

A blue-tinted map of North America with a grid overlay. A black dot is placed over the location of Denver, Colorado, with the word "DENVER" written in black capital letters to its right.

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# DIA – Concession Agreement Amendment

Presented by John Ackerman  
September XX, 2012



DENVER INTERNATIONAL AIRPORT  
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# RMU Program Overview

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- Retail Merchandising Unit (RMU) Program
- Provenzano Resources, LLC is a partnership between Provenzano Resources, Inc. and Teller Street Investors, LLC
- 34 locations on Concourse A, B and C
- 262 employees at DIA
- Projected 2012 Sales: \$10.5M
- Projected 2012 Denver sales tax revenue: \$380,100



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## What We Learned

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- Largest airport RMU program
- Ramp-up period
- Sales are lower than expected
  - \$10.5 million actual vs. \$13 million projection
- Rents were based on proposed higher sales
- ACDBE goal/participation: 25/25

# Amendment Deal Points

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- Contract term: 7 years
- Reduced current \$1,095,600 Minimum Annual Guarantee
  - \$856,020 MAG on 34 locations through 2013
  - \$895,596 on 34 locations January 2014 – end of term
- Suspended liquidated damages
  - Liquidated damages begins September 1, 2012
- ACDBE goal/participation: 25%

# Benefits

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- Reduction in MAG
  - Right-sized license fees for operators
- Provenzano Resources, LLC waives \$500,000 in pursuit costs
- New formula for calculating unamortized value of RMUs and equipment
  - Approximate \$200,000 benefit to City in year one



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# ACDBE & Local Businesses

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- Concourse A
  - Fire CZ, ACDBE
  - Summit Shades, local
  - Hammond's Candies, local
  - Climax Jerky, ACDBE
  - Jestibo, ACDBE
- Concourse B
  - Beauty Box, ACDBE
  - Object d' Art, ACDBE
  - El Roi, ACDBE\*
  - Bluwire, ACDBE\*
  - SoHo, ACDBE\*
  - Hammond's Candies, local
  - Wystone's Teas, ACDBE
  - Convertibles, ACDBE



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# ACDBE & Local Businesses

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- Concourse B (continued)
  - Climax Jerky, ACDBE
  - Jestibo, ACBE
  - Truffnies, ACDBE\*
  - Epic Wireless Couture, ACDBE\*
  - Amber Room, ACDBE
  - Fire CZ, ACDBE
  - Breckenridge Hat Company, local
  - Pillow Pets, ACDBE
- Concourse C
  - Hammond's Candies, local
  - Amber Room, ACDBE
  - Bluwire, ACDBE\*
  - Summit Shades, local\*
  - Jestibo, ACDBE

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Questions?

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