

The Gary/Chicago International Airport Authority Board



and the City of Gary, Indiana



Office of Mayor Karen Freeman-Wilson

Request for Expressions of Interest and for Qualifications

Dated: June 7, 2013

Responses Due: June 17, 2013
No Later Than 5:00 P.M. Central Daylight Time

**The Gary/Chicago International Airport Authority Board
and
the City of Gary, Indiana**

**REQUEST FOR EXPRESSIONS OF INTEREST
AND FOR QUALIFICATIONS**

INTRODUCTION

The Gary/Chicago International Airport Authority Board ("Airport Board") and the City of Gary, Indiana (the "City") release this Request for Expressions of Interest and Qualifications ("REIQ") to solicit the broadest array of approaches and ideas that will permit the Airport Board and the City to maximize the value of the assets of the Gary/Chicago International Airport (the "Airport") and the City through innovative management and capital investment strategies of the private sector to advance the region's infrastructure and economic goals.

This REIQ is not a solicitation for proposals to privatize the Airport as the Airport Board will retain ownership of the Airport. But rather, the Airport Board and the City seek to benefit from proposals that leverage the private sector's innovation, broad experience and capital access in close partnership with the Airport Board and the City. Nor will this REIQ result in the selection of a vendor or partner at this time. Rather, it will be used to create a dialogue between the Airport Board and the City with interested parties, which will assist in forming a course of action that is anticipated to lead to a successful public/private partnership ("P3") or series of partnerships.

The intent of this REIQ is to broadly frame the matters under consideration in order to attract the most creative responses from private sector participants interested in addressing the needs of the Airport as a true partner. We anticipate following this process with a formal, detailed Request for Proposals ("RFP"), which will require compliance with the applicable sections of the Indiana Code, including demonstration of each bidder's qualifications pursuant to Ind. Code § 36-1-9.5. The Airport and the City intend to undertake a fully transparent process and will remain open to various management, operation and ownership options so that the best solutions can be presented for a viable plan of execution.

A. BACKGROUND

The City of Gary

Gary is located in Lake County, Indiana in the southeastern portion of the Chicago metropolitan area. It is located approximately 25 miles from downtown Chicago. The City was founded in 1906 by the United States Steel Corporation as the home for its new Gary Works plant. The City was named after lawyer Albert Henry Gary who was the founding chairman of United States Steel Corporation. The City's history has been directly connected to the steel industry. As the steel industry was growing, the community enjoyed prosperity but as competitiveness from the overseas steel industry grew during the 1960s, U.S. Steel dramatically reduced its workforce. While surrounding communities have seen growth in population, the

population of Gary declined from 178,000 in the 1960s to 80,300 in 2010. While U.S. Steel continues to be a major steel producer, it employs only a fraction of the number of employees it once did.

Similar to many other cities in the State of Indiana and around the country, the City faces the challenges of declining jobs, population and property tax revenues along with increasing critical public infrastructure and public service needs. The City's proximity to Chicago and its transportation infrastructure, combined with a resilient sense of community pride, not only provide the opportunity to address these challenges but create the potential for the City to again become an economic engine for the region.

Mayor Karen Freeman-Wilson, a Harvard-educated attorney who previously served as Indiana Attorney General, leads the City. She has assembled a talented staff of professionals and a multi-disciplinary team of consultants to advise the City and the Airport Board on both operational and strategic development initiatives. Mayor Freeman-Wilson is passionately committed to bringing transformative change to the City of Gary and its residents. The initiative represented by this REIQ is one of several being initiated by the City's leadership to create transformative opportunities building on the City's unique strengths to deal creatively with its financial, infrastructure and service challenges.

The Gary/Chicago International Airport

The Gary/Chicago International Airport was created by the City in 1939. The 1950s saw the beginning of limited commercial passenger service at the Airport. In 1995, through a compact with the City of Chicago and the City of Gary (the "Compact"), the Gary/Chicago Regional Airport Authority was formed. The Airport is adjacent to I-90/94 at Cline Avenue and U.S. Highway 12 and Industrial Avenue. The current Airport footprint consists of 1,716 acres centered by the airfield's two active runways. Runway 12-30, the primary runway, measures 7,000 feet long and 150 feet wide. The crossing runway, Runway 2-20, measures 3,600 feet long and 100 feet wide. The passenger terminal building is handicap-accessible with three gates including a concession area, automated luggage retrieval and ticket counters. Airport facilities, in addition to the terminal building, include the Gary Jet Center (the fixed base operator), several hangars for both corporate and general aviation use, an aircraft rescue and firefighting unit, fuel storage, airport maintenance facilities and a public parking lot.

The Compact permits the Authority to collect passenger facility charges from Chicago Midway International Airport ("Midway") and Chicago O'Hare International Airport ("O'Hare") and use them to pay operating expenses and to fund capital projects at the Airport. Pursuant to the Compact, the Gary/Chicago Regional Airport Authority maintains a 12-member board of directors, Chicago and Gary each appoint five members and the states of Indiana and Illinois appoint one member each.

Through the years, the airport has been served by a number of passenger airlines. While the Airport currently is served by Allegiant Air, flying passengers to Sanford, Florida twice a week, Allegiant has advised the Airport Board that it will terminate services on August 10, 2013. The Airport currently has 16 employees with the following job titles:

Interim Airport Director (1);
Interim Deputy Airport Director/Special Projects & Information Systems (1);
Finance Manager (1);
Accounting Specialist (1);
Administrative Manager (1);
Operations & Security Manager (1);
Operations & Security Specialist (1);
Maintenance Supervisor (1);
Assistant Maintenance Supervisor/Wildlife Coordinator (1);
Landside Maintenance Technician (1); and
Maintenance Workers I, II, and III (6).

In 2006, the Airport embarked on a \$166 million runway expansion program that, when completed this year, will result in an airport runway complex that will accommodate a broad range of commercial aircraft. This multi-phase construction project at the Airport is directed to improving the Airport infrastructure required to support continuous commercial aircraft operations. As the improvements near completion, the Airport is actively seeking and expects it will be able to attract commercial carriers interested in providing an alternative reliever to O'Hare and Midway. The completion of the runway extension project will bring the Airport into compliance with FAA safety standards and will allow larger jets to use the Airport. The extended runway will be 8,900 feet in length, longer than the runways at Midway and New York's LaGuardia. The completion of these improvements will make the Airport a more attractive service option for airlines. The Airport will be able to handle the large wide-body planes that cannot land at Midway.

While conceptual improvement plans exist for additional terminal improvements, as well as improvements to ancillary aircraft facilities, including de-icing pads, taxiways and hangars, this REIQ references a broad range of development opportunities relating to both the Airport and surrounding land that may involve a far wider array of possible new improvements at the Airport and on adjacent property.

The Development Footprint

Attached is a map showing the current airport site, the Airport Development Zone and the Gary Redevelopment Commissions' Lakefront Redevelopment Area.

B. THE NEW VISION

The Airport is 25 miles from the heart of the tri-state region, the City of Chicago. As Chicago's third official airport, the completion of the runway extension project will make the Airport accessible to a broad range of passenger and transport aircraft. The Airport is connected directly to Chicago's transportation network through freight, interstate and mass-transit integration. Additionally, the Airport is in close proximity to multiple Lake Michigan ports. These recent investments help position the Airport as an important economic engine to enhance the region's existing assets and allow the region to remain economically competitive nationally as well as internationally. Additionally, the Airport has access to surrounding property that is suitable for developments uniquely benefiting from access to the Airport's existing facilities.

The Airport Board and the City wish to explore various options with the expectation that positive results will allow the Airport to better leverage valuable assets, ultimately benefitting taxpayers in terms of cost and services, reduce stress on property taxpayers and address current infrastructure demands.

This exploration is in furtherance of the Airport's 2010 Airport Strategic Business Plan which emphasized that "the City of Gary has a unique opportunity to demonstrate boldness, initiative and political vision for the repositioning of the Airport's asset. In so doing, the leadership could become a powerful advocate for regional growth and unquestionable activist for regional prosperity." While past strategic plans for the Airport focused on low frequency schedule passenger carrier and air charter operations, the Airport Board and the City are now committed to achieving a broader range of investment and development as further described in this REIQ.

C. PURPOSE OF THE REIQ

The Airport Board wishes to explore options with the private sector which will provide the fullest opportunity for the development of the Airport as a regional resource. The Airport Board is seeking discussions with entities that have the potential to accomplish the following:

- Robust job creation and economic development in the region with a focused emphasis on employment of local residents, minorities, women and veterans;
- Creation of a strong community partnership to share in a long-term vision for the City of Gary and the region;
- Establishment of a highly competent, professional and innovative management team capable of managing and developing the Airport and any affiliated land;
- Ability and willingness to maximize capital investment dollars into the Airport's growth and development of property adjacent to the Airport; and
- Development of a sustainable Airport environmentally, economically and socially.

D. OPPORTUNITIES FOR RESPONDENTS

With this REIQ, the Airport Board is interested in receiving information from entities that can provide the following types of services or development opportunities to the Board:

Airport Operations and Management Services (including but not limited to):

- Air and landside operations and maintenance;
- Budget and administration;
- Air-trade and air-service development (commercial air service and cargo);

- Engineering and capital planning and management; and
- Shared public, governmental and community relations.

Logistical Operations (including but not limited to):

- Retail distribution centers;
- Air freight operations; and
- Intermodal operations.

Expansion of Passenger Airline Services:

- Regularly scheduled passenger services;
- Corporate-based aircraft; and
- Charter services.

Light Industrial Development (including but not limited to):

- Light manufacturing benefiting from both proximity to the Airport and the Chicago transportation infrastructure.

Real Estate Management and Development

The City and the Airport Board will consider designating a single entity or group as the primary real estate development entity for the development of currently owned airport property and adjoining property within the City's Lakefront Redevelopment Area.

Ancillary Aviation Activities (including but not limited to):

- Aircraft maintenance;
- Hangar development; and
- Aircraft inspection.

E. EXPECTED OUTCOMES

The Airport Board and the City anticipate that a contemplated transaction, following the RFP, would produce the following:

- A Highly competent and innovative management team;
- A five year management plan that establishes annual operating performance measures (financial as well as physical operational enhancements);

- A five to ten year investment plan to include aviation and non-aviation development;
- Substantial new private investment at the Airport and in the surrounding area;
- A plan for community outreach and engagement (communications, civic and social involvement);
- A demonstrated ability to work in a public environment with multiple stakeholders; and
- A demonstrated ability to work with an appointed board.

F. EXPERIENCE

In response to this REIQ, please provide relevant information that will give the Airport Board and the City the ability to assess your qualifications to provide all or a portion of the contractual services contemplated by this REIQ¹ including your company's:

- Current financial status;
- Demonstrated ability to attract equity and debt financing necessary for the completion of the project or projects proposed;
- Operational structure;
- Proposed leadership team and the qualifications of that team;
- Experience and specific relevant case studies in relation to airport or other development activities relevant to the transactions contemplated herein;
- Experience in and commitment to the employment of local residents, minorities, women and veterans; and
- Any other information you deem relevant for the Airport Board's and the City's assessment of your qualifications.

G. ADDITIONAL QUESTIONS

¹ The City and Airport Board currently anticipate issuing an RFP and contemplate that proposals in response to the RFP will be due no later than August 26, 2013. Concurrent with the distribution of this REIQ, in compliance with Ind. Code § 36-1-9.5, the City and Airport Board are publishing notice of the request for qualifications to be addressed in the RFP responses.

In addition, respondents are asked to answer the following questions. Following review of your response to this REIQ, the Airport Board may invite you for further discussions prior to issuing and RFP.

- What services are you capable of providing to the Airport Board?
- In your view, what development opportunities exist at the Airport?
- What type of operational structure, in your view, would provide the greatest opportunity for the Airport Board to achieve its goals?
- What barriers exist, in your view, to the Airport Board achieving its goals and what solutions would you recommend for alleviating those barriers?
- What specific capabilities do you have in managing and operating airport and ancillary airport facilities?
- What "strategic partnership" structures and related financing options may facilitate this project and what is your experience with those structures?
- What transitional affects might there be on current employees of the Airport Board under private management of the Airport?
- What steps would you take to assure the employment of local residents, minorities, women and veterans?
- What opportunities exist for ancillary developments on the surrounding airport-owned property or those properties within the City's Lakefront Redevelopment Area?

H. DUE DILIGENCE MATERIALS

Supportive due diligence and supplementary materials will be made available on a website established by the City, www.FaegreBD.com. Interested respondents are requested to register with the City's law firm, Faegre Baker Daniels. The registration must be in electronic format, be addressed to regina.sharrow@FaegreBD.com and indicate the respondent's intent to participate in this REIQ process. Promptly after registering, the respondent will be issued a password and instructions to enable up to eight of its representatives to access the due diligence portal solely for the respondent's use in compiling its response to this REIQ and any future, related RFP.

I. RESPONSE SUBMISSION

Respondents shall e-mail their responses to the Project E-mail Address by 5 p.m. on June 17, 2013 ("Due Date"). Additionally, a hard copy and disc containing the response shall be delivered to Mr. David Bochnowski, Gary/Chicago International Airport, 6001 Airport Road, Gary, Indiana 46406, no later than the Due Date. Any response received after the time above or at any other location are subject to being ignored. Neither hard copies nor disks will be returned.

The proposal should be in PDF format on 8½" x 11" paper in English using no less than 10 point font with 1" margins. Respondents are encouraged to limit their responses to no more than twenty (20) pages.

J. PROJECT E-MAIL ADDRESS

The Airport Board and the City require that all communications, including requests for information and/or clarification, be made to the Project E-mail Address:

GaryAirportP3@gyymail.com

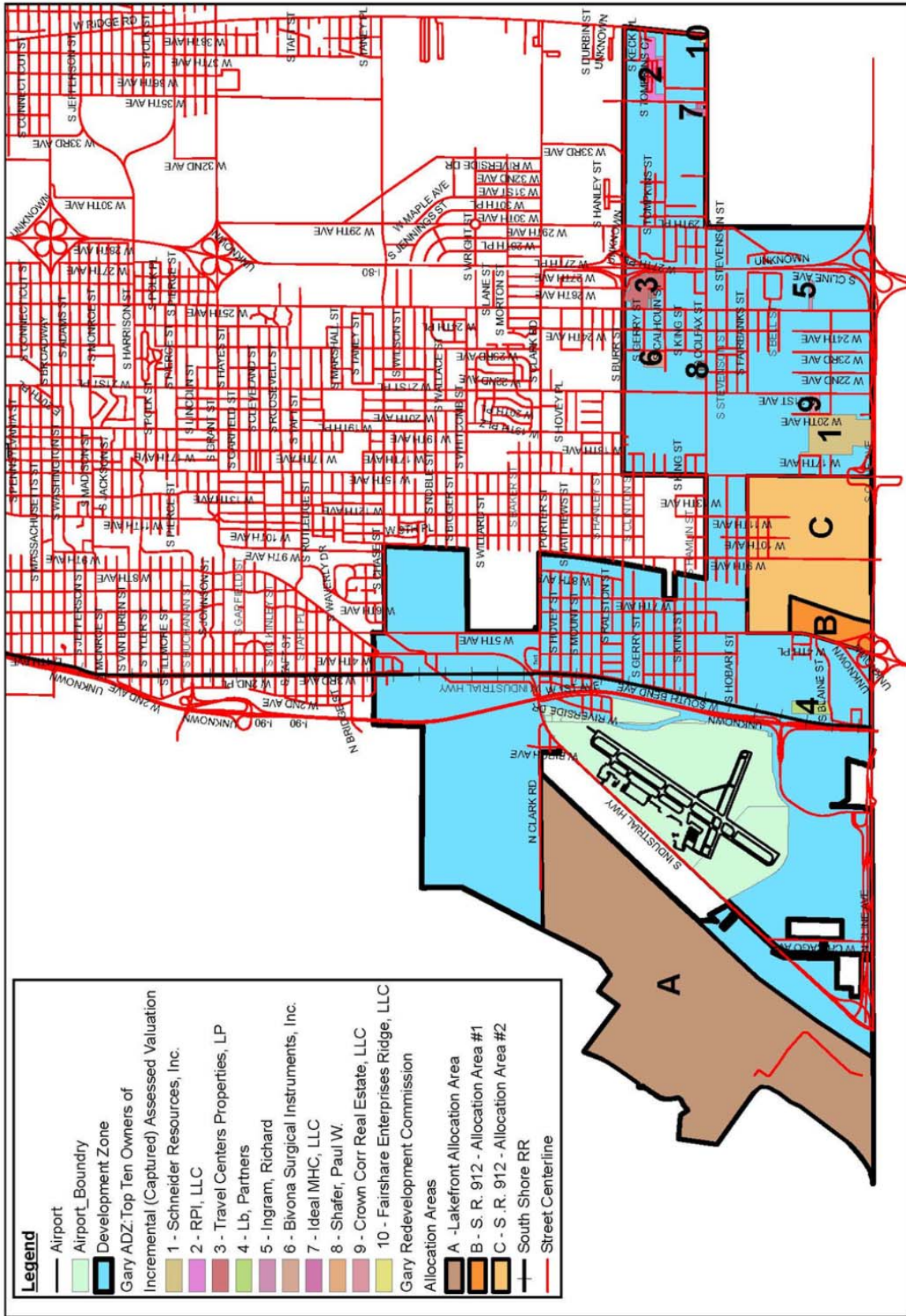
Requests for information and/or clarification must be submitted no later than 5 p.m. Central Daylight Time on June 12, 2013. Answers to questions that are deemed appropriate to share with other potential respondents will not reveal the submitting entity and the answers to the questions will be provided to all parties.

K. COST OF PROPOSAL

The Airport Board and the City accept no liability for the costs or expenses incurred by the respondents with any activities performed in connection with this entire process, including preparing the responses, preparing responses for clarification, or attending interviews. Each respondent that enters into this process shall prepare the required materials and submittals at its own expense and with the express understanding that they cannot make any claims whatsoever for reimbursement for the costs and expenses associated with this process.

L. TRANSPARENCY & INDIANA ACCESS TO PUBLIC RECORDS LAW

The Airport Board and the City of Gary are public agencies within the scope of the Indiana to Access to Public Records law. All responses to this REIQ will become public record subject to disclosure. Respondents should not include confidential or propriety information in response to this REIQ.



- Legend**
- Airport
 - Airport_Boundary
 - Development_Zone
 - Gary ADZ: Top Ten Owners of Incremental (Captured) Assessed Valuation
 - 1 - Schneider Resources, Inc.
 - 2 - RPI, LLC
 - 3 - Travel Centers Properties, LP
 - 4 - Lb, Partners
 - 5 - Ingram, Richard
 - 6 - Bivona Surgical Instruments, Inc.
 - 7 - Ideal MHC, LLC
 - 8 - Shafer, Paul W.
 - 9 - Crown Corr Real Estate, LLC
 - 10 - Fairshare Enterprises Ridge, LLC
 - Gary Redevelopment Commission
 - Allocation Areas
 - A - Lakefront Allocation Area
 - B - S. R. 912 - Allocation Area #1
 - C - S. R. 912 - Allocation Area #2
 - South Shore RR
 - Street Centerline

GARY/CHICAGO INTERNATIONAL AIRPORT
 AIRPORT DEVELOPMENT ZONE TOP 10 ASSETS
 CREATED BY: ANTHONY WALKER
 DATE: 12/15/2006
 SCALE: 1"=400'
 REV: 0



The City of Gary, Gary Sanitary District, Gary Storm Water Management District or their representative do not guarantee the accuracy, completeness, or timeliness of the information shown. The user assumes all liability for any loss or injury resulting from reliance upon the information shown.