

# OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

## Resolution Authorizing Agreement with Applegreen USA Welcome Centers, LLC for the Operation of Food and Retail Concessions at the Commission’s Great Lakes and Towpath Service Plazas

WHEREAS, in 2020, Petrogas Group dba Applegreen PLC completed the acquisition of HMS Host’s U.S. Travel Plaza businesses and the Ohio Turnpike and Infrastructure Commission (“Commission”) agreed to this transition at the respective Commission’s Service Plazas, including Contract TR-8B for Units 1,2,3 and 5 at the Great Lakes and Towpath Service Plazas; and

WHEREAS, the contract for Unit 4, previously operated by Covelli Enterprises d.b.a “Panera”, expired in its entirety on February 28, 2022; and

WHEREAS, on November 8, 2021, in conformance with the requirements of Ohio Revised Code Section 5537.13, the Commission published notice of its Request for Proposals (“RFP”) (RFP No. 21–2021) for Food and Retail Concession Operations in Unit 4 at the Great Lakes and Towpath Service Plazas located at Milepost 170.1 in Cuyahoga County (Agreement No. 2021-SP-6-FRC); and

WHEREAS, proposals were due to be received by the Commission by January 14, 2022; and

WHEREAS, the Commission received one (1) response to RFP No. 21-2021 from Applegreen USA Welcome Centers, LLC (“Applegreen”), of Andover, Massachusetts; and

WHEREAS, Applegreen proposes to build out and operate a “Popeye’s” restaurant occupying 2,878 sq. ft. per plaza; and committing to a capital expenditure of up to \$1.4 million to complete the fit-out of Unit 4; and

WHEREAS, an Evaluation Team consisting of staff from the Service Plaza Operations Department and Office of Equity and Inclusion reviewed the Proposals submitted and concluded that the Proposal submitted by Applegreen fulfills the requirements of the RFP in terms of branding, financial and operational capabilities and further indicated in the evaluation summary that Applegreen has significant experience, expertise and resources in operating food and retail concessions in transportation service sectors; and

WHEREAS, Revenue Sharing Proposals were then unsealed; and

WHEREAS, Applegreen submitted the best Technical and Revenue Sharing Proposal, with the overall Proposal summarized as follows:

<b>Concessionaire</b>	<b>Brand Concepts</b>	<b>Revenue Sharing Return on Gross Receipts</b>
Applegreen OH Welcome Centers, LLC	<ul style="list-style-type: none"><li>All five operating units, including Popeye’s (Unit 4)</li></ul>	<ul style="list-style-type: none"><li>Annual Base Revenue Share of: \$400,000; paid in monthly installments</li><li>Plus 5% of receipts greater than \$5 million but less than \$6 million</li><li>Plus 7.5% of receipts greater than \$6 million but less than \$7 million</li><li>Plus 10% of receipts greater than \$7 million</li><li>Guaranteed Minimum Annual Concessions Payment of \$541,145 for 2022.</li></ul>

WHEREAS, at its meeting on April 18, 2022, the Commission advised staff that it wanted the existing contract for Units 1, 2, 3 and 5 and any new contract for Unit 4 to be co-terminus; and

WHEREAS, the Director of Service Plaza Operations and staff negotiated additional contract terms with Applegreen to make both contracts coterminous, summarized below:

- The contract for Unit 4 will have an initial term of 9 ½ years which will expire on February 28, 2032, and one 5-year option, exercisable by Applegreen, expiring February 28, 2037 which will provide for the initial term and the one 5-year option to expire coterminously with the existing and remaining options, exercisable by Applegreen, under the contract for Units 1, 2, 3 and 5; and
- The revenue sharing terms for all units are:
  - Annual Base Revenue Share of: \$400,000; paid in monthly installments
  - Plus 4% of receipts greater than \$5 million but less than \$6 million (a 1% reduction)
  - Plus 6.5% of receipts greater than \$6 million but less than \$7 million (a 1% reduction)
  - Plus 9% of receipts greater than \$7 million (a 1% reduction)
  - Guaranteed Minimum Annual Concessions Payment of \$750,000 for 2023 (for all 5 units) increasing by 2% annually.

Applegreen will pay a monthly property maintenance fee in the amount of four percent (4%) of gross revenue, a monthly capital improvement fee in the amount one percent (1%) of gross revenue and twenty-three percent (23%) of the common area maintenance fee for Unit 4; and reinvest 0.75% of Gross Receipts at the expiration of the initial term of Unit 4 as the Operator's Minimum Capital Reinvestment Reserve Commitment; and

WHEREAS, the Commission's Director of Contracts Administration has determined that the Applegreen's proposal conforms to the requirements of Ohio Revised Code Sections 5537.07 and 5537.13, Proposals were solicited on the basis of the same terms and conditions with respect to all respondents and potential respondents, Applegreen has provided the requisite proposal guaranty and proof of insurance required under the RFP, and the Commission may legally accept said company's proposal; and

WHEREAS, the Executive Director has reviewed the recommendation of the Evaluation Team and, predicated upon their analysis, has made his recommendation to the Commission that Agreement No. 2021-SP-6-FRC be awarded to Applegreen; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED, that the Proposal submitted by Applegreen USA Welcome Centers, LLC of Andover, Massachusetts, for the performance of Food and Retail Concession Operations at Great Lakes and Towpath Service Plazas is hereby accepted as the best proposal in terms of service and price, and that the Executive Director and/or General Counsel are directed to: 1) execute Agreement No. 2021-SP-6-FRC with Applegreen USA Welcome Centers, LLC, through its wholly owned subsidiary Applegreen OH Welcome Centers, LLC, for an initial term of nine and one-half (9 1/2) years with one 5-year option, exercisable by Applegreen and 2) take any and all action necessary to properly carry out the terms of said Agreement, including amending the existing contract for Units 1, 2, 3 and 5 to be consistent with the terms set forth herein.

**(Resolution No. 53-2022 adopted June 20, 2022)**