

OHIO TURNPIKE COMMISSION

Resolution Authorizing Modifications to Contract TR-8B, Unit 3 and Contract TR-8B, Units 1, 2 and 5 at the Great Lakes and Towpath Service Plazas

WHEREAS, pursuant to Resolution No. 53-2003, adopted on December 15, 2003, the Commission awarded Contract TR-8B to **HMSHost Tollroads, Inc. (“HMSHost”)** of **Bethesda, Maryland** for the operation of Unit 3 (Burger King) at the Great Lakes and Towpath Service Plazas; and

WHEREAS, pursuant to said Resolution, HMSHost was awarded the remainder of the Contract that had previously been awarded to the Compass Group for the operation of Unit 3, but which the Compass Group could not fulfill; and

WHEREAS, the initial term of the Contract was seven years, with the possibility of five, five-year renewals at the sole discretion of the Commission, with the first term of the Contract expiring on June 16, 2009; and

WHEREAS, HMSHost has requested renewal of the Contract, but only if the terms of the Contract can be modified to stem financial losses it is incurring from operation of the Burger King units at the Great Lakes and Towpath Service Plazas; and

WHEREAS, a brief extension of Contract TR-8B Unit 3 was entered into so that discussions could be conducted with HMSHost regarding the financial terms of the Contract, during which Commission staff also expressed the Commission’s desire that Contract TR-8B, Unit 3 be made coterminous with Contract TR-8B Units 1, 2 and 5 (Starbucks, Pizza Hut/KFC and Travel Mart) and that there be one blended revenue sharing (rental) rate by HMSHost for all four units; and

WHEREAS, the end result of these discussions was agreement by the parties as follows:

- The two Contracts for all four units will be made coterminous with a new expiration date of March 11, 2014, with the possibility of four additional five-year terms beyond this first extension;
- All guaranteed minimum rents for the four units will be aggregated;
- The rental rate will be reduced from 12% for the Burger King unit and increased from 10% for the Starbucks, Pizza Hut/KFC and Travel Mart units to a blended rate for all four units of 10.5% of sales;
- The Common Area Maintenance (“CAM”) Fees for Unit 3 Burger King will be reduced to 7.5% of the total CAM for the Plazas;
- In exchange for HMSHost extending the operating hours for Unit 1 Starbucks to midnight (and 2:00 a.m. in the busy seasons) and adding seating to this unit, the Common Area Maintenance (“CAM”) Fees for the unit will be reduced to 3% of the total CAM for the Plazas, and the price cap raised to 12.5%; and

WHEREAS, the Commission has been pleased with the services rendered by HMSHost at all four units it operates at the Great Lakes and Towpath Service Plazas; and

WHEREAS, the Commission’s Chief Engineer, Director of Contracts Administration and Director of Service Plaza Operations have extensively reviewed the proposed contract modifications, and believe that they are reasonable in light of their view that losing the Burger King unit at this time would result in a far less favorable revenue sharing bid for said 24-hour quick-serve operation at the Great Lakes and Towpath Service Plazas; and

WHEREAS, the Commission’s Director of Contracts Administration has advised the Executive Director that the Commission has full authority to enter into the modified proposed Contract extension with HMSHost for the operation of Unit 3, Burger King, and further to modify the rental rates and CAM fees for Units 1, 2 and 5 (Starbucks, Pizza Hut/KFC and Travel Mart); and

WHEREAS, the Executive Director has considered the recommendations of the Chief Engineer, and the Director of Contracts Administration and concurs that the Commission should agree to the modified terms for Contract TR-8B Unit 3 and Contract TR-8B, Units 1, 2 and 5; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes and directs the Executive Director and Director of Contracts Administration to execute the Contract extension with HMSHost Tollroads, Inc. of Bethesda, Maryland for Contract TR-8B, Unit 3 (Burger King) in accordance with the aforementioned modifications to said Contract, and further to execute an addendum to Contract TR-8B, Units 1, 2 and 5 (Starbucks, Pizza Hut/KFC and Travel Mart), also in accordance with the aforementioned modifications.

(Resolution No. 28-2009 adopted September 21, 2009)