

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

**Monday, October 6, 2014**

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, Carl Koster, Dr. Thom Rosenberg, Ron Ryan, Bill Ward, Brent Wooten

Absent: Richard Kerschen, Karyn Page, Thomas Pryor

Airport Staff: Victor White, Brad Christopher, Kathryn Keathley, Traci Nichols, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Jay Hinkel, Deputy City Attorney

Others: Jim Armour, ACT 3 Resident Engineer, SJCF sub-contractor of AECOM  
Ray Koenig, LeaseCorp Aviation  
Lonnie Wright

Chairman Greenlee called the meeting to order at 2:30 p.m.

**Approval of Minutes**

*Motion by Fletcher, second by Koster, to approve the minutes of the September 8, 2014 Wichita Airport Advisory Board meeting. Motion carried unanimously.*

**Director's Report – Victor White**

The Airport, along with several other local community organizations, submitted an application for Wichita to host the Aircraft Owners and Pilots Association (AOPA) Regional Fly-in for the Central Southwest Region in the summer of 2015. The AOPA is expected to announce finalists this month. If Wichita is selected as a finalist, a group from AOPA will inspect the facilities at Jabara, the proposed event location, to evaluate if it meets all of the requirements for the AOPA event. The regional fly-ins typically attract approximately 500 aircraft and 1,000 attendees.

The Airport has begun the process of establishing a nonprofit foundation for the purpose of facilitating fundraising for educational programs, aviation displays, and special aviation events for Mid-Continent and Jabara Airports. A local law firm has been contracted to execute the necessary documents to this end. Once the foundation is recognized by the Internal Revenue Service (IRS), a process that may take between three months and one year, all donations to it will be tax-exempt. The first major project that will be aided by donations to the foundation is the new terminal grand opening celebration, taking place spring of 2015. Other potential projects that have come up in previous discussions of the new terminal development, such as a statue honoring President Eisenhower and the acquisition of the Lockheed Constellation that was once used by Eisenhower as the first Air Force One, might also be facilitated through the foundation. Projects to promote airlines and airline service may also be funded through the foundation, which will increase

opportunities for the Airport to interact with the community since federal law prohibits the use of airport funds for airline subsidies, revenue guarantees, and certain other promotional incentives.

Chairman Greenlee stated that donations to government organizations should already be tax exempt, which would be true in the case of the Wichita Airport Authority. Mr. White replied that is the case, but that some companies have policies restricting donations to government organizations. John Hennessy asked what the City Manager's opinion on establishing the foundation was. Mr. White stated that the City Manager is in approval of creating the nonprofit, and noted that several City of Wichita departments already have nonprofit foundations, for example the Park and Recreation Department and the new baseball foundation.

Valerie Wise, Air Service and Business Development Manager, described some of the planning that has begun for the new terminal grand opening. There will be a variety of activities during the week prior to the grand opening ceremony. To begin, there will be a media-only event, to announce the week's events and boost news coverage of the grand opening. There will be a VIP event, with entertainment, speakers, and tours of the facility. Public tours will be given at separate times. Tours for employees and their families will also be planned. The final event will be the grand opening and first arrival/departure. The Airport will be asking for involvement for the grand opening festivities from the contractors that have worked on the project, businesses in the community, and the airlines.

The VIP event will likely be a ticketed event. Dr. Rosenberg has researched some ideas for souvenir items that would be appropriate for the grand opening events. He mentioned that the Airport might consider including an Eisenhower silver dollar in the gift bags given to the first passengers to depart from the terminal. A gift for donors to the VIP event might be a specially produced silver coin commemorating the opening, perhaps with President Eisenhower's image on one side, and Airport logo on the other. The production cost of the items could be covered by donations, as a limited number would be produced and the estimated cost per coin is \$3.75.

Mr. White requested that some Airport Advisory Board (WAAB) members be part of the grand opening planning committee. Any WAAB members that are interested are to contact Mr. White.

Ron Ryan recommended that the Airport research the tax consequences of donations to the grand opening events. Since it is likely that the nonprofit foundation will not be recognized before donations will be requested, being able to provide potential contributors the assurance that donations to the grand opening events will be tax exempt will make fund raising easier. Mr. White replied that the Airport has requested that the attorney that is preparing the nonprofit foundation documents also research the tax consequences of donations given to the Airport for this event and any other purpose prior to receiving IRS approval.

Carl Koster asked if the first official flight would be an arrival or a departure. Mr. White replied that it depends to some extent which would be easiest for airline logistics. The flight schedules for that time period are not known at this time, but based on current airline operations, it is likely the first flight will be a departure.

Brad Christopher, Assistant Director of Airports, added that there will be one opening event for both the terminal and the rental car and parking facility.

Mr. Christopher informed WAAB of the result of the Hangar 10 redevelopment proposal review. Yingling Aviation (Yingling) was the only company to submit a proposal, and it has been accepted. Yingling plans to demolish the current structures and build two new hangars. The work will be accomplished in two phases. In the coming weeks, the Airport will begin discussing the specifics of the plan, so that a contract can be in place before the end of the year. In response to questions from Chairman Greenlee and U. L. Gooch, Mr. White stated that there will still be a section of land between the two proposed hangars that will not be in the Yingling lease, but that the development potential would be limited, as it would be a small parcel. Bill Ward asked if the new development will be added to Yingling's existing lease. Mr. Christopher stated it will be a separate lease. Chairman Greenlee asked who has the current lease for the hangars. Mr. Christopher replied that it is also Yingling's lease. Mr. Ryan asked if it is expected to be a typical land lease with a bond issue for development. Mr. Christopher stated that Yingling is financing the project privately, so there will not be a bond issue for this project. In response to a question from Mr. Ryan, Mr. White replied that the beginning land rental rate is the standard \$0.39 per sq. ft. that will increase 5% each year for the life of the lease. It is estimated that Yingling will invest \$3 million in the first phase of development.

Traci Nichols, Properties and Contract Manager, introduced Ray Koenig, who is the president of LeaseCorp Aviation (LeaseCorp). The Airport will request approval of a third commercial hangar operator agreement with LeaseCorp at the October 14<sup>th</sup> City Council meeting. LeaseCorp's first hangar was built in 2012, west of the EagleMed facility at Pueblo and Airport Road. The second hangar is expected to open mid-January. Together, the two hangars offer approximately 20,000 sq. ft. of storage space, and both include several pilot offices, which have been in high demand. Mr. Koenig addressed WAAB, explaining that LeaseCorp has strived to construct high quality facilities and has been highly successful in maintaining the security of the facilities. LeaseCorp requires its sub-tenants to pass the Airport Authority security check before being allowed access to the hangars, and access to both the lobby areas and the hangars is controlled with pass cards. There are also security cameras for the parking lot and ramp areas. Mr. Koenig invited WAAB members to tour the facilities.

Mr. Gooch asked what security procedures are followed for passengers of the companies/pilots that use LeaseCorp's facilities. Mr. Koenig stated that the pilots, or other sub-tenants that have security clearance, also have escort privileges, and as such follow the same level of security as other fixed-base operators (FBOs) for monitoring guests that are flying with them.

Mr. Ryan asked what other services LeaseCorp provides. Mr. Koenig stated that the commercial hangar operator lease limits the types of services LeaseCorp can provide, citing for example that it cannot provide fueling services. At this time, the services that LeaseCorp provides are hangar and office space rentals. The agreements LeaseCorp has with sub-tenants are for terms of at least six months. Mr. Koenig complimented WAAB on its decision to allow commercial hangar operator leases, as it creates opportunities for developers to meet demand for hangar space. Mr.

White stated that LeaseCorp operates public hangars, which is distinct from FBO services, and that LeaseCorp has an agreement with the FBOs for its customers' fuel sales.

Mr. White spoke to WAAB about continued talks with Boeing for a potential Dreamlifter operations center at Mid-Continent Airport. Boeing has asked the Airport to provide a business proposal this month, outlining the potential facilities available at Mid-Continent and associated costs. The location that Boeing has shown interest in, and is the best site for this purpose at Mid-Continent, is at the North Cargo Ramp. It is assumed that Boeing will compare the proposal from the Airport with other researched options before it makes a decision. Mr. Gooch asked if Boeing had determined how it would transport the cargo to Mid-Continent. Mr. White replied that Boeing has hired a consultant to provide solutions for transporting the 787 fuselage from the factory to Mid-Continent. It would be flown from Mid-Continent to factories in Seattle or Charleston for final assembly. Mr. White stated that Boeing is considering Dreamlifter operation sites other than McConnell because the current center adjacent to McConnell is expected to be sold; therefore, since they would have to move in that case, they are researching all of the options to determine the best course of action. The Airport would potentially earn significant revenue each year for the rent, landing fees, and fuel sales supporting an operations center. There would not be city, county, or state economic development incentives associated with this potential development, since no new jobs would be created in Wichita.

Mr. Ward asked for information about the status of the Jabara Airport runway repair related to the landing of a Dreamlifter in November 2013. John Oswald, Airport Engineering and Planning Manager, replied that the runway has been monitored over a full winter and summer, and will continue to be monitored this coming winter. The advance of the cracking in the runway pavements has decreased, and is located largely at the south end of the runway, where the aircraft came to rest. Bids for repair work will be requested in early 2015 and the damage repaired before the summer of 2015. Mr. Ryan asked if there was a limited period of time that the Airport had to collect damages. Mr. Oswald replied that the repair work will be complete within two years of the incident, which is within the limit. The repair work will restrict use of the runway, by approximately 1,000 feet, following safety clearance criteria for work done on an active runway. It is not known at this time how much the construction will affect normal runway use.

### **Retail, News & Gift Concessions and Lease**

In the spring of 2014, the Airport advertised nationally an RFP for retail, news, and gift concessions services at Mid-Continent. Three major national prime concessionaire companies participated in a pre-proposal meeting, although none made a submission. Under City Code, the Airport was therefore permitted to enter into direct negotiations with interested companies to provide this service, and contacted all three companies that had attended the pre-proposal meeting. Two of those companies were interested in negotiating, and The Paradies Shops (Paradies) presented a proposal that was consistent with the needs and goals of the Airport, and which provided the best financial and business terms. Paradies is the largest airport retail concessionaire based in the United States. It has been awarded the "Best Airport Retailer" for 19 consecutive years by Airport Revenue News. The City Council, in its capacity as the Airport Authority, will

consider approval of a retail, news, and gift concessions lease agreement with Paradies at its October 7<sup>th</sup> meeting.

Paradies will have three stores in the terminal. All stores will be in the gate areas: the largest store will be in the main concourse and a second location will be close to Gate 3. A slightly smaller third location would be close to Gate 12. The lease term is 10 years with one, five-year renewal option. The Federal Aviation Administration (FAA) gave approval for this arrangement, as it typically limits initial terms to five years. Paradies guarantees a minimum annual revenue of \$175,000 or a percentage of gross sales (whichever is greater) that starts at 10% of annual sales up to \$2 million, increasing to 12% for sales over \$2 million. The company will invest its own private capital in the build-out of the stores, with a minimum investment amount of \$300 per sq. ft. The agreement requires an additional \$50 per sq. ft. minimum investment in refurbishment of the locations in the tenth year. The combined square footage of the stores is approximately 2,100 square feet.

Paradies complies with the Airport Concessions Disadvantaged Business Enterprise goals for Mid-Continent through a joint venture business partnership with Pleasant News, which is certified in Kansas as a retail sales DBE. Pleasant News will invest its own funds to obtain at least 5% ownership of Paradies Wichita, LLC, the Kansas incorporated subsidiary of Paradies.

Mr. White addressed questions he had previously received about why there were initially no submissions to the retail RFP. Several factors stalled the response of the national airport retail companies, the most significant being that the passenger counts at Mid-Continent are below the threshold that the national firms consider the most profitable range, and another being that the original RFP required a pre-security location, which is not as desirable to retail concessionaires. Analysis of airport retail sales indicates that travelers make most of their purchases in gate areas.

*Motion by Dr. Rosenberg, second by Bayouth, to approve the proposal for the retail, news, and gift concessions lease agreement with Paradies.*

Chairman Greenlee commented that Paradies is a first class corporation. Anytime they can do something to help promote an airport that they are located in, they do it. They take initiative to make suggestions. Chairman Greenlee stated that his opinion is that Paradies would be a first-class tenant at Mid-Continent Airport.

Mr. Ryan asked where the stores would be located. Mr. White replied that the stores would be on the secure side in the gate areas. Paradies was aware that the Airport felt it was important to have a retail concession in the public area, and although negotiations did not result in Paradies providing this service, it suggested that the Airport consult with the food and beverage concessionaire to add a small retail section to its café in the great hall. The Airport followed through with this suggestion, and the food and beverage concessionaire (MSE) has added a small retail area to its plans for the pre-security Aviator's Café. Chairman Greenlee stated that is an example of his previous comment; Paradies shows a willingness to work not only with the Airport, but with other vendors.

*Motion made by Dr. Rosenberg to approve Paradies lease agreement approved, nine present voting unanimously. Dr. Rosenberg absent for vote.*

### **Parking and Rental Car Facilities Project Update – John Oswald**

The contractor is within seven pours to complete the fourth floor surface lots of the parking garage. Two of those are expected to be completed this week. Section A deck pours for the parking garage (east end of the structure) are complete, and sections B and C deck pours are expected to be complete within a month. There are three more pours to complete the parking garage ramps; one elevated pour, and two at slab level. The installation of electrical systems for the garage is ongoing. The rental car facility portion of the structure is in early construction, with mostly the frame completed at this time. Before the end of the month, the installation of the second half of the walkway canopies is expected to begin. The exit plaza site is being cleared, to prepare for construction to begin in the near future on that portion of the site.

Mr. Oswald shared a video of concrete pour work that was done on the fourth floor of the parking garage in the last week. Mr. Ryan commented that during the recent tour, he noticed that the quality of the finishes on the second and third floors was poor, in contrast to the work that was shown in the video being done on the fourth floor. Mr. Oswald replied that the contractor has been directed to apply a clear liquid membrane to those areas that will penetrate potentially porous material, which will improve the durability of those surfaces. That quality issue is not a structural concern.

The September 2014 Mid-Continent Airport Parking Structure photo presentation prepared by Ruggles & Bohm (civil engineers) was shown.

### **ACT 3 Project Update – Jim Armour, ACT 3 Resident Engineer**

Jim Armour, ACT 3 Resident Engineer sub-contracted by AECOM, provided the project report in place of Pat McCollom, Project Manager.

The terminal is on schedule to be complete in 204 days.

The terrazzo flooring is being installed by Corradini, a company based in California. Corradini has shown excellent attention to detail in preparing the flooring design guides. Preliminary designs for the food and beverage concessions locations continue to be developed. The explosives detection systems were installed in September. This week, the new security system will be put into operation, beginning with the Airport Police & Fire building and master security monitoring systems. Traffic in front of the terminal will be directed into the lanes closest to the terminal beginning October 16<sup>th</sup>, as work progresses on the rental car facility in preparation for installation of the second half of the crosswalk canopy on October 20<sup>th</sup>. Bradburn Wrecking was selected to demolish the Hangar 20 structure that is located just northwest of the new terminal. That demolition work will begin on October 20<sup>th</sup>. Mr. Armour recognized the work of Stan Breitenbach in preparing the demolition specifications and bid documents. Mr. Breitenbach is an engineer on loan from the City of Wichita Engineering Department, working as Quality Assurance Manager for the ACT 3 Project. In response to a question from Charles Fletcher, Mr. Armour replied that there are approximately four window panels yet to be installed, which were shapes that required special order, before the terminal would be fully enclosed.

### **Election of Officers**

Dave Bayouth nominated John Hennessy to serve as chairman. The nomination was seconded by Ron Ryan and Dr. Rosenberg. No other nominations for chairman were stated.

Nominations for vice chairman were made for Charles Fletcher and Brent Wooten.

Carl Koster made a motion that nominations cease; motion carried unanimously.

John Hennessy was elected Chairman for the 2014-2015 term; 10 votes in favor.

Brent Wooten was elected Vice Chairman for the 2014-2015 term; 7 votes for Mr. Wooten, 3 votes for Mr. Fletcher.

### **Adjournment**

The next WAAB meeting will be Monday, November 3, 2014 at 2:30 p.m.

Meeting adjourned at 4:25 p.m.

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Kathryn Keathley, Clerk