

**EXHIBIT L-3**

**STANDARDS OF OPERATIONS**

**SERVICES**

## Concession Services Program

### **EXHIBIT L-3 STANDARDS OF OPERATION**

#### **I. OPERATING REQUIREMENTS:**

The Concessionaire shall comply with the Department's, "**Tenant Handbook**" **Exhibit K, "Terminal Standards Manual"** ([http://www.miami-airport.com/library/ODs/Standards\\_Manual.pdf](http://www.miami-airport.com/library/ODs/Standards_Manual.pdf)), and the **MDAD Operational Directives** (<http://www.miami-airport.com/od2.asp>) which may be amended from time to time, and the Concessionaire further agrees that its operation under the Agreement is a service to airline passengers and the users of the Airport and that the Concessionaire and/or its Sub-tenants shall conduct its operation in a first-class, businesslike, efficient, courteous, and accommodating manner. The Department shall have the right, in accordance with the provisions of the Lease and Concession Agreement, to make reasonable objections to the quality of articles sold, the character of the service rendered to the public, the prices charged, and the appearance and conditions of the locations. The Concessionaire and/or its Sub-tenants agree to promptly discontinue or remedy any objectionable practice.

All services / products must be top quality and new and a sufficient quantity of stock /merchandise must be carried on the locations to ensure that the locations will be fully stocked at all times. The Concessionaire's and/or its Sub-tenants shall maintain adequate sales force on the locations and use the utmost skill and diligence in the conduct of the business. All employees, both the Concessionaires and its Sub-tenants shall be courteous and helpful to the public. Employees, interacting with the public, must be able to speak English.

In addition, the Concessionaire understands and agrees that its operation at the Airport necessitates, at a minimum, the rendering of the following services:

#### **A. Conduct of Operations Within Locations:**

- 1) Concessionaire and/or its Sub-tenants shall not affix or maintain upon the glass panes or supports of the show windows, doors and the exterior walls of the locations, or any place within the locations if intended to be seen from the exterior of the locations, any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such like item or items. The Department shall have the right, without giving prior notice to Concessionaire and/or its Sub-tenants and without any liability for damages to the locations reasonably caused thereby, to remove any of same from the locations, except such as shall have first received written approval of the Department as to size, type, color, location, copy, nature and display qualities.
- 2) No awning or other projection shall be attached to the outside walls of the locations or the terminal building without the prior written consent of the Department.
- 3) All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purposes by the Department. The Concessionaire and/or its Sub-tenants may be required

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to utilize the services of a delivery /distribution company selected by the Department, if the program is so implemented.

- 4) All garbage and refuse shall be kept in the appropriate containers to minimize the spillage of such garbage and refuse.
- 5) No radio or television antenna shall be erected on the roof or exterior walls of the locations without the prior written consent of the Department. Any such aerial shall be subject to removal without notice at any time, and any damage to the walls or roof caused by such removal shall be the responsibility of the Concessionaire.
- 6) No loudspeakers, televisions, radios, flashing lights or other devices shall be used in a manner to be heard or seen outside the locations without the prior written consent of the Department.
- 7) The outside areas immediately adjoining the locations shall always be kept clear by Concessionaire and/or its Sub-tenants, and Concessionaire and/or its Sub-tenants shall not place any obstructions, garbage, refuse, merchandise or displays in such areas.
- 8) Concessionaire and/or its Sub-tenants shall not permit storage or restocking bins to be visible to the public, except while in the actual process of restocking shelves and display fixtures.
- 9) Concessionaire and/or its Sub-tenants, its employees, or its agents, shall not solicit business in any of the common areas, nor shall Concessionaire, its employees or its agents, distribute any handbills or any other advertising matter in common areas of the Terminal nor in any of the related parking facilities.
- 10) Concessionaire and/or its Sub-tenants shall not carry on any trade or occupation or operate any instrument or apparatus or equipment which emits an odor or causes a noise discernible outside the locations and which may be deemed offensive in nature.
- 11) Concessionaire and/or its Sub-tenants shall cause the locations to operate a minimum of seventeen (17) hours per day, seven days per week, with sufficient personnel to render a high quality of service. The Department may increase or decrease the required operating hours, if, in the discretion of the Department, such a change is desirable in providing the most efficient service.
- 12) Concessionaire and/or its Sub-tenants shall accept all major credit cards.
- 13) Concessionaire agrees that it shall obtain prior written approval from the Department in all the following matters:
  - i. Methods and hours of operation.
  - ii. Uniforms to be used by employees.

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- iii. The decor of the locations and all signs installed, erected or displayed therein.
- 14) The Concessionaire and/or its Sub-tenants shall properly control the actions of its employees at all times while said employees are working on the Airport, ensuring that they present a neat appearance and discharge their duties in a courteous and efficient manner and that they maintain a high standard of service to the public.
- 15) The Department reserves the right to request the Concessionaire remove any advertising or promotional signage it deems inappropriate. Alternatively, the signage shall be removed by the Airport at the Concessionaire's expense.
- 16) Point of Sale - The Department requires that all Concessionaire Point of Sale (POS) locations be well maintained and free from unnecessary clutter. Concessionaire shall organize POS counters such that impulse items do not hinder traveler's ability to queue or purchase merchandise.
- 17) Social Distancing / Sanitation Requirements – Please refer to Miami-Dade County, State of Florida Department of Health and CDC guidelines.

### **B. Property Management:**

The Concessionaire will perform the following duties, subject to the terms, conditions, limitations and all other provisions of this Agreement:

- 1) Manage the Locations in a way that maximizes the highest and best use and financial return to the Department.
- 2) Monitor and enforce compliance with the terms and conditions of the lease and concession agreement and, if applicable, the sub-lease concession agreement, including but not limited to use clauses, insurance, pricing, capital expenditures, quality of merchandise, hours of operation, detailed reporting of sales, payment of fees and rent, and signage.
- 3) Function as operations liaison between the Department, governmental agencies, sub-tenants and/or others.
- 4) Maintain, or cause to maintain, the facilities in a first-class manner pursuant to Department standards, which may be promulgated from time to time.
- 5) Ensure Customer Service Program compliance. High quality customer service is the cornerstone to an effective sales program. The Concessionaire is required to submit a customer service program or cause it's Sub-tenants to submit a customer service program within thirty (30) days of the Effective Date of the Agreement or within thirty (30) days of the Effective Date of the Sub-lease Agreement, for MDAD review and approval.
- 6) Direct, coordinate and monitor procedures and practices for deliveries of goods, products, materials and equipment, to and from the locations, as

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well as the collection and disposal of all waste and refuse related to the locations.

- 7) Remove signage and install temporary barricades in the event a sub-tenant's location(s) is vacated or closes for any reason.
- 8) Ensure Safety Training compliance, i.e. ADA and OSHA wheelchair requirements.

### **C. Leasing (If applicable under the Lease & Concession Agreement):**

The Concessionaire will perform, but is not be limited to, the following:

- 1) Develop, subject to review and approval by MDAD, a standard sub-tenant Lease Agreement, in accordance with Article 19 "Sub-Leases".
- 2) Recruit, secure and retain, throughout the term of the Agreement, the proper tenant mix to meet the Departments proposed newsstand and/or specialty concepts.
- 3) Negotiate leases with potential sub-tenants to include, but not limited to, the following:
  - Negotiate the financial terms with potential sub-tenants in accordance with MDAD approved key business terms and baseline pro-forma.
  - Perform background checks and due diligence on all prospective sub-tenants, including partners, joint ventures, and other key participants.  
Prepare and make available, if requested, background check summaries.
  - Prepare an abstract of the potential sub-tenant's entire deal, outlining all business terms for MDAD approval. The outline, unless otherwise instructed, will include, (i) concept summaries, to include, approved service lists and any available photos or renderings, (ii) terminal plans depicting spaces of proposed spaces, (iii) financial and term sheets that will include the economics of the deal, (iv) anticipated sales per enplanement, (v) financial return to MDAD, (vi) sub-tenants projected investment summaries, (vii) amortization schedules, (viii) comparative airport data, and (ix) other pertinent aspects of the deal including local and/or ACDBE participation.
  - If applicable, enter sub-leases for all service operations. The Concessionaire will coordinate its leasing process with the Department, obtaining approval of each rental arrangement, based upon a standard form of sub-lease approved in advance by the Department.
  - Prepare the appropriate Sub-tenant lease agreement.
  - Prepare exhibits to the sub-tenant lease agreement.

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- 4) Establish and maintain for the Department a potential sub-tenant database, including the preparation of correspondence with potential sub-tenants.

### **D. Construction Management:**

- 1) Tenant Coordination: The Concessionaire will be responsible for the management, administration and coordination of all design and construction associated with the maintenance, repair and/or leasing of the locations including, without limitation, all sub-tenant fixed improvements and/or refurbishments to be constructed in the locations, whether initial construction and alterations associated with any expansion, redevelopment or refurbishment of the locations or future construction and alterations. The Concessionaire shall be responsible for the supervision and coordination, subject to the prior written approval of the County, of the design of any sub-tenants locations to the extent contemplated in such sub-tenants sub-contract, including without limitation, the design of such sub-tenants storefront and the specifications of such sub-tenants equipment.
- 2) The Department encourages Concessionaires to express their brands and identities creatively within the parameters of the regulations outlined in the Design or Terminal Guidelines. Concessionaires are expected to become familiar with the guidelines in order to expedite the Design Review Process. This shall apply to all phases of Design, from new Construction, to Refurbishments, to Sign Upgrades, etc.
- 3) The Concessionaire shall be responsible for verifying any information contained within the Building drawings and specifications. All site conditions and dimensions must be verified by the Concessionaire and confirmed against the Concession Agreement drawings prior to receiving approval for Final Drawings.
- 4) Any and all improvements to Location(s) will be performed in accordance with the, **“Tenant Airport Construction – Non-Reimbursable Procedures TAC-N and TAC-R” as amended.**

### **E. Service Category Management:**

The Department has the right for final concept of service approval.

### **F. Special Services**

- 1) Monitoring Services: The Department shall have the right, without limitation, to monitor and test the quality of services of the Concessionaire and/or its Sub-Tenants but shall not be required to do so. This monitoring shall include, but not be limited to, personnel, product quality, service, assistance and store neatness, through the use of shopping services, closed circuit T.V., and other reasonable means.

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- 2) Prohibited Items/Shipping Services: The Transportation Security Administration (TSA) has instituted a security measure that prevents certain items from entering the Airport's sterile areas or post-security checkpoints.

The Department will provide a list of those items, which may change from time to time, to the Concessionaire as depicted on Exhibit J "Prohibited Items List" and the Concessionaire will cause its Sub-tenants to receive and acknowledge receipt of said Exhibit J "Prohibited Items List".

As a result of this restriction, the Concessionaire shall provide consumers shipping services and will cause its Sub-tenants to provide shipping services for those items listed on Exhibit J "Prohibited Items List".

### **G. Security:**

- 1) Security: The Concessionaire acknowledges and accepts full responsibility for the security and protection of the locations, any improvements thereon, its equipment and property on the Airport, and control of access to the Air Operations Area ("AOA") through the locations by persons and vehicles. The Concessionaire fully understands and acknowledges that any security measures deemed necessary by the Concessionaire for the protection of said locations, equipment and property and access to the AOA through the locations shall be the sole responsibility of the Concessionaire and shall involve no cost to the County.
- 2) Security Identification Display Areas Access - Identification Badges:
  - 3) AOA – Driver Training: Before the Concessionaire shall permit any employee to operate a motor vehicle of any kind or type on the AOA, the Concessionaire shall require such employee to attend and successfully completed the AOA Driver Training Course conducted from time to time by the Department. The privilege of a person to operate a motor vehicle on the AOA may be withdrawn by the Department for any violation of AOA driving rules. Notwithstanding the above, the Concessionaire shall be responsible ensuring that all such vehicle operators possess current, valid, appropriate Florida driver's licenses.
  - 4) Alcohol and Drug Testing: The Concessionaire acknowledges that the County, as a public agency, sponsors under the provisions of the Airport and Airway Improvement Act of 1982, as amended (the "Act"), has the obligation to establish a drug free workplace and to establish policies and programs to ensure airport safety and security. The Concessionaire acknowledges that Department, on behalf of the County, has the right to require users of the Airport (Concessionaires, Permittees, Licensees, etc.) To establish reasonable programs to further the achievement of the objectives described herein. Accordingly, the Concessionaire shall establish

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programs for pre-employment alcohol and drug screening for all candidates for employment at the Airport who will as a part of their duties (a) be present on the AOA; (b) operate a motor vehicle of any type on the AOA; or (c) operate any equipment, motorized or not, on the AOA and for the same or similar screening based upon a reasonable suspicion that an employee, while on duty on the AOA, may be under the influence of alcohol or drugs. Notwithstanding the above, the Concessionaire specifically acknowledges that the County, acting through the Department, has the right and obligation to deny access to the AOA and to withdraw AOA driving privileges from any person who it has a reasonable suspicion to believe is under the influence of alcohol or drugs.

- 5) Special Programs: The Concessionaire shall ensure that all employees so required participate in such safety, security and other training and instructional programs, as the Department or appropriate Federal agencies may time to time require.
- 6) Vehicle Permit and Company Identification: Motor vehicles and equipment of the Concessionaire operating on the AOA must have an official motor vehicle identification permit issued pursuant to Operational Directives of the Department. In addition, company identification must be conspicuously displayed on such motor vehicles and equipment.
- 7) Federal Agencies Right to Consent: The Concessionaire understands and agrees that all persons entering and working in or around arriving international aircraft and facilities used by the various Federal Inspection Services agencies may be subject to the consent and approval of such agencies. Persons not approved or consented to by the Federal Inspection Services shall not be employed by the Concessionaire in areas under the jurisdiction or control of such federal inspection agencies.
- 8) AOA - Right to Search: The Concessionaire agrees that its vehicles, cargo, goods and other personal property are subject to being searched when attempting to enter or leave and while on the AOA. The Concessionaire further agrees that is shall not authorize any employee or agent to enter the AOA unless and until such employee or agent has executed a written consent-to-search form acceptable to the Department. Persons not executing such consent-to-search form shall not be employed by the Concessionaire at the Airport, in any job requiring access to the AOA.

It is further agreed that the Department has the right to prohibit an individual, agent or employee of the Concessionaire from entering the AOA based upon facts which would lead a person of reasonable prudence to believe that such individual might be inclined to engage in theft, cargo tampering, aircraft sabotage or other unlawful activities. Any person denied access to the AOA or



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whose prior authorization has been revoked or suspended on such grounds shall be entitled to a hearing before the Director of the Department of his authorized designee within a reasonable time. Prior to such hearing, the person denied access to the AOA shall be advised, in writing, of the reasons for such denial.

The Concessionaire acknowledges and understands that these provisions are for the protection of all users of the AOA and is intended to reduce the incidence of thefts, cargo tampering, aircraft sabotage and other activities at the Airport.

### **II Market Pricing Basket Policy:**

Concessionaire and/or its Sub-tenants' prices on any specific item may not exceed the average by more than the per cent specified in the Lease & Concession Agreement, or as amended, of those remaining after eliminating the lowest priced-Location. If fewer than three (3) Locations provide a specific service, the maximum permissible price shall not exceed the average by more than per cent specified in the Lease & Concession Agreement, or as amended, of the three (3) highest Locations. If fewer than three (3) Locations provide the service, the maximum permissible price shall not exceed the average price of all Locations carrying the specific item by more than per cent specified in the Lease & Concession Agreement, or as amended. If no other Location provides the service, the Concessionaire shall therefore charge a reasonable price; in which case, the Department reserves the right to determine whether the price is reasonable.

2. **Same Service:** For any or all operations where a Concessionaire currently operates the same or similar service in the Miami-Dade County area, the Concessionaire may not charge more than specified percent in the Lease & Concession Agreement, or as amended, higher charges at the Airport for like or similar merchandise. The Department has the right to survey prices at said store and to use these prices for same or similar merchandise as the primary basis for pricing in leased Locations in all Locations. If no other Location carries the item, the Concessionaire shall therefore charge a reasonable price; in which case, the Department reserves the right to determine whether the price is reasonable.
3. **Price Increases:** The Concessionaire must receive written approval from the Department to increase the price of any item sold or offered by the Concessionaire or its Sub-tenants, and any such request must be accompanied by a price survey. The Department reserves the right to visit said price survey and verify price prior to approval.

**Price Check Policy:** Prices may be checked periodically to assure compliance with this policy.

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### **B. Marketing:**

The Concessionaire may be responsible for developing and implementing an internal marketing and promotions program for its Locations. However, the Department will implement a Terminal Wide Marketing Program for the Airport concession program which will be funded by the Concessionaires through the payment of a marketing services fee of one-half of one percent of gross sales.

The Concessionaire shall prepare a marketing plan. The marketing plan shall be submitted to the Department on or before ninety (90) calendar days prior to the commencement of each lease year and shall represent the upcoming fiscal year for the Department (October 1 – September 30). The Department shall have forty-five (45) calendar days after receipt of the foregoing plan to approve or disapprove the same in its reasonable discretion and if MDAD disapproves the Concessionaire shall operate in substantial conformity with all such plans, approved by the Department, as may be modified from time to time.

The Department reserves the right to request at any time any further submission of plans.

### **III. MANAGEMENT AND PERSONNEL:**

#### **A. Management:**

- 1) Personnel: The Concessionaire shall maintain a full-time professional staff during the term of this Agreement of sufficient size, expertise and experience to manage the operations and to serve as a liaison with the Department.
- 2) General Manager: The Concessionaire shall employ, at no cost to the Department, a full time, dedicated, on-site General Manager experienced in management and supervision who has sufficient authority and responsibility to administer and manage the concession program under this Agreement. The General Manager (or his/her authorized representative) shall be immediately available whenever any of the locations are open, the base of operations of the General Manager shall be at the Airport, and the General Manager shall spend substantially all of his working hours at the Airport. In those cases where the General Manager is scheduled to be absent from the post for a period greater than forty-eight (48) consecutive hours, a substitute General Manager must be appointed from the existing staff, and the Department notified in writing.

The Department reserves the right to require Concessionaire to remove and replace any General Manager or Assistant who, in the opinion of the Department, does not perform up to the standards consistent with the fulfillment of Concessionaire's obligations under this Agreement.

Management Responsibilities: In its capacity as the Concessionaire under this Agreement, and not as an agent of the Department,

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Concessionaire shall manage the locations in accordance with this Agreement, in furtherance of which Concessionaire shall, among other things, (i) visit each Sub-tenants locations daily to monitor compliance with this Agreement; (ii) use reasonable efforts to remedy problems and issues raised by Airport patrons with respect to the operation of the locations, (iii) answer in writing all written customer complaints within ten (10) calendar days after receipt thereof and furnish a copy of the complaint and said answer to the Department within said ten (10) calendar day period; and (iv) promptly furnish the Department with copies of all written notices received by Concessionaire from any governmental authority or any Sub-tenant with respect to the locations or any Subcontract.

- 4) Concessionaire shall cause each sub-lease to include provisions requiring the sub-tenants to maintain an adequate sales and work force at all times, including without limitations, sales, cashiers, management and supervisory personnel on-site to fully meet customer needs at all times and use skill and diligence in the conduct of the business. Concessionaire and the sub-tenants shall always cause their respective employees to be courteous and helpful to the public.

### **B. Administrative Functions:**

- 1) The Concessionaire shall provide or cause its Sub-tenants to provide quality control audits and reports covering compliance with contract requirements, cleanliness of the facility, timeliness of service and quality of the product. (MDAD will establish its own rules and regulations that are subject to its unilateral revision and implementation)
- 2) The Concessionaire shall generate monthly reports to MDAD, including sales by unit, concept and space. Developing annual revenue projections by month, by sub-tenant, concession type, concept, and by space to be updated on a regular basis.
- 3) Generate monthly airport revenue reports, ACDBE Monthly Utilization Reports and such other financial and management reports as are usual and customary in sophisticated airport newsstand and specialty concession management programs. Prepare other reports and analyses as may be requested periodically by MDAD including number of transactions per period, average transaction value and sales per product category.
- 4) Maintain total permanent leasable area records on an actual and leased basis and record changes for either total as they occur.
- 5) Maintain computerized records on a commercially available property management software program acceptable to MDAD. Programs and all data collected should be available to the Department on-line (digital and electronic).
- 6) Respond to customer/passenger complaints on behalf of MDAD.

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- 7) Implement any new policies and procedures as directed by MDAD.
- 8) Ensure payment of rent to MDAD to include all required rental reports. The Concessionaire is prohibited from waiving any right to receive rents, fees, charges, or other revenues that may be paid or payable by any Sub-tenant, user, or occupant under its sub-lease, without the prior written consent of MDAD, and will similarly be prohibited from granting any rent abatements, extensions, or other modifications without such prior written consent.
- 9) Coordinate and maintain general oversight of deliveries of goods and products from designated on or off-airport storage areas for the locations depicted in Section 1.03 "Locations" and Section 1.04 "Administrative Support Space".
- 10) Develop, maintain and make available if requested, sub-tenant files to include copies of licenses, permits, insurance certificates, letters of credit, annual ACDBE certification and correspondence.
- 11) Develop, manage, and monitor a program to identify and include Local/Small/ACDBE businesses in the concession programs.
- 12) Develop an ACDBE community outreach program for concession opportunities, subject to MDAD approval, and coordinate its implementation with MDAD.

### **C. Training:**

The Concessionaire shall submit a copy of its employee Customer Service Training Program within thirty (30) calendar days of the Effective Date of this Agreement or cause its Sub-tenants to submit their employee Customer Service Training Program within thirty (30) calendar days of the Effective Date of the Sub-lease Agreement. In addition, the Concessionaire shall annually hereafter establish a training program for its employees and the employees of its Sub-tenants and shall submit a summary report of the training areas covered and the number of participants in the following areas:

- I. Services in an airport environment
  - a. Fluctuations in customer activity
  - b. Shipping/handling issues
  - c. Early morning/late evening activity
  - d. Storage/inventory issues
- II. Customer service
  - a. Greeting/approaching customers
  - b. Answering questions
  - c. Shipping/handling
  - d. Complaints resolution
  - e. Establishing priorities
  - f. Handling emergencies

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### III. Product knowledge

- a. Prices
- b. Selection
- c. Warranties/guarantees
- d. Sizes/types/colors available
- e. Shipping/handling

### IV. Store operations

- a. Hours of operation
- b. Inventory
- c. Conducting and reporting transactions
- d. Management structure
- e. Hierarchy of decision-making
- f. Attire/appearance standards

#### **D. Staffing:**

The Concessionaire and/or its Sub-tenants shall ensure that passengers are provided the highest level of customer service. Adequate staffing levels must always be maintained. Peak passenger activity, the nature of the service operation, and customers' needs shall be considered in determining these staffing levels. The level of staffing shall encompass sales employees, as well as store managers and stock or support staff, as appropriate to the operation.

Employee uniforms and nametags will be required in MIA Service operations. All employees are required to wear a uniform during business, the uniform's design, color and overall appearance should be tasteful and in keeping with the theme of the particular type of operation.

#### **E. Meetings:**

The Concessionaire shall meet regularly with the Department to discuss matters relating to this Agreement. In addition, at the Department's request, the Concessionaire shall attend other meetings with the County, airlines and any other parties designated by the Department.

#### **F. Liquidated Damages:**

The Department may impose liquidated as specified in the lease and concession agreement.