

Cover Letter

May 16, 2005

Ms. Sandra J. Gonzalez
Project Management Officer
Department of Public Works
333 West Ocean Blvd. 9th Floor
Long Beach, CA 90802

RE: Proposal for Retail Concession at Long Beach Municipal Airport

Dear Ms. Gonzalez:

The Paradies Shops is very pleased to submit the enclosed Proposal for the Retail Concessions at the Long Beach Municipal Airport.

We are very excited about the opportunity that this RFP provides, along with the potential for additional retail concessions as you proceed with the terminal facility upgrades planned for your airport.

For simplicity, the following pages represent the "Highlights" of our Proposal.

We look forward to hearing from you and if you should have any questions, please do not hesitate to call.

Sincerely,


Gregg Paradies
President/CEO

/encl.



THE PARADIES SHOPS

5950 Fulton Industrial Boulevard Atlanta Georgia 30336 t 404 344 7905 f 404 349 3226

Experience and Qualifications

- Retail operator generating sales during 2004 of over \$340,000,000. Operator with over 44 years of airport experience and over 400 shops in 62 airports, more than any other retail concessionaire.
- Operator with over 228 news operations in 56 airports...generating over 192 million dollars in the news/convenience category.
- Operator awarded "Best Airport Retailer" by *World Airport Revenue News* for ten consecutive years, with 34 overall awards, and "Retailer with the Highest Regard for Customer Service" nine out of ten years, and "Best News and Gift Operator" for 2004 and 2005.
- Operator named "Georgia Family Business of the Year" by the Cox Family Enterprise Center of Kennesaw State University and *Georgia Trend Magazine*.



"H2O and A Paper To Go For \$1", a self-serve newspaper fixture that allows customers to grab a paper and bottled water to go."

This shop, which is all about convenience, features "H2O and A Paper To Go for \$1", a self-serve

newspaper fixture that allows customers to grab a paper and bottled water to go. This store will also offer our "Read & Return" program which allows customers to purchase books, read them, return them, and receive a 50% refund of the purchase price.

- Custom Packaging Program - The Paradies Shops has developed an exclusive packaging program for the new locations proposed herein.

The packaging program was developed using the template of the existing

packaging programs from our other operations which have

already proven successful around the country.

Retail Concepts and Strategies

LONG BEACH NEWS

- Long Beach News combines the award-winning Paradies News brand with the flavor of Long Beach, and provides the traveler with an extensive assortment of news, and convenience items, as well as, an assortment of souvenirs and gifts reflecting Long Beach and California.

Facility Planning Implementation

Operator with the experience and reputation for:

READ
RETURN

BUY IT,
READ IT,
RETURN IT,
TO RECEIVE
A 50%
REFUND!

- Executing smooth and seamless takeovers of existing operations with no interruption of service to the traveling public.
- Opening new stores on a timely basis.
- Building stores with designs that are equal to or exceed those proposed.
- Operating first class stores with revenue that far exceeds the competition.

Design and Quality of Improvements

- Minimum leasehold investment of \$748,400.
- Customer-friendly and well-lit stores with wide aisles, multiple cashwraps, and limited floor fixtures to ensure easy ingress and egress to promote speed of service.
- Operator who has been recognized with more design awards than any other company in the industry.
- * Store design that celebrates the cultural and historical ties of Long Beach through vibrant themed mosaics, framed historic photographs, streamline moderne detailing and aviation memorabilia.
- Twin Cities Travel Mart at Minneapolis-St. Paul Airport awarded first place in the "Convenience Store Category" at the Visual Merchandising and Store Design International Store Design Competition. The second place winner in this same category was Paradies' Your Northwest TravelMart located in the Portland International Airport.

Management, Operations, and Marketing Plan

- All associates must complete a comprehensive four-day "First Class" training program prior to working the sales floor.
- Mentoring program during the initial months of operation led by Paradies management from across the country.

Financial Projections/Return to Airport

- Company history of maximizing revenues to the City by generating higher sales and dollars/enplanement by providing a higher level of service, better merchandise assortments and concepts, and competitive pricing.

DBE Participation

- The Paradies Shops currently has DBE firms who provide goods and services to the company and we will take all necessary and reasonable steps to utilize these firms in the provision of certain goods and services in our operations in the Long Beach Municipal Airport.

Alternative Proposal

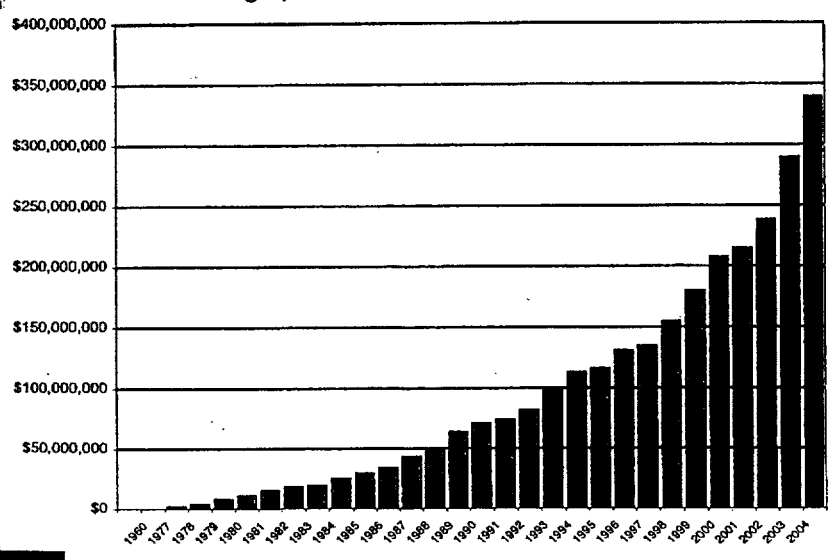
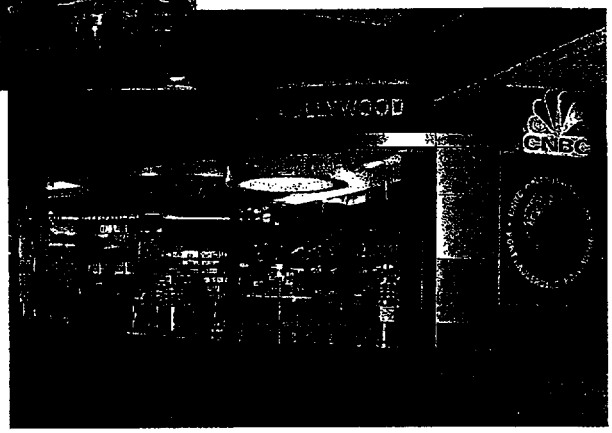
- An alternative proposal to operate the existing snack shop as the landside news/gift operation should the airport so desire.

Experience Statement

Experience Statement

- Established in 1960 - Atlanta, Georgia - Privately-Held Corporation.
- Over 400 News, Gift and Specialty Stores in 60 Airports in the United States and Canada, Servicing One Half Billion Passengers Annually.
- Off-airport operations located in Gaylord Palms Resort in Orlando, Florida, Houston Hilton Americas, and the new Tropicana Casino & Resort in Atlantic City, New Jersey.
- 2004 Sales—340 Million Dollars (192 Million Dollars in News/Convenience Category).

- 1978 Sales - Four Million Dollars.
- Growth Since 1994 - 190%.
- 44 Years of consecutive sales growth.
- Operators of Newsstands, Gift Shops, News/Gift Shops, Sunglass Stores, Western Stores, Ladies Accessory Shops, Children's Shops, Kidzoo Shops, PGA TOUR Shops, Brooks Brothers, Retail Courts, Sports Shops, Bookstores, Marketplace Stores,



Outdoor Stores, Southwestern Stores, Travel Marts, CNBC News, Brighton Stores, Hometown Favorites, Harley-Davidson Stores, and Designs by Sue Venir.

- Exclusive Licensee of Brooks Brothers, PGA TOUR, CNBC, New York Times Company, and exclusive partner of the Big Ten Conference, Big 12 Conference, and ACC (Atlantic Coast Conference).

- Forty contributing Disadvantaged Business Enterprise (DBE) partnerships generating 80 million dollars in airports.
- AMAC (Airport Minority Advisory Council) awarded The Paradies Shops the "Business Partner" Award for its progressive DBE Partnership Plan.



In addition, Dick Dickson, Chairman of The Paradies Shops, was honored with the "Hall of Fame" Award.

- Operator awarded "Best Airport Retailer" by *World Airport Revenue News* for ten consecutive years, with 34 overall awards, and "Retailer with the Highest Regard for Customer Service" and "Best News & Gift Operator" for 2004.

"...For the Tenth Consecutive Year, Named 'Best Airport Retailer' by *World Airport Revenue News*."

- For the tenth consecutive year, *Golf World Business Magazine* named the PGA TOUR Shops as one of the "Top 100 Golf Shops in America".

• The Paradies Shops ranked number four in the "Best Places to Work in Atlanta" category by the *Atlanta Business Chronicle*.

- For the second consecutive year, The Paradies Shops was awarded "Book and Magazine Mainline Merchandising



"Excellence" by the *Magazine Publishers of America*.

- The Paradies Shops was named "Georgia Family

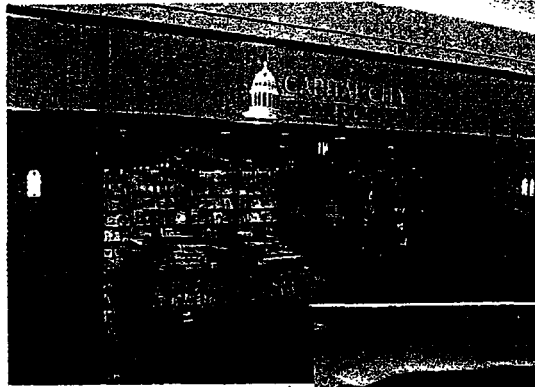
Business of the Year" by the Cox Family Enterprise Center of Kennesaw State University and *Georgia Trend Magazine*. This most prestigious award is based on the company's success, the ability to combine work and family, and the contributions to the community.

- The *Kansas City Business Journal's* annual "Best Places to Work" contest named The Paradies Shops' Kansas City operation the company with the "Best

Community Development and Commitment to Diversity".

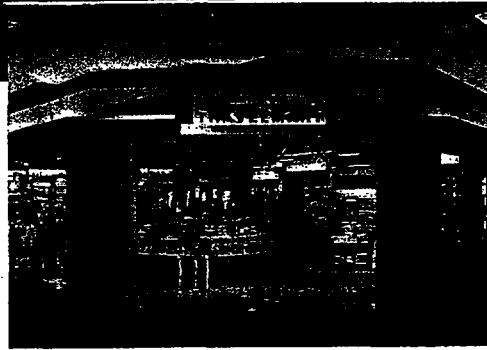


- The Paradies Shops' Hartford operation voted "Best Place to Work" for four



consecutive years
by *The Airport
News* voters.

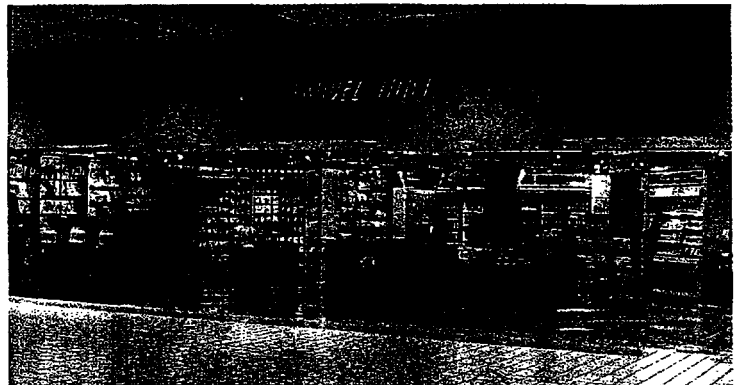
- The Paradies Shops made a contribution of \$50,450 to the "World Trade Center Port Authority Memorial Fund" to help the victims of the September 11, 2001 tragedy. This donation was generated from sales of patriotic merchandise in the company's airport shops.
- The North Broward County Chapter of The Links, Inc. presented "The Presidents Award" to The Paradies Shops (Ft. Lauderdale) in recognition of its support and commitment to making a difference in the community.
- *Visual Merchandising and Store Design* and *The Institute of Store Planners* held their 2000 International Store Design Competition and awarded Paradies-CBR's Twin Cities



Travel Mart, located in the Minneapolis-St. Paul International Airport, first place in the "Convenience Store Category". In addition, the second place winner in this same category was Paradies' Your Northwest Travel Mart located in the Portland International Airport.

- The Paradies Shops ranks as the 38th largest privately-held company in Atlanta, Georgia.
- The Paradies Shops currently has 2,692 employees.

"... The Paradies Shops was named 'Georgia Family Business of the Year'."



Description of Concept

Description of Concept and Themes

The Paradies Shops market analysis is the initial step in the process that leads to the preparation of a proposal response and the provision of assortments of merchandise and products that will be of interest to the traveling public. Intensive research and evaluation of the Long Beach market is performed developing traveler profiles, traffic patterns, pricing comparisons, and ultimately product selection.

Based upon those findings, together with the results of similar research performed on a nationwide basis, The Paradies Shops has selected a strong assortment of national and local brands that will be of interest to the users of Long Beach Municipal Airport.

“Read & Return allows customers to purchase hardback books, read them, and return them and receive 50% of the purchase price.”

Long Beach News Main Terminal Space

Long Beach News will provide the traveler with an extensive assortment of news, magazines, hardback and paperback books from the New York Times Bestseller list, travelers convenience items, snacks, bottled water “to go”, as well as, an exciting

assortment of gifts indigenous to the Long Beach and Southern California area. From the design of the store to the merchandise assortments, there will be no doubt in the traveler’s minds that they are in Long Beach!

LONG BEACH NEWS

Also featured in Long Beach News is our “H₂O and A Paper To Go for \$1” where the hurried passenger can grab

a bottle of water and a newspaper to go, drop the change or dollar bill in the receptacle provided at the front of the store and be on the way without a register transaction!

The Paradies Shops, named in 2004 by *Airport Revenue News* as “Best News and Gifts Operator”, has developed a comprehensive newsstand concept that meets the needs of today’s traveling public.

Long Beach News, an ideal stop for people on the run, will offer the traveler a wide assortment of “necessity” items coupled with an exciting assortment of “local flavor” merchandise.

Long Beach News Xpress North Boarding Lounge Kiosk

The North Boarding Lounge Kiosk will be a custom designed in-line store consisting of permanent wall units and a point-of-sale cashwrap. The size of the kiosk will limit the merchandise assortment to the “Best of the Best” in a typical newsstand and will include newspapers, magazines, books, prepackaged

snacks, bottled water, and traveler convenience and necessity items. Please see the floor plan, rendering, and materials board presented in Section G.2 - Facility Design/Construction, which gives clear and concise information on the development of this kiosk.

Additionally, the Kiosk has been designed so that it can be placed in any location in the North Boarding Lounge.

Long Beach News Xpress South Boarding Lounge Kiosk

The North Boarding Lounge Kiosk will be a custom designed in-line store consisting of permanent wall units and a point-of-sale cashwrap. The size of the kiosk will limit the merchandise assortment to the "Best of the Best" in a typical newsstand and will include newspapers, magazines, books, prepackaged snacks, bottled water, and traveler convenience and necessity items. Please see the floor plan, rendering, and materials board presented in Section G.2 - Facility Design/Construction, which gives clear and concise information on the development of this kiosk.

Additionally, the Kiosk has been designed so that it can be placed in any location in the South Boarding Lounge.

LONG BEACH NEWS Xpress

Facility Design/Construction

Facility Design

The Paradies Shops has a long history providing airline travelers with enjoyable and satisfying shopping experiences. The Paradies Shops knows that it is not enough to have an incredible product selection; the stores must also provide shoppers with fast, friendly service. The stores and kiosks herein are designed to achieve this goal.

The proposed Long Beach News store design for both the primary location in the Main Terminal and the alternative location opposite Jet Blue's ticket

"Finish materials for this retail concept are of the highest quality and selected to reinforce the character and image of both the airport and the store."

counters are well-lit and feature welcoming entries and spacious layouts to encourage travelers to stop and shop. Merchandised in an organized manner, the stores make it easy for shoppers in a hurry to find just what they need.

The stores also include interior category signage to further aid the rushed traveler. With the majority of the merchandise on the walls, display units on the floor are minimized, ensuring wide aisles and easy flow. Travelers with luggage or baby strollers are accommodated with ease.

Cashwraps are carefully placed to provide the most efficient checkout. The

Paradies Shops takes great care in determining the proper number of cash registers, based on estimated customer

transactions, thus ensuring that no customer waits unnecessarily. The area around the cashwrap is left open for ease of movement and all cashwrap designs are barrier free. Additional merchandise is displayed on cashwraps for last minute impulse buys, but ample countertop space is always provided for effortless transactions.

Finishes are selected for their beauty and durability. The Paradies Shops understands that high passenger volumes coupled with luggage expose materials to excessive wear and tear. Elegant and hardwearing flooring surfaces such as porcelain tile are used in these store designs. In addition, display units are designed to withstand passenger and luggage abuse, and countertops are fabricated from solid surface material. Finish materials for this retail concept are of the highest quality and selected to reinforce the character and image of both the airport and the store.

Long Beach News Main Terminal, 1,324 sf

The experience of flying through Long Beach Municipal Airport is far more than a convenient alternative to other area airports, it is an invigorating and memorable event -

living history. Long Beach travelers have excellent views of the distinctive Long Beach News

store from one end of the terminal ticketing area to the other. The store's design

LONG BEACH NEWS

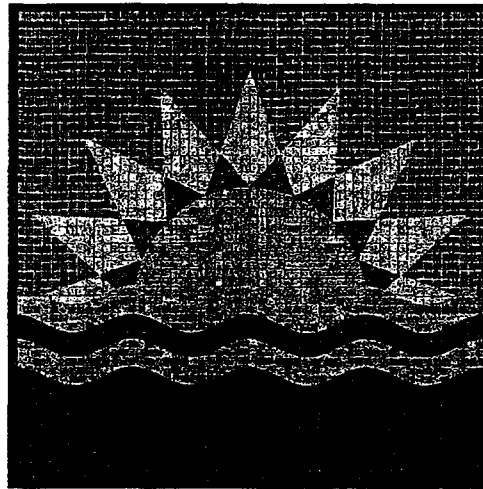
incorporates sophisticated references to both the terminal's streamline moderne architecture but also Long Beach's rich aviation history. The store does more than just fit-in however, it celebrates these cultural and historical ties through vibrant themed mosaics, framed historic photographs, streamline moderne detailing and aviation memorabilia. These features provide comfort and convenience at the time of shopping and will also foster positive memories for years to come.

The storefront is flanked by mullioned glass panels echoing the glass surrounds of the Main Terminal entrances. The horizontal proportions and horizontal fins of these panels relate directly to streamline moderne civic and commercial structures of southern California and have the characteristic of being both historic and yet fully modern in materials and aesthetic. The motif of horizontal parallel metal fins is repeated through out the store as a unifying detail, and is sympathetic to the detailing throughout the terminal.

The store's visually dynamic three-dimensional storefront signage utilizes a historic moderne font and is layered in front of horizontal metal fins and backlit translucent green glass, all resting above a streamline moderne ledge. While "moderne" in form, the signage uses the

latest in "modern" technology such as LED illumination that is very low in energy consumption and required maintenance.

The Long Beach News store grabs the passenger's eye and imagination with a durable porcelain tile floor evocative of the form and vibrancy of the rich mosaic tile work of the terminal's second level and first level terminal entry. A glass tile mosaic representing the setting sun motif and ocean graces the cashwrap and is sure to be a memory maker. In addition an inset tile sun is centrally located in the



entry floor, echoing the sun motif of the existing stairs' floor

News, magazines, books souvenirs and snacks are displayed prominently along the back and sidewalls of the central portion of the store while apparel and related merchandise are located in a unique shopping area on the left of the store. A cooler has been included at the rear

right of the store. The H2O And A Paper To Go For \$1 cooler at the front left of the store provides automated grab-and-go water sales without sales clerk assistance. The store

"A glass tile mosaic representing the setting sun motif and ocean graces the cashwrap..."

otherwise has been kept clear of freestanding fixtures other than the cashwrap to allow freedom of movement and vision.

The fixtures of the store are constructed of a honey-colored wood and topped with a band of historic images of Long Beach's civil and commercial aviation history on a background of backlit glass.

The central cashwrap with two registers provides for fast, efficient transaction, while accommodating impulse purchases of candy, snacks, magazines and sundries. The cashwrap area is crowned by a portion of circular drop soffit ceiling with lighted cove and dropped metal fin rings. Plasma screen monitors above each register will help inform and entertain queued customers.

LONG BEACH NEWS Xpress

The historically appropriate materials and imagery, colors and form of this store combine to provide a unique environment for the store's merchandise offering; one that will be appreciated by the Long Beach Municipal Airport customers, again and again.

Long Beach News Xpress North and South Boarding Lounge Kiosks

These free standing kiosks are very similar to each other in layout, aesthetics and function. From practically anywhere in the gate hold area the offerings of the kiosks are easily visible and understood. The design provides

aesthetic consistency with the proposed Retail Store in the Main Terminal while providing an efficient and ordered environment.

The kiosks are comprised of a freestanding back wall and wall fixtures of honey-colored wood and metal detail. The back wall is trimmed with a "moderne" metal band and fins and is crowned by LED illuminated three-dimensional signage.

Two shorter sidewalls fixtures extend perpendicular to the back fixtures and provide stability and additional merchandise viewing angles.

The one position cashwrap is located centrally forward of the kiosk backwall to allow good control of the area and provide

a buffered shopping zone. While located to provide ample space for efficient buffered shopping, the cashwrap does not adversely impact circulation or queuing in the remaining gate hold area.

The proposed Long Beach News Xpress kiosks bring a good measure of quality materials, order, and aesthetic and historic connection to the north and south gatehold environment.