

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, October 5, 2009

Present: Ron Estes, Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, Kevin Myles, Tom Pryor, Dr. Thom Rosenberg, Jay Russell, Bill Ward

Absent: Willis Heck, Henry Helgerson, David Murfin

Airport Staff: Victor White, Brad Christopher, Sandy Coykendall, Kelly Fabrizius, John Oswald, Jean Zoglman

City Staff: Joe Allen Lang, Chief Deputy City Attorney

Others: Bryan Orr, Signature Flight Support

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

Approval of Minutes

Motion by Greenlee to approve the minutes of the August 31, 2009 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Mr. White advised the Board of several ongoing items.

The airport partnered with Yingling Aircraft to host a joint Employee Appreciation Open House that was held last Saturday at Yingling Aircraft. The event was from 1:00 to 4:00 p.m. on Saturday afternoon. Airplanes and fire trucks were displayed on the ramp and there were games for the kids as well as free hot dogs and sodas. Mr. Christopher said the event was well received and the employees and their children really appreciated it. Chairman Fletcher asked if it would be beneficial to join up with some of the other tenants as well. Mr. Christopher agreed and suggested the possibility of every year moving it around to some of the various tenants.

Mr. White announced that the annual State of the Airport address will be October 29, 2009 at 8:00 a.m. at the Safety Building. The event is a good opportunity for airport employees and retirees to learn about all of the projects going on within the airport system. The Board is also invited to attend.

Allegiant Air will begin service to the Phoenix area on November 20th. The service to Phoenix Mesa has been popular for Allegiant all over the country. It is not a total replacement of the service that is being lost from US Airways, however we are in the process of working with some

of the other airlines as well about the possibility of providing service out of Sky Harbor. The opening fare is only \$59 one way and although the service is only for a couple of days per week to start with, we will test it out and see what kind of response is received.

Valerie Wise is currently attending an Air Service conference in Lexington, Kentucky. This conference is where all of the airline route planning and marketing representatives meet to discuss upcoming air service opportunities. Mrs. Wise will meet with all of the airlines including ones Wichita does not have to persuade them to come to Wichita and for those that already have service to Wichita she will meet with them to discuss adding additional flights.

Frontier Airlines and Lynx Aviation are now officially a part of Republic Airlines which is one of the groups that Mrs. Wise is meeting with in Lexington. So far they have said the acquisition will not cause any changes to the Wichita service, however we are hopeful they may add a third flight to Denver per day as compared to the two they have now.

The FAA Airport Funding Program expired approximately two years ago and Congress has several times renewed on a short-term basis an extension of the FAA Funding Program which also includes the funding for the Airport Construction Program. The Program expired again on September 30th, however both Congress and the President moved very quickly and it has been extended again until December 31st. Mr. White said he will keep the Board advised if anything further develops on the issue.

The Transportation Security Administration (TSA) recently announced an award of nearly \$6.9 million for the construction of an inline baggage screening system at the new airport terminal which is designed to enhance TSA's efforts to strengthen security at airports.

Last week Bombardier hosted its annual Safety Stand Down event at the Hyatt. The event is mostly geared toward pilots and over 500 people attended from all over the country. It was a four day long event and this year they attracted the new FAA administrator, the Chairman of the National Transportation Safety Board and a number of top FAA government officials to teach classes and lead sessions. Bombardier pays for 100% of the event which is a non-marketing event that is intended solely as pilot safety training.

The airport is resurrecting a program that was used a number of years ago called Catch Sneaky Pete. At least once per month an Airport Authority employee, normally someone the tenants are not used to seeing around will walk around the ramp and hide their badge somewhere where it is not readily identifiable and will wait for someone to challenge them. The first person to challenge them "caught Sneaky Pete" and will receive on the spot a gift card to a local restaurant. Staff will also follow-up with a letter to their supervisor recognizing and congratulating the employee. It is simply a motivation and incentive program to get people to do the right thing. This program was successful a number of years ago and the tenants enjoyed it. TSA thought it was a good idea, and although it is not a regulatory type of program, it is designed to help encourage tenants and their employees to challenge people.

Mr. White advised the Board of a USA today article that ran a few weeks ago that was critical of airport funding for general aviation airports and that started a firestorm within the general aviation industry. Mr. White said he just received notice today that a group of Congressmen sent a letter to their fellow Congressmen which was co-signed by Todd Tiahrt and Jerry Moran that refutes the allegations that were made in the article regarding how bad general aviation is for the country and why no one should be paying for it. Mayor Brewer also sent a letter to USA Today which was co-signed by a couple of other mayors from around the country to protest the entire concept of the article.

NBAA will hold its annual conference in Orlando later this month. Mr. White said he will be attending the event and the Airport Authority is partnering again with the City, County and Economic Development Coalition and a few other agencies for the booth and exhibit fees. It is an excellent opportunity to develop good contacts and to potentially bring new business into the Wichita aviation community.

Mr. White announced that the airport website is getting ready to go live with a whole new section that covers the airport land and property that is available for development opportunities. The section will include descriptions, maps and photographs of the property that is available.

Chairman Fletcher asked if there had been any feedback on the traffic pattern that has been established for getting to the terminal during the construction. Mr. White said it is a work in progress and will keep changing. There are several different phases of the project to make it work. It has slowed people down, however the rental cars have been successfully moved and the relocation has been going good.

Mr. Gooch thanked Mr. White for the assistance he recently received for the guest speaker that flew in from New York for Mr. Gooch's celebration last month. Mr. Gooch said he has previously heard complaints from the people who arrive in Wichita and get off at the ground level and have to get to the terminal. His guest speaker requested motorized transportation between the exit and the gate and Mr. White was able to go above and beyond in order to make that happen.

ACT 3 Project Update

Victor White presented to the Board a PowerPoint presentation providing an update on the current schedule and upcoming meetings, the contract packages and the schedule and cost estimates.

During the month of September we met with a lot of different civic organizations in order to step up our outreach and try to get the word out to the community on the terminal project, air service issues as well as other projects within the airport system. A lot of enthusiasm and support was received from the various groups we gave presentations to.

Also, Brad Christopher and a few key maintenance personnel went down to Tulsa and Springfield a few weeks ago to look at their terminals. Springfield has a brand new terminal that just opened up in May. Our staff wanted to find out how it is working and what features they

have that they like or do not like. Tulsa has recently undergone major reconstruction of their terminal and the group looked at equipment in the building to see what is working and what advice they have. It was a very worthwhile effort and a lot has been learned from the other airport's experiences.

As Mike Carter advised last month, the airport has increased its outreach efforts to the minority community in order to find contractors to bid on airport jobs. We have had meetings with a lot of different groups including the Mid-America Minority Business Development Council and the Small Business Administration to try and obtain advice on things that could be done better or differently. Mr. Myles has also been working with us and has said that when packages or information becomes available about the meetings he will help to publicize that information through the NAACP's various networks. Mr. White said we really appreciate that because a complaint that the airport has been hearing is that people do not seem to know about airport projects. We are going to do everything we can to get the word out if we have a job coming up for contractors to bid on. November 19th is the next outreach Contractor's Forum that will be held at the Airport Hilton Hotel from 5:00 to 8:00 p.m. This time the forum is being held in the evening in order to better accommodate the contractors that are working during the day.

The airport is still on the City Council Workshop Agenda for October 27th to provide a financial update on the new terminal project. Jean Zoglman has been working with the airport's financial consultants to compile the data so that it is the most current information that is available. The workshop should start at approximately 9:30 a.m. The architects will be there for questions, however it is primarily a financial presentation to discuss the numbers based on the current statistics, forecast and cost estimates.

Mr. Russell said that the schedule still does not have a date for the bid opening and his concern is the same as he expressed last month which is that the schedule will get pushed back to where we are going to miss our golden opportunity to take advantage of the low construction costs. Mr. White said there is not an exact date yet because there was just recently a major meeting with all of the airlines for them to participate in the final review of the plans. The airlines have some questions that the Design Team is in the process of working on. There are some items that need to be looked at a little more closely, however Mike Carter is advising that if all of the reviews get finished by the airlines, airport staff, the program management team, the city code enforcement and building inspector and the FAA, we should be ready sometime in late January to advertise the bid for the main package and then award the construction contract at the end of March or first part of April.

Mr. Russell said I think I heard you say that the plans are basically done. Mr. White said that the architects are saying the plans are 100% done, however the Program Manager thinks it is in the high 90's. Mr. White said there are just so many details and we want to make sure everything is right. Mr. Russell said his concern still is losing the golden opportunity and since you are talking about it being bid four months from today and the plans are basically done is there a way to get the project bid before the end of the year. Mr. White said I do not know, the City Building Department may be able to work faster on their review of the plans, however the FAA still has to perform their review of the plans and we do not know how long it is going to take. Mr. Russell

said would you say that there is a 95% chance that the bid date will not go past late January. Mr. White said that would be a safe estimate, however there are not any guarantees. Mr. Russell said it is just hard for him to understand why it takes four months from this point to get the project out to bid.

Chairman Fletcher suggested sending a recommendation to the Airport Authority that we do not want to miss the timing of the low construction costs and some type of plan should be made to get the project bid before the end of the year. Mr. White said that is a good suggestion, although there is still the upcoming workshop to be held with the City Council regarding the financial considerations for the project and those concerns may need to be addressed first.

Mr. Estes said that decision can be made parallel with the approval of the plans. Mr. White said some of the reviews will be done concurrently. Mr. Estes said the financial discussions can also be held while the plans are being reviewed. Mr. White said that Mike Carter has a chart that shows all of the steps and which ones are concurrent and there are a number of steps that have some flexibility built in, however it just depends on how long each process takes, such as the FAA review process.

Mr. Estes said if at the workshop the Airport Authority states that the financial numbers look good and agree with the projections, will the project be ready to bid. Mr. White said we still have to wait until the final plans are approved by the permitting agencies. Mr. Greenlee said that is a very good reason to send a letter to the Council saying that we are behind the project and they have the Board's recommendation and that the Board is concerned about missing the best opportunity as far as cost is concerned. Mr. White said Mike Carter's company does program management all over the country and they are in contact with a lot of agencies and a lot of contractors that are bidding jobs. Fortunately, what we have been hearing so far from the industry sources is that with the economy as bad as it still is nationwide that they do not think that prices are going to go back up for at least another nine to ten months. Mr. Russell said, however the problem in Wichita is that the school bond bids are going to start coming in at the first of the year and that is going to take a lot of the work force and so the local contractors are not going to be as eager for work. Mr. White said that there have been major inquiries from contractors all over the country who are watching this job.

Mr. Russell said the decision to build the terminal was made before he was on this Board. He was lukewarm as to whether it was needed or not, however since that decision was made his goal has always been to get it billed for the right number and he is still concerned that the engineers and designers keep pushing it back. He does not know if there is anything different that can be done, however four months seems like an extremely long time from now if the plans are indeed done. There are always changes that are going to happen on a project of this magnitude, however if you can do anything to push it forward it is only going to help. Mr. White said we want to make sure that the plans are correct because we have found mistakes and we do not want to go out to bid until those are fixed or it could be costly.

Mr. Ward said it seems to him that the airport has been doing its duty to keep the costs down and the project moving forward and it seems to him that now the other departments and agencies should do their due diligence to make sure the project moves ahead as quickly as possible. Mr. White said he knows from the FAA's standpoint that this is the first time they have reviewed something of this magnitude. However, he will do everything he can to make sure the process is not held up.

Mr. Russell asked Mr. Oswald if he believes that there is any room to move the bid date up or if he thought it would be the end of January before it is bid. Mr. Oswald said that anything is possible, although his opinion is that it is prudent to do what Mr. White is advising. The contractors that he speaks with say that they do not see construction costs rising as quickly as they came down. Mr. Oswald stated that Mr. White's approach is valid considering the airline concerns and design issues that we are continuing to work through and resolve. Although, yes the date could probably be pushed up a few weeks, however the FAA has a review process they have to go through and they want to make sure that everything is in compliance.

Mr. Estes stated his frustration not necessarily for missing the low construction costs, but with the fact that the schedule keeps getting pushed back. It is not as if there has been any major setbacks, it is just not moving forward. Mr. White said one of the problems is that the design has been slower than it should have, however if this had gone before the City Council three to five months ago when traffic was down 15-20% a month I think that would not have been good timing, right now traffic is only down 3% a month and maybe the news will start getting better.

There was discussion regarding the possibility of starting out with building a smaller, expandable parking garage and adding on to it later if necessary.

Mr. Greenlee asked where we were at on the letter. Chairman Fletcher said the Board could send a recommendation from the Advisory Board to the Airport Authority recommending that the airport has done everything it can to speed the project along and asked the Airport Authority to exercise due diligence on the part of the city review process and for whatever can be done to hasten the FAA review process so that we can go out to bids before the end of the year. Mr. White said that he would draft a letter and send it back to the Board for their comments.

Minimum Standards for Aeronautical Services Policy

Chairman Fletcher advised the Board that since the last Board Meeting he has met with Mr. White to go over the standards and make the suggested changes. Those changes were also reviewed and approved by Joe Lang of the Law Department. A draft version of the Minimum Standards reflecting all of the changes that were made in red was mailed out to the Board for review. Chairman Fletcher asked if the Board had any questions regarding those changes.

Mr. Ward said he had a question on the Independent Commercial Hangar Operator category that is listed on page 29. He is struggling because if this type of operator is allowed, there is not a minimum fueling requirement listed as it is for the Fixed Base Operators. Mr. White said that is correct because when the standards were originally written that type of operator was not going to have fuel. Mr. White said he is still uncertain whether this change should be made or not. He

made the changes in the text in red so there is the option to either go with the original plan which is to not allow a Commercial Hangar Operator to provide fueling or whether to allow a Commercial Hangar Operator to provide fueling. Mr. White said he had a conversation earlier today with the retired FAA consultant who has been advising Mr. Claassen and the gentlemen was very candid and still maintains that an airport has to allow self fueling by someone who owns an airplane. However, Mr. Claassen has created a gray area in that is it technically self fueling if it is a Commercial Hangar Operator who hires a third party for the fueling of the airplane. The FAA just last week published a book on compliance regulations that airports have to follow and there are chapters on both minimum standards and on self service. It states that our obligation to the FAA as the airport owner is that we will not prevent any person, firm or corporation operating aircraft from performing services on its own aircraft with its own employees. The question then becomes, who is the employee that is performing the fueling.

If a person who owns an airplane buys a share in a company such as ExecHangar and then that company hires the actual employees that will provide the fuel, who does that employee work for. It is not the airplane owner's employee in the strictest sense because the airplane owner has contracted with another independent corporation to hire that employee. The airplane owner also does not pay the employee's payroll taxes or worker's compensation, etc. The FAA added to the regulation a section that states self service activities must be performed by the owner or employees of the entity involved, self service activities cannot be contracted out to a third party. To confirm that particular individuals performing tasks on aircraft are in fact employees of the individual or company conducting the self service, the FAA may request clarifying information such as payroll data. That is where it is unclear as to who the employee works for, is it the owner of the airplane or is it the company that they contracted with.

Mr. Gooch said he believes the FAA debated that out on the shared ownership issue and they lost. The airplane owner owns a part of the airplane as well as a part of the people that are servicing and flying the airplane, which is the way that shared ownership works. Dr. Rosenberg said the employee has to be getting its salary from the hangar operator, not from an independent company. He or she would have to be employed by the corporate hangar corporation, whether it is ExecHangar, or another company. Mr. White said that is true, however if you are the owner of an airplane that has contracted with ExecHangar who has hired the employee, technically that employee is not the individual airplane owner's employee, it is the company's employee, however the owner has shares in the company, therefore owns a piece of it. Mr. Gooch said that is called shared ownership.

Mr. Myles said there is another gray area in that if a corporation has an airplane, that airplane is the property of the corporation and the owner of the corporation or any of its employees can fuel it. Now an individual airplane owner may be a part owner of a company such as ExecHangar, however ExecHangar does not own any airplanes. Mr. Myles said he believes a legal argument could be made because the shared ownership issue would not necessarily apply. It states that the owner of the airplane or the employees of the owner of the airplane can provide the fuel. Dr. Rosenberg said he does not believe that it can be mandated that a company such as ExecHangar has to own the aircraft.

Mr. White said the former FAA consultant also said that in his view a co-op is different from a condominium type of arrangement. Mr. Lang said that is correct, the regulations say that an airport does not have to allow co-ops, although sometimes it is difficult to distinguish where the line is between a condo and a co-op. Mr. White says the FAA clearly says that an airport does have the ability to deny a co-op, however what is unclear is whether an airport has the ability to deny a condo. Mr. White suggested that the section regarding Commercial Hangar Operators could be more specific. A condominium type of arrangement is where there is actual shared ownership of the facility and the employees. That type of operation may be allowed to have a fuel tank which would also have a 10,000 gallon minimum tank. However, the Commercial Hangar Operator who is simply renting hangar space, would not be allowed to provide fuel and would continue to have to make arrangements with a Fixed Base Operator to provide the fueling. There would have to be at least two categories of Commercial Hangar Operators, there would be the operators who want to rent hangar space and the operators who wish to sell hangar space which are two separate things, so possibly there could be an A and a B listed under the Commercial Hangar Operator category. Mr. White said the section that is in red would be a Commercial Hangar Operator who sells ownership shares in the facility and would be able to provide the fueling services to the tenants, etc. Mr. White said then the original language could be used for the next paragraph that states that a Commercial Hangar Operator that is a co-op or leases or rents hangars would not be allowed to provide fueling, except if the fueling is operated by a Fixed Base Operator. Mr. Lang said he believes that it is a concept that will work.

Mr. Lang asked if someone had a comment on the minimum fueling for commercial hangars. Mr. White suggested putting it at the same 10,000 gallon minimum so that it is the same as the non-commercial requirement.

Motion by Rosenberg for approval of the Minimum Standards for Aeronautical Services with those changes. Motion carried unanimously.

ExecHangar Proposal

Chairman Fletcher stated that Mr. Claassen is not here today, however all of the Board Members should have received a packet of information from him. Chairman Fletcher pointed out that although Mr. Claassen's letter states that he delivered a confidential list of the ExecHangar participants to Chairman Fletcher, he has not seen such a list, and neither Mr. White nor he knows who the participants in the project will be. Another piece of information is ExecHangar is still not registered in the State of Kansas as an entity. Chairman Fletcher stated that Mr. Claassen's official application has not yet been received. He proposed that the Board wait to receive Mr. Claassen's application and at that time let staff review the application and make a recommendation to the Board as to whether they approve or disapprove of the business plan.

Mr. Russell agreed except that he would like to see the Board make the effort to make sure Mr. Claassen knows that he needs to submit his formal application and the Board will consider it at the next meeting. Mr. Russell said I think we are all of the opinion that we would like to get this proposal behind us because a lot of time has been spent on it.

Mr. Ward said that he considers the packet that was sent to the Board as a draft, not an application. Mr. White agreed and said that it appeared to him as if the package was intended to go to a potential investor to buy into the company. Mr. White said although this is good information, it does not answer what we need to know. Mr. Lang added that the application could not be approved until the Airport Authority has approved the Minimum Standards.

Other Business

Mr. Russell asked what the status is for the art work in the new terminal building. Chairman Fletcher said the Greteman Group is assembling the next set of artists and it should not be long until there will be some material to bring to the Board. Several different locations will be offered for different types of art, including floors, windows, walls, the ceiling and possibly some outside art pieces. Mr. Russell asked if instead of just one large piece, there may be several pieces incorporated into the building. Mr. White said possibly, the Greteman Group is working on that and will provide several options. Mr. Greenlee asked if any of the artists that were being considered were local. Mr. White said he did not believe that has been mentioned, he knows they would like to have someone local, however they have not come up with a local artist to offer yet.

Dr. Rosenberg commented that he was just in Dallas and their new terminal is beautiful and the majority of their art is primarily in the passenger area and not in the ticketing area. A lot of the artwork is in the floors in the form of mosaics. Chairman Fletcher said that there have been ongoing discussions regarding the possibility of using floor pieces. Mr. White said they are called floor medallions and examples have been sent to the Art Committee. He believes that DFW told him that each square is 30 by 30 foot and within that square each artist has a circle and each one is different. In addition DFW has sculptures and some walk through art and in the ticket lobby there is a large oil painting.

Mr. Russell asked what the status is of the Ad Hoc Airport Compatible Land Use Committee. Mr. White said that it is almost complete. The final recommendation to the County Commission and City Council which lists the various options is in the process of being finalized. Mr. Greenlee added that the best management practices that are currently being practiced on the airport will be extended to City and County properties. Mr. White said that the USDA provided a proposal to hire a full-time wildlife biologist to provide the same services that are being performed on the airport, there have been discussions of the City and County possibly joining together and sharing the cost of the services.

The next WAAB meeting will be Monday, November 2, 2009 at 2:30 p.m.

Meeting adjourned at 4:28 p.m.