

**MINUTES OF THE CITY OF WICHITA**  
**WICHITA AIRPORT ADVISORY BOARD**

**Monday, April 2, 2007**

Present: Tim Austin, Ron Estes, Charles Fletcher, Dwight Greenlee, Willis Heck, Jay Russell, Jeffrey St. Clair, Jay Swanson and Bill Ward

Absent: Dion Avello, U.L. Gooch, David Murfin

Airport Staff: Victor White, Sandy Coykendall, Kelly Fabrizius, Shannon Feltes-Bauer, Tom Nolan, John Oswald, Valerie Wise, Jean Zoglman, Paul Moore

City Staff: Joe Allen Lang, First Assistant City Attorney

Others: Mike Carter, DMJM Aviation  
Bob Karslake, President, Midwest Corporate Aviation  
Michael Phipps, Wichita Airport Hilton  
Roland Samples, Wichita Airport Hilton  
Daniel L. Claassen, ExecHangar

Chairman Fletcher called the meeting to order.

**Approval of Minutes**

*Motion by Mr. Austin to approve the minutes of the March 5, 2007  
Wichita Airport Advisory Board meeting. Motion carried unanimously.*

**Director's Report**

**Hawker Beechcraft Services, Inc.**

Mr. White announced that Raytheon Aircraft Services has been purchased by GS Capital Partners, an affiliate of Goldman Sachs and Onex Partners and will now be known as Hawker Beechcraft Services, Inc. The Secretary of State's office recently sent a certified letter asserting to the name change. Since it is strictly a name change, there is no legal action that needs to be taken as far as Airport Authority leases at this time.

**Presentation to Chief Paul Moore**

Tom Nolan presented a plaque to Paul Moore, Interim Chief Airport Safety, and read a letter from George Kolb, City Manager, celebrating Chief Moore's twenty-five years of service to the City of Wichita and commending him for his commitment and loyalty to the City.

**America West**

Mr. White reported that it is official that America West Holdings has been merged with US Airways Group. Signs at the airport have been changed from America West to US Airways, and according to the letter Mr. White just received, America West is going to surrender its certificates to the FAA next month and thereafter all operations will be conducted under the new

US Airways FAA certificates. The Airport Authority will have some leases and contracts that will need to be assigned over to the new corporation.

#### Regional Economic Area Partnership

A press release was issued by the Regional Economic Area Partnership (“REAP”) announcing that as of April 1<sup>st</sup> the Kansas Affordable Airfares Program is accepting applications for the grant program for fiscal year 2008. Proposals will be accepted through June 15, 2007, and the successful proposal(s) will be announced by July 9, 2007. In 2006, the Kansas Legislature passed a law providing \$5 million per year funding for a five-year program assuming there is a 25% local match. Sedgwick County received the first award for the current fiscal year and it is expected that they will also be applying for a similar grant for fiscal year 2008. Previously Sedgwick County was the only applicant, however it is expected that Salina may apply this year and possibly others. It is unclear what kind of an impact that might have, however if REAP provides funds for other projects it would reduce the amount of the \$7 million that currently is 100% dedicated to the AirTran revenue guarantee at this airport. Anyone that applies for the grant has to prove to REAP that what they intend to use the money for will benefit the State in terms of affordable air fares, improving flight options and more competition for air travel. Mr. White stated that when you look at the greater good and amount of people that are served by the Wichita grant, it is not certain whether those similar levels of support would be satisfied coming from the smaller parts of the state. Mr. White stated he will keep the Board advised on this issue as it moves forward.

#### ACI-NA/AAAE Spring Conference

Chairman Fletcher reported on the ACI-NA/AAAE Spring Washington Legislative Conference that he and Mr. White attended. They met with staff members from the offices of Congressmen Tiahrt and Moran and Senators Brownback and Roberts to update them on the new terminal project. The staff members were very receptive and pledged their allegiance and support for the project. Mr. Fletcher and Mr. White also had the opportunity to hear presentations from the Secretary of Transportation, FAA Administrator and the Chairman of the House Transportation and Infrastructure Committee, and numerous others. There was discussion on the FAA Reauthorization bill that is coming up and whether to go to a user fee program like the FAA wants or keep it the same with increasing PFC charges. Mr. Russell questioned the impact this would have on general aviation in Wichita. Chairman Fletcher stated that both himself and Mr. White voiced their opinions that they did not want to do anything that would have a negative impact on general aviation. Mr. White stated that the vast majority of the aviation community (other than the airlines) is against the user fee type of proposals. It is unclear as to whether the bill will even be finalized before it expires. The current law expires on September 30th and if Congress has not acted by then, they will have to pass a continuing resolution to continue to fund FAA Operations which would include not only airport grants, but also administration of the FAA and the Air Traffic Control System. Chairman Fletcher stated that because of the Presidential election, if the bill does not get passed this year, it will more than likely be two years. It is important to ensure that the airport gets the most amount of FAA grants possible for upcoming construction projects whether it is the new terminal project or other Capital Improvement Program projects on the airfield side in the future. The increase in PFC’s would be a great benefit to the airport if the Authority chooses to allow the money to be used to increase the

amount of funding for the terminal and capital projects. The normal FAA grants are at risk to some degree as to whether they could be cut under the new proposal, because the administration's proposal actually lowers the amount of airport improvement grants nationwide by almost a billion dollars. If that happens the amount of funds the airport receives every year would shrink proportionately. Chairman Fletcher stated that one of the things that was of concern was when Congressman Oberstar was commenting on what PFC charges are used for and stated his desire that the funds be used for runway projects only, not terminal projects. However, Mr. White stated the good news from our standpoint is that because this is a national issue the big city airports such as Miami, DFW, Los Angeles, Chicago, New York and Atlanta are all fighting this same issue.

#### Concessions in Terminal

Host now has official approval from their corporate headquarters to begin the improvements on the west concourse. Essentially their plan is to duplicate what they already have on the east. A Great American Bagel will replace the current snack bar. Host will also construct another retail wall, however it will have a different style and be a little larger. The third component will be the cocktail lounge and bar. On the west concourse Host is looking at a vacant room (the old "media room") that is already equipped with a bar inside of it. Host is working with a contractor to tear down the brick walls to open it up to the concourse. Design has begun and construction might begin in the next few weeks. The Great American Bagel will probably be first in the sequence to be renovated. Host has asked for consideration that the Airport Authority extend their lease for an additional year to ensure they have plenty of time to amortize this unplanned investment. Their current lease runs for three more years after May 1, 2007, and then month-to-month after that until such time as the existing terminal shuts down. Since that time period is still undetermined, the lease will be extended for a four-year period and at that point extended to month-to-month so it will coincide with the termination of the existing facilities. Host has also been asked to include a provision that any tenants or sub-leases be extended for the same period of time so that there is no question as to whether that would happen automatically.

#### Air Traffic

Traffic from the airline perspective has been really good. Passenger traffic has increased for five months in a row starting in October. The March numbers are not in yet, however from personal observation and speaking with the carriers, Spring Break this year was phenomenal. It appears to be one of the highest in history.

Mr. Russell asked whether the advertising campaign is going to be the same as we have had over the last year. Mr. White reported that it would not be and that some new ideas will be presented in upcoming meetings. The plan is to incorporate such ideas as a frequent customer award program, discounts in the parking lots, restaurants and in the terminal. Valerie Wise reported that the most recent advertising project has been for the Allegiant Air flight to Orlando-Sanford. There have been several television and radio commercials and newspaper advertisements. There will also be an inaugural festivity on May 22<sup>nd</sup> that the Board will be invited to.

There was discussion on whether the Courtesy Crew has been helpful. It was determined that it has been a successful program and from the comments from customers and airline personnel the consensus is that it has been really appreciated to have them there.

There was a discussion on baggage claim times and whether they are improving. It was determined that from personal experience and comments from others that it seems to be getting better.

There was discussion about the importance of non-stop flights to the west. Valerie Wise reported that she is continuing to work with possible airlines on this issue. There was also discussion about the possibility of the City starting it's own airline, although past efforts by municipalities have proven unsuccessful.

#### Training Center at Jabara

Mr. Austin requested an update on the lease for the training center at Jabara. Mr. White reported that the lease was effective January 1<sup>st</sup> of this year for a term of 50 years. Mr. White and staff have had recent meetings with County personnel and the architects to review planning and design issues. There are outdated, incorrect FEMA flood maps that affect a portion of the property that will need to be changed. The County might be looking at shifting the location of the campus a little bit to try to avoid as much of that as possible. There is also a small wetland at the south end, so the County is considering shifting the location and possibly modifying the actual dimensions of the campus to avoid that area. The County has also reconfigured where the buildings and parking lots sit. At the time the lease was drafted, the design was not complete, therefore it was attached as an Exhibit A that was subject to change. Currently, the County is leasing up to 25 acres of land. However, if the County would choose to lease more than 25 acres, the rent payments and the Exhibit A would need to be modified and it would go back to the Authority for a lease amendment.

#### Rail Access

Mr. Austin asked about rail access on the south end and whether that would be able to be maintained. Mr. White reported that he spoke with the consultants that prepared the freight study for the City and conveyed to them the airport's desire to have rail access. However, their analysis of the statistics illustrate that there is no need for rail access and therefore no justification that rail access should be kept on or in the vicinity of the airport.

#### Hilton Hotel Lease

Mr. White introduced Mr. Samples and Mr. Phipps from the Hilton organization and provided a handout summarizing the agreed-upon terms of the new lease as well as the items yet to be resolved. The new lease will be for a term of 50 years commencing June 1, 2007, however since the existing contract runs until 2030, most of the terms and conditions of the current contract will remain in effect. There will be some improvements such as an increase in rent payments. There will be two, ten-year option periods through June 1, 2050, followed by one, seven-year option through June 1, 2057. There will be two types of payments consisting of ground rentals and parking space rentals in the initial period. However, beginning in 2030 when the option periods come into effect, the Hilton has agreed to pay based on a percentage of gross revenues. The rate

will be 3% from hotel room sales and 2% from food and beverage sales. Once the percentage of gross revenue payments takes effect, the ground rental and parking space rentals will terminate. The Right of First Refusal will be included, with the length of the review period depending on the type of hotel being proposed. The airport will receive no revenue from existing cell phone towers, however Hilton has agreed to share 50% of future revenue for installations of any new cell phone towers that could potentially be put on the hotel. The Hilton has agreed to reinvest 3% of the annual guest room and food and beverage sales for ongoing capital improvements, furniture, fixtures and equipment. The Hilton has agreed to continue subordination of parking rentals if they are required to pay bond or mortgage financing payments during the initial term.

Mr. Estes asked about the property tax issue. Mr. White reported that the Hilton insisted that the issue would be left the way it is today, which is, in the event there is a tax levied then the airport's rent is subordinate to that tax.

Mr. Greenlee asked about the reclaim land. Mr. White reported that a process was put in for the airport to take back some land if it needs to in the future, however the land is not identified as to where it might be or its intended use.

*Motion made by Mr. Austin to defer action on this lease until it is finalized. Motion carried 9-0.*

### **General Aviation Hangar Development**

Mr. White introduced Daniel Claassen of ExecHangar. Mr. Claassen provided the Board with a handout illustrating a summary and site plan for a proposed general aviation hangar project. Mr. Claassen stated that what this project would be, in essence, is instead of 3 or so people coming together to build their own corporate hangar, it would be an opportunity for people to come together and do a fractional or condominium style facility. It would be private and it would have fueling facilities. The preference is to put in an underground fuel tank, not open to the public. The owners would have their aircraft stored in this hangar where there would be an employee on site and anytime a departure or arrival is scheduled then that employee would take care of the operation of the aircraft. It would only be open during the hours that are necessary to operate or to satisfy the needs of the people that are involved. The site plan shows development of the hangar just off Taxiway Hotel on the north end of the airport near Ballard Aviation. Mr. Claassen initially requested that this project be done at Jabara Airport, and he reported that he had originally received indication from airport staff that they would prefer this project to be at Jabara Airport, if it were allowed to move forward. However, because of the environment at Mid-Continent, i.e. safety issues, this is his airport of choice. Mr. Claassen stated there is a confirmed group of people that are interested in this project. Mr. Claassen said that when Tom Nolan was acting Director in 2005, Mr. Nolan had told him that this was a great idea, but to go out and get the people, and Mr. Claassen stated that is what he has done is found the interested people to be involved. Mr. Claassen does not see the lease as being any different than other tenant leases in its scope or longevity.

Mr. White stated that he would like to make his position clear that he is opposed to the proposal, believing it goes against the longstanding policies of the Airport Authority that prohibit fueling of

aircraft by anyone other than a Fixed Base Operator, unless it is a single corporation in the hangar and the fueling is done by their own personnel. Mr. Claassen's proposal is what the FAA considers as a "co-op" or shared facility. The FAA states that fueling of aircraft cannot be contracted out to another party, as this proposal appears to do. The airport has not allowed anything like this to happen previously which is illustrated by the fact that there are not any of these types of facilities on the airport today. Mr. White stated that no one has exclusive rights under FAA regulations, however under the Authority's policies only fixed based operators are allowed to provide fueling to the public. The airport did consent some years back to a corporate hangar facility to be built, and that was for Koch Industries. Koch has access to the bulk fuel plant that is on the airport. The reason for that is that under FAA regulations an airport cannot prohibit someone from fueling and self-servicing their own airplane with their own employees. Mr. White stated that what is being proposed is not the same type of situation; rather Mr. Claassen's proposal is to create a separate corporation which would sell shares to a number of people that are not related companies and then have employees do the fueling, cleaning and the towing in and out. Mr. White further stated this is contrary to the FAA's guidance since it is not self-servicing because another independent entity would be created to provide that servicing. That goes back to the Authority's original premise that a corporation can have a hangar, can fuel its own planes and can service its own planes. However, this is what the FAA defines as a co-op situation, and the FAA states airports do not have to allow that to happen. There was a question as to whether Mr. Claassen had spoken with the FAA. Mr. Claassen reported that what Mr. White is referring to is that the FAA states that no tenant can come to an airport, disregard the policies, and announce that they will fuel their own aircraft, however Mr. Claassen stated that the FAA does not prohibit this type of involvement, and that it is currently being done at Kansas City International Airport.

Mr. White responded by saying that the FAA states that an airport does not have to allow this to happen unless they want it to happen. Mr. White stressed that the airport needs to consider the consequences of what might occur if this is allowed to happen. There was discussion regarding the three fixed based operators currently at Mid-Continent, and how this proposal would affect their business.

Mr. Russell stated that he respects Mr. White's opinion on this, however this proposal only involves three people and since this has been done in Kansas City he does not feel it would make that significant of an impact. Mr. Russell asked to receive information on the effect of building this type of facility at KCI. He stressed his desire to see more buildings built at this airport and more of a progressive attitude.

Mr. White stated that the airport does not have a specific set of written "minimum standards" for development of aviation activities and facilities. Mr. White said this is not the first time a request has been made that is outside of the normal realm of activities and felt it would be wise to bring in a specialist consultant that creates and advises communities and airports on a set of minimum standards for development. The FAA highly recommends that airports develop and maintain minimum standards so that disputes can be avoided when parties propose development of aeronautical businesses in the future.

Mr. Greenlee stated that in the past, since they could not rely on minimum standards, certain types of public service activities would be included as part of the contract. Currently, the FBO's are required to provide certain services to the public that do not necessarily bring in revenue. If this proposal is allowed to happen, the current FBO's are not going to want to provide those services any longer, and the public will eventually suffer.

*Motion made by Mr. Austin to defer for thirty days to receive an update on this issue.  
Motion carried 9-0.*

### **Terminal Area Redevelopment Program Update**

Mike Carter, DMJM Aviation, provided the Board Members a PowerPoint presentation update of the meetings over the last few months regarding schematic design. One of the earlier meetings was on themed exhibits and public art. It was determined at that meeting to establish a Mid-Continent Airport Committee for Advancing the History of Wichita Aviation (MACH). The role of the MACH committee will be to serve as a sounding board for development of aviation themes and messaging for the new airport terminal. The members are chosen because of their understanding of Wichita's aviation heritage and their wish to preserve and promote that with the airport. The following individuals were selected to serve on this committee: Bailis Bell, retired Mid-Continent Airport Director; Dave Franson, owner of Franson Consulting Group; Dave Higdon, President of Photoprose Productions; Walt House, Kansas Aviation Museum; Dr. Judith Johnson, WSU history professor; Marilyn Richwine, retired Cessna executive; Mary Van Scyoc, first female air traffic controller in the United States; and Dick Ziegler, retired Boeing Company spokesperson. Also, the HNTB design team has researched a variety of public art consultants, and are recommending Gretchen Freeman be named as the Public Art Advisor for the new terminal project. Ms. Freeman is currently President of Freeman/Whitehurst Group, Ltd., she founded the Phoenix Arts Commission's Public Art Program in 1987 and has developed public art programs for various other cities.

The schematic design meetings that were held in March included the Communications Systems meetings March 7th & 8th and the Schematic Design Review No. 2 on March 14 and the Airline Tech Advisory Committee on March 21<sup>st</sup>. At the Communications Systems meetings there were several technical details that were discussed including site infrastructure, terminal infrastructure, data communications, voice communications, access control, visual surveillance, passenger processing systems, passenger information systems, aircraft gate parking, car parking and commercial vehicle systems. On the second day of the Communication Systems meetings the transition of existing terminal and campus facilities, procurement methods and IT planning issues were discussed. The Schematic Design Review No. 2 was on March 14<sup>th</sup>. At that meeting the design team reported to airport staff as to where they stand on completing the schematic design including where the cost and scheduling stands. Mr. Carter showed some of the drawings that were provided during Schematic Design review No. 2. The Phase 2 that is being considered contains two different options, one has a basement and the other does not and therefore would require incorporating a larger area on the first floor. The basement is largely a budget issue. The second level would remain basically the same regardless of whether or not a basement is chosen. The current plans show ten gates accommodating eight narrow-body aircraft and two regional jets. Several issues were discussed including different options with respect to a future tunnel

connection, ideas on the integration of art displays and different roof level options for the building sections. The upcoming meetings in April are the Brainstorming No. 3 on April 10<sup>th</sup> and Schematic Design on April 23<sup>rd</sup>.

Mr. Russell questioned what the phrase “within striking distance” meant regarding the budget. Mr. Carter stated that he meant the level of accuracy of a conceptual estimate is plus or minus 10%. However, it will not be known what the actual estimate is until the Schematic Design phase is finished. At that point the contract requires that the design team either have it at \$150 million or go back and redesign it so that it is at \$150 million.

Mr. Russell also stated that the individuals selected for the MACH committee sounded good, however he felt it would be important to include someone from this Board as well as someone from airport staff. Mr. White agreed that would be a good idea.

There was a question regarding the role of Gretchen Freeman and whether it would be wise to hire a consultant to recommend artwork for the new terminal instead of using that money on purchasing more artwork. Ms. Freeman would subcontract with the Greteman Group as part of the HNTB design team. Her services would be included in the current agreement as part of the \$1.2 million public art allowance. Discussion ensued regarding whether it would be necessary to spend money on an additional consultant. Mr. White stated that since Ms. Freeman was recommended, he has not yet reviewed the issue with the City Manager. It was decided that Mr. White will discuss the matter with the City Manager and report back.

There was a question regarding inflation and whether the cost estimates given now will still be accurate in 2010. Mr. Carter stated there is a factor in the estimate that provides for escalation and that DMJM also has their own consultants that have provided their own recommendation on the amount of escalation.

### **Other Business**

The next WAAB meeting will be Monday, May 7, 2007.

Meeting adjourned at 5:18 p.m.

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Kelly Fabrizious, Clerk