



FOR IMMEDIATE RELEASE

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**GAME CHANGING AGREEMENTS APPROVED FOR
DEVELOPMENT AND MANAGEMENT
OF GARY/CHICAGO INTERNATIONAL AIRPORT, CITY OF GARY,
NORTHWEST INDIANA**

- *\$100 Million Investment Over 40 Years from World Class Firms*
- *\$25 Million Investment in First Three Years*
- *City and Airport to Share in Future Profits*
- *Performance Incentives to Drive Future Growth*
- *30% Participation Goal for Local Businesses*
- *20% Participation Goal for Disadvantaged/Minority Businesses*
- *\$300,000 Workforce Development Investment in Three Years*
- *Airport Authority retains public control; brings in private sector managers and investors.*

GARY, IN, January 27, 2013 – The Gary/Chicago International Airport Authority today unanimously approved development and management agreements to dramatically improve the economic landscape of the airport, the City of Gary and Northwest Indiana.

The agreements constitute a \$100 million total investment in the airport and the City of Gary over 40 years by world class companies, and include an investment of \$25 million in the first three years and a \$300,000 investment in workforce development as well as performance incentives for revenue growth and profit sharing with the airport and the City of Gary.

“The decision to move forward with the Public Private Partnership shows great insight and forward thinking on the part of the airport board,” said Mayor Karen Freeman-Wilson. “I have always maintained that the completion of the runway expansion without a viable plan for moving forward would be an exercise in futility. The P3 is a monumental opportunity for the airport and its surrounding footprint to be developed, creating sustainable opportunities for the city of Gary, its businesses and citizens as well as surrounding communities.”

The management and development group includes Aviation Facilities Company Inc./AvPORTS (AFCO), Guggenheim Securities and Loop Capital.

“AvPorts and AFCO are proud to have been selected by the City of Gary and Gary/Chicago International Airport Authority to develop and manage Gary/Chicago International Airport,” said Steve Forrer, AFCO Executive Vice President. “This has been a long process and Gary has been an excellent partner every step of the way. With the transaction approved, we look forward to working with all of our partners so the people of Gary can realize the benefits of an enhanced airport and surrounding grounds.”

Key to the agreement is that the Gary/Chicago International Airport Authority retains its public control over the airport while bringing in best-in-class private managers, investors and developers.

The agreements were negotiated by an Ad Hoc committee established by the Airport Authority in February 2013 to explore a public-private partnership to spur job creation and investment in the airport and the surrounding area. For nearly one-year, the committee followed an extensive public process including soliciting ideas from the marketplace and a conducting a comprehensive review of Request for Proposals. On October 25, 2013 the Ad Hoc committee announced exclusive negotiations with the AFCO team.

AFCO, based in Northern Virginia, is an industry leading airport management firm with over 80 years of experience successfully managing similarly situated airports and other airport related infrastructure throughout the country. **Guggenheim Partners** is a privately held global financial services firm with more than \$190 billion in assets under management. The firm provides asset management, investment banking and

capital markets services, insurance services, institutional finance and investment advisory solutions to institutions, governments and agencies, corporations, investment advisors, family offices and individuals. Guggenheim Partners is headquartered in New York and Chicago and serves clients around the world from more than 25 offices in eight countries. **Loop Capital**, based in Chicago, is a leading investment banking firm well known for providing creative capital solutions for governments, corporations, and institutions globally. Also serving the investment team as a senior development strategist is **Michael Mullen, former CEO of CenterPoint Properties Trust**. Mullen has developed or redeveloped more than 70 million square feet of industrial properties and has been involved in more than \$8 billion in real estate transactions in his career including large-scale intermodal rail and transport yards. Mullen is also the Illinois Chair of the Alliance for Regional Development.

KEY PROVISIONS INCLUDE

The management and development agreements each carry a term of up to 40-years and include a 30% goal for local participation, 20% for disadvantaged and minority owned businesses (DBE, MBE) as well as 5% for women and veteran owned businesses (WBE, VBE).

Development Agreement

- Master development plan to be presented within in the first 12 months of the effective date
- Master plan to include a 10-year proposed investment and action plan intended to achieve a \$100 million investment over 40 years
- \$25 million invested in first 36 months (\$10 million in first 18 months, \$15 million within the next 18 months)
- \$2.5 million new development/investment that can be executed during the 6 months after the effective date
- \$15,000 expenditure goal within first three months for workforce/community development
- \$300,000 in workforce development over three years (\$50,000 in first year, \$100,000 in second year, \$150,000 in third year)
 - generally targeted to work and college readiness programs, small business development programs, employer and job seeker database
- City of Gary to share in 20% of net profits of city property contributed, sold or leased for development.

- If master developer fails to satisfy the \$25 million investment before 5th anniversary, the airport authority will be entitled to terminate development agreement

Management Agreement

- Manager will provide daily operation and management services at the airport
- The initial term of the management agreement will be 10 years, with up to six 5-year extensions
- Estimated airport cost of \$120,000 annual fee plus operating costs of airport
- Manager will assist with the airport's current runway expansion project as additional services
- Manager will share in 15% of positive airport profits
- Manager will share in an additional 5% of positive airport profits if it satisfies the DBE/MBE/WBE/VBE and local participation requirements

Mayor Freeman-Wilson thanked the members of the Airport Authority for their comprehensive review of the agreements and for their long-term vision to create a sustainable financial path for the airport and investment in the City of Gary. The mayor also praised the hard work and dedication of the Ad Hoc committee.

Gary/Chicago Ad Hoc committee members are:

- Carrie J. Hightman – Chair of the Ad Hoc Committee and Executive Vice President and Chief Legal Officer of NiSource Inc.
- Marion Johnson – Pastor Mt. Moriah Baptist Church
- Bo Kemp – Managing Director, J Gari and Associates, Advisor to Mayor Karen Freeman-Wilson
- Harley Snyder – Chief Executive Officer, HSC, Inc., Board Member of the Regional Development Authority
- James Cooper – Board Member, Gary/Chicago International Airport Authority
- Shontrai Irving – Board Member, Gary/Chicago International Airport Authority

The Gary/Chicago International Airport is less than 30 minutes from the heart of the tri-state region – Chicago. The airport is directly connected to Chicago's transportation network through freight, interstate and mass-transit and has close proximity to multiple Lake Michigan ports.

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