

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, February 5, 2007

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

Absent: Dion Avello, Jeffrey St. Clair, Jay Swanson

Airport Staff: Victor White, Shannon Feltes-Bauer, Sandy Coykendall, Traci Nichols, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Doug Moshier, Senior Assistant City Attorney, Brian McCleod, Deputy City Attorney

Others: David Elkouri, Hinkle Elkouri Law Firm
Greg Ferris, Ferris Consulting
John Sheperd, Plumbers & Pipefitters Local #441
Ron Samples, Hilton
Michael Phipps, Hilton
Mike Carter, DMJM Aviation
K.C. Carlson, Koch

Chairman Fletcher called the meeting to order.

Approval of Minutes

*Motion by Mr. Murfin to approve the minutes of the January 8, 2007
Wichita Airport Advisory Board meeting. Motion carried unanimously.*

Director's Report

Airport Safety Appreciation Award.

Don Vespa, resident in charge with the Drug Enforcement Agency in Wichita, was present to express the DEA's appreciation to the Airport Safety Division and for Paul Moore's assistance in handling security issues and transportation for the DEA's Director, who visited Wichita in September 2006. Don Vespa presented Paul Moore with a plaque.

Air Service Development Incentive Program. The Federal Aviation Administration, the Kaplan, Kirsch and Rockwell Law Firm, and the City Law Department have reviewed the air service incentive program, and some changes were made to comply with FAA policy. The program will be presented to the Wichita Airport Authority on February 13, 2007 for official approval.

Federal Legislative Agenda. The appropriations request form for Federal Legislation will be presented to the Wichita Airport Authority for adoption in the near future. Mr.

Fletcher and Mr. White will be meeting with the Kansas Congressional Delegation in Washington, DC on March 27, 2007 to discuss our list of projects.

Executive Airshares Project at Jabara Airport. Bob Taylor, President of Executive Airshares, has made application for Airport Special Facility Revenue Bonds. A financial feasibility study is underway followed by an initial resolution to announce intent to issue the bonds. Bob Taylor and Airport staffs are in the development stage of designing the facility.

Travel Agency Appreciation. Mr. White reported that about 30 travel agents attended this event, which was held on Tuesday, January 23, 2007 at the Airport Hilton.

Airline Baggage Survey Results. The survey was included in the board members' packet. The airline station managers received the survey and will do further research to consider more efficient ways of baggage handling especially in these times of airline staffing reductions and budget cuts.

Terminal Concourse Concessions. Due to the outstanding success of the new east concourse concessions, HMS Host has received approval from its corporate office to provide the same concessions in the west concourse. Airport staff is in the process of finding a location for the bar; the bagel shop will replace the existing snack bar.

Koch Industries Hangar Rehabilitation Project.

Due to the dilapidated conditions of Hangar 16, Koch has agreed to spend \$250,000 for improvements. An architect was hired to examine the structure. With the architect's recommendations and Koch's requirements to rehabilitate the hangar, the total estimated cost may range from \$760,000 to \$940,000. With this in mind, it is less expensive to rehabilitate the structure instead of building a new facility. It is necessary to negotiate terms for a lease extension to cover the unexpected costs. Mr. White recommended that staff move forward with the basic concept of extending Koch's lease agreement in consideration of Koch's investment in the hangar facility.

In response to Mr. Heck's inquiry, Airport staff is in the process of developing a maintenance program for Airport tenants.

Discussion ensued regarding liability insurance, property tax exemptions for airport tenants, and sales tax exemptions for materials.

Hilton Hotel Lease

The Hilton lease agreement, which expires in 2010, has four, five-year options, extending it to 2030. A proposal was submitted by Wichita Airport Hotel Associates, requesting a 25-year extension through 2055. Mr. White recommended negotiating a new lease to cover a 50-year term beginning this year. Ron Samples, Wichita Airport Hotel Associates, briefed the Board on average occupancy rates at the Airport Hilton, average

daily room rates, and the ten-year gross revenue from rooms, food, beverages, etc. Mr. Samples also discussed the expenses incurred for improvements over the past ten years.

David Elkouri, who represents Wichita Airport Hotel Associates, proposed to maintain the current agreement, and to incorporate the proposal submitted by the Hilton. Further he recommended either extending the current agreement for 25 years or entering into a new agreement, with the terms of the 25 years beyond 2030 to be negotiated at this time. The terms of the new agreement would reflect the projected fair rental value.

Greg Ferris, representing Wichita Airport Hotel Associates, stated that a 25-year extension beyond the current term and options would assist in financing for necessary future hotel development. Ferris asked the Board members to direct the staff over the next thirty days to negotiate the current lease that includes better financial terms and to negotiate an additional 25-year lease for approval at the next board meeting.

David Elkouri suggested two alternatives. One option is to negotiate a new 50-year lease, the first 23-years kept at the same terms followed by an increased rate, which would be negotiated at this time. The other option would be to extend the lease for 25 years beyond 2030 with the approval of legal counsel.

Mr. White proposed to eliminate the language in the current agreement which states that while the hotel is currently exempt from ad valorem property taxation, in the event taxes are assessed, that parking rentals payable by the tenant will be reduced in an amount equal to the amount of the taxes. Greg Ferris suggested the language remain in the agreement. Mr. Greenlee requested Airport staff to investigate the matter in order to avoid a discriminatory situation with the FAA with respect to all other airport tenants.

David Elkouri asked to move the 2029 date to the present to be able to negotiate the new term and to leave the existing agreement for 23 years unchanged.

There was some discussion regarding the language in the agreement, which allows Wichita Airport Hotel Associates the right of first refusal to develop other hotel facilities on the airport, and allows one year for a response to Landlord's proposal to construct additional facilities on the airport.

In response to Mr. Murfin's inquiry, David Elkouri stated the intentions are to keep the current agreement in place for the next 23 years and to negotiate the end of the 23-year period at this time at fair rental value to extend the agreement.

Motion made by Mr. Austin to direct Airport staff to negotiate the lease with Wichita Airport Hotel Associates and present a final recommendation to the Wichita Airport Advisory Board. Motion carried unanimously.

Terminal Area Redevelopment Program Update

Mike Carter, DMJM Aviation, provided the Board members an update of the current schedule. In January, a workshop was conducted on passenger screening, architectural design, baggage-conveyor screening, and security issues. It is estimated the schematic design will be finished by late summer. It is expected to have six gates opened by early 2011 and an additional four gates by mid-year of 2011.

In response to Mr. Murfin's question, Mike Carter stated that a number of schematic options have been analyzed. It is necessary to take into consideration the alignments of aircraft and adjustments within the site plan.

Mr. White mentioned that Mike Carter, the architects, and himself would visit a selected group of airports in the near future and provide the Board members a collection of photos.

Mr. Austin asked to have photos of the baggage claim area, ticket counter areas, and any other operational areas.

Mr. White informed the Board members of two enabling projects, which includes the designing of the new cargo building and the replacement of the long-term shuttle parking lot. The shuttle parking lot should be completed by this fall in order to begin the process of constructing a new cargo building. The shuttle parking lot design will be going to the design council this month.

Mr. Gooch inquired about the considerations and planning that took place for the existing shuttle parking lot. The current shuttle parking lot is equipped to handle heavy trucks for the future cargo facility. It also provides the capability for cargo trucks to back up to the ramp level.

Mr. Estes requested an overall TARP schedule.

Other Business

Mr. Murfin moved to recess the regular meeting and reconvene in executive session for approximately 10 minutes for the purpose of discussing the following:

- a) Discussion of confidential data relating to financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships;

Motion carried 8 to 0.

4:54 p.m. - Executive session.

5:13 p.m. - Regular meeting resumed. No action was taken as a result of the executive session.

The next WAAB meeting will be Monday, March 5, 2007.

Meeting adjourned at 5:15 p.m.

Traci Nichols, Clerk