

Airport Concessionaires Survival and Revival Conference Call March 25, 2020 Q&A

- 1. Please clarify the desired and realistic timetable for relief from both airports and Congress...realizing that airports are more capable to provide more timely relief/concessions.**

ARRA and AMAC have requested from U.S. airports immediate relief in the form of a 12-month rent waiver. We also requested from Congress \$2.5 billion in funds to support rent abatement that we had hoped would come in the CARES Act which was approved by Congress on March 27, 2020. While direct financial relief for airport concessions operators did not make it into this bill, it is expected that there will be a follow-up stimulus package and we are again lobbying for concessions rent financial relief, as well as zero and low interest loans and loan guarantees (\$3 billion), and recovery relief funds (\$3 billion) to support concessionaires' debt payments, capital investment obligations, and operations. We expect Congress will try to move quickly to pass more relieve/stimulus bills, but it may be 3 to 4 weeks or longer before we will know the outcome of these efforts.

Several major airports have granted various levels of relief in the form of Minimum Annual Guarantee (MAG) waiver or deferral, reduction of percentage rent, etc. We are monitoring this on an airport-by-airport basis. We continue to advocate for a full 12-month rent waiver as stated on our 3/25/20 industry call and will provide updates on progress.

- 2. Has any clarity been provided by the TSA concerning the deactivation and reactivation of employee badges? We are hopeful that when given the green light to resume operations, we won't be hindered to rebadge employees as new employees. To date, I've heard of only one airport that is considering gathering all badges and reactivating them when requested (currently no longer than 90 days from the date of deactivation/suspension).**

We have submitted a request to TSA for guidance/clarification on this issue and will provide a response once received. At this time, several airports have implemented procedures to support concessionaires and badged employees on this matter. Please check with your airport's security and badging offices.

- 3. Is there any update for the moratorium on solicitations for the issuance of new concessions (RFPs or RFQs) pending the end of the COVID 19 pandemic?**

ARRA and AMAC jointly issued to airports on March 22nd a request for a moratorium on new public solicitations and a suspension of pending solicitations. The decision on whether to adopt a moratorium pending the Covid-19 pandemic is within the discretion of individual airports. As we receive notifications from airports regarding their plans in this regard, we will provide updates.

4. Can the organization consider a request that the moratorium include relief on parking fees?

The moratorium addresses suspension of solicitation related activity for new concessions opportunities. However, ARRA and AMAC have also requested that airports suspend the imposition of penalties and fees pending the duration of the pandemic. At an airports discretion parking fees could be waived during this period.

5. What is the organization's view on requesting additional time on existing contracts to make up for the interruption of business during the pandemic?

ARRA and AMAC anticipate that some airports will consider contract extensions to account for the downtime imposed by the Covid-19 pandemic to afford concessionaires the full benefit of their contracts and amortization of investments. However, beyond a statement urging airports to consider contract extensions, ARRA and AMAC cannot request specific extension terms on behalf of individual members because the nature and scope of any extension is highly dependent on the specific circumstances of individual leases.

6. Will the Primes forgive interest accruing on debt owed by the ACDBEs during this time when there is no revenue? Will they defer note payment from the ACDBEs until businesses are back on their feet?

Prime concessionaire members of ARRA and AMAC have expressed priority in working with their ACDBE partners to minimize the detrimental effect of the Covid-19 pandemic. However, as organizations representing the broader concessions industry, ARRA and AMAC have no direct role in the business relationships between these parties. As such, we cannot advise on how individual cases will be addressed with respect to debt obligations.

7. What economic relief is (or is expected to be) available for "mid-size" concessionaires – those that exceed the SBA (and ACDBE) thresholds but lack the leverage of the large concessionaires? An example of a "mid-size" concessionaire would be a multi-airport operator with 750 employees and \$50MM in revenue.

ARRA and AMAC are recommending financial relief for concessionaires of any size. If direct relief for airport concessions is earmarked in another congressional stimulus bill and an allocation methodology determined, we would better be able to assess the amount of relief available for different sized operators.

8. Though we understand the need to talk with our individual carriers, what is the opportunity, if any, for a filing under standard "Business Interruption Insurance" of a claim for the disruption caused by these shutdowns?

Insomuch as business interruption insurance policies are contracts between individual concessionaires and their insurance carriers, there is no standard business interruption insurance. ARRA and AMAC recommend that individual companies contact their attorney for assistance on filing business interruption claims.

- 9. What do you know about the government stimulus and how it relates to small businesses and what do you know about the application and approval process? Is it true that if you keep all employees the loan turns into a grant?**

The CARES Act was signed into law on Friday, March 27th. Currently, the U.S. Treasury Department, Small Business Administration, Department of Transportation, Federal Aviation Administration, and other federal agencies are developing procedures to implement its many provisions. As more information becomes available, ARRA and AMAC will post it on their respective websites (www.ARRA-airports.com and www.amac-org.com).

- 10. There is a current group of employees that we will maintain at 80% of their current salary. However, there are several employees that we want to obtain to ensure we can open properly. What is your suggestion or thought on paying those employees a limited number of hours to keep them on payroll to comply with the employee forgiveness provision in order to get reimbursed? What is the minimum number of hours if so? Lastly, will this effected employee still be entitled to the \$600 unemployment special award.**

ARRA and AMAC cannot provide legal advice. As stated in our response to Question #9 above, as more information becomes available about procedures to implement the provisions of the CARES Act, ARRA and AMAC will post it on their respective websites.

- 11. Most ACDBEs will not be able to fund losses of their portion of the joint venture. What can be done to prevent the master from demanding the loss? A plan needs to be in place as many will not afford to fund their portion of the loss.**

See response to Question #6 above.

- 12. What about this President's message about opening back up by Easter? Are we planning to reopen anything?**

ARRA and AMAC cannot predict the pace at which the pandemic will spread or subside in the U.S. in the coming months. The timing of reopening facilities will be determined by individual airports and local and state governments.

- 13. Aside from encouraging folks to talk to airports, what specifically is AMAC/ARRA doing to try to ensure that some portion of the \$10 Billion COVID-19 assistance package for airports will be used to assist concessionaires?**

In addition to direct and frequent outreach to airports at both the CEO and property management levels, ARRA and AMAC have engaged with the DOT and FAA on the contractual, legal and policy issues relating to various forms of rent and other relief that airports may provide. We also continue to work with other industry trade organizations such as ACI and AAE on this issue.

14. Are both organizations sharing information and encouraging businesses hurt by this pandemic to also seek SBA loans?

Yes, both ARRA and AMAC are sharing information, updates on airport response and financial resources with the community of concessions operations. Information is available on our websites. Business decisions regarding pursuit of SBA loans are at the discretion of individual operators.

15. Should we consider maybe a special fundraising effort through ARRA?

ARRA is not considering any fundraising efforts currently.

16. As an ACDBE in a local airport are there any considerations (Federal Government) as to an upcoming Capex investment into a newly created JV?

At this time, the federal government has not provided any financial relief for concessionaires regarding capital investment. As stated in our response to Question #1 above, ARRA and AMAC continue to seek financial relief in the form of support for a 12-month rent waiver, zero and low-interest loans, loan guarantees, and grants to support concessionaires with their debt service, capital investment obligations, and operations.

17. Are there business brokers we can hire to help ACDBE and AMAC members find relevant concession opportunities in airports?

Traditional real estate brokers are typically not used in seeking airport concession opportunities and some airports prohibit the use of them.

18. Will there be a summary and outline of specific support, relief or lending options from the recently passed bill communicated to the industry from AMAC, ARRA? When might that happen and where should we check for this industry specific information?

Please see responses to Questions #10 and #11 above.

19. What specifically should we be asking for in any upcoming bill?

Please see response to Question #1 above that describes the relief that ARRA and AMAC are seeking in any future stimulus bill.

20. Can you let people know you will get out a list of key legislators/congresspeople to call?

A coordinated lobbying effort is underway to inform U.S. Senators and Members of Congress of the impact Covid-19 has had on airport concessions operators and seek support for the financial relief described in Question #1 above. Should a targeted outreach effort be indicated requiring support by ARRA and AMAC members we will notify you of same.

21. Regarding SBA Loans under the COVID-19 Disaster Relief can you confirm if you need to apply in every state you do business, or would your home state be enough?

As stated in our responses to Questions #9 and #10 above, as more information becomes available about procedures to implement the provisions of the CARES Act, ARRA and AMAC will post it on their respective websites.

22. While rent abatement will take time, how are concessions to handle rental payments due on April 1st and April 10th and so on?

We encourage you to consult with your attorney and discuss with your respective airports prior to making any decisions about rent payments.

23. There was a letter sent to congress on our (AMAC & ARRA) behalf. Is there a “form” letter that members can get to send to their individual representatives?

ARRA and AMAC circulated a letter in Alert #2 on March 22nd. It will be updated and re-issued to the industry. Please contact us if you need any special assistance or have questions regarding contacting your congressional delegation.

24. Will AMAC have further conference calls to keep its members updated- and if so, will they be scheduled in advance?

Yes, ARRA and AMAC have scheduled another industry conference call for Wednesday, April 1st, at 4:00 pm EDT. Call instructions will be posted on our respective websites. We will notify ARRA and AMAC members and concessionaires of future industry calls. Please check our websites for upcoming dates.

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About Airport Restaurant & Retail Association

The Association’s mission is to work collaboratively with aviation-industry trade associations and the airport community on matters of policy decision-making with a collective impact on restaurant/retail members. As members of the airport communities we serve, ARRA members have an expertise and understanding of best practices in the complex aviation restaurant and retail operational environment. Our knowledge can ultimately deliver powerful solutions of benefit to our airport partners.

About the Airport Minority Advisory Council

The Airport Minority Advisory Council (AMAC) is the only national, non-profit trade association dedicated to advance the full participation of minorities and women in employment and contracting opportunities throughout the aviation and aerospace industries. Since 1984, AMAC has been at the forefront of nearly every national policy initiative impacting the participation of disadvantaged businesses in airport contracting. AMAC works consistently with Congress, the Federal government, aviation trade associations and others as a resource for information, education and guidance on business and employment matters. For more information, visit www.amac-org.com.