

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, September 11, 2006

Present: Tim Austin, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Willis Heck, Dave Murfin, Jay Russell and Bill Ward

Absent: Dion Avello, Bill Calloway, Ron Estes, Jeffrey St. Clair and Jay Swanson

Airport Staff: Victor White, Tom Nolan, Sandy Coykendall, John Oswald, Jean Zoglman, Gary Bauer, Traci Nichols

City Staff: Doug Moshier, Senior Assistant City Attorney

Others: Mike Carter with DMJM
Dion Lefler with Wichita Eagle
Micale Habtemariam with MBS Corp.

Chairman Fletcher called the meeting to order.

Approval of Minutes

Motion by Greenlee to approve the minutes of the August 7, 2006 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Chief Bauer's Retirement. Mr. White congratulated Chief Gary Bauer on his retirement in September 2006. Mr. Nolan stated his appreciation for Chief Bauer's thirty-five years of service. Bauer made a few comments regarding functions performed by the Safety Division. Deputy Chief Paul Moore will take over the duties as Acting Chief of Airport Public Safety. It was asked how soon a new Chief would be hired. Chairman Fletcher asked for updates on the process of having the position filled.

TSA Ceremony. The local TSA held a ceremony commemorating the five-year anniversary of the 9-11 terrorist attacks, which Mr. White attended

Bulk Fuel Farm. Beginning October 7, 2006 Air BP will no longer provide retail fuel on Mid-Continent Airport. A court order caused the arrangement that has been in place for the last ten years that allowed Air BP access to the ConocoPhillips-owned pipeline. ConocoPhillips owns the pipeline that supplies the bulk fuel farm and will take as the provider. Discussions ensued regarding impact on fixed base operators, users and fuel pricing. White stated that the whole topic had been a challenge but it has been successfully resolved.

HMSHost. HMS Host item has been moved from September 12th City Council meeting to the meeting on September 19, 2006. The amendment addresses only the addition of a bar/lounge in the west concourse and a retail wall in the east concourse.

International Trade Conference. Mayor Mayans will participate in welcoming the Chinese delegates who are arriving at Mid-Continent Airport on September 20, 2006 for the US-China Aviation Summit and International Trade Conference. The conference and banquet will be held at the Hyatt and is being coordinated by Valerie Wise, Air Service and Business Development Coordinator, and by Jeanne Goodvin from the City Manager's office. The board members are invited to the conference.

Terminal Area Redevelopment Program

Jean Zoglman provided an update to the e-mail White had sent to the WAAB on the financial capacity analysis. Airport staff is working with City staff to confirm the choices regarding debt funding used in the analysis and to identify which are possible. The City is evaluating the ability to provide General Obligation (GO) bond funding for the entire capacity that Airport net revenues can support since GO funding maximizes that capacity. City staff is working with their financial advisor to evaluate the impact on borrowing funds and how it will affect their bond rating while taking into account all of the funding needs of the City. The Airport is waiting for their response to decide how much the Airport can borrow and anticipates participating in meetings with rating agencies. Analysis is being conducted with the basic premise of no tax support being used for the TARP. Leigh Fisher Associates (LFA) is the financial consultant aiding the Airport in these analyses.

Mr. Russell questioned an article in the Wichita Eagle from last month of the Airport's three percent of the City's budget. Zoglman stated that the calculation was the percent of the total City budget (both tax supported and non-tax supported) that was represented by the Airport and did correlate to the tax funding of the airport. Mr. White expressed his concern that the public would misinterpret the article. The Wichita Airport actually pays the City of Wichita instead of receiving taxpayer funds. The public safety fee has increased significantly to the estimated amount of \$750,000. If the City of Wichita charges the Airport inappropriately, the Federal Aviation Administration could force the City of Wichita to reduce the fees to reasonable costs or to have the services go out to bid.

Mr. Greenlee stated the revenue from tickets written by Airport Safety officers go to City Hall. However after reviewing the matter, after the Airport would not be able to recover the cost to pay the safety officers in overtime for attending court for hearings on the issued tickets along with other costs.

There was discussion in the decision-making process of reevaluating the cost that it would take to build a terminal now versus the cost that was estimated at the beginning. It

would be the ideal situation to have a new terminal building rather than to renovate the existing structure.

Mr. Gooch inquired about the design for the new terminal, and if it would be one floor. He also inquired if it would be possible at a later time to add on to the terminal.

Mr. Carter stated HNTB could not make any design proposals until the budget has been determined.

Mr. White suggested that HNTB representatives should be present at the next meeting to provide information that will show the steps that will need to be taken.

Mr. Austin expressed his concerns with the timeline and wanted more definition of the process on paper.

Mr. Fletcher and Mr. White agreed that it would be necessary to have additional meetings in the early stages of development.

Passenger Facility Charge Application Briefing

Passenger Facility Charge Program at Mid-Continent Airport started in 1994 at \$3.00 per passenger. In May of 2005, the rate increased to \$4.50. FAA has approved applications amounting to \$25 million and the Airport has already collected \$22 million. A new application is needed for another sixteen months of collection which will include projects such as Taxiways M, N, L, H; safety building expansion/security camera project; airfield equipment. A consultation meeting was held on Thursday, September 7, 2006. A local representative from United Airlines and representatives from Northwest and Atlantic Southeast via teleconference attended the meeting. The application is to be submitted by October 9, 2006 and no objection from the airline representatives is expected. The application is expected to be fully collected by September 2008 and serves as a bridge to the next application, which will likely be for the TARP.

Motion made by Mr. Austin to approve the Passenger Facility Charge application. Motion carried unanimously.

Hangar Development Update

Mr. White announced that Bob Taylor with Executive Air Shares (EAS) is requesting to build two 15,000 sq. ft. hangars and another 15,000 sq. ft office to connect the two hangars. Due to the fact that this project has increased from its original concept, EAS would like to explore the use of Special Facility Revenue Bond financing. EAS is working with Allen Bell, the City's Economic Development Manager. EAS will be responsible for all the costs concerning this project except for the taxiway. The main business of EAS is to operate and sell fractional aircraft. To their knowledge it is the

largest aircraft operator (excluding manufacturers in Kansas.) They are prepared to move their corporate office from Kansas City to Jabara when this development is complete.

Mr. Murfin declared he has a conflict of interest on this development

Mr. Oswald demonstrated on the map the location of the buildings and where the utility package and road package will be located. He also pointed out that the land south of Taxiway F has potential to build two to four more buildings.

Murfin suggested that Jabara Road be relocated further west so that hangar development could be added further north and just west of Midwest Corporate Aviation hangars.

Mr. Oswald stated he would look into the possibility.

KTTI/Jabara Campus Update

Mr. White reported that airport staff has been in negotiations with KTTI for a building site located at Jabara. The final lease, effective November 1, 2006, will be on the October board meeting. The lease terms were briefly summarized.

There was discussion if there would be a traffic light due to the volume of traffic from students. At this time, no determination has been made.

July 2006 Statistical/Project Report

Passenger numbers are down four percent for the month of July. However, nationally the average is down seven percent. Mr. White added Valerie Wise has been working with the passenger airlines to replace more CRJs with larger planes beginning next month.

Mr. Russell questioned when the AirTran subsidiary started and what have been the percentages in the last year. Also, he questioned the approach in the new marketing campaign.

Mr. White responded that for the year 2005, the passenger count had only been down less than one percent. Some of the problems the Airport is encountering have been due to Northwest and Delta Airlines filing bankruptcies and the resulting reduction in seat capacity. The rest of the airlines are cutting down on costs which means using smaller planes with fewer seats making the ticket prices higher.

There was some discussion relating to baggage delivery by airline personnel. The board members expressed their desire to have a survey done in the near future. Mr. White requested that the board members provide input for the survey questions.

Mr. Fletcher asked if something could be done by e-mail rather than waiting until the next regularly scheduled WAAB meeting for a decision.

Other Business

The next WAAB meeting will be Monday, October 2, 2006.

Meeting adjourned at 5:05 p.m.

Traci Nichols, Clerk