

Ms. Charlene Reynolds
Interim Aviation Director
City of Phoenix Aviation Department
2485 East Buckeye Road
Phoenix, Arizona 85034-4301

Re: Request to Extend Leases (147416-0, 144047-0 and 145977-0)

Dear Charlene:

The worldwide COVID-19 pandemic has caused significant disruptions to air travel and steep drops in airport concession sales. Concessionaires at Phoenix Sky Harbor International Airport, including many small and local businesses, are seeking emergency relief during this crisis to avoid steep financial losses and potential bankruptcies. Recent articles by industry experts indicate that traffic will not return to 2019 levels until possibly 2024/2025.

Building retail stores in airports is expensive. ACDBEs are required to contribute their own capital for their initial investments and are taking on significant debt to finance their share of the buildout costs. This represents hundreds of thousands of debt for the small businesses and millions of dollars for the Primes. It is realistic to anticipate a very large number of ACDBEs will not be able to pay their current debt service and will have outstanding debt at the end of their contract.

As a way to mitigate decreased revenue for ACDBEs airports can extend their contracts so their lenders can refinance their loan obligations. An extension of three (3) years and a waiver of Minimum Annual Guarantee (MAG) will help ensure financial stability and the return of our employees. We are extremely grateful for the relief granted thus far in 2020 by the City of Phoenix.

On behalf of Cambios y Servicios, Levitt Group and Hudson Group, we respectfully request the City of Phoenix extend our contracts for three (3) years.

December 15, 2020

Thank you for your support and consideration of our request.

Sincerely



Laura Alphan
Vice President, Business Development
Hudson Group

Cc: Ricardo DeLeon
Melissa Trujillo
Jeremy Levitt