Marketing Fund contributions, the Authority shall invoice Concessionaire for the amount owed. If Concessionaire has paid Concession Fees in excess of the greater of the MAG amount or the Percentage Fee, then the Authority shall refund the remaining credit amount due or shall issue a credit memo for such amount that Concessionaire shall then apply toward Concessionaire's next Concession Fee payment(s) due under this Lease. If the Lease terminates before all credit has been given, the balance shall be refunded to Concessionaire after final audit of the lease, if any.

4.13 Financial Accountability

Concessionaire shall maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with management's authority, and that the financial records are reliable for the purposes of preparing financial statements. Concessionaire shall prepare financial statements in conformity with generally accepted accounting principles, applying certain estimates and informed judgments, as required. The internal control structure shall be supported by the selection, training, and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures. Concessionaire shall keep full and accurate books and records showing all of its Gross Receipts at the Airport. Books and records shall be kept in accordance with generally accepted accounting principles, and shall be maintained for at least three (3) years after the end of the Lease Year to which they pertain, provided that records may be kept

elsewhere, but shall be produced at Raleigh-Durham International Airport, within five (5) Business Days (defined in Section 23.13), for the Authority's inspection, audit, or copying upon request by the Authority, at any time during this Lease and for a period of three (3) years after expiration or termination of this Lease, or, at the Authority's option, Concessionaire shall pay the Authority auditors expenses incurred to travel to the place where the records are being kept.

4.14 Audit of Records

The Authority may audit Concessionaire's books and records at any time to verify compliance with this Lease. The Authority may use its own staff to perform audits under this Section, or may engage an independent certified public accountant to perform the audits. If an audit reveals that Concessionaire has understated its Gross Receipts by two percent (2%) or more, the entire expense of the audit shall be borne by Concessionaire. In any case, Concessionaire shall immediately pay any additional amounts that the audit determines are due to the Authority, with interest at the Authority's then prevailing Delinquency Charge. Interest shall accrue from the date the Concession Fee was due under this Lease.

4.15 Taxes

Concessionaire agrees to pay, before due, all taxes, assessments, user fees and other charges, however named, which become due after the Effective Date of this Lease levied by the state, county, city, district or any other body upon the Premises or Improvements, or upon any interest of Concessionaire acquired pursuant to this Lease, or any possessory right which Concessionaire may have in or to the Premises or the Improvements thereon by reason of Concessionaire's occupancy thereof, as well as all taxes, assessments, user fees or other charges on all property, real or personal, owned or leased by Concessionaire in or about said Premises (collectively, "Taxes"), together with any other tax or charge levied wholly or partly in lieu thereof. If available by law, rule or order of the taxing authority, Concessionaire may, but only with the Authority's prior written consent, make payments in installments. To the extent that Concessionaire qualifies for tax-exempt status, Concessionaire may apply for such exemption; however, unless an exemption is obtained, Concessionaire shall pay all Taxes due under this Section. Concessionaire may contest the validity of an assessment against the Premises so long as Concessionaire deposits with an escrow agent approved by the Authority, with irrevocable instructions to pay such funds to the taxing authority upon written instruction from the Authority, sufficient funds to satisfy any amount determined to be owing at the conclusion of the proceeding to contest the assessment. Along with each May Monthly Statement, Concessionaire shall give to the Authority a copy of the receipts and vouchers showing payment has been made as required by this Section. In the event that Concessionaire fails to pay Taxes on or before their due date, then, in addition to all other remedies set forth in Section 16, the Authority shall automatically have the right, but not the obligation, to pay the Taxes and any interest and penalties due thereon, with no notice to Concessionaire, and Concessionaire shall immediately reimburse the Authority for any sums so paid. Concessionaire understands that the Premises owned by the Authority are exempt from real property taxes, but that the interest of Concessionaire therein might be taxable. Concessionaire shall be responsible for payment of any and all property taxes accruing during the term of this Lease (without proration for any partial lease years), or, in the event of any change in property tax law, for any taxes due under such law.

4.16 Security Deposit

Prior to beginning construction at any of the locations, Concessionaire shall deposit with the Authority, and continuously maintain throughout the term of this Lease, a Security Deposit in the amount of [ENTER WRITTEN SECURITY DEPOSIT AMOUNT] [(\$ENTER NUMERICAL SECURITY DEPOSIT AMOUNT)], which shall equal three-months of the MAG. A Security Deposit must be in the form of an irrevocable stand-by letter of credit ("LC") or surety bond issued by an insurance company or other financial institution acceptable to the Authority and shall be in a form acceptable to the Authority. The Security Deposit shall be subject to annual increases or decreases each Lease Year and shall be adjusted at the same time each year that the MAG is adjusted. Concessionaire shall have thirty (30) days after receipt of the new Security Deposit amount to adjust the Security Deposit by amending the LC or surety bond held by the Authority. The Security Deposit shall secure Concessionaire's full and faithful performance and observance of all of Concessionaire's obligations under this Lease and under any other written agreement between Concessionaire and the Authority specifically referring to this Security Deposit. The Security Deposit shall not be considered to be held in trust by the Authority for the benefit of Concessionaire, and shall not be considered an advance payment of Concession Fees or a measure of the Authority's damages in the case of an Event of Default by Concessionaire. The Authority may, but shall not be obligated to, draw upon and apply the Security Deposit to: (a) pay any Concession Fee or Additional Rent not paid on or before the date it is due and the Authority shall not be required to give notice or opportunity to cure before drawing on the Security Deposit; and/or (b) remedy any other violation of this Lease, after Concessionaire has received notice and opportunity to cure as provided in Section 16.2.6. Further the Authority may draw down the entire Security Deposit immediately, without notice to Concessionaire, upon receipt of a notice of non-renewal of the Letter of Credit or termination of the surety bond. If the Authority applies any of the Security Deposit to any of the above, Concessionaire shall, immediately upon demand, replenish the Security Deposit to its full amount. If Concessionaire fully performs all of its obligations under this Lease, the Security Deposit, or any balance remaining, will be released within ninety (90) days from the Expiration Date or termination of this Lease and delivery of the Premises to the Authority. However, if any question exists concerning Concessionaire's full compliance with the Lease or if there is any obligation under this Lease to be performed after the Expiration Date or earlier termination of this Lease, the Authority shall be entitled to require that the Security Deposit remain in place until the Authority is fully satisfied that there has been no violation of the Lease and all obligations due under this Lease have been fully performed, even if it takes the Authority longer than ninety (90) days to make such a determination to the Authority's satisfaction.

4.17 Additional Rent

All amounts required to be paid by Concessionaire under this Lease, other than the MAG and Percentage Fee which are referred to as Concession Fees, shall be deemed "Additional Rent," including, but not limited to, Delinquency Charges, Returned Check Fees, Late Fees, Liquidated Damages, Taxes, Joint Marketing Fund contributions, utility fees, communications fees, all other fees incurred by Concessionaire as a result of operating under this Lease, and all other sums paid by the Authority on behalf of Concessionaire pursuant to this Lease.

5. CONCESSIONAIRE OPERATING STANDARDS

5.1 Hours of Service

Except as otherwise expressly agreed by the Authority, Concessionaire shall be open for business during all periods of time set forth in the "Concession Operating Hours/Schedule" attached hereto as **Exhibit "F."** The Authority may amend the Concession Operating Hours Schedule from time to time in order to accommodate Airport operating requirements. Such amendments shall be made effective upon a ten (10) day written notice to Concessionaire delivered in accordance with Section 23.11. Such notice shall remain in effect until another notice changing hours is sent to replace it.

5.2 Employee Standards

5.2.1 Personnel

Concessionaire shall recruit, train, supervise, direct, and deploy the number of employees necessary to promptly provide services to all customers in accordance with the operating standards set forth in Section 5.4. All employees shall be clean, neat, professional, courteous, appropriately and professionally attired, and must wear the assigned Airport identification badge and also Concessionaire's identification name plate at all times. Concessionaire's identification nameplate shall display the name of the Concessionaire and the name of the employee. No employee of Concessionaire or any Subtenant, while on the Premises, shall use alcohol or other intoxicants or use improper language, act in a loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. Concessionaire shall discipline and, if necessary, discharge any employee who fails to meet the foregoing standards while working at the Airport.

5.2.2 Management

Concessionaire shall select and appoint a well-trained, qualified and experienced general manager, subject to Authority approval, who shall have constant and direct supervision of the operation and management of the Premises ("Manager"). The Manager shall be authorized to communicate with Authority staff regarding Concessionaire's operations and shall have the authority to make all decisions necessary in the day-to-day operations of the Premises, including, without limitation, decisions regarding merchandise returns or credits, customer complaints or concerns, Authority complaints or concerns, merchandise quality and price, and employee conduct. The Manager shall be available on-site during the majority of operating hours and when not on the Premises, the Manager shall appoint an assistant manager with authority to act on the Manager's behalf and/or the ability to contact the Manager in order to be able to promptly respond to customer or Authority concerns. Concessionaire may be required to employ more than one Manager to meet the requirements set forth herein. The Authority shall have the right to require changes in management if, in the reasonable opinion of the Authority, customer service and operating standards are not being consistently met.

5.2.3 Staffing and Customer Service Standards

Concessionaire shall monitor its employees' to ensure a high standard of service is rendered to the public, in the judgment of the Authority. The Authority reserves the right to require Concessionaire to add additional staff, if the customer service requirements set forth in this Section 5 are not being met, in the judgment of the Authority. Concessionaire should anticipate peak travel seasons such as Spring Break, Thanksgiving, Christmas, and other holidays and special events, and add additional staff accordingly.

All customers shall receive prompt, attentive, and courteous service in accordance with service standards set forth in Section 5.4. Processing of customer purchases, returns and exchanges shall be prompt. Receipts shall be properly itemized, shall reflect precisely the actual sale of goods, and shall present individual prices, totals, and taxes. All customers shall be thanked for their patronage.

5.3 Product Exclusive Rights

The Authority may enter into contracts with one or more manufacturers or suppliers granting to said companies' certain exclusive rights pertaining to the sale of food, beverages, other products and technologies of said exclusive supplier or manufacturer in Concessionaire's menu or merchandise list, as applicable. Concessionaire further acknowledges that price ceilings for exclusive rights shall be set by the Authority or its designee and shall be reviewed annually for price adjustments. If the Authority grants such an exclusive right during the Term of this Lease, Concessionaire shall have sixty (60) days from receipt of written notice to comply with the exclusive right. Concessionaire agrees not to sell, display, advertise, or promote similar products of or from other manufacturers or suppliers unless Concessionaire has first received written approval from the Authority, which may be granted or withheld at its sole discretion.

5.4 Operating Standards

The Authority may employ service and merchandise audits to ensure that high quality services and merchandise area available to airport customers. The audit may be conducted through random inspections, testing, surveying, mystery shopping, or other procedure to be determined by the Authority. The Authority may require that Concessionaires upgrade the quality of its service and/or products or the amounts available based on the results of the audit.

5.5 Merchandise Pricing and Quality

All services and merchandise shall be of high quality and priced reasonably and competitively. Concessionaire shall comply with the requirements of the Street Pricing Policy, attached as **Exhibit "H,"** as it may be amended from time to time. This uniform pricing policy is intended to make Airport stores competitive with similar stores in the Raleigh-Durham Metropolitan Area and is commonly referred to as "Street Pricing."

5.6 Inventory

Concessionaire must submit to the Authority an “Initial Inventory List” at least 60 days prior to DBO for Authority review and approval. Concessionaire's retail inventory should reflect the approved merchandise list stated on the Initial Inventory List, and be consistent with the shop's theme. The approved Inventory List also sets required percentage amounts for certain merchandise categories. The Authority may require removal of all merchandise that does not meet the criteria or is not of the type specified on the approved inventory list.

5.7 Concession Marketing Program

The Authority may establish a marketing program (“Program”) to promote the concessions at the Airport. The Program may include advertising, media placements, special events, promotional events, brochures, videos and catalogs, mystery shops, customer service training etc., as appropriate. During the first quarter of each calendar year, the Authority in its sole discretion will develop and establish the Program’s annual business plan, objectives, evaluation methodology, and budget for the subsequent Lease Year based in part on an analysis of the effectiveness of each previous year’s Program elements. Concessionaire must participate in promotions, advertising and public relations including participation by its manager(s) in promotional program meetings.

The Program will be funded by contributions from the Concessionaire and other concessionaires at the Airport. Where plan elements coincide with the Authority’s overarching marketing plan, the Authority may serve as the funding source. Concessionaire will contribute an amount up to one-half of one percent (0.5%) of the monthly Gross Receipts, but no more than Twenty Four Thousand Dollars (\$24,000.00) per concession location, per calendar year to a Joint Marketing Fund to fund the Program. All contributions to the Program may only be expended for the promotion of concessions and marketing-related staff activities at the Airport and for no other purposes. Concessionaire shall make its contributions to the Program monthly in arrears concurrently with its Concession Fee payment under this Lease. The types of expenses that Authority may pay out of the Joint Marketing Fund shall include, without limitation, the following:

1. Direct costs associated with marketing and promotional activities (including, without limitation, costs incurred for the purchase of marketing program creative materials, costs for special events and/or paid media);
2. Costs associated with marketing program development and the day-to-day coordination of the marketing program;
3. Costs for development and provision of shopping bags to promote concession operations;
4. Secret shopping and other inspection programs with respect to concession operations;
5. Directory signage within the Terminal relating to the concession locations;
6. The preparation of a full-color catalog featuring the concession operations, the concession locations and the products and services offered by concession operators, which may include coupons; and
7. Other programs, such as brochures, common shopping bags, graphics, media promotions, pamphlets and public events, which promote sales through the Concession Program.

The Authority shall maintain the Joint Marketing Fund in a separate account to be established for this purpose. If actual Gross Receipts are not known at the time a Joint Marketing Fund contribution is due, Concessionaire shall make a contribution based upon an estimate of the monthly

Gross Receipts. The Joint Marketing Fund contributions due from Concessionaire may be adjusted annually in conjunction with the Annual Report (Section 4.10). Not later than one hundred (120) days following the end of each Lease Year, Authority shall report the total contributions to and the expenditures from the Joint Marketing Fund for such Lease Year to Concessionaire.

5.8 Sales and Dignified Use

No public or private auction, "fire," "going out of business," bankruptcy or similar types of sales shall be conducted in or from the Premises. The Premises shall not be used except in a dignified and ethical manner consistent with the general high standards of retail operations in the Airport.

5.9 Miscellaneous Operational Covenants

Concessionaire covenants and agrees that it will: (a) not place or maintain any merchandise, vending machines, or other articles in any entry to the Premises or outside the Premises; (b) store garbage, trash, rubbish, and other refuse in rat-proof and insect-proof containers inside the Premises, and remove the same frequently and regularly pursuant to Section 6; (c) keep all mechanical equipment free of vibration and noise and in good working order and condition; (d) not commit or permit waste or a nuisance upon the Premises; (e) not permit or cause foul odors to emanate or be dispelled from the Premises in accordance with the RDU Design Standards; (f) not solicit business in the Public Areas, nor distribute advertising matter to, in, or upon any Public Areas without the prior written approval of the Authority; (g) not permit any noxious or toxic fumes or odors, dust, or dirt on the Premises; (h) not place a load on any floor in the Airport which exceed the floor load per square foot which such floor was designed to carry; (i) not install any public address or paging or other audio system on the Premises; (j) not operate any vending machines on the Premises; (k) not allow any smoking on the Premises; and, (m) not install any additional locks or security systems of any kind on doors or windows without the prior written consent of the Authority.

5.10 Noninterference with Utilities

Concessionaire shall not do anything, and shall not permit anything to be done, that may interfere with the drainage or sewage systems, fire hydrants, heating and air conditioning systems, electrical systems, domestic hot water, domestic cold water, gas, fire suppression systems, fire alarm system, or plumbing on the Premises or elsewhere at the Airport. Concessionaire's duty under this Section shall include preventing grease and oils from entering waste lines, drains, and sewers.

5.11 Sanitation, Hygiene, and Cleanliness

Concessionaire shall keep the Premises free of debris, trash, and hazardous conditions, shall keep public areas around the Premises free of hazardous conditions originating from Concessionaire's operations, and shall notify the Authority promptly of other hazardous conditions in the public areas outside the Premises. Concessionaire shall provide a complete and proper arrangement for the adequate sanitary handling of all trash and other refuse on the Premises and shall provide for its timely removal to the central collection point provided by the Authority, as more particularly described in Section 6. Concessionaire shall take appropriate action in the handling of

waste materials to prevent the presence of rodents and other vermin, and shall keep all garbage materials in durable, fly-proof and rodent-proof, fireproof containers that are easily cleaned.

5.12 Performance

In the event that Concessionaire either (a) experiences a decrease in its sales per Enplaned Passenger of more than twenty percent (20%) for the Premises, or any discrete portion thereof, for two (2) quarters in any twelve (12)-month period, (b) loses the franchise or license rights under which the concession for the Premises, or any discrete portion thereof, was operated, or (c) experiences a decline in Gross Receipts for the Premises, or any discrete portion thereof, for two (2) consecutive years without a corresponding decrease in the number of Enplaned Passengers for the same two-year period, the Authority may initiate a discussion with Concessionaire about termination of this Agreement or the discrete portion of the Premises to which such issue pertains. If the parties mutually agree, then a termination agreement shall be executed under which the Authority shall agree to remarket the space and the Concessionaire shall agree to terminate the lease, in whole or in part as the case may be, and to vacate the space if and when a new tenant lease for the space is executed and the new tenant design for the space is approved by the Authority.

6. WASTE DISPOSAL AND RECYCLING

Concessionaire, using its personnel or contracted services, shall gather, sort, and transport all garbage, refuse, and recyclable materials daily to the Authority's designated holding area closest to the Premises. If Concessionaire uses contracted services to clean and/or remove waste or recycling materials from its Premises, Concessionaire shall contract with the janitorial company designated by the Authority to provide such services at the Airport.

7. DELIVERIES

The concession program utilizes a commissary system for merchandise storage and delivery within the terminal buildings as more particularly described in the Concession Operating Standards. Deliveries for merchandise must be received at the commissary. Concessionaire must contract with a commissary operator as need for receipt, storage and product redistribution within the terminal buildings.

8. CONSTRUCTION RESPONSIBILITIES OF CONCESSIONAIRE

8.1 Condition of Premises

Concessionaire accepts the Premises in its condition with absolutely no warranties as to condition or suitability for use being given by the Authority. All Improvements made to the Premises, unless otherwise specified in Section 10, shall be made and maintained by Concessionaire at Concessionaire's sole expense. Unless otherwise designated by the Authority, Premises will be delivered with a minimum amount of development, which includes framed demising walls, a concrete slab flooring, and utilities to the space or to a designated distribution point.

8.2 Tenant Improvements and Trade Fixtures

Unless otherwise provided in Section 10, Concessionaire shall make, at Concessionaire's own expense, all tenant improvements necessary to operate Concessionaire's retail stores. Concessionaire shall supply all of Concessionaire's own, furniture, furnishings, trade fixtures, and equipment (collectively "Trade Fixtures"). All Trade Fixtures contained within the Premises must be of first class quality, safe, fire resistant, attractive, in compliance with the RDU Design Standards, and may be installed only with the Authority's prior written approval. Concessionaire shall provide and maintain, at Concessionaire's own expense, a first-class retail operation, and shall provide, at Concessionaire's own expense, all tenant improvements, necessary for the customary operation of such a business, including, but not limited to, counters, display cabinets, interior partitions, special lighting, fixtures, wall and ceiling finishes, flooring and floor coverings, and all other equipment, and supplies necessary in the proper conduct of Concessionaire's business. All tenant improvements that are affixed in any manner to the Premises shall be considered "Leasehold Improvements." All non-affixed items, including point of sale equipment, moveable furnishings, safes, racks, telephone equipment, and non-affixed display fixtures, shall be considered "Trade Fixtures." Upon completion of all construction required under this Section 8, Concessionaire and its prime construction contractor or contractors shall provide the Authority with a certified statement, setting out a detailed breakdown of the total construction cost expended to ready the Premises to be open for business. The costs submitted by Concessionaire shall be itemized and segregated into the two categories of Leasehold Improvements and Trade Fixtures. Trade Fixtures and Leasehold Improvements made by Concessionaire to the Premises must equal at least \$[ENTER PROPOSED AMOUNT PER SQUARE FOOT]/square foot for the total Premises. The Authority and Concessionaire agree that Concessionaire will complete the scope of improvements to the Premises as set forth in the response for proposal submitted by Concessionaire dated [ENTER APPLICATION DATE] ("Bid Proposal"). In the event the Premises are delivered to Concessionaire (i) in a condition beyond reasonable wear and tear; and/or (ii) require repair or replacement of Trade fixtures other than as set forth and contemplated in the RFP, then Concessionaire shall be permitted to reduce the scope of improvements with the prior written permission of the Authority.

8.3 Approval of Plans and Specifications

Concessionaire shall prepare and submit for Authority review, preliminary conceptual plans and projected specifications in accordance with the design and construction schedule. Concessionaire must follow the guidelines set in RDU Design Standards. Following Authority approval of the initial concept and design development documents, Concessionaire shall prepare construction documents as specified in the RDU Design Standards. Construction documents must be prepared by an architect or engineer licensed to practice in the State of North Carolina. No construction may begin until the Authority has approved all construction documents, in writing. Once approved, the Authority shall also notify Concessionaire as to when the Premises will be available for Concessionaire to begin construction. The Authority shall not be liable to Concessionaire for any delay in making the Premises available for commencement of construction, except that Concessionaire's time frame for completion of construction and the Concession Fee Commencement Date will be proportionately extended to compensate for any delay in delivery of the Premises by the Authority.

8.4 Final Plan Approval by the Authority

The need for Authority approval of all construction work and design shall extend to and include all architectural and aesthetic matters. The Authority reserves the right to reject any design concept or layout plan submitted and to require Concessionaire to resubmit construction documents with changed design or layout proposals until they meet the Authority's approval. Approval or disapproval shall occur in accordance with the design and construction schedule. In the event of disapproval by the Authority of all or any portion of the construction documents, Concessionaire shall promptly submit necessary modifications and revisions that address the Authority's concerns. All construction shall conform with the architectural requirements of the Authority and the RDU Design Standards, which may be amended from time to time. Once the final construction documents have been approved by the Authority, no substantial changes or alterations shall be made in any executed plans or specifications without additional written Authority approval. No alterations or improvements shall be made to or upon the Premises at any time during this Lease without the prior written approval of the Authority.

8.5 Construction Standards

All construction performed by concessionaire, including construction and installation of all Leasehold Improvements and Trade Fixtures, shall conform in all respects to the RDU Design Standards, applicable statutes, ordinances, building codes, fire codes, OSHA safety requirements, Authority Rules and Regulations, the Authority's construction permit requirements, and the Americans with Disabilities Act. Any approval given by the Authority shall not constitute a representation or warranty as to such conformity. Responsibility for conformity remains at all times with the Concessionaire.

8.6 ADA Compliance

All construction done at any time on or about the Premises by Concessionaire must be in compliance with the ADA requirements. Additionally, if, as a result of Concessionaire's use or occupancy of the Premises, or the making of any alterations, additions, or improvements therein, any additions, alterations, or improvements shall be required to be made by the Authority to any part of the Terminal in order to comply with any requirements of the Americans with Disabilities Act of 1990, or any other laws, codes or regulations, Concessionaire shall reimburse the Authority, on demand, for the costs incurred by the Authority to effect such compliance.

8.7 Concessionaire Completion of Work

Within ninety (90) days following substantial completion of construction, Concessionaire shall provide to the Authority one (1) complete set of as built drawings and an electronic file of the as built drawings in a format acceptable to the Authority. Concessionaire agrees that, upon the request of the Authority, Concessionaire will inspect the premises jointly with the Authority to verify the as-built drawings.

8.8 Subsequent Construction

Any subsequent construction work occurring during the term of this Lease, including all repairs, refurbishment, and remodeling, shall be subject to the prior written approval of the Authority. The same process outlined herein for Authority approval of the initial construction shall be followed, unless otherwise directed by the Authority, for all such subsequent construction remodeling, repairs, and/or refurbishment.

8.9 Concessionaire's Liens

Concessionaire shall not create, or permit or suffer to be created or to remain, any mechanics' or materialman's lien to be filed against the Premises or the Airport by reason of construction, labor, services or materials performed or furnished at request of Concessionaire or any of Concessionaire may contest the same in, good faith. Notwithstanding such contest, Concessionaire shall, within thirty (30) days after the filing thereof, cause such lien to be release of record by payment, bond, order of a court of competent jurisdiction or otherwise. In the event of Concessionaire's failure to clear the record any such lien within the aforesaid period, the Authority may remove said lien by paying the full amount thereof or by bonding or in any other manner the Authority deems appropriate, without investigating the validity thereof, and irrespective of the fact that Concessionaire may contest the propriety or the amount thereof, and Concessionaire, upon demand, shall pay the Authority the amount so paid out by the Authority in connection with the discharge of said lien, together with interest thereon at the rate set forth in Section 4 herein and reasonable expenses incurred in connection therewith, including reasonable attorneys' fees, which amounts are due and payable to the Authority as Additional Rent on the first day of the next following month. Nothing contained in this Lease shall be construed as a consent on the part of the Authority to subject the Authority's estate in the Premises to any lien or liability under the lien laws of the State of North Carolina. Concessionaire's obligation to observe and perform any of the provisions of this Section shall survive the expiration of the Lease Term of the earlier termination of this Lease.

8.10 Failure of Concessionaire to Perform

Because of the difficulty or impossibility of determining the Authority's damages resulting from Concessionaire's failure to open for business fully stocked and staffed on the Concession Fee Commencement Date, including, but not limited to, damages from loss of Percentage Fee from Concessionaire, it is hereby agreed that if Concessionaire fails to commence construction on or before the date provided and does not proceed with the same diligently so as to be ready to open for business fully stocked and staffed on or before the Concession Fee Commencement Date, then the Authority may, with twenty (20) days' written notice and demand to Concessionaire, in addition to the right to exercise any other remedies and rights herein or at law provided, proceed with Concessionaire's construction, using any contractor the Authority desires and making any changes or revisions to the construction required because of any delay or failure of Concessionaire to perform its obligations hereunder, all of which changes or revisions shall in any event be made at Concessionaire's expense. Unless otherwise agreed to in writing by the Authority, the Authority will begin to collect Concession Fees as provided in Section 4 as of the Concession Fee Commencement Date if Concessionaire has not substantially completed construction and/or is not open for business. In addition, if Concessionaire is not open for business on the Concession Fee Commencement Date, the Authority may, either in lieu of, or at any time after proceeding with Concessionaire's

construction as above, terminate this Lease. In which event the Authority shall have the right to recover as liquidated damages and not as a penalty a sum equal to the MAG payable for one (1) Lease Year plus all expenses incurred by the Authority as a result of the termination, and the cost of any alterations or repairs which the Authority, in its sole discretion, deems advisable to relet the Premises. Concessionaire agrees that this sum is a fair and reasonable assessment of the Authority's damages. Delays caused by factors beyond the reasonable control of Concessionaire shall be cause for Concessionaire and Authority to reevaluate the "Concession Fee Commencement Date" for each affected concession unit on a unit by unit basis.

8.11 Title to Leasehold Improvements

All Leasehold Improvements shall be and remain the property of Concessionaire until the Expiration Date or earlier termination of this Lease. Upon expiration or termination of this Lease for any reason, all Leasehold Improvements shall become the property of the Authority; provided, however, that any Trade Fixtures not permanently affixed to the Premises shall remain the property of Concessionaire if they are removed from the Premises no later than fourteen (14) days after the expiration or termination of this Lease. If Concessionaire fails to remove its Trade Fixtures within this fourteen (14) day period, or any longer period agreed to, in writing, by the Authority, after the expiration or termination of this Lease, the Authority, at its option, may take title to these Trade Fixtures, at no cost to the Authority, or in the alternative, the Authority may dispose of the Trade Fixtures and charge Concessionaire all of its costs in disposing of the Trade Fixtures. Concessionaire shall remove its Trade Fixtures in a manner and at times that do not interrupt other business at the Airport or operations of the Airport. Concessionaire shall repair all damage done to the Premises or other Authority-owned property resulting from the removal of Trade Fixtures and other personal property and shall restore the Premises and other Authority-owned property to the state of good repair that existed prior to the installation and, removal of Concessionaire's Trade Fixtures or other personal property, less normal wear and tear. In the event of dispute as to the affixed or non-affixed nature of any Leasehold Improvements or Trade Fixtures, the Authority's determination shall be final and shall not be subject to mediation or any other form of dispute resolution or litigation.

8.12 Removal and Demolition

Concessionaire shall not replace, remove, or demolish, in whole or in part, any Leasehold Improvement on the Premises without the prior written approval of the Authority. The Authority may, in its sole discretion, condition such approval upon the obligation of Concessionaire to replace the Leasehold Improvement by a comparable improvement specified by the Authority.

9. MAINTENANCE OF PREMISES BY CONCESSIONAIRE

9.1 Maintenance

Concessionaire shall, at all times and at Concessionaire's sole expense, maintain in good repair and keep in a clean and orderly condition and appearance the Premises, including all Leasehold Improvements and Trade Fixtures located on and within the Premises whether installed by Concessionaire or by the Authority. The Authority shall be the sole judge of the quality of such maintenance. Without limiting the generality of the foregoing, Concessionaire shall maintain those

specific items noted as the responsibility of Concessionaire on the Maintenance Matrix, attached as **Exhibit "I." Failure to maintain the Premises to the satisfaction of the Authority as required by this Lease and by the Maintenance Matrix shall be a Default as provided in Section 16.1.2 of this Lease.**

9.2 Repairs, Replacements and Remodeling

All repairs, replacements, or remodeling to the Premises done by or on behalf of Concessionaire shall be of first-class quality in both materials and workmanship, and shall be equal to or better than the original in materials and workmanship. Except in emergency situations requiring immediate response, or for repairs costing less than Two Thousand Dollars (\$2,000.00), all repairs must have the prior written approval of the Authority. All repairs must meet or exceed the original specifications in quality, materials and workmanship and shall conform to the RDU Design Standards and all applicable rules and regulations of any federal, state, or local authority having jurisdiction over construction work performed on the Premises. Furthermore, Concessionaire shall maintain the Premises throughout the Term of the Lease Agreement in like-new condition and shall continue to comply with the standards of quality for materials and workmanship and all other standards set forth in this Lease Agreement. The Authority shall be the sole judge of the quality of the repairs, replacements or remodeling performed. Prior to beginning any repair, replacement or remodeling work, except for the above-described emergency repairs, Concessionaire shall notify the Authority of what type of repairs, replacements, or remodeling work it intends to do and must secure written Authority approval of the same before beginning any such work. In the event of an emergency repair situation, Concessionaire must notify the Authority as soon as possible and following such notice, the Authority may inspect the repair work and require alterations if the repair is not satisfactory to the Authority.

9.3 Refurbishment

Concessionaire shall repaint or refinish, at Concessionaire's own cost, high traffic areas subject to greater-than-normal wear on a schedule to be specified by Concessionaire, or as may be directed by the Authority if Concessionaire fails to specify a reasonable schedule. The Authority expects the Concessionaire to maintain the Concession Opportunity throughout the Term of the Agreement in reasonable condition (taking into account the wear and tear of the Premises upon delivery), to provide world class, top level guest experience and comply with the standards of quality for materials and workmanship and all other standards set forth in the Agreement. All Trade Fixtures, Leasehold Improvements, and furnishings that become worn, chipped, dented, or gouged, shall be repaired or replaced by Concessionaire at Concessionaire's sole expense. Work will be performed in accordance with Section 9.2 Repairs, Replacements and Remodeling.

9.4 Failure to Maintain or Repair

If Concessionaire refuses or neglects to undertake the prompt maintenance, repair, or replacements requested by the Authority; or if the Authority is required to make any repairs necessitated by the acts or omissions of Concessionaire, the Authority shall have the right to make such repairs on behalf of and for Concessionaire. Such work shall be paid for by Concessionaire within fifteen (15) days following written demand by the Authority for said payment. The Authority

shall charge Concessionaire the cost of repairs at the Authority's labor rates, cost of materials, and the Authority's administrative costs, or, if the work is performed by the Authority's contractor, the Authority's actual cost and its administrative costs.

9.5 Damage Caused to Authority Property

Subject to Section 13.9, any damage caused to the Airport or any Authority property or operations or the property of any other tenant, person, or entity caused by Concessionaire, or as a result of the operations of Concessionaire, shall be the responsibility of Concessionaire and Concessionaire shall reimburse the Authority for any such damage paid for by the Authority on behalf of Concessionaire within fifteen (15) days of billing by the Authority. Any sums not paid as required shall be subject to the late payment provisions described in Section 4.9. If the same type of damage is caused by Concessionaire more than once, such as a water leak, electrical service interruption or damage, then the Authority must review and approve Concessionaire's plan of repair or may require that Concessionaire allow the Authority to make the repair and then reimburse the Authority for the cost of such repair.

9.6 Operation Costs

Except as provided in Section 10, Concessionaire shall bear, at its own expense, all costs of operating Concessionaire's business on the Premises.

9.7 Hazard, Potential Hazard, Nuisance, or Annoyance

Any nuisance, annoyance, or hazardous or potentially hazardous condition on or emanating from the Premises shall be corrected immediately upon Concessionaire's actual knowledge of the condition, nuisance, or annoyance or receipt of oral or written notice from the Authority. If, in the Authority's sole discretion, a hazard or potentially hazardous condition presents an unreasonable and imminent risk of bodily injury, the Authority may require Concessionaire to close its business and bar the public from the Premises until the hazard or potentially hazardous condition has been abated. Nothing in this Section shall be deemed to preclude the Authority from pursuing any available remedy for breach of this Lease. Concessionaire's failure to promptly correct a nuisance, annoyance, or hazardous or potentially hazardous condition under this Section shall be a material breach of this Lease.

10. RESPONSIBILITIES AND RIGHT OF ACCESS

10.1 No Maintenance of Premises by the Authority

The Authority shall have no responsibility to maintain, repair, or replace any portion of the Premises, except as provided on the Maintenance Matrix, "**Exhibit I,**" or in Section 10.3.

10.2 Authority Provided Utilities, Garbage Service

Concession Fee includes nonexclusive use of the following utilities: electricity, heating and air conditioning, water and sewer for the Premises. These utilities are provided without additional charge to Concessionaire as long as Concessionaire's usage does not, in the Authority's

opinion, exceed normal usage for an operation such as Concessionaire's, occupying the square footage that Concessionaire occupies. If the Concessionaire uses a utility in excess of an amount that the Authority deems reasonable when compared to other Airport concessionaires or other businesses similar in size and operations, then the Authority will charge Concessionaire for such excess usage. The amount charged to Concessionaire for excess use of utility services will be determined in the sole discretion of the Authority and will be based on the actual charge for such services. Similarly, the Authority will pay for removal of garbage disposed of by Concessionaire in the Authority's designated disposal area described in Section 6. Concessionaire may choose to use communications services provided by the Authority. Such services, where available, may be used by Concessionaire for an additional charge. If Concessionaire uses communications services that are not provided by the Authority, Concessionaire shall be responsible for the installation and operation of Concessionaire's own communications system. Gas service is not available in the terminal and may not be used.

10.3 Maintenance of Utility Systems

The Authority will be responsible for the maintenance of the systems supplying electricity, heat and cooling, water, and sewer to the Premises, unless Concessionaire causes damage to any of these systems by misuse, overloading or otherwise and in that case, the Authority shall repair the damage and charge Concessionaire the full cost of the repair which Concessionaire shall be obligated to repay to the Authority within fifteen (15) days of the date of Authority invoice for the repair work. Notwithstanding the foregoing, the Concessionaire is responsible for maintenance and repair of all utility systems located within the Premises, except for maintenance of the base building HVAC system and fire protection system, which the Authority shall maintain. If Concessionaire installs any special utilities that serve only Concessionaire's Premises, the Concessionaire shall be responsible for their maintenance and upkeep. The Authority will attempt to make any repairs that it can make to the utility systems in a prompt and reasonable fashion. Concessionaire shall give the Authority or its contractor whatever access to the Premises that the Authority deems necessary in order to repair any problems. Notwithstanding the foregoing, the Authority shall have no responsibility or liability whatsoever for any interruption in utility services, including blackouts, brownouts or other cessation in service. The Authority reserves the right to terminate utility services if Concessionaire fails to pay Concession Fee or Additional Rent due under this Lease or if any other uncured Event of Default, as described in Section 16 exists, without liability for the same. No discontinuance of any utility services shall constitute a constructive eviction. If Concessionaire's construction requires alteration of the fire protection system (i.e. the sprinkler system) in any way, Concessionaire must notify the Authority, in writing, in advance, Concessionaire shall not proceed with the alteration until written Authority approval is given to proceed with such alteration.

10.4 Authority's Right of Access

The Authority, its agents and employees, shall have the right to enter the Premises from time to time, at reasonable times, to examine the same, and to make such repairs, alterations, improvements, or additions as the Authority is required or authorized to make under this Lease. During the last six (6) months of the Lease Term, the Authority may show the Premises to prospective tenants. In addition, during any emergency, the Authority or its agents may enter the Premises forcibly, if necessary, without liability therefor and without in any manner affecting

Concessionaire's obligations under this Lease. Nothing herein contained, however, shall be deemed to impose upon the Authority any obligation, responsibility, or liability whatsoever, for any care, maintenance, or repair, except as otherwise herein expressly provided. The Authority shall also have the right at all times during this Lease, without advance notice, to enter the Premises in order to determine whether Concessionaire has complied with or is complying with the terms and conditions of this Lease. The Authority shall have the right to enter the Premises to cure any breach that remains uncured by Concessionaire after reasonable notice and opportunity to cure has been allowed Concessionaire.

11. RELOCATION, REDUCTION OR EXPANSION

11.1 Authority's Right to Relocate or Terminate

If at any time during the term of this Lease the Authority determines, in its sole judgment, that it is necessary for the efficient operation of the Airport that this Lease be terminated or that Concessionaire's operations be relocated, in whole or in part, the Authority may require Concessionaire to either relocate the effected locations or the Authority may terminate this Lease, with respect to the effected locations. If the Authority determines that relocation is not feasible and requires a reduction of more than thirty (30%) percent in the square footage of the entire Premises, Concessionaire may elect to terminate this Lease. Whenever possible, rather than terminate this Lease, the Authority will attempt to negotiate a mutually acceptable relocation space within the Airport, but Concessionaire acknowledges that relocation may not always be feasible. If a mutually acceptable space is not agreed to by Concessionaire and the Authority, the Authority will proceed with termination of the Lease as to the effected locations.

11.2 Temporary Closure, Expenses and/or Lost Profits

If the Authority requires Concessionaire to close one or more of the concession location within the Premises during the Lease Term, and such closure is for a period longer than thirty (30) days but less than six (6) months, the Authority will attempt to relocate Concessionaire to another suitable location and the Authority will pay Concessionaire's reasonable out-of-pocket moving expenses, but not lost profits. If a temporary closure will last longer than thirty (30) days, but an alternative suitable location is not offered to Concessionaire by the Authority, then Concessionaire will be entitled to make a claim against the Authority for lost profits caused directly by the temporary closure of Concessionaire's Premises. Lost Profits will be calculated by measuring the average profits earned by Concessionaire during all previous years or partial years of operation at the Premises during that same time period (i.e. the months that the store is closed), with any other relevant factors offered by the Authority or Concessionaire also being considered. If the parties cannot mutually agree upon an amount that is reasonable compensation for lost profits, the claim will be mediated in accordance with Section 19. Payment of any expenses claimed, including reimbursement expenses for moving, is subject to Concessionaire providing the Authority with receipts for the reasonable expenses and a showing of all reasonable efforts on the part of Concessionaire to keep its damages and expenses to a minimum. During the temporary closure, the MAG will be reduced on a prorata basis in an amount equal to the MAG allocation for the temporarily closed concession location(s). Compensation to be paid to Concessionaire for early

permanent closure, relocation or reduction of the Premises by the Authority is described in Section 11.3.

11.3 Compensation for Termination, Permanent Relocation or Reduction

If the Authority terminates this Lease early for reasons other than an Event of Default, or if the Authority relocates Concessionaire on a permanent basis, or reduces Concessionaire's Premises on a permanent basis, then the Authority shall reimburse Concessionaire for the net book value of all Leasehold Improvements made and custom fabricated Trade Fixtures installed by Concessionaire that cannot be reasonably removed and reused by Concessionaire and/or that cannot be used by Concessionaire in a relocated or reduced Premises. Depreciation on Leasehold Improvements and custom fabricated Trade Fixtures is agreed to be straight line over the term of the Lease. If relocation or reduction, the Authority will pay the cost of moving Leasehold Improvements and Trade Fixtures and installing them in the new location. If reduction, the MAG will be reduced on a pro-rata basis in an amount equal to the MAG allocation for the eliminated concession location(s). The Authority shall not be liable for or subject to any claim for interruption of business, lost profits, or other similar claims as long as the Authority gives Concessionaire at least ninety (90) days written notice of relocation or reduction and six (6) months written notice of early termination. If less than six (6) months' notice of early termination is given, the Authority will pay lost profits for that period of time of closure that occurs prior to expiration of the six (6) month period (example: if only four (4) months' notice of early termination is given, then Concessionaire will be paid for two (2) months lost profits). If this Lease is terminated due to an Event of Default, Concessionaire will be entitled to no reimbursement. If the Lease is not terminated, the MAG will be reduced based on a prorated reduction in square footage. At year end, the MAG for the next Lease Year will be calculated based on the period of operation following the reduction.

12. CONCESSIONAIRE'S ENVIRONMENTAL OBLIGATIONS

12.1 Compliance with Laws

12.1.1 General

Subject to the provisions of Subparagraph 12.1.2, Concessionaire shall, at Concessionaire's own expense, comply fully and in a timely manner with all Environmental Laws and all other Laws applicable to the Premises or Concessionaire's business operations or other activities thereon. Concessionaire shall provide to the Authority on or before January 1 of each year a written certification of Concessionaire's compliance with the terms of this Paragraph. The certification shall identify any and all provisions of this Paragraph with which Concessionaire has not complied.

12.1.2 Challenges to Administrative Interpretations

Notwithstanding the provisions of Subparagraph 12.1.1, Concessionaire's noncompliance with an administrative interpretation of an Environmental Law shall not constitute a default under this Lease so long as Concessionaire diligently challenges the validity or application

to Concessionaire of such administrative interpretation in a judicial or administrative adjudicatory proceeding (which includes any appellate proceedings regarding the original adjudication). Should Concessionaire prevail in such proceeding, the administrative interpretation so challenged shall not constitute a Law for the purposes of this Lease. Should the administrative interpretation ultimately be upheld in the adjudicatory proceeding, Concessionaire strictly shall Indemnify the Authority against any losses or Claims incurred by the Authority in connection with Concessionaire's noncompliance with the administrative interpretation.

12.2 Releases

12.2.1 Event of Release

In the event Concessionaire shall Release any Regulated Substance on or from the Premises, Concessionaire immediately shall (1) comply with all applicable Release Notification Requirements, (2) notify the Authority of the Release, and (3) clean up and remediate the Release pursuant to any applicable Environmental Law and to the Authority's satisfaction.

12.2.2 Third Party Release

In the event Concessionaire shall discover a Third Party's Release of any Regulated Substance on or from the Premises, Concessionaire immediately shall comply with all applicable Release Notification Requirements and notify the Authority of the Release. This does not limit the Parties' rights and obligations to each other with respect to Third Party Parties' Releases of Regulated Substances on or from the Premises. Such rights and obligations shall be determined on incident-specific bases according to the other provisions of this Lease and according to Law.

12.3 Security

Concessionaire reasonably shall secure the Premises against unauthorized entry by Third Parties.

12.4 Authority's Right to Audit Concessionaire's Compliance

12.4.1 Audit of Environment Compliance

The Authority reserves the right and privilege to audit Concessionaire (including, without limitation, the right to enter onto the Premises at reasonable times) to determine Concessionaire's compliance with the environmental requirements set forth in this Lease.

12.4.2 Response to Audit Request

Within thirty (30) days of the Authority's request, Concessionaire shall make available to the Authority for inspection and duplication all non-privileged documents and analyses prepared or generated by Concessionaire or on Concessionaire's behalf relating to Concessionaire's compliance with the environmental requirements of this Lease.

12.4.3 Non-Waiver

The Authority's failure at any time to audit Concessionaire's environmental compliance, or to identify to or discuss with Concessionaire any condition existing on the Premises, shall not waive the Authority's rights, privileges or remedies under this Lease. Further, no inspection or audit performed by the Authority shall constitute an approval or representation as to Concessionaire's compliance with this Lease or with any Environmental Law.

12.4.4 Authority's Rights and Privilege

The Authority's rights and privileges under this paragraph are limited to those activities necessary to evaluate Concessionaire's compliance with Environmental Laws. The Authority reserves no right or privilege to participate in Concessionaire's decision making with respect to environmental compliance matters.

12.5 Correspondence

Concessionaire shall copy the Authority simultaneously on all correspondence from Concessionaire to DEQ or EPA, which relates to the Premises. Within fifteen (15) days of receipt, Concessionaire shall forward to the Authority a copy of any correspondence received from DEQ or EPA, which relate to the Premises. Concessionaire's obligations under this Paragraph shall survive the expiration or termination of this Lease.

12.6 Permits, Response Plans

Concessionaire shall comply with any environmental permits issued by any public body, and all response plans required by any Environmental Law, which apply to the Premises or Concessionaire's activities thereon.

12.7 No Use of Hazardous Substances

12.7.2 Storage and Use of Hazardous Substances

Concessionaire shall not handle, store, generate, create, dispose, transport or discharge any Hazardous Substance on, about or from the Premises. This restriction shall not apply, however, to Concessionaire's use of ordinary office and janitorial supplies which are available over the counter for common use by members of the general public so long as such use is in small quantities for normal cleanup activities and in compliance with all Environmental Laws.

12.7.3 Material Safety Data Sheets

Concessionaire shall maintain Material Safety Data Sheets for each and every Hazardous Substance used by Concessionaire, Concessionaire's agents, employees, contractors, licensees or invitees on the Premises, as required under the Hazard Communication Standard in 29 CFR §1910.1200, as it may be amended, re-designated or re-titled from time to time, and comparable state and local statutes and regulations and, in order to ensure that such information

is available to the Authority in the event of a spill or other emergency, all such information shall be kept current at all times and a copy of all such materials shall be kept in a place known to and easily accessible to the Authority.

12.8 Definitions

12.8.1 DEQ

DEQ means the North Carolina Department of the Environment Quality, and any successor agency thereto.

12.8.2 Environmental Law

Environmental Law means any Law relating to the regulation or protection of human health, safety, occupational safety and health, the environment or natural resources, or the Management of Regulated Substances.

12.8.3 EPA

EPA means the United States Environmental Protection Agency.

12.8.4 Hazardous Waste

Hazardous Waste means “hazardous waste”, as defined at 40 C.F.R. §261 and adopted at 15A NCAC §13A.

12.8.5 Hazardous Substance

Hazardous Substance means “Hazardous Substance” as defined in 29 C.F.R. §1910.120.

12.8.6 Indemnify

Indemnify, with respect to any claim, loss, liability or cost, means (1) to indemnify, save and hold harmless, reimburse and make whole on an after-tax basis, the designated indemnitee and its affiliates and their respective officers, directors, trustees, executors, administrators, beneficiaries, successors, employees, partners and agents from any claim, loss, liability or cost imposed on or incurred by the indemnitee, or asserted by any Third Party against the indemnitee; (2) to defend any suit or other action brought against the indemnitee on account of any claim, loss, liability or cost and (3) to pay any judgment against, and satisfy any equitable or other requirement imposed on, the indemnitee resulting from any such suit or action, along with all costs and expenses relative to any such claim, including, without limitation, attorneys’, consultants’ and expert witness fees and expenses; regardless of whether any such claim or cost is covered by any policy of insurance.

12.8.7 Law

Law means any federal, state or local law, statute, ordinance, regulation, common law theory of trespass, nuisance or ultra-hazardous activity and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, judgment or notice of non-compliance or violation, which now is in effect or is hereafter enacted or amended.

12.8.9 Manage or Management

Manage or Management, with respect to any substance or material, means the manufacture, processing, distribution, use, possession, generation, transportation, labeling, identification, treatment, handling, storage, Release or threatened Release thereof.

12.8.9 Party and Parties

Party and Parties mean Concessionaire and the Authority, as the context would require.

12.8.10 Regulated Substance

Regulated Substance means any chemical, material, substance or waste the exposure to, access to, or Management of which is now or may hereafter be prohibited, limited or regulated by any Law or governmental body. Regulated Substances include, without limitation, any new, used or spent petroleum product or Solvent.

12.8.11 Regulatory Claim

Regulatory Claim means any claim, action, damage, penalty, loss, liability or expense arising from a violation of any environmental regulation or any un-permitted Release of a Regulated Substance.

12.8.12 Release

Release, with respect to any substance or material, means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of such substance into the environment, or any other act or event, the occurrence of which would require containment, remediation, notification or similar response under any Law.

12.8.13 Release Notification Requirement

Release Notification Requirement means any requirement imposed by any Law to notify any Third Party of a Release of Regulated Substances.

12.8.14 Solvent

Solvent means tetrachloroethylene, trichloroethylene, methylene chloride, 1,1,1-trichloroethane, carbon tetrachloride, chlorinated fluorocarbons, chlorobenzene, 1,1,2-trichloro-1,2,2-trifluoroethane, ortho-dichlorobenzene, trichlorofluoromethane, 1,1,2-trichloroethane, xylene, acetone, ethyl acetate, ethyl benzene, ethyl ether, methyl isobutyl ketone, n-butyl alcohol, cyclohexanone, methanol, cresols, cresylic acid, nitrobenzene, toluene, methyl ethyl ketone, carbon disulfide, isobutanol, pyridine, benzene, 2-ethoxyethanol, 2-nitropropane and any other substance which may in the future be listed at 40 C.F.R. §61.31(a) (F001-F005) or 15A NCAC ° 13A.

12.8.15 Third Party

Third Party means any person or entity other than Concessionaire and the Authority and includes, without limitation, any governmental body, insurance carrier, private enterprise or individual.

13. INDEMNITY AND INSURANCE REQUIREMENTS

13.1 General Indemnity

Upon execution of this Lease, Concessionaire agrees to defend (using legal counsel reasonably acceptable to the Authority with the Authority understanding that legal counsel may be selected by an insurance carrier and the Authority agreeing that it will not object to use of such designated counsel without good cause), indemnify, and hold harmless the Authority from and against any and all claims, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, Environmental Costs and/or penalties (collectively "Costs") which may be imposed upon or claimed against the Authority and which, in whole or in part, directly or indirectly, arise from or are in any way connected with: (a) any act, omission or negligence of Concessionaire; (b) any use, occupation, management or control of the Premises by Concessionaire, whether or not due to Concessionaire's own act or omission and whether or not occurring on the Premises; (c) any condition created in or about the Premises by Concessionaire, including any accident, injury or damage occurring on or about the Premises after the execution of this Lease; and, (d) any breach, violation or non-performance of any of Concessionaire's obligations under this Lease. For the purposes of this Section, Concessionaire shall include Concessionaire and Concessionaire's permitted subtenants and licensees, if any, and their respective partners, officers, directors, agents, employees, invitees, or contractors. Each party hereto shall give the other prompt and timely written notice of any claim made or suit instituted of which it has knowledge which in any way, directly or indirectly, affect or may affect the rights and liabilities of the other party.

13.2 Authority's Right to Recover Damages

Subject to Section 13.9, Concessionaire agrees to reimburse the Authority for any and all damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, and expert fees), fines, Environmental Costs and/or penalties (collectively "Costs") which may be imposed upon, incurred or suffered by the Authority and which, in whole or in part, arise from any

of the following, except to the extent resulting from the Authority's negligent acts: (i) any act or omission of Concessionaire; (ii) any use, occupation, management or control of the Premises by Concessionaire, whether or not due to Concessionaire's own act or omission and whether or not occurring on the Premises; (iii) any condition created in or about the Premises by any party (other than the Authority), including any accident, injury or damage occurring on or about the Premises after the Effective Date; and (iv) any breach, violation or nonperformance of any of Concessionaire's obligations under this Lease. For purposes of this Section 13.2, "Concessionaire" shall be deemed to include Concessionaire and Concessionaire's partners, officers, directors, employees, agents, and contractors.

13.3 Insurance Requirements

Insurance requirements set forth below do not in any way limit the amount or scope of liability of Concessionaire under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage that the Authority is willing to accept to help insure full performance of all terms and conditions of this Lease. All insurance required by Concessionaire under this Lease shall meet the following minimum requirements of Sections 13.4 through 13.8.

13.4 Certificates & Endorsements; 30 Day Cancellation

On or before the execution of this Lease, Concessionaire shall provide the Authority with certificates of insurance establishing the existence of all insurance policies required under this Section. Thereafter, the Authority must receive notice of the expiration or renewal of any policy at least thirty (30) days prior to the expiration date or cancellation of any insurance policy. No insurance policy may be canceled without at least thirty (30) days prior written notice being given to the Authority. Each insurance policy shall contain the following provision: "This policy cannot be cancelled, reduced in amount, or coverage eliminated in less than thirty days (30) after mailing written notice to the insured and the Authority of such alteration or cancellation, sent by certified mail." Insurance must be maintained without any lapse in coverage during the entire Lease Term. Insurance canceled without Authority consent shall be deemed an immediate Event of Default under this Lease. The Authority shall also be provided a policy endorsement incorporating this cancellation provision into each policy. Failure of the Authority to demand such certificate or other evidence of full compliance with these insurance requirements, or failure of the Authority to identify a deficiency from the evidence provided, shall not be construed as a waiver of Concessionaire's obligations to maintain the insurance required by this Lease.

13.5 Additional Insured

The Authority shall be named as an additional insured in each liability policy for ongoing and completed operations and as a loss payee in each property insurance policy. Concessionaire shall supply the Authority with a policy endorsement from the insurance carrier that the Authority is so named.

13.6 Primary Coverage

Liability policies shall be primary and non-contributory.

13.7 Company Ratings

Policies of insurance must be written by companies having an A.M. Best rating of “A” - 5 or better or equivalent.

13.7.1 Deductibles and Retentions

Any deductible or self-insured retention exceeding five percent (5%) of the per-occurrence or per-accident limit of a required policy is subject to approval by the Authority.

13.8 Required Insurance

At all times during this Lease, Concessionaire shall provide and maintain the following types of coverage:

13.8.1 Commercial General Liability

Concessionaire shall maintain a commercial general liability policy or policies insuring against liability arising from premises (including loss of use thereof), operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability insured under an insured contract (including the tort liability of another assumed in a business contract) occurring on or in any way related to the Premises or occasioned by reason of the operations of Concessionaire. Coverage shall be in the following amounts: Bodily Injury or Death or Property Damage Per Occurrence Limit - \$1,000,000, Damage to Premises Rented to You - \$1,000,000 and General Aggregate Limit \$2,000,000.

If the Concessionaire has a license to sell alcoholic beverages to the Public, Concessionaire shall maintain a minimum of \$1,000,000 per Occurrence and \$2,000,000 General Aggregate of Liquor Liability coverage in addition to the General Liability coverage. This coverage shall be included under the Umbrella/Excess Liability coverage as well.

13.8.2 Commercial Automobile Liability

In the event that automobiles are used in connection with Concessionaire's business or operations at the Premises, Concessionaire shall maintain an automobile liability policy or policies insuring against liability for bodily injury, death, or damage to property, including loss of use thereof, and occurring in any way related to the use, loading or unloading of any of Concessionaire's automobiles (including owned, hired and non-owned vehicles) on and around the Premises. Coverage shall be in the following amounts: Combined Single Limit Bodily Injury & Property Damage, Any One Accident Limit - \$1,000,000.

13.8.3 Products – Completed Operations Liability

Concessionaire shall maintain the following coverage: Aggregate Limit of \$2,000,000.

13.8.4 Umbrella Excess Liability

Concessionaire shall maintain the following coverage: \$1,000,000 Per Occurrence and \$1,000,000 Aggregate coverage providing excess coverage on insurance required in Sections 13.8.1, 13.8.2, 13.8.3.

13.8.5 Workers' Compensation

Concessionaire shall maintain in force Workers' Compensation insurance for all of Concessionaire's employees in accordance with all requirements of North Carolina law. Concessionaire shall also maintain Employer's Liability coverage in an amount not less than \$1,000,000 per accident and \$1,000,000 per employee for disease. In lieu of such insurance, Concessionaire may maintain a self-insurance program meeting the requirements of the State of North Carolina and a policy of excess workers' compensation and employer's liability insurance.

13.8.6 Builder's Risk

During any construction activity, Concessionaire or its contractor shall obtain and maintain for the benefit of the parties to the Lease, as their interest may appear, "special peril" Builder's Risk insurance equal to one hundred percent (100%) of the value of the project. Coverage shall also include: (i) form work in place; (ii) form lumber on site; (iii) temporary structures; (iv) equipment; and (v) supplies related to the work while at the site. Concessionaire shall provide evidence of said coverage prior to the commencement of any construction activity. In the event Concessionaire fails to maintain such insurance, the Authority may, at its option, arrange therefor, and any premium incurred shall be reimbursed by Concessionaire to the Authority upon demand.

13.8.7 Business Interruption

Concessionaire shall maintain gross earnings and extra expense insurance which shall include coverage for all Concession Fees due under this Lease for a minimum of a six (6) month period. The proceeds of such insurance shall be used first to continue Concession Fee payments to the Authority.

13.8.8 Construction Payment and Performance Bonds

Prior to any commencement of any construction, alteration, or repair hereunder by Concessionaire which exceeds Twenty Thousand Dollars (\$20,000.00) in cost, Concessionaire shall furnish to the Authority, at Concessionaire's sole cost, evidence of performance and payment bond issued by a surety company licensed to transact business in the State of North Carolina and approved by the Authority, in a form approved by the Authority, naming Concessionaire as Obligee and its contractor as Principal therein. The penal amount of each bond shall be one hundred percent (100%) of the total contract cost of the contract or contracts for the construction, alteration, or repair. The payment bond required by this Section shall guarantee the prompt payment to all persons supplying labor, materials, provisions, supplies, and equipment used directly or indirectly by any contractor, subcontractor(s), and suppliers doing work provided for in the above-mentioned construction contract, and the performance bond shall guarantee the full performance of the work.

13.8.9 Property Insurance

Concessionaire shall also maintain, in full force and effect during the Lease Term, "special peril" property insurance or equivalent, covering all Leasehold Improvements, Trade Fixtures, inventory, and all other property owned by Concessionaire or under the care, custody, and control of Concessionaire located on the Premises. Coverage shall be in an amount equal to one hundred percent (100%) of the replacement value. Such insurance shall include the insurer's waiver of subrogation in accordance with Section 13.9.

13.9 Waiver of Subrogation

Concessionaire shall endorse all liability policies (General Liability, Auto Liability, Employers Liability and Umbrella Liability) to contain a Waiver of Subrogation in favor of the Authority (including their respective employees, officers, commissioners, or agents).

13.10 Concessionaire's Risk

Concessionaire shall be responsible for obtaining any insurance it deems necessary to cover its own risks. In no event shall the Authority be liable for any: (a) business interruption or other consequential loss sustained by Concessionaire; (b) damage to, or loss of Concessionaire's property of any kind; or (c) damage to, or loss of, an automobile, whether or not such loss is insured, even if such loss is caused by the negligence of the Authority.

13.11 Periodic Review

The Authority shall have the right to periodically review the types, limits and terms of insurance coverage. In the event the Authority determines that such types, limits, and/or terms should be changed the Authority will give Concessionaire a minimum of thirty (30) days' notice of such determination and Concessionaire shall modify its coverage to comply with the new insurance requirements of the Authority. Concessionaire shall also provide the Authority with proof of such compliance by giving the Authority an updated certificate of insurance within fifteen (15) days.

13.12 Survival of Indemnities

The indemnity agreements set forth in this Section 13 shall survive the expiration or earlier termination of the Lease and be fully enforceable thereafter.

14. ASSIGNMENT

Concessionaire shall not assign, transfer, sublease, pledge, hypothecate, surrender, or otherwise encumber, or dispose of this Lease or any interest created by this Lease, or any interest in any portion of the same, or permit any other person or persons, company or corporation to occupy the Premises, without first obtaining the written consent of the Authority, which consent may be granted or denied in the sole discretion of the Authority. These restrictions on assignment shall also apply to assignment of activities, uses, privileges, and obligations authorized under this Lease.

Concessionaire shall not have the right, without the prior specific written consent of the Authority, which consent may be withheld in the Authority's sole discretion, to assign, transfer, subcontract (except as specifically authorized herein), or in any way dispose of the rights and obligations of Concessionaire under this Lease. If Concessionaire is a corporation, limited liability company or partnership, then any transfer of the Lease by merger, consolidation or liquidation, or any change in ownership of shares of voting stock or other ownership interests resulting in a change of the present effective voting control of Concessionaire by the person, persons and/or entity having the present effective voting control of Concessionaire shares on the date of the Lease, shall constitute an assignment of this Lease, and as such, shall require the prior written consent of the Authority. It is expressly agreed by Concessionaire that, in the event consent by the Authority is given as herein provided, the assignee shall be required to assume and agree to perform the covenants of this Lease, and that notwithstanding any such subletting or assignment, Concessionaire shall be and remain liable for the performance of all covenants and conditions contained herein for the Lease Term unless the Authority specifically releases Concessionaire.

Notwithstanding anything to the contrary contained herein, nothing in this Lease shall be deemed to prohibit, and Concessionaire shall not require the Landlord's or the Authority's consent to, any assignment resulting from (i) a merger of the Concessionaire with an affiliate or subsidiary, or (ii) the purchase of all or substantially all of the stock or assets of the Concessionaire, provided that the net worth of the assignee shall not be less than the net worth of the Concessionaire at the time of the proposed transaction. Any change in control of Concessionaire's parent company shall not be deemed to be an assignment of this Lease.

Each and every agreement, term, provision and condition of the Lease shall extend to and be binding upon the successors and assigns of the parties hereto.

15. SANCTIONS FOR CERTAIN LEASE VIOLATIONS

Concessionaire's failure to adhere to the operating requirements set forth in this Lease are reasonably anticipated to result in significant inconvenience to the public, adversely affect the overall concession business of the Airport, and reduce the amount of Concession Fee to be paid to the Authority. Additionally, Authority resources will be expended in dealing with violations of this Lease by Concessionaire. The parties hereby agree that total damages sustained by the Authority for violations of the Sections of this Lease listed below could be significant, but would be difficult to determine and to track. Therefore, the "Sanctions," as set forth and described in Exhibit G for violation of certain Lease terms are agreed to between the Concessionaire and the Authority to be reasonable Sanction amounts and reasonable estimates of the loss anticipated to be suffered or incurred by the Authority. Concessionaire, therefore, hereby agrees that imposition of the Sanctions is fair and reasonable and Concessionaire agrees to pay immediately upon demand by the Authority the Sanction amounts specified in Exhibit G upon the occurrence of the specified breaches.

For the first violation in each category, a letter of warning will be issued. Violations must be corrected within thirty-six hours of delivery of the warning letter to the Manager. In addition, a copy of the warning letter will be sent to Concessionaire as required by Section 23.11.4 below. Sanctions will be imposed for any and all violations that occur subsequent to a letter of warning.

Violations not corrected within thirty-six hours of delivery of a notice of a sanction will be subject to additional sanctions being imposed. Additionally, the Authority reserves the right, at its sole option, to impose the Sanction and also to seek any other remedies available to it for an Event of Default under Section 16, including termination of this Lease. If all or any of these Sanctions are found to be unenforceable, then the unenforceable Sanction(s) will be discontinued, but the violations shall continue to be covered by Section 16.1.2 and the remedies shall be as provided in Section 16. The Sanctions and Sanction amounts are subject to periodic change by the Authority. No change in Sanctions and Sanction amounts shall occur, however, without at least thirty (30) days prior written notice to Concessionaire.

16. DEFAULT

16.1 Event of Default

The occurrence of any of the following shall constitute an "Event of Default" (also referred to as a "Default"):

16.1.1 Default in Concession Fees

An Event of Default shall occur if Concessionaire fails to pay any Concession Fees or Additional Rent within ten (10) days of such payment being due. Failure to pay Concession Fees within ten (10) days of the due date constitutes an immediate Event of Default for which no further notice or opportunity to cure need be given.

16.1.2 Default in Other Covenants

An Event of Default shall occur if Concessionaire violates any term, covenant or condition of this Lease (other than the payment of Concession Fee described in Section 16.1.1) and such violation is not cured within thirty (30) days after written notice by the Authority describing the nature of the violation. If the violation is of such a nature that it cannot be completely cured within the thirty (30) day period, this provision shall be complied with if Concessionaire begins correction of the violation within such thirty (30) day period and thereafter proceeds in good faith and with all due diligence to effect the cure as soon as practical. Notwithstanding the foregoing, the Authority shall not be required to give notice for a violation of the same provision of this Lease more than two (2) times during any Lease Year. Thereafter, a violation of the same provision of this Lease shall constitute an Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any violation of this Lease threatens to cause serious harm to the Authority or other tenants or persons, then the Authority shall not be required to serve any notice before proceeding to request immediate equitable relief, including, but not limited to, injunctive relief or specific performance.

16.1.3 Bankruptcy/Insolvency

The insolvency of Concessionaire shall be an Event of Default for which no notice or opportunity to cure need be given. For the purposes of this Lease, "Insolvency" shall, to the extent permitted by the United States Bankruptcy Code, be deemed to include (i) an assignment by

Concessionaire for the benefit of creditors; (ii) the filing by Concessionaire of a voluntary petition in bankruptcy; (iii) if Concessionaire is an entity, Concessionaire dissolves; (iv) the appointment of a receiver of the properties of Concessionaire and the receiver is not discharged within forty-five (45) days; (v) the filing of an involuntary petition of bankruptcy and failure of Concessionaire to secure a dismissal of the petition within thirty (30) days after filing; (vi) attachment of or the levying of execution on the leasehold interest and failure of Concessionaire to secure discharge of the attachment or release of the levy of execution within thirty (30) days.

16.1.4 Cross-Default

The occurrence of an uncured breach, violation or Event of Default under any other agreement between the Authority and Concessionaire shall be, at the option of the Authority an Event of Default under this Lease.

16.1.5 Material Misrepresentation

An Event of Default for which no notice or opportunity to cure need be given, may be declared, at the Authority's option, if the Authority discovers that Concessionaire made a material misrepresentation to the Authority which induced the Authority to enter into this Lease.

16.2 Remedies on Default

Immediately upon the occurrence of an Event of Default, the Authority may, at its option, exercise any of the following rights and remedies, in addition to any other rights and remedies provided elsewhere in this Lease or otherwise at law or in equity:

16.2.1 Termination of Lease

The Authority may terminate this Lease and Concessionaire's right to possession. Any notice to terminate may be given before or within the applicable cure period and may be included in a notice of failure of compliance.

16.2.2 Re-Entry

Without accepting surrender, the Authority may re-enter the Premises, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefor, and may repossess the Premises and remove any person or property therefrom, to the end that the Authority may have, hold and enjoy the Premises.

16.2.3 Reletting

Following re-entry, the Authority may relet the whole or any part of the Premises from time to time, either in the name of the Authority or otherwise, to such tenants, for such terms ending before, on or after the Expiration Date of this Lease, at such rentals and upon such conditions (including concessions and free rent periods) as the Authority may determine to be appropriate. To the extent allowed under North Carolina law, the Authority shall not be liable for refusal to relet the Premises, or, in the event of any such reletting, for failure to collect any rent due upon such reletting;

and no such failure shall operate to relieve Concessionaire of any liability under this Lease or otherwise affect any such liability. The Authority may make such physical changes to the Premises as the Authority considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Concessionaire of any liability under this Lease or otherwise affecting Concessionaire's liability. If the Authority has other unleased space, the Authority shall have no obligation to attempt to relet the Premises prior to leasing such other unleased space. To the extent allowed under North Carolina law, the Authority shall have no obligation to mitigate Concessionaire's damages and shall not be required to attempt to relet the Premises to a potential Concessionaire with whom the Authority has been negotiating a lease for other space owned by the Authority or to whom the Authority has shown other space owned by the Authority. If the Authority has relet all or any part of the Premises for the period which otherwise would have constituted all or any part of the unexpired portion of the Lease Term, the amount of Concession Fee reserved on such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease shall not constitute a termination of the Lease or an acceptance of surrender of the Lease.

16.2.4 Damages

Whether or not the Authority retakes possession or relets the Premises, the Authority shall have the right to recover damages immediately, without waiting until the due date of any future Concession Fee or until the date fixed for expiration of this Lease, which damages, shall include, but not be limited to the following: (i) all Concession Fees and Additional Rent lost, calculated through the Expiration Date, subject only to the statutory requirements to mitigate damages, if any; (ii) all legal expenses and other related costs incurred by the Authority as a result of Concessionaire's Default; (iii) all costs incurred by the Authority in restoring the Premises to good order and condition, or in remodeling, renovating or otherwise preparing the Premises for reletting, including, without limitation, removal and disposal of Concessionaire's property and Trade Fixtures; and (iv) all costs incurred by the Authority in reletting the Premises, including, without limitation, any advertising costs, brokerage commissions and the value of the Authority's staff time expended as a result of the Default. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major North Carolina banks in effect on the date of trial.

16.2.5 Right to Sue More than Once

The Authority may sue periodically to recover damages during the period corresponding to the remainder of the Lease Term, and no action for damages shall bar a later action for damages subsequently accruing.

16.2.6 Right to Draw on Security Deposit

For Lease violations or Events of Default, other than the failure to pay Concession Fee or Additional Rent, that may be remedied, or partially remedied, by the payment of money, the Authority shall be entitled to draw upon the Security Deposit within ten (10) days after giving notice

to Concessionaire that it intends to draw on the Security Deposit if Concessionaire does not cure the violation or Event of Default, or begin diligent efforts to cure the violation of Event of Default, within that ten (10) day time period. The Security Deposit may be drawn upon to pay Concession Fee or Additional Rent at any time after the Concession Fee or Additional Rent is past due.

16.3 Remedies Cumulative and Nonexclusive

Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by the Authority of any such rights or remedies will not preclude the simultaneous or later exercise by the Authority of any other such rights or remedies. All such rights and remedies are nonexclusive.

16.4 Curing Concessionaire's Default

If Concessionaire fails to perform any of Concessionaire's obligations under this Lease, the Authority, without waiving such failure, may (but shall not be obligated to) perform the same for the account of and at the expense of Concessionaire, without notice in a case of emergency, and in any other cases, only if such failure continues after the expiration of thirty (30) days from the date the Authority gives Concessionaire notice of the failure. The Authority shall not be liable to Concessionaire for any claim for damages resulting from such action by the Authority. Concessionaire agrees to reimburse the Authority, upon demand, any amounts the Authority may spend in complying with the terms of this Lease on behalf of Concessionaire. The Authority shall have the same rights and remedies in the event of the non-payment of sums due to be reimbursed under this Section as in the case of Default by Concessionaire in the payment of any other Concession Fee. Any sums to be so reimbursed shall bear interest at the Delinquency Rate.

17. DEFAULT OF THE AUTHORITY

17.1 Events of Default

An Authority Event of Default shall occur if the Authority fails to perform of any covenant or agreement required to be performed by the Authority under this Lease and the failure of the Authority to remedy such default for a period of thirty (30) days after receipt from Concessionaire of written notice to remedy the same. Provided, however, this time period to cure shall be extended if the Authority is pursuing cure of its Default, in good faith.

17.2 Remedies on the Authority Default

If an Event of Default by the Authority shall occur and not be cured, Concessionaire may declare this Lease and all rights and interests created by it to be terminated. Concessionaire shall be entitled to collect its actual, but not consequential damages. Except as otherwise specifically provided in this Lease, Concessionaire expressly waives any claim for loss of anticipated profits, business, or any other consequential damages of any nature.

18. DAMAGE OR DESTRUCTION OF PREMISES

18.1 Partial Damage

If Premises (which term, for purposes of this Section 18, includes only the unfinished floors, bare walls, and unfinished ceilings of the area in the Terminal Building) are partially damaged through no fault of Concessionaire ("Partial Damage" meaning less than fifty percent (50%) damaged), but not rendered untenable, the same shall be repaired with due diligence by the Authority at the Authority's cost and expense, and Concession Fee shall be proportionately reduced up to the time that the Premises are fully restored. In the event of such Partial Damage, Concessionaire shall be responsible for the cost of rebuilding everything except the above items identified above as the Authority's responsibility.

18.2 Extensive Damage

In the event the Premises are extensively damaged or destroyed (meaning more than fifty percent (50%) damaged or destroyed) through no fault of Concessionaire (the "Event"), the Authority shall be under no obligation to repair or reconstruct the Premises, and Concession Fee payable under this Lease shall be paid up to the time of such damage or destruction and shall then cease. The Authority may, however, at its option, elect to rebuild and in that case the Authority shall notify Concessionaire within twenty (20) days of the Event if it intends to rebuild. If the Authority elects to rebuild, it will be responsible only to rebuild the unfinished bare wall, unfinished floor (meaning sub-floor) and unfinished ceilings and Concessionaire will be required to rebuild everything else. If the Authority does rebuild, it must complete rebuilding within six (6) months of the Event. If the Premises have not been rebuilt by the Authority within six (6) months of the Event, Concessionaire may give the Authority written notice of its intention to terminate this Lease in its entirety as of the date of such damage or destruction.

18.3 Concessionaire Caused Damage

If Concessionaire caused the damage described in Sections 18.1 or 18.2, Concessionaire shall pay for full rebuilding costs, except to the extent of the waiver of subrogation set forth in Section 13.9. In the event of extensive damage, the Authority may elect not to rebuild and may terminate this Lease without any liability to Concessionaire.

18.4 Limits of the Authority's Obligations Defined

It is understood that, in the application of the above Sections 18.1 and 18.2, the Authority's obligations shall be limited to the repair or reconstruction of the Premises to its condition as of the Effective Date. Redecoration, Leasehold Improvements, Trade Fixtures, inventory, and replacement of all of Concessionaire's furniture, equipment, inventory and supplies shall be the responsibility of Concessionaire and any such redecoration and refurnishing/re-equipping shall be of equivalent quality to that originally installed under the terms of this Lease.

18.5 Damage or Destruction of Leasehold Improvements

Should the Leasehold Improvements or any part of them be destroyed or damaged, they shall in all instances be repaired or replaced by Concessionaire, whether or not the damage or destruction is covered by insurance. In the event construction of the Premises shell is necessary, Concessionaire shall not be obligated to repair or replace if the Authority elects not to rebuild the Premises shell. If Concessionaire fails to repair or replace damaged Leasehold Improvements in accordance with a schedule agreed to by the Authority and Concessionaire, and provided that this Lease has not been canceled, the Authority may make such repairs or replacement and recover from Concessionaire the cost and expense of such repair or replacement, plus an additional twenty-five percent (25%) over and above the actual cost which the parties agree is a reasonable amount for the Authority to charge to cover its administrative costs.

18.6 No Duty to Protect

Protection against loss by fire or other casualty to any of the contents of the Premises shall not, at any time, be an obligation of the Authority.

19. MEDIATION

Should any dispute arise between the parties to this Lease other than and excepting disputes regarding: (a) failure to pay Concession Fees or any Additional Rent as required by this Lease; (b) possession; (c) hours of operation; or (d) any other matters stated elsewhere in this Lease as not being subject to mediation, then it is agreed that such other dispute will be submitted to non-binding mediation prior to any litigation. The parties shall exercise good faith efforts to select a mediator who shall be compensated equally by both parties. Mediation will be conducted in the Administrative Office Building of the Authority, unless both parties agree otherwise. Both parties agree to exercise good faith efforts to resolve disputes through the mediation process. If a party requests mediation and other party fails to respond within ten (10) days, or if the parties fail to agree on a mediator within ten days, a mediator shall be appointed by the presiding judge of the Wake County Superior Court upon the request of either party. The parties shall retain all rights at law or in equity with respect to any dispute not covered by this Section and also with respect to those disputes covered by this Section after mediation has been completed.

20. TERMINATION

20.1 Duties on Termination

By the Expiration Date or upon the earlier termination of the Lease, Concessionaire must have fully performed all of its obligations under this Lease, including: (i) clean-up of the Premises and restoration to a condition similar to that which existed at the commencement of this Lease, ordinary wear and tear excepted; (ii) delivery of all keys to any Improvements located on the Premises to the Authority; (iii) removal of all Personal Property, as provided in Section 20.3; (iv) removal of any Improvements in accordance with Section 20.2; and (v) performance of any other obligations required to be performed prior to termination under this Lease. Failure to satisfy any of the above shall allow the Authority, at the Authority's sole option, to treat Concessionaire as a holdover tenant or tenant at sufferance, as provided in 1.3, until such time as Concessionaire has fulfilled all of its obligations under this Lease. For the purpose of this Section 20, ordinary wear and

tear shall not include deterioration that could have been prevented by proper maintenance practices or by Concessionaire performing all of Concessionaire's obligations under this Lease.

20.2 Title to Improvements upon Termination

All Leasehold Improvements (whether constructed by Concessionaire or the Authority) located on the Premises at the expiration or earlier termination of this Lease, shall at the Authority's option, become the sole property of the Authority. Notwithstanding the foregoing, the Authority reserves the right to require Concessionaire to remove any Leasehold Improvements that it does not wish to own, whether constructed by Concessionaire or the Authority, from the Premises upon termination of this Lease. Such Leasehold Improvements shall be removed within the time frame set forth in Section 20.4. The Authority will give Concessionaire notice of Leasehold Improvements it will require Concessionaire to remove at least sixty (60) days in advance of the Expiration Date. The Authority reserves the right to require removal of Leasehold Improvements on shorter notice if concessionaire has allowed their condition to deteriorate during the last sixty (60) days of this Lease.

20.3 Concessionaire's Personal Property

At or before the termination of this Lease, Concessionaire, at Concessionaire's expense, shall remove from the Premises any and all of Concessionaire's personal property, vehicles, dumpsters or other property and shall repair any damage to the Premises. Any items of concessionaire's personal property which remain on the Premises after the termination date of this lease may either be: (i) retained by the Authority without any requirement to account to Concessionaire therefore; or (ii) removed and disposed of by the Authority, with the Authority being entitled to recover all costs thereof from concessionaire.

20.4 Time of Removal

The time for removal of any property which Concessionaire is required to remove from the Premises upon termination shall be as follows: (i) within 14 days of the Expiration Date; or (ii) if this Lease is terminated prior to the Expiration Date, then all removal must occur within ten (10) days of the actual termination date and Concessionaire must continue to pay all Concession Fees due during that period, as set forth in Section 1.3.

21. ACDBE Participation

The Authority has developed and implemented an Airport Concession Disadvantaged Business Enterprises (ACDBE) program as required by 49 CFR Part 23 and 49 CFR Part 26. Concessionaire agrees to ensure that ACDBEs, as defined in 49 CFR Part 23 and Authority's ACDBE Program, have a fair opportunity to participate in the performance of this Contract. Concessionaire will take all necessary and reasonable steps in accordance therewith to ensure that ACDBEs are encouraged to compete for and perform subcontracts related to the construction, administration and operation of the concession continually throughout the term of this Agreement. Concessionaire specifically agrees to comply with all applicable provisions of the Authority's ACDBE Program and any amendments thereto. ACDBE and Non-ACDBE sub-concessionaires

shall also be required to agree to comply with all applicable provisions of the Authority's ACDBE Program.

21.1 Non-Discrimination

A. Concessionaire and any subcontractor of Concessionaire will not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. Concessionaire will carry out applicable requirements of 49 CFR Part 23 in the award and administration of agreements. Failure by Concessionaire to carry out these requirements is a material breach of this Contract, which may result in the termination of this Contract or such other remedy as Authority deems appropriate.

B. This Contract is subject to the requirements of the U. S. Department of Transportation's regulations 49 CFR Part 23. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23.

Concessionaire agrees to include the statements in paragraphs (A) and (B) above in any subsequent concessions agreement or contract covered by 49 CFR Part 23 that it enters and cause those businesses to similarly include the statements in further agreements.

21.2 ACDBE Participation Goal and Good Faith Efforts

Concessionaire agrees that it will provide for a level of ACDBE participation in this Agreement equal to or greater than 26.4% of the total annual Gross Receipts, or clearly demonstrate in a manner acceptable to Authority its good faith efforts to do so. Concessionaire will contract with the ACDBEs identified by Concessionaire on the ACDBE Commitment Form and approved by the Authority. Concessionaire is required to make good faith efforts to explore all available options to meet the goal to the maximum extent practicable through direct ownership arrangements with ACDBEs.

Concessionaire shall not take any action during the term of this Agreement that may have a materially negative impact upon the Concessionaire's ability to meet its stated ACDBE goal. Concessionaire has a continuing obligation to meet its ACDBE participation commitment. If amendments or other modifications are made to agreements with ACDBE, Concessionaire shall immediately inform the Authority in writing. Concessionaire must make good faith efforts to maintain its ACDBE participation commitment.

21.3 ACDBE Termination and Substitution

Concessionaire will not terminate an ACDBE for convenience without the Authority's prior written consent. If an ACDBE is terminated by Concessionaire with the Authority's consent or, if an ACDBE fails to complete its work on the Contract for any reason, Concessionaire must follow the provisions herein governing the substitution of ACDBE and make documented good faith efforts to meet its original ACDBE/DBE participation commitments in accordance with the requirements of 49 CFR Part 23.25(e) (1) (iii) and (iv).

Concessionaire cannot terminate or otherwise change the terms of its ACDBE commitments without the prior written consent of the Authority. This includes, but is not limited to, instances in which the Concessionaire seeks to perform work originally designated for an ACDBE firm with its own forces or those of an affiliate, a non-ACDBE or another ACDBE.

21.4 ACDBE Program Monitoring

Authority will monitor the compliance and good faith efforts of Concessionaire in meeting the requirements of this Article. Authority will have access to the necessary records to examine such information as may be appropriate for the purpose of investigating and determining compliance with this Article, including, but not limited to: records, records of expenditures, contracts between Concessionaire and the ACDBE participants, and other records pertaining to the ACDBE participation plan, which Concessionaire will maintain for a minimum of three (3) years following the termination of this Contract. The extent of ACDBE participation will be reviewed prior to the exercise of any renewal, extension or material amendment of this Contract to consider whether an adjustment in the ACDBE requirement is warranted. Without limiting the requirements of this Contract, Authority reserves the right to review and approve all subleases or subcontracts utilized by Concessionaire for the achievement of these goals. Concessionaire shall maintain records showing:

- a) Subcontract/supplier awards, including awards to ACDBE/DBEs;
- b) Specific efforts to identify and award such contracts to ACDBE/DBEs; and/or
- c) Executed contracts with ACDBE/DBEs showing actual ACDBE/DBE project participation.

21.5 Joint Ventures

Concessionaire shall submit all joint venture agreements and supporting documentation to the Authority and Authority's Small Business Program Office for review prior to contract award. For the purpose of ACDBE participation, the Authority will review the following areas of the joint venture agreement for compliance with CFR 49 Part 23. Concessionaire and the proposed ACDBE partner shall provide access to all documentation requested to review the proposed joint venture. Failure to provide requested documentation will result in rejection of the proposed joint venture for ACDBE participation purposes. The Authority shall notify Concessionaire and the ACDBE partner in writing of the final approval of the joint venture ACDBE participation rate. The Concessionaire shall not alter or amend the approved joint venture agreement without the approval of the Authority. The Authority review of proposed joint venture agreements will include, but not be limited to, the following items:

- a) Capital Contributions - The capital contributions of party should be clearly stated in the agreement.

- b) Control - The ACDBE participant(s) should have control in proportion to their ownership interest and proportionate control of the governance of the joint venture.
- c) Management - The ACDBE participant(s) must share in the overall and day to day management of the joint venture.
- d) Risks - Each of the participants in the joint venture must share in the risks of the business in proportion to their ownership interest.
- e) Profits - Each of the participants must share in the profits and losses in proportion to their ownership interest.
- f) Funding Sources - Loans from the non-ACDBE participant(s) and to the ACDBE participant(s) will be reviewed.
- g) Charges for Inventory, Supplies or Services - The agreement should not mandate that the ACDBE participant(s) or joint venture to purchase inventory, supplies, or services from the non-ACDBE participant.
- h) Length of Term - The term of the joint venture cannot exceed the term of the concession agreement with the airport.
- i) ACDBE Certification Matches the Work of the Joint Venture - The ACDBE firms must be certified in the type of work to be undertaken by the joint venture.
- j) Dissolution Language - The agreement should specify the terms and condition for dissolution of the joint venture.

21.6 Subleases

Concessionaire shall submit ACDBE sublease agreements and supporting documentation to the Authority and Authority's Small Business Program Officer for review prior to contract award. For purpose of ACDBE participation, the Authority will review the following areas of the proposed sublease agreement for compliance to CFR 49 Part 23. Concessionaire and the proposed ACDBE sub-concessionaire shall provide all documentation requested to review the proposed sublease agreement. Failure to provide requested documentation will result in rejection of the sublease agreement for ACDBE participation purposes. The Authority shall notify Concessionaire and the ACDBE partner in writing of the final approval of the sublease ACDBE participation rate. The Authority review of proposed subleases will include, but not be limited to, the following items:

- a) Management - The ACDBE participant(s) must share in the overall and day to day management of the sublease.
- b) Funding Sources - Loans from the non-ACDBE participant(s) and to the ACDBE participant(s) will be reviewed.

- c) Length of Term - The term of the sublease cannot exceed the term of the concession agreement with the airport.
- d) ACDBE Certification Matches the Work of the Sublease - The ACDBE firms must be certified in the type of work to be undertaken by the sublease.

21.7 Vendor Contracts

Concessionaire shall submit ACDBE management contracts and service fees with supporting documentation to the Authority and Authority's Small Business Program Officer for review. The Authority will review management contracts and service fees for industry standards in counting ACDBE participation. The Authority will also verify that the certification of an ACDBE vendor matches the roles of the ACDBE vendor in the agreement. Concessionaire and the ACDBE vendors shall provide all documentation requested to review the vendor contract. Failure to provide requested documentation will result in rejection of the vendor contract for ACDBE participation purposes. The Authority shall notify Concessionaire and the ACDBE partner in writing of the final approval of the ACDBE-vendor contract participation rate. Concessionaire agrees to comply with other provisions of the ACDBE Program. ACDBE participation through joint venture is subject to 49 CFR Part 23 and the Airport Concessions Disadvantaged Business Enterprise Joint Venture Guidance, dated July 2008 (as may be revised).

21.8 ACDBE Program Reports

Within 30 days of the end of each calendar quarter, Concessionaire shall furnish a report certified by an officer of the Concessionaire's company that indicates the total value of participation from certified ACDBEs for its' Airport operations during the calendar quarter and for the year to date (October 1 through September 30). This report should be used to report the ACDBE participation achieved from gross receipts or the use of vendors or contracted service providers, as applicable. Concessionaire shall report this information electronically utilizing the Authority's Contract Compliance System. In the event that ACDBE participation is derived through the activities of a joint venture, the Concessionaire shall also submit a quarterly report of the joint venture's activities. Examples of the required reports are provided for reference in Exhibit "J".

21.9 Compliance

If Concessionaire is delinquent for ten (10) days or more in furnishing to the Authority any of the ACDBE Participation Reports required under this Agreement, Concessionaire shall pay the Authority a One Hundred Dollar (\$100.00) late fee for each month or partial month that the ACDBE Participation Report is delinquent, as liquidated damages for the additional administrative costs incurred by the Authority in processing, reviewing, and demanding the ACDBE Participation Report.

Failure to comply with the requirements of the ACDBE Program or failure to meet the ACDBE goal set forth in Section 21.2 or to demonstrate a good faith effort to do so, shall be an Event of Default hereunder.

22. Subleasing

22.1 Subtenant Experience

Each subtenant must have recent, satisfactory experience in the ownership and/or operation of business similar in type to the proposed sublease use. The Authority shall be the sole judge of the experience of a proposed subtenant.

22.2 On-Site Management

Each subtenant must cause one or more of its principal owners and/or management employees to spend a significant amount of time on-site focused on the operation of such subtenant's business. Such subtenant representative may not be an employee of Concessionaire.

22.3 Terms of Subleases

22.3.1 Prime Lease

Each sublease to this Lease is in all respects subject and subordinate to this Lease. The terms of this Lease shall be reviewed with each subtenant, and each subtenant will confirm in the sublease that such review has occurred. A copy of this Lease shall be attached as an exhibit to each sublease.

22.3.2 Subtenant Concession Fees

Concessionaire is restricted in its charges of rental payments to its subtenants to payment by each subtenant of: (i) percentage rent at rates no higher than the rates required of Concessionaire under this Lease, and (ii) Minimum Annual Guarantee (MAG) Fee determined as follows, whichever is highest.

$$\text{Subtenant MAG} = \text{MAG} \times 85\% \times \frac{(\text{Total S.F. Subtenant Premises})}{(\text{Total S.F. Concessionaire's Premises})}$$

22.3.3 Subtenant Common Area Maintenance (CAM) Fees. There shall be no CAM fees for this Lease.

22.3.3 Subtenant Premises

Concessionaire must offer to deliver those portions of the Premises to be sublet to subtenants in a finished condition including all trade fixtures.

22.3.4 Term

The term of each sublease shall commence on the DBO for the specific location and shall expire no later than the Expiration Date.

23. GENERAL PROVISIONS

23.1 Attorney Fees

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code), is instituted in connection with any controversy arising out of this Lease or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court or body at trial or on any appeal or review, in addition to all other amounts provided by law. If the Authority is required to seek legal assistance to enforce any term of this Lease, such fees shall include all of the above fees, whether or not a proceeding is initiated. Payment of all such fees shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review. Whenever this Lease requires Concessionaire to defend the Authority, it is agreed that such defense shall be by legal counsel reasonably acceptable to the Authority, understanding that defense may be supplied through an insurance carrier.

23.2 Jurisdiction

This Lease shall be construed under the laws of the State of North Carolina with jurisdiction being with Wake County Courts.

23.3 Amendment

Any amendment, modification, or alteration of this Lease shall be effective only if mutually agreed upon, reduced to writing, and signed by the appropriate representatives or officers of both parties.

23.4 Relationship of Parties

Nothing contained in this Lease shall be deemed or construed by the Authority or Concessionaire, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the Authority and Concessionaire. It is understood and agreed that neither the method of computation of Concession Fees or any other payments, nor any other provision contained in this Lease, nor any acts of the Authority or Concessionaire creates a relationship other than the relationship of the Authority and Concessionaire as described in this Lease.

23.5 Lease Subject to Non-discrimination

Concessionaire, for itself, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (a) no person on the grounds of race, color, or national origin shall be **excluded** from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities on the grounds of race, color, national origin or sex; (b) that in the construction of any improvements on Premises and the furnishing of services thereon, no

person on the grounds of race, color, national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (c) that the Concessionaire shall use the Premises in compliance with all other requirements imposed or pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, and as said Regulations may be amended.

23.6 Lease Subject to Agreements with United States

This Lease shall be subject to the provisions of any existing or future lease between the Authority and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport. Concessionaire, for itself, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event improvements are constructed, maintained, or otherwise operated on the Premises described in this Lease for a purpose for which a Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, the Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, and as said Regulations may be amended.

23.7 Security

Concessionaire recognizes its obligations to comply with Federal Airport Security Regulations. Concessionaire will reimburse the Authority, in full, for any fines or penalties levied against the Authority for security violations as a result of any actions on the part of Concessionaire, its agents, contractors, suppliers, guests, customers, or employees and for any attorney fees or related costs paid by the Authority as a result of any such violation.

23.8 Disadvantaged Business Policy

It is the policy of the Department of Transportation that disadvantaged business enterprises, as defined in 49 CFR Part 23, shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR 23.5. Consequently, this Lease is subject to 49 CFR Part 23, as applicable or if applicable. Concessionaire agrees that no person shall be excluded from participation in, denied the benefits of, or otherwise discriminated against in connection with the award and performance of any contract, including leases, if covered by 49 CFR Part 23, on the grounds of race, color, national origin, or gender. Concessionaire agrees to include the above statements in any subsequent concession agreement or lease that it enters and cause those businesses similarly to include the statements in further agreement or lease.

23.9 Affirmative Action

Concessionaire shall, if required, undertake an affirmative action program as provided by 14 CFR Part 152, Subpart E, to insure that no person shall be excluded from participating in any employment activities covered therein on the grounds of race, creed, sex, color or national origin. Concessionaire assures that no person will be excluded from participating in or receiving the services or benefits of any program or activity covered by said Subpart E on such grounds. Concessionaire

further assures that it will require its covered suborganizations to provide similar assurances to Concessionaire that they will similarly undertake affirmative action programs and require assurances from their suborganizations to the same effect.

23.10 Non-waiver of Rights.

No waiver of Default or violation of this Lease by either party of any of the terms, covenants, and conditions hereof to be performed, kept, and observed by the other party shall be construed as, or shall operate as, a waiver of any subsequent Default or violation of any of the terms, covenants, or conditions herein contained, to be performed, kept, and observed by the other party.

23.11 Notices

All notices, consents and approvals required or authorized by this Lease to be given by or on behalf of either party to the other shall be in writing and signed by a duly authorized representative of the party by or on behalf of whom the same are given, and shall be deemed complete at the time sent or delivered in accordance with the requirements of Sections 23.11.3 and/or 23.11.4, respectively.

23.11.1 Lease Point of Contact for Authority

The Authority's Lease administrator shall be the Director of Concessions, who shall communicate and coordinate all matters related to this Lease through and with Concessionaire's designated point of contact. The Director of Concessions can be reached at the office of the Raleigh-Durham Airport Authority, 1000 Trade Drive, P.O. Box 80001, RDU Airport, North Carolina 27623-0001 or to such other place as the Authority may designate by notice to the Concessionaire in writing.

23.11.2 Lease Point of Contact for Concessionaire

Initially, the Concessionaire's Lease administrator shall be the [ENTER SELECTED APPLICANT POINT OF CONTACT], who shall communicate and coordinate all matters related to this Lease through and with the Authority's designated point of contact. [ENTER SELECTED APPLICANT POINT OF CONTACT] can be reached at [ENTER SELECTED APPLICANT POINT OF CONTACT ADDRESS] or to such other place as Concessionaire may designate by notice to the Authority in writing. In the event of a change to Concessionaire's Lease administrator, Concessionaire shall provide notice to the Authority of the new Lease administrator with contact information within 30 days of the change.

23.11.3 Notice to Authority

Notices to the Authority shall be addressed to President and CEO at the office of the Raleigh-Durham Airport Authority, 1000 Trade Drive, P.O. Box 80001, RDU Airport, North Carolina 27623-0001, and sent by first class U.S. Postal Service mail properly addressed and postage prepaid, sent by registered or certified mail, return receipt required, or by electronic mail to President@rdud.com or by a generally recognized express delivery service or by hand delivery to

the address stated hereinabove or to such other place as the Authority may designate by notice to the Concessionaire in writing.

23.11.4 Notice to Concessionaire

Notices to the Concessionaire shall be sent by first class U.S. Postal Service mail properly addressed and postage prepaid, sent by registered or certified mail, return receipt required, or by electronic mail sent to the email address(es) provided below or by a generally recognized express delivery service . Initially, notices to the Concessionaire shall be addressed to:

Attention: [ENTER NAME]
[ENTER ADDRESS]

Email: [ENTER E-MAIL ADDRESS]

to such other place or person as the Concessionaire may designate by notice to the Authority in writing.

23.12 Captions

The headings and section titles of this Lease are not part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

23.13 Calculation of Time

Unless referred to as Business Days, all periods of time referred to in this Lease shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or legal holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday or Legal Holiday. "Legal Holiday" shall mean any holiday observed by the Federal Government. "Business Days" shall mean Monday through Friday and shall exclude Saturday, Sunday and Legal Holidays.

23.14 Severability

If one or more clauses, sections, or provisions of this Lease shall be held to be unlawful, invalid, or unenforceable, it is agreed that the remainder of the Lease and the enforceable part of unenforceable provisions shall remain in full force and effect.

23.15 Waiver of Claims

Concessionaire hereby waives any claim against the Authority for loss of anticipated profits caused by any suit or proceedings attacking the validity of this Lease or any part of this Lease, or by any judgment or award in any suit declaring this Lease null, void, or voidable, or delaying the Lease or any part of it being carried out.

23.16 Right to Develop Airport

Concessionaire agrees that the Authority reserves the right to further develop or improve the Airport and all landing areas and taxiways as the Authority may see fit, regardless of the desires or views of Concessionaire and without any interference or hindrances from Concessionaire.

23.17 Incorporation of Exhibits and Other Documents

All Exhibits and documents attached to and referred to in this Lease are intended to be and hereby are specifically made a part of this Lease.

23.18 Successor and Assigns

This Lease shall be binding upon and inure to the benefit of the successors and assigns of the Authority and Concessionaire where permitted by this Lease.

23.19 Modifications Required by FAA

In the event that the Federal Aviation Administration or its successors requires modifications or changes in this Lease as a condition precedent to the granting of funds for the improvement of the Airport, or otherwise, Concessionaire agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Lease as may be reasonably required to satisfy the Federal Aviation Administration requirements.

23.20 Time of the Essence

It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this Lease.

23.21 Authority Consent or Action

In the event this Lease is silent as to the standard for any consent, approval, determination, or similar discretionary action, the standard shall be the sole and unfettered discretion of the Authority, rather than any implied standard of good faith, fairness or reasonableness. Wherever this Lease requires the Authority's consent or approval or permits the Authority to act, such consent, approval or action may be given or performed by the Authority Board, the President of the Authority or the President's designee. If Concessionaire requests the Authority's consent or approval pursuant to any provision of the Lease and the Authority fails or refuses to give such consent, Concessionaire shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable. In the event the Authority has expressly agreed, in writing, not to act unreasonably in withholding its consent or may not unreasonably withhold its consent as a matter of law and the Authority has, in fact, acted unreasonably in either of those instances, Concessionaire's sole remedy shall be an action for specific performance or injunction.

23.22 Accord and Satisfaction

The Authority is entitled to accept, receive and cash or deposit any payment made by Concessionaire for any reason or purpose or in any amount whatsoever, and apply the same at Authority's option to any obligation of Concessionaire and the same shall not constitute payment of any amount owed except that to which Authority has applied the same. No endorsement or statement on any check or letter of Concessionaire shall be deemed an accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such check or payment shall be without prejudice to Authority's right to recover any and all amounts owed by Concessionaire hereunder and Authority's right to pursue any other available remedy.

23.23 Submission of Lease

Submission of this Lease to Concessionaire does not constitute an offer to lease; this Lease shall become effective only upon execution and delivery thereof by Authority and Concessionaire. The Effective Date of this Lease shall be the date filled in on Page 1 hereof, by the Authority.

23.24 Interpretation of Lease

This Lease is the result of arm's length negotiations between the Authority and Concessionaire and shall not be construed against the Authority by reason of its preparation of this Lease.

23.25 Number or Gender

The use herein of a singular term shall include the plural and use of the masculine, feminine, or neutral genders shall include all others.

23.26 Objection to Statements

Concessionaire's failure to object to any statement, invoice or billing rendered by Authority within a period of sixty (60) days after receipt thereof shall constitute Concessionaire's agreement and acceptance with respect to such statement, Invoice or billing and any claim based in the same shall be time barred.

23.27 Joint and Several Liability

If Concessionaire is a partnership or other business organization the members of which are subject to personal liability, the liability of each such member shall be deemed to be joint and several.

23.28 Broker's Commission

Each party represents and warrants that it has caused or incurred no claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and each party shall indemnify and hold the other harmless against and from all liabilities arising from any such claims

caused or incurred by it (including without limitation, the cost of attorney's fees in connection therewith).

23.29 Entire Lease

It is understood and agreed that this Lease (including all Exhibits and other documents incorporated by reference) contains the entire agreement between the Authority and Concessionaire as to this Lease. It is further understood and agreed by Concessionaire that the Authority and the Authority's agents and employees have made no representations or promises with respect to this Lease or the making or entry into this Lease, except as in this lease expressly set forth, and that no claim or liability or cause for termination shall be asserted by Concessionaire against the Authority for, and the Authority shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Lease. Any other written or parole lease with the Authority is expressly waived by Concessionaire.

23.30 No Limit on Authority's Powers

Nothing in this Lease shall limit, in any way, the power and right of the Authority to exercise its governmental rights and powers, including its powers of eminent domain.

23.31 Capacity to Execute

The Authority and Concessionaire each warrant and represent to each other that this Lease constitutes their legal, valid and binding obligation. The individuals executing this Lease personally warrant that they have full authority to execute this Lease on behalf of the entity for whom they purport to be acting.

23.32 Compliance With Laws

Concessionaire agrees that Concessionaire will abide by: (a) all applicable laws or regulations of the United States, the State of North Carolina and Wake County; (b) Airport Rules and Regulations and Authority Ordinances, both of which may be amended by the Authority from time to time; and, (c) operating guidelines for Concessionaires, which may be amended by the Authority from time to time.

23.33 Execution by Electronic Means

The Authority and Concessionaire agree that the parties may execute this Lease by manual signatures or by any form of electronic signature that is permitted under the Uniform Electronic Transaction Act as enacted and codified in Article 40 of Chapter 66 of the General Statutes of North Carolina.

23.34 Business Licenses

Concessionaire shall maintain, in current status, all federal, state, and local licenses and permits necessary or required by law for the operation of Concessionaire's business. Concessionaire

shall keep such licenses and permits displayed on the Premises as required by law and shall provide a copy of such licenses to the Authority upon request.

24. Compliance With Laws

24.1 Compliance with Laws

Concessionaire shall at all times fully and promptly observe, obey and comply with all statutes, laws, ordinance, orders, rules, directives, regulations and standards, whether now in effect or hereinafter enacted, adopted or promulgated by the Authority, any municipal, state or federal agency, or any other lawful authority having jurisdiction over the Airport, the operation of the Airport, or the business conducted by Concessionaire at or from the Airport, including, but not limited to, those relating to the safety, cleanliness, occupancy and use of the Airport, to the nature, character and manner of operation of the business conducted in, at or from said Airport, and to the conduct of Concessionaire's agents and employees while on Airport property. In particular, but without limitation, each party to this Lease shall perform its respective responsibilities regarding the provision of accessible facilities and services as required by 49 CFR Part 27 and all other applicable laws and regulations.

24.2 Required Federal Provisions

- a. Concessionaire agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If Concessionaire transfers its obligation to another, the transferee is obligated in the same manner as Concessionaire.
- b. This provision obligates Concessionaire for the period during which the property is owned, used or possessed by Concessionaire and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.
- c. During the performance of this contract, Concessionaire, for itself, its assignees, and successors in interest, agrees as follows:
 1. Compliance with Regulations: Concessionaire for itself and any contracted parties will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
 2. Non-discrimination: Concessionaire, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Concessionaire will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and

Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by Concessionaire for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Concessionaire of Concessionaire's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. Information and Reports: Concessionaire will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. Sanctions for Noncompliance: In the event of a contractor's noncompliance with the Non-discrimination provisions of this contract, the Authority will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a) Withholding payments to the contractor under the contract until the contractor complies; and/or
 - b) Cancelling, terminating, or suspending a contract, in whole or in part.
6. Incorporation of Provisions: Concessionaire will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Concessionaire will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Concessionaire becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Concessionaire may request the Authority to enter into any litigation to protect the interests of the Authority. In addition, Concessionaire may request the United States to enter into the litigation to protect the interests of the United States.

24.3 List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, Concessionaire, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- b. 49 CFR part 21 (Non-discrimination in Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- c. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- d. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- e. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- f. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- g. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- h. Titles II and III of the American with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- i. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- j. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- k. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- l. Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination because of sex in education programs or activities (20 U.S.C. 1681 et seq).

24.4 Fair Labor Standards Act (FLSA)

This Lease incorporates by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Concessionaire has full responsibility to monitor compliance to the referenced statute or regulation and must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

24.5 OSHA

All contracts and subcontracts shall incorporate by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Concessionaire must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Concessionaire retains full responsibility to monitor its compliance and their subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Concessionaire must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

IN WITNESS HEREOF, the parties have subscribed their names hereto effective as of the year and date first written above.

[ENTER SELECTED APPLICANT]

RALEIGH-DURHAM AIRPORT AUTHORITY

[ENTER AUTHORIZED SIGNER]
[ENTER TITLE]

 Michael J. Landguth
 President & CEO

Approved as to form.

SAMPLE

EXHIBIT A - PREMISES

- Exhibit A-1 The Premises
- Exhibit A-2 Concession Layout Plans
- Exhibit A-3 Proposal Floor Plans
- Exhibit A-4 Date Of Beneficial Occupancy By Location

SAMPLE

EXHIBIT A-1 - THE PREMISES

The Premises leased exclusively to Concessionaire are described and identified as follows:

That certain space shown and designated as, **[ENTER ROOM]**, on the Terminal 2 Concession Layout Plan, a copy of which is attached hereto, containing approx. **[ENTER SQUARE FEET]** square feet, more or less.

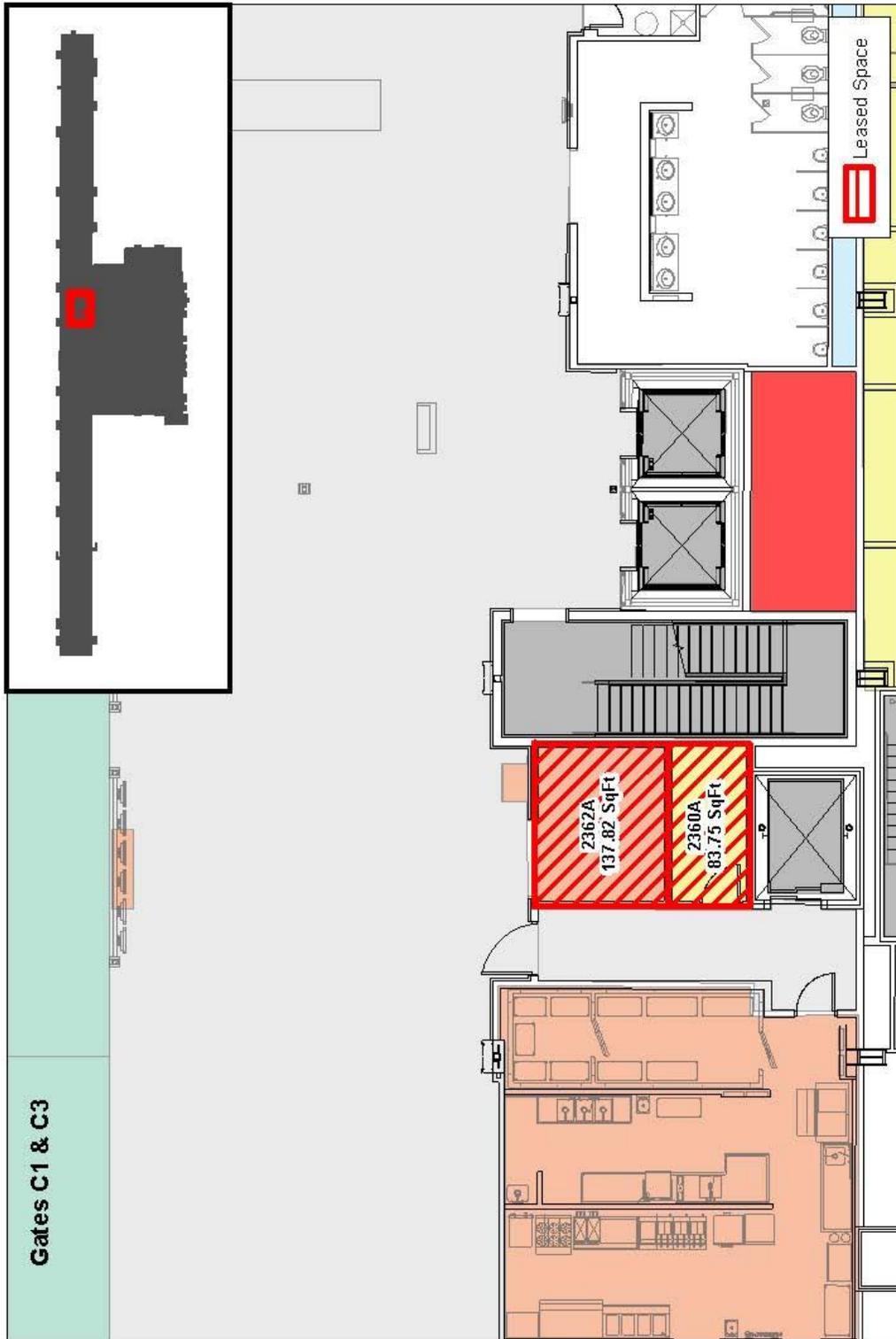
SAMPLE

EXHIBIT A-2 - CONCESSION LAYOUT PLANS

[ENTER FROM APPLICATION]

SAMPLE

EXHIBIT A-3 - PROPOSAL FLOOR PLANS



**Terminal 2: Level 2: Room 2362A
Temporary Concessions**



1 inch = 10 feet

Path: \\rdugis\ve\GIS\Current_Projects\FBA\2019\1212_T2_Level2_Temp_Concession\T2_Level2_Room_2362A.mxd 12/12/2019



SAMPLE

EXHIBIT A-4 – DATE OF BENEFICIAL OCCUPANCY BY LOCATION

The Date of Beneficial Occupancy (“DBO”) for each location shall be the date each location opens for business.

SAMPLE

EXHIBIT B - PERMITTED USES & PERCENTAGE RENTS

- Exhibit B-1 Permitted Uses and Percentage Fees
- Exhibit B-2 Presentation Pro Forma Income Statement
- Exhibit B-3 Application MAG Stipulation & Capital Requirements

SAMPLE

EXHIBIT B-1 - PERMITTED USES & PERCENTAGE FEES

Concessionaire is granted 1) the exclusive right to use and occupy the Premises for the purpose of operating food and beverage units within the commercial passenger terminal buildings.

Concessionaire is granted the exclusive right to use and occupy the Premises for the purpose of operating a food and beverage concession in Terminal 2 as further described below: **[ENTER CONCEPT TYPE]**. Alcoholic beverage may only be sold in designated Premises, except when provided as a part of catering services as specified below. Concessionaire shall obtain and maintain continuously a permit to sell such beverages issued by the North Carolina Alcoholic Beverage Control Commission, a copy of which shall be supplied to the Authority prior to the sale of any alcoholic beverages on the Airport. Concessionaire shall maintain, in current status, all federal, state, and local licenses and permits necessary or required by law for the operation of Concessionaire's businesses. Concessionaire shall keep such licenses and permits displayed on the Premises as required by law.

A. Concessionaire may provide food and beverage catering services to Airport tenants at on-Airport locations. Catering services may include food, non-alcoholic beverage and alcoholic beverage services. Alcoholic beverage service may only be provided as a part of airline clubroom catering services. If alcoholic beverage service is provided, Concessionaire shall obtain and maintain continuously a permit to sell such beverages issued by the North Carolina Alcoholic Beverage Control Commission, a copy of which shall be supplied to the Authority prior to the sale of any alcoholic beverages on the Airport. Concessionaire shall remit Percentage Rent for any and all catering services provided at the percentage rent rates list in Chart 1 below and in accordance with Section 4 of the Lease.

B. The menu in each unit shall be consistent with the sample menus attached in Exhibit J provided by Concessionaire in its Proposal.

Chart 1 – Schedule of Permitted Uses and Percentage Fee Rates

Unit & Room	Concept	Percent Fee¹	Brand	Hours of Operation²
		Food & Beverage – [ENTER] % Alcoholic Beverage - [ENTER] %		

¹ First Flight hours of operation start 1 hour before the first departure. Last Flight hours of operation end within 30 minutes of the last departure.

EXHIBIT B-2 - PROPOSAL PRO FORMA INCOME STATEMENT

[ENTER FROM APPLICATION]

SAMPLE

**EXHIBIT B-3 – PROPOSAL MAG STIPULATION & CAPITAL
REQUIREMENTS**

[ENTER FROM APPLICATION]

SAMPLE

EXHIBIT C - SAMPLE MAG CALCULATION

(Example 1)

SAMPLE MAG CALCULATION
[Lease Year 2]

Raleigh-Durham International Airport

Year 1 Concession Fee Due the Authority	<u>\$ 15,000.00</u>	[<u>\$13,000 MAG</u>]
Year 2 Concession Fee Due the Authority	<u>\$ 0.00</u>	
Total Concession Fee	<u>\$15,000.00</u>	
Divided by 1 (years) equals average	<u>\$15,000.00</u>	
Times 85 Percent	<u>x 85%</u>	
Total	\$12,750.00	
New Annual Minimum (1)	<u>\$ 13,000.00</u> divided by 12	
Equals New Monthly Minimum	<u>\$1,083.33</u>	

(1) Calculation produced a MAG of \$12,800.00; however, the MAG cannot be less than the original MAG amount. The MAG for the next year remained \$13,000.00.

Exhibit C
1 of 2

**EXHIBIT C
(Example 2)**

**SAMPLE MAG CALCULATION
[Lease Year 2]**

Raleigh-Durham International Airport

Year 1 Concession Fee Due the Authority	<u>\$ 15,000.00</u>	[\$13,000 MAG]
Year 2 Concession Fee Due the Authority	<u>\$19,000.00</u>	
Total Concession Fee	<u>\$34,000.00</u>	
Divided by 2 (years) equals average	<u>\$17,000.00</u>	
Times 85 Percent	<u>x 85%</u>	
Total	\$14,450.00	
New Annual Minimum (1)	<u>\$ 14,450.00</u> divided by 12	
Equals New Monthly Minimum	<u>\$1,204.17</u>	

(1) Calculation produced a MAG of \$14,450.00, which exceeds the original MAG. The MAG for the next year increased to \$14,450.00.

**Exhibit C
2 of 2**

EXHIBIT D - MONTHLY GROSS RECEIPTS REPORT

Remit Payment to:
Raleigh-Durham Airport Authority
P. O. Box 63240
Charlotte, NC 28263-3240

Send Reports to:
Sales.reports@rdu.com

**MONTHLY GROSS RECEIPTS REPORT
("MONTHLY STATEMENT")**

"STORE NAME"
Raleigh-Durham International Airport

Month: _____ Year: _____

[This monthly gross receipts report must be submitted to the RDU Authority by the 5th of each month. The final report and payment must be submitted by the 15th of each month.]

Gross Sales \$ _____
Less Discounts (1) \$ _____ Discount % _____
Adjusted Gross Receipts \$ _____
Percentage Fee X %
Percentage Fee Payable \$ _____
Monthly Minimum Guarantee \$ _____
Additional Amount Due in
Excess of Guarantee: \$ _____
Promotional Fees Due \$ _____

Number of Total Transactions _____
(1) Equal to or less than 2 percent of sales/concession location

I certify this amount to be correctly stated to the best of my knowledge.

Signed: _____ Title: _____ Date: _____

Print Name: _____ Email _____ Phone: _____

**EXHIBIT E - STATEMENT OF GROSS RECEIPTS
PART A**

Instructions: Complete a Statement of Gross Receipts - Part A form for each concession unit in the Lease. Attach the form for each concession unit to the Annual Report. Sales and rent reported using Part A of the Statement of Gross Receipts form must be included in total sales and rent reported in Part B of the Statement of Gross Receipts form. Electronic form available on request.

Send Report to:
Raleigh-Durham Airport Authority
P. O. Box 80001/1000 Trade Drive
RDU Airport, NC 27623

**STATEMENT OF GROSS RECEIPTS – PART A
CONCESSION UNIT REPORT FOR - _____
RALEIGH-DURHAM INTERNATIONAL AIRPORT
04/01/___ to 03/31/___**

[The Annual Report is due by the first date of the fourth month of each Lease Year.]

Month	(Column 1) Gross Sales	(Column 2) Actual Discounts Given ¹	(Column 3) Discounts Reported	(Column 4) Adjusted Gross Sales (Column 1 less Column 3)	(Column 5) Paid Monthly Revenue
April	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
May	_____	_____	_____	_____	_____
June	_____	_____	_____	_____	_____
July	_____	_____	_____	_____	_____
August	_____	_____	_____	_____	_____
September	_____	_____	_____	_____	_____
October	_____	_____	_____	_____	_____
November	_____	_____	_____	_____	_____
December	_____	_____	_____	_____	_____
January	_____	_____	_____	_____	_____
February	_____	_____	_____	_____	_____
March	_____	_____	_____	_____	_____
Totals	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Total Promotional Fees Due \$ _____
 Total Promotional Fees Paid \$ _____
 Excess Promotional Fees Paid, OR \$ _____
 Additional Promotional Fees Due \$ _____
 Total Number of Transactions - _____

1- Equal to or less than 2 percent of Gross Sales by concession unit

**EXHIBIT E - STATEMENT OF GROSS RECEIPTS
PART B**

Instructions: Complete this Statement of Gross Receipts - Part B form and attach it to the Annual Report. Sales and rent reported using Part A of the Statement of Gross Receipts form must be included in total sales and rent on Part B of the Statement of Gross Receipts form. Electronic form available on request. Part 5 must be submitted for all multi-unit leases. Part B is not required on single unit leases.

Send Report to:
Raleigh-Durham Airport Authority
P. O. Box 80001/1000 Trade Drive
RDU Airport, NC 27623

**STATEMENT OF GROSS RECEIPTS – PART B
SUMMARY OF ALL CONCESSION UNITS
RALEIGH-DURHAM INTERNATIONAL AIRPORT
04/01/___ to 03/31/___**

[The Annual Report is due by the first date of the fourth month of each Lease Year.]

Month	(Column 1) Gross Sales	(Column 2) Actual Discounts Given ¹	(Column 3) Discounts Reported	(Column 4) Adjusted Gross Sales (Column 1 less Column 3)	(Column 5) Paid Monthly Revenue
April	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
May	_____	_____	_____	_____	_____
June	_____	_____	_____	_____	_____
July	_____	_____	_____	_____	_____
August	_____	_____	_____	_____	_____
September	_____	_____	_____	_____	_____
October	_____	_____	_____	_____	_____
November	_____	_____	_____	_____	_____
December	_____	_____	_____	_____	_____
January	_____	_____	_____	_____	_____
February	_____	_____	_____	_____	_____
March	_____	_____	_____	_____	_____
Totals	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Minimum Annual Guarantee (MAG) Fee \$ _____
 Additional Rent due in Excess of Guarantee \$ _____
 Amount Paid in Excess of MAG and Percentage Fee \$(_____)

Total Promotional Fees Due \$ _____
 Total Promotional Fees Paid \$ _____
 Excess Promotional Fees Paid, OR \$ _____
 Additional Promotional Fees Due \$ _____
 Total Number of Transactions _____

I certify the amounts stated herein are correct to the best of my knowledge and were properly calculated and paid in accordance with the terms of the Lease.

Signed: _____ Title: _____ Date: _____
 Print Name: _____ Email: _____ Phone: _____

1- Equal to or less than 2 percent of Gross Sales by concession unit

EXHIBIT F - CONCESSION OPERATING HOURS/SCHEDULE

CONCEPT	HOURS

EXHIBIT G - SANCTIONS

Note: Sanctions and Sanction amounts are subject to change upon (30) days prior written notice. All Sanctions apply at the Lease level. Cumulative Sanctions shall reset on a calendar year basis.

Operating Hours (Sections 5. 1)	Written Warning first occurrence \$250 second occurrence \$500 third occurrence \$1,000 per occurrence thereafter \$500 for unapproved closure, early closure or late opening on any holiday for the first 3 violations \$1,500 per holiday violation after the 3 rd violation
Service Standards; Employee Standards (Sections 5.2)	Written Warning first occurrence \$100 per occurrence thereafter
Merchandise Pricing and Quality (Sections 5.5 and 5.6)	Written Warning first occurrence \$250 second occurrence \$500 per occurrence thereafter
Miscellaneous Operational Covenants (Section 5.9)	Written Warning first occurrence \$50 second occurrence \$100 per occurrence thereafter
Non-interference with Utilities (Section 5.10)	Written Warning first occurrence \$100 per occurrence thereafter
Sanitation, Hygiene and Cleanliness, Waste Disposal and Recycling (Sections 5.11 and 6)	Written Warning first occurrence \$100 per occurrence, for up to three (3) occurrences. Thereafter, Concessionaire will be billed for all garbage services at a rate to be determined to be reasonable by the Authority
Deliveries and Vendor Access (Section 7)	Written Warning first occurrence \$100 per occurrence thereafter

EXHIBIT H - STREET PRICING POLICY & INITIAL COMPARABLE FACILITIES

Concessionaire shall be permitted to use Street Pricing plus ten percent (10%) to its prices at the Premises.

[INSERT INITIAL COMPARABLE VENDORS FORM FROM TENANT APPLICATION]

EXHIBIT I - MAINTENANCE MATRIX

Concessionaire shall keep all of the systems, utilities and building features pertaining to property within the Premises, as well as systems, utilities and building features extending beyond Premises, in good maintenance and repair. The Authority shall not have any responsibility for maintenance, repair, or replacement of any system, utility, or building feature on the Premises or extending beyond the Premises, unless expressly stated in the Maintenance Matrix.

Those items not expressly assigned to the Authority in the Maintenance Matrix are the exclusive responsibility of the Concessionaire and shall be kept in good maintenance and repair.

		MAINTAINED BY:	
		AUTHORITY	TENANT
CUSTODIAL SERVICE			
1.1	Windows-interior and exterior of common areas	<input checked="" type="checkbox"/>	
1.2	Public Restrooms	<input checked="" type="checkbox"/>	
1.3	Trash (collection in common areas)	<input checked="" type="checkbox"/>	
1.4	Trash hauling & recycling	<input checked="" type="checkbox"/>	
1.5	Windows-interior and exterior of lease space		<input checked="" type="checkbox"/>
1.6	Carpets within leased space		<input checked="" type="checkbox"/>
1.7	Walls, ceiling, floors in leased space		<input checked="" type="checkbox"/>
1.8	Trash (collection in leased space)		<input checked="" type="checkbox"/>
ELECTRICAL SYSTEMS			
2.1	Primary electric service, include main conduit, wiring, electric meters, fixtures, power and lighting panels	<input checked="" type="checkbox"/>	
2.2	Area lighting to include all exterior lighting and power distribution	<input checked="" type="checkbox"/>	
2.3	Authority installed window lighting, as applicable	<input checked="" type="checkbox"/>	
2.4	Common area lighting in front of lease line to include lobby and public seating areas	<input checked="" type="checkbox"/>	
2.5	Power from connection point throughout Concessionaire’s space, to include conduit and wiring, sub-panels, power outlets, meters, switches and all interior lamps		<input checked="" type="checkbox"/>

		MAINTAINED BY:	
		AUTHORITY	TENANT
2.4	Lighting within storefront window zone		<input checked="" type="checkbox"/>
2.6	Lighting behind lease line within concessionaire's space		<input checked="" type="checkbox"/>
FIRE SYSTEM			
3.1	Sprinklers (heads and piping) in public areas	<input checked="" type="checkbox"/>	
3.2	Alarm and detection system units for public areas	<input checked="" type="checkbox"/>	
3.3	Alterations to heads and piping in public areas	<input checked="" type="checkbox"/>	
3.4	Routine dusting of sprinkler heads in leased space		<input checked="" type="checkbox"/>
3.5	Sprinklers (heads and piping) in leased space		<input checked="" type="checkbox"/>
3.6	Alarm and detection system units in leased space		<input checked="" type="checkbox"/>
H.V.A.C			
4.1	Heating, ventilation, air conditioning and associated controls to include central system, package units and window units	<input checked="" type="checkbox"/>	
4.2	Routine cleaning and inspection of fans, louvers, duct work and/or exhaust system components located beyond the lease line, including such components provided by the Authority and used by the tenant	<input checked="" type="checkbox"/>	
4.3	Exhaust system in leased space		<input checked="" type="checkbox"/>
4.4	Heating, ventilation, air conditioning and associated controls to include central system, and package units in leased space		<input checked="" type="checkbox"/>
SIGNAGE			
5.1	Regulatory/traffic control	<input checked="" type="checkbox"/>	
5.2	Non-regulatory/traffic control	<input checked="" type="checkbox"/>	
5.3	Terminal directories	<input checked="" type="checkbox"/>	
Store Front Signs:			
5.4	Sign frame, face plate and/or sign attachments		<input checked="" type="checkbox"/>
5.5	Artwork design for sign face		<input checked="" type="checkbox"/>
5.6	Primary signage		<input checked="" type="checkbox"/>

		MAINTAINED BY:	
		AUTHORITY	TENANT
5.7	Storefront soffit signage		<input checked="" type="checkbox"/>
58	Blade or Marquee signage		<input checked="" type="checkbox"/>
STRUCTURE			
6.1	Exterior: to include roofs, sidings, locks, gutters, drains and walkways	<input checked="" type="checkbox"/>	
6.2	All locks including exterior and interior	<input checked="" type="checkbox"/>	
6.3	Duplicate new keys	<input checked="" type="checkbox"/>	
6.4	Asbestos management	<input checked="" type="checkbox"/>	
6.5	Furniture maintenance in common areas	<input checked="" type="checkbox"/>	
6.6	Floors in common areas	<input checked="" type="checkbox"/>	
6.7	Interior premises: to include doors, windows, door operations, ceilings, walls		<input checked="" type="checkbox"/>
6.3	Security grilles, gates and doors		<input checked="" type="checkbox"/>
6.6	Asbestos management during unit development		<input checked="" type="checkbox"/>
6.9	Floors in lease area (including water proofing and sealing of all floor penetrations)		<input checked="" type="checkbox"/>
6.10	Storage area modifications		<input checked="" type="checkbox"/>
WATER SYSTEMS / GROUND UTILITIES			
7.1	Storm sewers, sanitary sewers, potable water, and other site utilities	<input checked="" type="checkbox"/>	
7.2	Common area utility fixtures (sinks, toilets, water fountains, etc.)	<input checked="" type="checkbox"/>	
7.3	Plumbing system, supply to periphery of leasehold	<input checked="" type="checkbox"/>	
7.4	Piping within lease space		<input checked="" type="checkbox"/>
7.5	Cold water pipe insulation for lease space		<input checked="" type="checkbox"/>
7.6	Water heater		<input checked="" type="checkbox"/>
7.7	Floor penetrations within lease space		<input checked="" type="checkbox"/>
7.8	Distribution lines and conduit		<input checked="" type="checkbox"/>

EXHIBIT J - ACDBE PARTICIPATION REPORT



Sample of Electronic Report

AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ACTIVITY REPORT

Reporting Instructions: Complete form and submit Vendor Profile information for each DBE firm.

Reporting Period: October 1, 20 _____ to September 30, 20 _____

Concessionaire Name:	
Operating As (if different):	
Contact Person:	Contact E-mail:
Concessionaire's Gross Receipts \$	
Total Amount of Goods & Services \$	Total Number of Goods & Services Vendors
Total Amount of DBE Goods & Services \$	Total Number of DBE Goods & Services Vendors

DBE VENDOR NAME *	Description of ACDBE Services or Goods Supplied	Total Dollar Value of Purchases/ Services
* Enter corresponding contact information on VENDOR PROFILE		
Sample Vendor of Goods		\$ 500.00
Total ACDBE Purchases/Services		\$

Signature of authorized representative / Date

Print name of authorized representative

DBE Vendor Profile

(Complete one profile for each DBE vendor listed above)

Vendor Name:	Contact Name:
Mailing Address:	Service Type:
Contact Telephone:	Contact Telephone:
Certification Status: <input type="checkbox"/> Pending <input type="checkbox"/> Certified <input type="checkbox"/> Unknown	Certification Agency: Click here to enter text.
Disadvantaged Status: <input type="checkbox"/> African American <input type="checkbox"/> Asian-Pacific Americans <input type="checkbox"/> Hispanic American	<input type="checkbox"/> Subcontinent Asian Americans <input type="checkbox"/> Non-minority Female <input type="checkbox"/> Other

DBE Vendor Profile

(Complete one profile for each DBE vendor listed above)

Vendor Name:	Contact Name:
Mailing Address:	Service Type:
Contact Telephone:	Contact Telephone:
Certification Status: <input type="checkbox"/> Pending <input type="checkbox"/> Certified <input type="checkbox"/> Unknown	Certification Agency: Click here to enter text.
Disadvantaged Status: <input type="checkbox"/> African American <input type="checkbox"/> Asian-Pacific Americans <input type="checkbox"/> Hispanic American	<input type="checkbox"/> Subcontinent Asian Americans <input type="checkbox"/> Non-minority Female <input type="checkbox"/> Other

DBE Vendor Profile

(Complete one profile for each DBE vendor listed above)

Vendor Name:	Contact Name:
Mailing Address:	Service Type:
Contact Telephone:	Contact Telephone:
Certification Status: <input type="checkbox"/> Pending <input type="checkbox"/> Certified <input type="checkbox"/> Unknown	Certification Agency: Click here to enter text.
Disadvantaged Status: <input type="checkbox"/> African American <input type="checkbox"/> Asian-Pacific Americans <input type="checkbox"/> Hispanic American	<input type="checkbox"/> Subcontinent Asian Americans <input type="checkbox"/> Non-minority Female <input type="checkbox"/> Other



**AIRPORT CONCESSIONAIRES DISADVANTAGED BUSINESS
ENTERPRISE (ACDBE) JOINT VENTURE REPORT**

Quarterly Questionnaire

*Please complete the questionnaire and submit to the ACDBE Liaison Officer (thiane.carter@rd�.com) quarterly in advance of each quarterly joint venture meeting. Attach additional sheets as necessary.
Notify the ACDBLO no later than two weeks prior to each quarterly joint venture meeting.*

Select the appropriate reporting quarter

April – June 20 ____ July – Sept. 20 ____ Oct. – Dec. 20 ____ Jan. – March 20 ____

1. What is the time, date and location of the next quarterly joint venture meeting?
2. Have there been any changes in the ownership of the ACDBE firm (changes in ownership, or key personnel)? Yes No
 - a. If yes, please describe the circumstances of the change and the effective date of the change.
3. Have there been any changes in the ownership structure of the joint venture partnership? Yes No
 - a. If yes, please describe the circumstances of the change and the effective date of the change.
4. Have there been any changes in the key personnel of the joint venture partnership? Yes No
 - a. If yes, please describe the circumstances of the change and the effective date of the change.
5. Have there been any changes in the roles and responsibilities of each joint venture partner? Yes No
 - a. If yes, please describe the circumstances of the change and the effective date of the change.
6. Has the joint venture incurred additional debt in the past quarter? Yes No
 - a. If yes, provide documentation of the capital contribution (including loan payments, if applicable)
 - b. If yes, did the ACDBE partner consent to the additional debt?
 - c. Will the total debt owed by the joint venture be paid by the end of the lease?
 - d. Was the additional debt advanced to the ACDBE partner by the non-ACDBE partner?
7. Did the quarterly distributions paid to the ACDBE partner exceed capital debt and reserve payments for the same period? Yes No

8. Are there any changes, circumstances or conditions which affect the financial viability of the joint venture or either joint venture partner that the Authority should be aware? Yes No
- a. If yes, please describe the circumstances in detail.

Lease Title: _____

Joint Venture Name: _____

Submitted By: _____ **Title:** _____

E-mail: _____ **Date:** _____

Signature: _____

ACDBE Partner: _____ **Date:** _____

E-Mail: _____

Signature: _____

ACDBE Partner: _____ **Date:** _____

E-Mail: _____

Signature: _____

ACDBE Partner: _____ **Date:** _____

E-Mail: _____

Signature: _____

SCHEDULE 1 – APPLICATION

[ENTER FROM APPLICATION]