



Addendum #3

Revenue Contract Solicitation (RCS) AVN RCS 21-018

Terminal 4 South 1 Common-Use Airport Lounge

Please be advised that Exhibit 12 - Tenant Design Criteria (Rev. June 22, 2021) and RCS 21-018 may have conflicting information related to the square footage of some T4S1 concessions spaces. The City will provide corrected information in Addendum 4 to be published at a later date.

According to Section I – Introduction, Item L – Addendum to RCS, the City hereby amends the above-referenced RCS as follows:

DELETE AND REPLACE:

1. Section II – Scope Overview, Item F – Reports, is deleted in its entirety and replaced with the following:

The Successful Respondent will submit reports to Aviation. Monthly reports will be due within twenty (20) days after the close of each month and must include a detailed statement of gross sales and any deductions from gross sales for the preceding month. The monthly report must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and certified by a responsible financial officer of the Successful Respondent and must be submitted in a format approved by Aviation. Gross sales shall be reported by percentage rent category. Weekly reports will be due every Wednesday for the prior week's sales.

Concessions Data Reporting Requirements:

The City will require the Successful Respondent to report concessions sales data via an automated process utilizing the City-provided API (Application Program Interface) standard. The Successful Respondent shall provide near real-time and monthly reporting of concession sales data using this published API specification. Reporting of concessions sales data via this method is required regardless of other means that the Successful Respondent might choose to report similar data to the City on a monthly basis for reporting MAG or percent sales revenue information to meet its other reporting requirements. Any and all equipment and transmission changes necessary to accomplish this reporting process will be the responsibility of the Successful Respondent.

Requests for the draft API specification must be submitted to the Procurement Officer via email (avn.solicitations@phoenix.gov) and a non-disclosure agreement (NDA) must be signed by the Respondent. Once the signed NDA has been received, the City will provide an FTP link.

The draft Lease will be revised prior to execution to reflect these changes.

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2. Exhibit 1 – Draft Lease, Section 5.1.6, is deleted in its entirety and replaced with the following:

Within one hundred twenty (120) days from the start of the Primary Term, Lessee shall provide Lessor a certified cost statement of total initial capital investment costs for the Lounge Premises. The certified cost statement must be itemized and segregated into the categories of Leasehold Improvements and Trade Fixtures. Lessee agrees to pay Lessor one hundred dollars (\$100) per day each certified cost statement is late.

ADD

3. Add the following paragraphs to the end of Section III – Evaluation Criteria and Response Instructions, Item B – Submission of Response – Electronic or In-Person Submission:

Respondents may submit electronic signatures on documents that do not require a Notary Public. The City does not accept electronic signatures for notarized documents; these documents must be submitted in paper form (hard copy) with original or “wet-signatures” at time of the Solicitation Deadline. Please ensure that electronically signed documents are submitted in separate pdf files.

Respondents will be allowed to submit an electronic test-submission. Please send electronic test-submission to avn.solicitations@phoenix.gov and specify in the title that the submission is only a test. The City will acknowledge receipt of the test submission but will not be responsible for providing any additional information related to the Respondent’s test submission. A test submission will not be counted as a final submittal. The actual Response must be submitted before the solicitation deadline.

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QUESTIONS AND ANSWERS

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The following questions were submitted by interested Respondents and are represented as they were received.																							
Q1	Any idea of timing for Phase II																						
Answer	Terminal 4 South 1 (T4S1) Retail Concessions Phase II and Food and Beverage Concessions Phase II dates are too be determined.																						
Q2	Did you say that S1 and S2 connect?																						
Answer	Yes, S1 connects to S2 through a connector bridge. See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Page 15.																						
Q3	Enplanement projections for S1?																						
Answer	<p>Projected enplanements are based on Airport analysis and consistent with rating agency analysts and industry watchers. The City makes no representation or warranties, expressed or implied, as to the accuracy of these projections. Respondent assumes all risk associated with use of these projections, including its accuracy, relevance, and/or materiality to the formulation of its Response.</p> <table><thead><tr><th>Year</th><th>Projected Enplanements</th></tr></thead><tbody><tr><td>2023:</td><td>1,500,000</td></tr><tr><td>2024:</td><td>2,424,406</td></tr><tr><td>2025:</td><td>2,453,499</td></tr><tr><td>2026:</td><td>2,502,569</td></tr><tr><td>2027:</td><td>2,603,672</td></tr><tr><td>2028:</td><td>2,655,746</td></tr><tr><td>2029:</td><td>2,708,861</td></tr><tr><td>2030:</td><td>2,763,038</td></tr><tr><td>2031:</td><td>2,818,299</td></tr><tr><td>2032:</td><td>2,874,665</td></tr></tbody></table>	Year	Projected Enplanements	2023:	1,500,000	2024:	2,424,406	2025:	2,453,499	2026:	2,502,569	2027:	2,603,672	2028:	2,655,746	2029:	2,708,861	2030:	2,763,038	2031:	2,818,299	2032:	2,874,665
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Q4	The video be available online?																						
Answer	The design animation video of the T4S1 Concourse is available at the following link: https://www.youtube.com/watch?v=JB_9H2pJEE0 . See Addendum No. 1.																						

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Q5	Are the projected Southwest enplanements for T4 S1 concourse when it opens June 2022?
Answer	Please see answer to Q3 for available T4S1 enplanement projections. Enplanements are projected to reach 80% of 2019 passenger levels in Q1 of 2022. See Section II (A). The Common-Use Airport Lounge, Retail Concessions Phase I, and Food and Beverage Concessions Phase I are not projected to open until 2023.
Q6	What is the projected enplanement growth for Southwest Airlines in calendar years 2022, 2023 and 2024?
Answer	See answer to Q3 and Q5.
Q7	Percentage of Southwest enplanements will depart out of T4 S1?
Answer	Approximately 30% of Southwest Airlines total enplanements are projected to depart out of T4S1. This projection is subject to change and the City makes no representation or warranties, expressed or implied, as to the accuracy of this projection. Respondent assumes all risk associated with use of this projection, including its accuracy, relevance, and/or materiality to the formulation of its Response.
Q8	Will a CAD or DWG file be provided?
Answer	<p>Please see Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021) for drawings related to RCS 21-018.</p> <p>The City will provide CAD drawings the City deems to be relevant, appropriate, and available to interested parties. Requests for CAD drawings must be submitted to the Procurement Officer via email (avn.solicitations@phoenix.gov) and a non-disclosure agreement (NDA) must be signed by the Respondent. Once the signed NDA has been received, the City will provide an FTP link.</p>
Q9	Are flight schedules known?
Answer	No, there is no information on flight schedules available at this time. This data is generally provided by the airlines approximately 60 days prior to the actual flights.
Q10	Can you confirm that bids can be sent electronically OR printed, not both?
Answer	Responses may be submitted electronically or in-person (hardcopy). There is no prohibition in the RCS precluding Respondents from submitting both electronically and in-person. The Response Guarantee, regardless of the Response submission method, must be received at the Aviation Headquarters located at 2485 East Buckeye Road, Phoenix, AZ 85034 by the solicitation deadline as defined at the Schedule of Events in the RCS. See Section III (B).

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Q11	Will an upload link be provided by the airport for electronic files over 150MB?
Answer	No, electronic submittals may be compressed and/or submitted in multiple emails if the total file size exceeds the amount allowed in a single email. See Section III (C).
Q12	If you are a small business do you still need to provide small business outreach forms?
Answer	Yes, all respondents are required to complete the outreach requirements defined in Section I (E) of the RCS regardless of their business status. If a Respondent is a small business, the Respondent must conduct outreach to other small businesses. A respondent cannot outreach to itself. Failure to meet the outreach requirements defined in Section I (E) of the RCS will result in a response being deemed non-responsive.
Q13	Is an ACDBE able to win in multiple categories?
Answer	Respondents, which may include ACDBEs, and their Partners, which also may include ACDBEs, are able to submit proposals for any of the current T4S1 RCS concession opportunities (AVN RCS 21-023 Retail / AVN RCS 21-025 Food & Beverage / RCS 21-018 Common-Use Lounge). The Retail RCS and Common-Use Lounge RCS only provide one concession opportunity. The Food & Beverage RCS offers two concession opportunities (Package 1 and Package 2), and Respondents may submit a Response for one or both Packages, but cannot be awarded both Packages. The Retail, Food & Beverage, and Common-Use Lounge procurements prohibit the submission of multiple responses in any concession opportunity. Per Section I, because "Subtenant" is not included in the definition of a Respondent or Partner, an ACDBE is eligible to participate as a subtenant on multiple proposals.
Q14	When will the sample small business plan template be available?
Answer	The Successful Respondent will receive a copy of the Small Business Participation Plan template once the Lease has been executed.
Q15	Will the financials/tax records we submit be kept confidential or put on any kind of public record?
Answer	A Respondent may request specific information contained within its Response be treated by the procurement officer as confidential or proprietary (collectively confidential) provided the Respondent clearly labels the information "confidential". If a public records request for information labeled "confidential" is received, the procurement officer will notify the Respondent and the Respondent may obtain a court order enjoining disclosure of information labeled "confidential." See Section V (C).

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Q16	Can you please provide or advise when CAD or similar design files will be available in order for our teams to develop the floor plans and layout.
Answer	See answer to Q8.
Q17	Can the airport provided access to digital files (AutoCAD / REVIT) of all the proposed Lease areas – plans, elevations, sections, etc.?
Answer	See answer to Q8.
Q18	What is the current constructed condition of the sites?
Answer	The site is still under construction with substantial completion expected on or about April of 2022. All timelines are subject to change.
Q19	What day can construction of the sites commence?
Answer	The T4S1 interior is expected to be complete and ready for Successful Respondents to begin their Tenant Improvement process on or about March of 2022. All timelines are subject to change.
Q20	Will drawing files of the lounge space be provided?
Answer	See answer to Q8.
Q21	Was there an option to build out part of the space only?
Answer	No, Respondents may propose a phased opening, with an initial 50% build-out in their first phase, and 100% build-out once enplanements reach 80% of the 2019 passenger levels. Enplanements are projected to reach 80% of 2019 passenger levels in Q1 of 2022. If the Successful Respondent proposes a phased build-out, the City will provide notification once enplanements have reached the required passenger levels and the Successful Respondent be required to complete 100% of the build-out of the Lounge concessions space. See Section II (A).
Q22	Anticipated/expected opening date for the lounge.
Answer	The City anticipates signing the Lease in February 2022 and the Lounge is expected to open no later than twelve (12) months after the Effective Date of the Lease. See Exhibit 1 – Draft Lease, Section 1.2. All dates are subject to change.

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Q23	Do you have a seat limit/expectation? To ascertain opening times.
Answer	No, it is expected that the Respondent will provide a design based upon full occupancy. If there are any future requirements establishing limited capacity, the City will communicate those requirements; however, there are no current restrictions.
Q24	Is there an opportunity to expand the space?
Answer	No, the Premises, identified in Exhibit 2, provides approximately 3,500 square feet for the Lounge space and there is no opportunity to expand the Premises.
Q25	Is the concession fee of 13% a set figure or should respondents propose higher?
Answer	Percentage Rent is a set figure at 13% of gross sales. Respondents must propose the first year Minimum Annual Guarantee (MAG). The proposed MAG must be a minimum of \$250,000 or greater. See Section II (C).
Q26	Will the outlets have USB?
Answer	While the City encourages Respondents to utilize the most up to date technology in their proposed design to enhance the customer experience, it is the responsibility of the Respondent to propose if they will include USB ports in the outlets as the Successful Respondent will be responsible for designing and building out the Lounge space.
Q27	Is there ACDBE requirement or target?
Answer	No, there is not a specific ACDBE requirement or target for this solicitation. Respondents are required to conduct outreach in accordance with Section I (E) and Exhibit 3 – Airport Concession Disadvantaged Business Enterprise (ACDBE) Program Race- and Gender-Neutral Lease Clause.
Q28	Are there floor to ceiling windows in the lounge?
Answer	No, the Lounge has a ribbon window. See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Appendix C2-05, Page 148.
Q29	The general manager may not be known at time of submission. Will this be acceptable?
Answer	No, Respondents must identify in their Response an onsite General Manager that will serve as the primary contact under the Lease and cannot be changed within one (1) year from the contract award date without the City's consent. See Section I (C).

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Q30	<p>I have a question about the letter of the financial institution that will back up our financial ability to fund the project.</p> <p>We are an international company and we will form a new enterprise, based in the United States, for this opportunity but, as a new incorporated company in the USA, we can not get a letter of intent from a local institution.</p> <p>My question is: Can we submit a letter of intent, of an international financial institution and, what characteristics must comply this letter?</p>
Answer	<p>Respondents may submit current letters of intent from financial institutions, either local or international. Letters of intent must clearly demonstrate that the financial institution intends to loan the Respondent the initial capital investment if the Respondent is awarded the Lease.</p>
Q31	<p>Due to the typical file size of digital RFP submissions, will Proposers be able to provide a Dropbox link to the response files within the email submission?</p>
Answer	<p>No, see answer to Q11.</p>
Q32	<p>Can the airport clarify if there are any specific DBE/MWBE goals for the design and construction phase of the project?</p>
Answer	<p>No, there is not a specific ACDBE requirement or target for the design and construction phase. Respondents are required to conduct outreach in accordance with Section I (E) and Exhibit 3 – Airport Concession Disadvantaged Business Enterprise (ACDBE) Program Race- and Gender-Neutral Lease Clause.</p>
Q33	<p>Will the winning proposer be required to use the CRDC, as referenced in Lease section 2.2.8, for delivery of construction materials and furniture during the build-out phase?</p>
Answer	<p>Currently, there is not a Consolidated Receiving and Distribution Center (CRDC) in operation at the Airport. The City reserves the right to develop, construct, and operate a CRDC during the term of the Lease. If the CRDC is developed, all Successful Respondents and Partners and all the Successful Respondents' authorized vendors will be required to utilize this facility. See Section I (P).</p>
Q34	<p>Can the patio railing height exceed 42" to provide the lounge guests with more privacy?</p>
Answer	<p>No, walls / railings above 42" are not permitted on the patio. Specific requirements have been implemented to promote visibility throughout the Concourse. See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2022), Page 50.</p>

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Q35	Can planters be used as the perimeter of the patio in lieu of railing? Can the height of plants exceed 42" to provide more privacy?
Answer	No, planters may not be used in lieu of a railing as the perimeter of the patio. Plants exceeding 42" maybe be proposed in addition to the railing at the perimeter of the patio. Proposed design is subject to approval by the Aviation Department.
Q36	Can lighting system, canopy or trellis elements be added above the patio zone?
Answer	Proposed design is subject to approval by the Aviation Department. Overhead structures in the patio zone are limited to elements that are a minimum of 70% open with no solid ceilings, roofs, or canopies. All elements of the patio shall be floor supported and no ceiling suspended elements are permitted. See Exhibit 12 - Tenant Design Criteria (Rev. June 22, 2021), Page 50.
Q37	If the lounge BAR footprint fully or partially encroached into the patio zone, will there be a ceiling element required above the bar per health regulations?
Answer	It is the Respondent's responsibility to research and provide a design that complies with current required building and health regulations.
Q38	Can the wall between the patio space and interior space be fully enclosed during operational hours? Is it required to maintain certain level of translucency or transparency of the enclosure?
Answer	Yes, the wall between the patio space and interior space may be fully enclosed during operational hours. No, while it is not required to maintain transparency of the enclosure, it is encouraged. See Exhibit 12 - Tenant Design Criteria (Rev. June 22, 2021), Page 50.
Q39	It is stated that "Percentage rent will be 13%". Please can I clarify, are we required to propose more than this or only this amount
Answer	See answer to Q25.
Q40	Do you have or can you supply an enplanement forecasts for the area?
Answer	See answer to Q3.
Q41	Can those arriving and departing effectively use the lounge?
Answer	Yes, arriving and departing passengers may use the Lounge. The T4S1 Lounge must allow access to customers flying on any airline, regardless of class of ticket, for a fee. See Section II (B). Outside of this requirement, it is the Respondent's responsibility to determine and propose who can utilize their Lounge space.

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Q42	Are restroom facilities a necessity?
Answer	No, while restroom facilities are not required in the scope of the RCS, the City strongly encourages that Respondents include restrooms in the design to ensure customers are provided the best experience possible. See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Appendix C2-01, Page 142. There is established space included in the design for restrooms.
Q43	Do you have any projected flight schedules so that we can determine opening times and labor?
Answer	See answer to Q9.
Q44	Could you confirm the area going to house eight gates?
Answer	Yes, T4 S1 will include eight (8) gates.
Q45	From the plans supplied and from the walk-through, can it be confirmed that half of the lounge is patio area? If so, would we be required to supply a demising barrier in and around the patio or are there plans in place for handling this?
Answer	The Lounge Premises is 3,500 total square feet and 700 square feet of that space is designated for the patio area. Yes, the Successful Respondent will be required to provide a demising barrier around the patio. See Exhibit 12 - Tenant Design Criteria (Rev. June 22, 2021), Page 50.
Q46	Can guests from other concourses theoretically utilize the lounge?
Answer	Yes, customers from other concourses can utilize the T4S1 Lounge.
Q47	Is it possible to secure a 30-day extension for the submission?
Answer	No, see the Schedule of Events as amended in Addendum 2 for the solicitation deadline.
Q48	To ensure a compliant response to all proposal requirements, would the City of Phoenix Aviation Department consider a 50 page response excluding all forms, exhibits,, table of contents, tab structure, design renderings, etc.
Answer	Responses are limited to thirty (30) double-sided (or sixty (60) single-sided) letter-size pages. Forms, exhibits, financial information, table of contents, tab cover sheets, design renderings, and electronic material boards will not be counted towards the page limit. See Section III (D).

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Q49	Are autoCAD drawings of space available? Also the floor plan, sections, and ceiling plans?
Answer	See answer to Q8.
Q50	Can you explain more about the balcony area?
Answer	The Lounge patio space consists of 700 square feet out of the total 3,500 square feet space. The overall design goals of the T4S1 Concourse were implemented to provide an open environment that promotes visibility throughout the space and the Lounge patio contributes to the open design of the Concourse while still serving as part of the Lounge leasehold.
Q51	Does the lounge space have exterior views/windows?
Answer	Yes, there is a ribbon window that will provide exterior views. See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Appendix C2-05, Page 148.
Q52	Can drawings be shared of structure above/below space?
Answer	Drawings of the roof level and apron level VSR/loading dock are included in Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Appendix C2-03, Page 146.
Q53	Will an electronic test-submission be allowed?
Answer	Yes, an electronic test-submission will be allowed. Please send to avn.solicitations@phoenix.gov and specify in the title that the submission is only a test. A test submission will not be counted as a final submittal. Please be advised that the actual Response must be submitted before the solicitation deadline. See Addendum 3.
Q54	Is there a password needed to view the youtube video of the T4S design?
Answer	No, the link to the design animation video of the T4S1 Concourse has been updated to the following: https://www.youtube.com/watch?v=JB_9H2pJEE0 . See Addendum No. 1.
Q55	What is the floor finish of the Patio Area designated for the Club space - Is it the same as the balance of the concourse?
Answer	The Successful Respondent is responsible for installing the patio space flooring. Flooring in public space must be a hard surface and terrazzo flooring is recommended. Please see Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2022), Page 50 and Page 90.

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Q56	The documents state that the any framing of a store front must start 6" back from the lease line - does this mean that the allowable signage zone must be head back 6" from the lease line as well?
Answer	No, the allowable signage zone does not need to be 6" back from the lease line; however, signage is not allowed to protrude passed the Lease line. All signage subject to approval by the Aviation Department.
Q57	What is the height of the head of the exterior windows indicated in the elevations?
Answer	The top of the exterior windows in the Lounge is 7'-0" AFF.
Q58	Is the sill height of these windows 3'-6" ?
Answer	Yes, the sill height of the exterior windows is 3'6". See Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Appendix C2-05, Page 148.
Q59	Is the finish of the circular columns part of base building construction? What is the finish material?
Answer	Yes, the circular columns are concrete and part of the base building construction. Columns within the Tenant's space may be enclosed or kept exposed. If exposed, it is the Tenant's responsibility to seal and protect the structure from external damage.
Q60	Is there a page count for the submission?
Answer	See answer to Q48.
Q61	Do renderings count towards page restrictions? Or are they considered an "exhibit"?
Answer	See answer to Q48.
Q62	Do tabs, cover pages, and content pages count towards page restrictions?
Answer	See answer to Q48.
Q63	The TDC references the terms "Railings" and "Guard Rails", are these one and the same?
Answer	Yes, the terms "Railings" and "Guard Rails", referenced in Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), mean the same.

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Q64	The TDC references "low volume spaces" and "high volume spaces" for clarity can you illustrate on a plan these locations as it pertains to the Club space?
Answer	"Low Volume" space refers to any space inside the enclosed portion of a Tenant's leasehold (the interior of the Lounge). "High Volume" space refers to the open area of a Tenant's leasehold (the Patio area).
Q65	1 Term: Would the Airport be open to the successful proposer hiring a professional project scheduler to prepare a project schedule that the parties can use to inform the time-bound requirements of this Lease including firm buildout periods, and the start date for the term and the annual fees (which would be calculated from delivery not lease execution)?
Answer	No, the Successful Respondent may hire a professional project scheduler to manage its project schedule; however, the Successful Respondent will be held to the initial term and primary term as they are defined in Section I (G) of the RCS and to payment of the Minimum Annual Guarantee (MAG) or Percentage Rent as they are defined in Section II (C) of the RCS.
Q66	2.1.2; 5 Premises; Improvements: Can the Airport provide the delivery condition, anticipated date for turnover of the premises, and a utility matrix including information on separately metered utilities?
Answer	The T4S1 interior shell is expected to be complete and ready for the Successful Respondent to begin their Tenant Improvement process on or about March of 2022. All timelines are subject to change. The concession utilities are metered by the City. Refer to Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Page 52, for infrastructure provided and Appendix 03B and 03C, Page 32-33, for electrical/mechanical infrastructure matrix.
Q67	2.1.2; 5 Premises; Improvements: Would the Airport consider adding a punchlist concept for delivery condition including timeframe for completion of same?
Answer	No, the Airport will not add an additional punchlist for delivery condition. The concession space will be available to the Successful Respondent in an "as is" condition. See Section II (E) of the RCS.
Q68	2.1.2; 5 Premises; Improvements: Can the Airport clarify Lessee's permitted use rights are non-exclusive but possessory rights are exclusive?
Answer	Exhibit 1 – Draft Lease describes any rights the Successful Respondent would have, including those related to use and premises. Please review Exhibit 1 – Draft Lease.

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Q69	2.2.4 Public Address System: Lessee requests that Airport's public addresses not be made within the premises. Would the Airport consider Lessee's installation of a PA system for necessary internal announcements?
Answer	No, per Section 2.2.4 of the Draft Lease, the Lessee shall not install any public address or paging system on the Premises.
Q70	2.2.5 Lessor's Modification of Lease Rights: Would the Airport consider clarifying its right to modify the Lease under this provision?
Answer	The Airport would modify the rights and privileges in Section 2.2 to implement the purpose and intent of the Lease.
Q71	2.2.8 CRDC Construction: Would the Airport consider agreeing that the costs charged to Lessee will be nondiscriminatory (including the miscellaneous charges in Section 3.6) and the costs for the CRDC will relate to operations and not construction?
Answer	All miscellaneous charges referred to in Section 3.6 of the Draft Lease relate to Lessee related items only. Costs charged to Tenants related to a CRDC would solely be for the use of the CRDC and there will be no pass-through costs charged to the Tenants for the construction of a CRDC.
Q72	2.2.9 Exclusive Beverage Rights: Would the Airport consider striking this provision in light of Lessee's unique use of the premises?
Answer	No, the City reserves the right to solicit and contract for airport wide exclusive beverage rights. Respondents agree to cooperate and assist the City, as necessary, in implementation of an exclusive agreement.
Q73	2.2.10; 4.3.2 Approval of Manager, General Manager: Would the Airport consider removing its approval requirements for high level staffing?
Answer	No, the City will not remove approval requirements listed in Sections 2.2.10 and 4.3.2 of the Draft Lease.
Q74	2.2.10; 4.3.2 Approval of Manager, General Manager: Would the Airport preapprove Lessee's intended management company?
Answer	The City may review and approve the Successful Respondent's intended management company, if applicable, prior to Lease signing.

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Q75	3 Rent: If percentage rent is part of the commercial deal, would the Airport consider excluding income from Lessee's financial partner's products from percentage rent?
Answer	The City will not make any changes to Gross Sales or the exceptions at this time. Respondents must submit Responses based on the Draft Lease included as Exhibit 1.
Q76	4.1.3 Operating Hours: Would the Airport consider limiting operating hours to end 30 minutes <u>before</u> last flight (without regard to delays)?
Answer	The Lounge will be required to maintain hours of operation as approved by the Aviation Director.
Q77	4.4.1 Sanitation, Hygiene, and Cleanliness: Can the Airport clarify the Lessee's responsibility for "service pathways" including for areas outside the premises?
Answer	Lessee is responsible to keep service pathways used by Lessee clean, well-maintained, and free of garbage, unpleasant odors and hazardous conditions, and notify Lessor promptly of hazardous conditions in the public areas outside the Premises.
Q78	4.4.8 Waste Line Video: Would the Airport consider removing the requirement for on-site video of interior waste lines?
Answer	No, the Airport will not remove the requirement for on-site video of interior waste lines.
Q79	4.6 Signage: Would the Airport consider not unreasonably withholding consent for signage comprised of standard wayfinding/directional and premises entrance signage at the concourse comparable in size to other lounges and containing Lessee's customary logo and trade name?
Answer	All signage must comply with Exhibit 12 – Tenant Design Criteria (Rev. June 22, 2021), Page 25 and is subject to approval by the Aviation Department.
Q80	4.1.11 Comment Cards: Lessee's lounges do not provide onsite comment cards. Would Airport consider deleting this requirement?
Answer	The City will not negotiate or make any edits to items in the Agreement that are material requirements in the Agreement or RCS. Minor edits may be accepted prior to contract execution, subject to approval by the City. The Successful Respondent must sign and submit the final Agreement to the City within 30 days from the date the Agreement was sent. See Section I (H). It is the responsibility of the Respondent to ensure that their submittal meets the terms of the RCS to be responsive, including the prohibition on contingent responses.

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Q81	5.1.4 Deadline for Improvements: Would Airport agree to an extension of the deadline for spending the initial capital investment?
Answer	No, Lessee shall remit the unspent balance of the initial capital investment to the City within four (4) months of commencement of the Primary Term or no later than four (4) months after 100% of the Lounge space has been put into service, if applicable.
Q82	5.1.6 Timeline: Would the Airport clarify that the term “beneficial occupancy” means the date Lessee opens in the Premises?
Answer	Please see Exhibit 1 – Draft Lease, Section 5.1.6 as amended in Addendum 3 above.
Q83	5.1.9 Asbestos: Would the Airport exclude pre-existing conditions from Lessee’s responsibility for asbestos?
Answer	No, the City will not exclude pre-existing conditions from the Lessee’s responsibility for asbestos.
Q84	6 Lessor’s Authority of Closure/Relocation: Would the Airport consider reasonable Lessee approval rights for new location in the event of a relocation?
Answer	No, the City will attempt to negotiate a mutually acceptable relocation within T4 but will not grant Lessee approval rights.
Q85	6 Lessor’s Authority of Closure/Relocation: Would the Airport clarify that it will pay the net book value of the Leasehold Improvements to Lessee for a required relocation as well as a required closure?
Answer	Please see Section 6.2 of the Draft Lease: “If a closure occurs under this Section, Lessor's liability shall be limited to reimbursement of Lessee for the net book value of all Leasehold Improvements and Trade Fixtures that Lessee cannot reasonably remove and use in a relocated or reduced Lounge unit. For the purposes of this Lease, net book value shall mean the current value of the Leasehold Improvements after depreciation in accordance with Section 5.3.3.”
Q86	8.2, 8.4 and 16 Repairs: Would the Airport strike the references to “invitees” in 8.2.1 and 8.4.2 and “guests and invitees” in Section 16.1.1? All of Lessee’s invitees and guests will also be invitees and guests of other airport users, so it is difficult to see how this would be determined.
Answer	No, the City will not strike any reference to “invitees” or “guests and invitees”.

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CITY OF PHOENIX AVIATION DEPARTMENT

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Q87	9 Insurance: Will the Airport confirm that it will maintain property insurance for the Airport and that it will look to its insurance for recovery of casualty losses to its property and will include a waiver of subrogation for such claims.
Answer	Yes, the City maintains property insurance for the Airport. The City will look to its property insurance as appropriate and necessary. The City does not grant waivers of subrogation.
Q88	10 Indemnity: Would the Airport consider edits to the indemnities throughout the Lease to clarify that Lessee's indemnities do not extend to losses to the extent they arise from the acts or omissions of the Airport or any other indemnified party and cover Lessee's employees, agents and contractors only when they are acting on Lessee's behalf?
Answer	No, the City will not consider edits to the Lease indemnification language.
Q89	11 Liens and Bonds: Would the Airport consider (a) extending the timeframe for lien releases to 30 days, and (b) increasing the bond requirement threshold to take into account the recent cost of construction?
Answer	No, the City will not extend the timeframe for lien releases or discharges as listed in Section 11.1 of the Draft Lease. No, the City will not increase the bond requirement threshold of \$10,000 listed in Section 11.2 of the Draft Lease.
Q90	11.3 Performance Guarantee: Would the Airport consider allowing the successful proposer to provide the required security deposit in the form of a set cash deposit?
Answer	The City allows the Successful Respondent to provide the required performance guarantee in the form of a cash deposit in the amount of six (6) months' rent. See Section 11.3 of the Draft Lease.
Q91	12 Assignment: Would the Airport consider allowing Lessee's financial partner certain notice, cure and assignment rights to ensure continuity of business at the premises?
Answer	The City will not allow Lessee's financial partner notice, cure and assignment rights.
Q92	13 Cancellation by Lessor; 3.11; 9.1.2; 13.3; 17; 25.25.6: Can Airport clarify that prior to any Lessee default or termination, Lessee shall receive notice and a reasonable cure period?
Answer	The breach, cure, and termination provisions are set forth in the Draft Lease.

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CITY OF PHOENIX AVIATION DEPARTMENT

Addendum #3

Q93	16 Damage or Destruction: Is the Airport amenable to more flexible Lessee rights in the event of a casualty?
Answer	No, the City is not amenable to more flexible Lessee rights in the event of a casualty.
Q94	17 Force Majeure: Would the Airport consider 180 days (in lieu of 90 days) as a cap on days of force majeure?
Answer	No, the City will not consider 180 days in lieu of the 90 days established in Section 17 of the Draft Lease.
Q95	24.1.3 Compliance with Environmental Laws; Exhibit 3: Can Airport clarify that Lessee is not responsible for pre- existing environmental conditions?
Answer	The Lessee will be responsible for all environmental conditions within its Leasehold throughout the term of the Lease.
Q96	24.1.3 Compliance with Environmental Laws; Exhibit 3: Would the Airport consider edits to the environmental provisions to clarify that Lessee is only responsible for Regulated Substances brought to the airport by Lessee and contractors and agents while acting on Lessee's behalf?
Answer	The Airport will not make any changes to the Draft Lease Exhibit 3 – Compliance with Environmental Laws. Paragraph 2. Compliance: clarifies this as follows: “Contractor shall not cause or allow any Regulated Substance to be used, generated, manufactured, produced, stored, brought upon, Released on or under, or transported to or from the Premises by Contractor or Contractor’s Agents in a manner that constitutes or may result in a violation of any Environmental Law or that would give rise to liability under any Environmental Law.”
Q97	25.12 Right to Develop Airport: Would the Airport clarify that the Airport will also pay Lessee for the net book value of the Leasehold Improvements if the Airport terminates the Lease Section 25.12 to be consistent with Section 6.2?
Answer	No. Please see Section 25.12 of the Draft Lease: “Lessee agrees Lessor reserves the right to further develop or improve the Airport and all landing areas and taxiways as Lessor may see fit, regardless of the desires or views of Lessee and without any interference or hindrance from Lessee. If Lessor determines that it is necessary for the future expansion or development of the Airport, then Lessor may terminate this Lease and recover possession of the Premises without penalty, cost, or liability to Lessee. Lessee shall vacate and abandon the Premises within twelve (12) months after receipt of notice from Lessor terminating this Lease. Lessor's decision to terminate this Lease is final and non-appealable.” See also Section 24.2 of the Draft Lease.

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Addendum #3

Q98	Liquidated Damages: Would the Airport consider decreasing the fines for (a) violations of operating hours to \$100/day (4.1.3), and (b) failure to maintain liquor license (24.3.3) and breach of contract worker requirements (25.25.6) to \$250/days?
Answer	No, liquidated damages represent a reasonable estimate of the actual damages that would be incurred by the public and Lessor.
Q99	Exhibit 5 Food and Beverage Manual: Would the Airport consider deleting Section 4.2 as Lessee does not have this toll-free number?
Answer	The City will not negotiate or make any edits to items in the Agreement that are material requirements in the Agreement or RCS. Minor edits may be accepted prior to contract execution, subject to approval by the City. The Successful Respondent must sign and submit the final Agreement to the City within 30 days from the date the Agreement was sent. See Section I (H). It is the responsibility of the Respondent to ensure that their submittal meets the terms of the RCS to be responsive, including the prohibition on contingent responses.
Q100	Additions: Would the Airport be willing to adapt its reporting and disclosure requirements to limit Landlord's access to aggregated data that does not contain identifiable customer information?
Answer	The City will not negotiate or make any edits to items in the Agreement that are material requirements in the RCS or Agreement. Minor edits may be accepted prior to contract execution, subject to approval by the City. The Successful Respondent must sign and submit the final Agreement to the City within 30 days from the date the Agreement was sent. See Section I (H). It is the responsibility of the Respondent to ensure that their submittal meets the terms of the RCS to be responsive, including the prohibition on contingent responses.
Q101	Additions: Would the Airport agree that it does not have any right to use trademarks, tradenames or other intellectual property rights of Lessee or its financial partner?
Answer	City will work with the Successful Respondent on the use of intellectual property, including use by the City for purposes of implementing the intent and purpose of the Lease and on the Sky Harbor Website and social media platforms.
Q102	Additions: Would the Airport consider guardrails to protect Lessee from lessor entry and airport construction so that the premises are not materially or adversely affected as a result of entry and/or construction? (25.26)
Answer	No, the City will not guarantee the allowance of guardrails as it relates to Section 25.26 of the Draft Lease.

Addendum #3

Q103	Additions: Would the Airport consider clarifying that the survival clause should relate only to obligations that accrue prior to termination? (25.29)
Answer	The cancellation or termination of the Agreement will not release the Provider of their liabilities and obligations specified in the Agreement if those liabilities and obligations have not been fulfilled as specified in the Agreement or are identified in the contract as surviving the end or termination of the Agreement.

In the event of any conflicts with the earlier answers or addenda, the final written answers and final addendum shall control.