

Rejuvenating Gary:

Realizing its Potential and Creating New Opportunities

Spring 2014



Gary's Assets

- Chicago metropolitan area, including Northwest Indiana
- A ready, willing and able workforce
- The Gary/Chicago International Airport
- Access to Lake Michigan
- Interstate and rail connectivity



The Most Immediate Opportunity: Revitalizing the Airport

CHALLENGES

- Operating in a deficit
- \$166 million runway expansion needs completion
- Tremendous amount of available land around the airport, which for decades no one has wanted to develop

OPPORTUNITIES

- Leverage our position as Chicago's Third Airport
- Bring in private sector expertise to help manage the airport and runway expansion
- Find a way and determine how to develop interest in development in Gary and in and around the Airport
- Communicate that Gary is open for business



SO HOW DO WE MOVE FORWARD?

Realizing the Vision:

Options Considered for the Gary/Chicago Airport

OPTION #1

Maintain the Status Quo

No change, **not an option**

This option would continue operations as an unrealized asset in Gary. It would not contribute to the overall vision for the City of Gary nor would it spark new innovation to the broader goals.

OPTION #2

Privatize the Airport

Loss of oversight, control, **not an option**

A privatization effort would eliminate the city and the board's control of the Airport and into the hands of a private entity. Privatization would mean a loss of oversight and the selling of Gary's asset.



Realizing the Vision:

Options Considered for the Gary/Chicago Airport

OPTION #3

Turn Over to Larger Unit of Government or Agency

Loss of oversight, control, **not an option**

By turning over the Airport to a larger unit of government or agency, the City would lose oversight and control of one of its most important assets.

OPTION #4

Public-Private Partnership

Captures collective interest, maintains oversight and control, **avored option**

A public-private partnership provides the Airport and the City with the ability to attract private sector investment while still maintaining public ownership and oversight. This option provides the greatest amount of flexibility and innovation to build economic activity in the region.



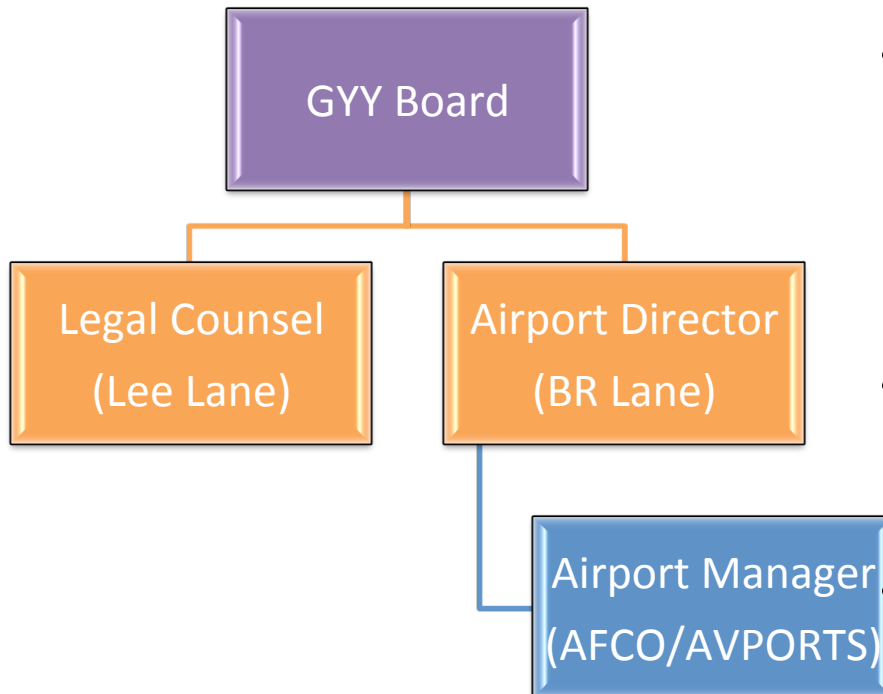
Public-Private Partnership:

A Year in the Making

- 1 Board Discusses Potential
- 2 Ad Hoc Committee Established
- 3 Review Best Practices
- 4 REIQ Released
- 5 RFP Released
- 6 Tour with Potential Candidates
- 7 Discussions with 2 Finalist Teams
- 8 Exclusive Negotiations
- 9 Agreement



Structure For P3 Deal



- The GYY Board continues to maintain control of all decisions
- Both the legal counsel (Lee Lane) and Airport Director (BR Lane) will continue to report directly to the GYY board as they have done in the past.
- The Airport Manager (AFCO) will report to the Director, BR Lane.

The Airport Manager leverages its staff to provide the services of 4-6 full time, world class managers that would otherwise be required a substantial cost savings.

Structure of the P3 Deal

The development agreement provides an investment and action plan to achieve a \$100 million investment over 40 years including an initial investment of \$25 million within 36 months.

Airport Development

- 80% of incremental profit goes to airport
- 20% of incremental profit goes to AFCO

Land Development

- 20% of development profit goes to City of Gary
- 80% of development profit goes to AFCO



Elements of P3 Workforce Objectives

- 1) 30% local participation (Gary first, East Chicago, Hammond and surrounding areas after)
- 2) 20% participation level for DBE and MBE, and 5% participation level for VBE and WBE.
- 3) The creation of MBE Advisory group to review the annual MBE & local hiring plan of the P3 Partner
- 4) An evaluation tool to assess the performance of the P3 partner towards the MBE & local hiring plan
- 5) The creation of a database of local job seekers and local businesses and contractors.



Elements of P3 Workforce Objectives

(continued)

- \$300,000 in workforce investment over three years

2014	2015	2016
• \$50,000	• \$100,000	• \$150,000

This money will support:

- Work and College Readiness Program
- Small Business Development Program
- Employer and Job Seeker Database



GaryChicago
International Airport

What if We Aren't Happy with our P3 Partner? The Contracts Can Be Dissolved.

Airport Management Deal

- Ten (10) year agreement but can break contract with cause or without cause with penalty
- Contract is renewed every five (5) years thereafter by GYY board based on performance

Land Development Deal

- Five (5) year agreement; can be dissolved if partner fails to meet initial investment requirements
- Contract is renewed every five (5) years thereafter by GYY board based on performance



First and Foremost: This is a PARTNERSHIP

- Partner held accountable
- Management structure
- Oversight and commitment to community
- Performance metrics and standards

AvPorts/AFCO

Guggenheim
Partners

Mike Mullen,
former CEO of
CenterPoint
Properties

Loop Capital



Public Private Partnership:

A Year in the Making

Chicago International Airport



- \$100 Million Investment Over 40 Years
- \$25 Million Investment in 1st 36 Months
- \$2.5 Million New Development Investment
- \$15,000 in 1st 3 Months for Workforce/Community Development
- \$300,000 in Workforce Development Over 3 Years

