

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 1, 2009

Present: Robert Beattie, Ron Estes, Charles Fletcher, U.L. Gooch, Willis Heck, John Hennessy, Kevin Myles, Tom Pryor, Dr. Thom Rosenberg and Bill Ward

Absent: Dwight Greenlee, David Murfin, Jay Russell

Airport Staff: Victor White, Robert Avila, Brad Christopher, Sandy Coykendall, Kelly Fabrizius, John Oswald, Linda Turley, Valerie Wise, Jean Zoglman

City Staff: Joe Allen Lang, Chief Deputy City Attorney
Branden Hall, City Finance Department

Others: Mike Carter, AECOM
Deidra McCall, AECOM
Kathy Spiess, Charbonnet & Associates
Dan Claassen, ExecHangar
Lynn Nichols, Yingling Aircraft, Inc.
Lonnie Vaughan, Yingling Aircraft, Inc.
Bryan Orr, Signature Flight Support
Fred Zimbelman, Hawker Beechcraft
Bob Karlake, Midwest Corporate Aviation

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

Approval of Minutes

Motion by Dr. Rosenberg to approve the minutes of the May 4, 2009 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Mr. White advised the Board of several ongoing items. A new TSA regulation went into effect today regarding the badging of general aviation pilots at airports that have commercial service. There has been a lot of controversy and opposition raised across the country regarding this issue. TSA has stated for this airport there is some flexibility allowed by the local Federal Security Director who has ruled that based pilots who have an aircraft that is based on the facility should have a security ID badge to get to and from their airplane, unless they choose to be escorted, and that transient pilots will not be required to obtain badges. Pilots who are using the self-service gas pumps at Yingling will not need to get badges either.

The House of Representatives has passed the FAA Reauthorization Bill that provides funding for airport grants as well as operations for the FAA. The Bill now goes to the Senate, which the outcome is unknown. If the House passed bill makes it through, it raises the Passenger Facility Charge ("PFC") from the current \$4.50 per passenger to either \$7 or \$7.50. Mr. White sent letters to our delegation a few weeks ago encouraging them to vote for the bill and to make sure they support the PFC cap raising.

Brad Christopher presented to Robert Avila, Airport Equipment Mechanic in Airfield Maintenance, a 25-year service award. Mr. Avila has been with the Department of Airports for the last seven years.

Valerie Wise reported that on May 23rd a celebration was held for the first flight to Los Angeles for Allegiant Air. Mayor Brewer attended and spoke at the event. Mrs. Wise also reported that air traffic is down 14% from a year ago. Kansas City's passenger traffic was down 15% so comparatively Wichita is on the same pace with other regional airports. Preliminary TSA numbers for the last half of May show that passenger traffic is picking up, however the final numbers are not yet in. American is going to add flights to Dallas and Chicago effective June 11th. Allegiant is also going to begin daily service to Las Vegas.

Mr. White said that as of last week the acquisition of Northwest by Delta has been completed at this airport and it is being phased in throughout the country. All of the Northwest Airlines signs have been removed and the ticket counter has been closed and moved over to Delta. Delta has moved their flight operations from Gate 11 on the West Concourse to Gates 2 and 4 on the East Concourse.

Mr. White sent the Board a copy of the letter Mayor Brewer initiated on behalf of 70 plus cities around the Country regarding general aviation and the private jet industry that was sent to the President a couple of weeks ago. The letter has spurred nationwide publicity for the community and CBS evening news ran a story on it.

Chief Moore has prepared a critique of the Airport Disaster Drill that was held back in September. Chief Moore is also putting together a video of the events that took place that day. Chairman Fletcher asked if the Board could receive a copy of the report.

Mr. White stated that there have been some questions regarding the status of the Cessna Columbus Project. Jack Pelton has said the project is simply on hold. The airport was in final negotiations of a lease with Cessna for the property to build the facility on. That went into a hold mode in April, however the airport is signing an extension until the end of this year to a temporary letter of agreement that was put into effect a year ago as an intent of both parties to enter into a new lease agreement.

Mr. White advised that the Ad Hoc Committee met a couple of weeks ago at City Hall. Dwight Greenlee was elected as Chairman of the Committee and Kevin Myles was elected Vice Chair of the Committee. Brad Christopher reported that later this week Victor White, himself, and John Schlegel from the Planning Department will meet to discuss more specifically what the County

Commissioners and City Council Members requested in terms of additional data and wildlife statistics and to put together a menu of options to choose to pursue for future action.

Mr. Beattie said he was unable to attend the Ad Hoc Committee meeting, however he did meet with County Commission Chairman Kelly Parks and provided him the DVD on border collies that Mr. Russell had obtained. Mr. Beattie recommended that the County obtain a dog through the Sheriff's Department or other similar agency so that it could be called wherever it was needed depending on the season and circumstances.

Mr. White reported that this August there will be another Air Show held at Jabara Airport. The Wichita Festivals group is not going to host it again so the City has volunteered City staff to coordinate and host the event this year.

Disadvantaged Business Enterprise (DBE) Program

Mr. White introduced Kathy Spiess, Chief Administrative Officer and Senior Planner for Charbonnet & Associates in New Orleans. Charbonnet has been under contract with the airport for several years as a subcontractor under what was previously DMJM, now AECOM Transportation, to help with the Disadvantaged Business Enterprise Program. Ms. Spiess presented to the Board a PowerPoint presentation updating the Board on the program.

Mrs. Spiess discussed what the goals and actual numbers were for the DBE participation in the program. Starting in 2006 the goal was 4% and 9.29% actual DBE participation was achieved. In 2007 the goal was 6.16% and 21% actual DBE participation was achieved. For 2008 the goal was 6.65% and 7.95% actual participation was achieved. Currently the goal is 3.985% and so far in 2009 there is projected to be a 6.6% actual participation so the airport has done well in exceeding the goals that have been established. A slide was also shown illustrating the actual dollars involved in the projects that were awarded to DBE companies.

Charbonnet has been working on contacting and identifying agencies for collaboration and partnership. Contractor Forums were held in September 2007, April 2008 and April 2009. The news stations, newspaper and radio stations have provided publicity for these events. Charbonnet has also put together PowerPoint presentations and a brochure for airport staff to use for outreach efforts. A program has been outlined where workshops are held specifically for the DBE's to assist them with certification and filling out the information that is required by KDOT. A mentor protégé program has also been outlined to marry up on a temporary basis the prime contractors with the subcontractors. That program has had lots of success around the country in other markets where this type of work is done. Charbonnet has also created partnerships with the Small Business Association ("SBA") business centers. In other areas Charbonnet has worked with SBA business centers to provide ongoing assistance at no charge to small and disadvantaged businesses.

Ms. Spiess said that although the goals have been exceeded, in talking with people in the community she does not always get the impression that they are confident in the program. That happens in other areas around the country as well and it is just a matter of letting the public know the goals that have been accomplished and encouraging certification.

AECOM and Airport staff has been continuing to inform disadvantaged businesses regarding the business opportunities at the airport and to reinforce relationships with the various civic and community organizations. Other ongoing activities are also being done to ensure compliance with the program such as monitoring the contractors and working with the contractors to complete all of their forms. Field monitoring of subcontractors is also done to ensure they are actually doing the work and getting paid for what they do.

Dr. Rosenberg asked what makes a business disadvantaged. Ms. Spiess said a disadvantaged business is one of the defined minorities and/or women businesses as defined by the Department of Transportation. Dr. Rosenberg asked what actually makes them disadvantaged and if the businesses meet all of the requirements are they no longer disadvantaged. Ms. Spiess said that is the case, the DBE program is not meant as a forever program, it is meant to help minority and women owned businesses to provide an opportunity so that they can grow and develop their business. Dr. Rosenberg asked why it makes the business disadvantaged just because the business is minority or women owned. Ms. Spiess said it is due to the way the federal regulations are written. Eventually the DBE's will outgrow the program and will rotate out. To get certified each company has to have 51% minority or women ownership, they cannot have a net worth of over \$750,000 and the actual operations must also meet certain requirements.

Mr. Ward said that some states are declaring the Caucasian race is now the minority race, or less than 50% of the population, in that case would white or Caucasian owners be eligible to participate in this program. Mrs. Spiess said not to her knowledge, however it could happen sometime in the future.

Chairman Fletcher asked if the DBE's the airport currently has are primarily local or from other states. Ms. Spiess said she does not know, however could get those numbers. However, by looking at the state certified list, there is a mix. A lot are from Wichita, however whether the airport draws on them she does not know. Mr. White said the City has not taken any steps that he knows of to give any local preferences in awarding contracts in purchasing or construction.

Mr. Myles said that until the City of Wichita started the emerging business task force and reformed their policies, 0.7% of City expenditures went to minority or women owned contractors with the exclusion of Cornejo. If \$99.30 of every \$100 went to a company owned by a white male, he would have a hard time questioning the DBE status of the 0.7%. There is obviously some disadvantage there. It is fair to qualify those businesses as DBE and figure out what needs to be done to get them to a level where they can compete on an equal basis. Ms. Spiess said that is the main point of the program itself.

Mr. Gooch asked if in the amount that was shown earlier of the work that has been awarded to DBE companies included the work being done with this program. Yes, that is a total amount of contracts, the services that Charbonnet provides to the Airport Authority are included in that amount. Mr. Gooch also asked if an outline could be provided of the companies that have been used to make up that percentage. Linda Turley said she could provide that outline.

According to DBE regulations and compliance, two separate sections have been created, one is Contractors and Services and the other is Concessions. Concessions were split out mainly because of the owner financial requirements. The airport has a concession plan now, it was written in 2007 and it lasts for three years. At that point it will be revised again and the numbers will be modified to develop a plan of action that will help to achieve our goals.

ACT 3 Project Update

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

Mr. Estes asked what the City Council/Airport Authority has authorized to spend on the next Land Package. His understanding was that they had authorized up to a certain point of design, but had not authorized the total project. Mr. White said \$30,464,572 has been taken to the Airport Authority so far for authorization and the next item will be to award the construction contract for the Landside Utilities Phase II. This would be for construction only, all of the design work has already been paid for.

Mr. Estes asked if sometime in the next couple of months the Landside Utility Package would go to the City Council. Mr. White said that is correct, the schedule for Landside Utilities bidding is this month, the contract will be awarded next month and that will be the first opportunity to go back to the Council. That will be the next project before the main project which is the Terminal Package.

Mr. Estes asked at what point the entire project goes to the City Council/Airport Authority for approval. Mr. White said that he has discussed it with the City Manager and the thought is to possibly have a workshop with the City Council sometime in late summer or early fall to lay out all the financial facts and update the new Council Members on the project. It is to the point where it is time to decide whether to move forward or not, however the plan is to do the Landside Utilities regardless, because that is something that has to be done and is approximately 70% funded by federal grants. After that is awarded, the next large item will be Package 12, which is the Terminal Building.

Mr. Estes said the reason for his question is because at some point in time he thought there was a drop dead date to issue the total construction RFP for the terminal in order to meet the current schedule otherwise it goes back to the drawing date. His understanding was that sometime this summer was the timeframe where that decision has to be made. Mr. Carter said in regards to the schedule, in order for the terminal to open near the end of 2012, the construction needs to get underway by late this year. Chairman Fletcher said the bottom line is where does it look like the finances are and will we be able to go forward with the project.

Jean Zoglman stated that last month she met with the City's Director of Finance to discuss some of the options available and different scenarios of how the financing should be approached. Mrs. Zoglman presented to the Board a PowerPoint presentation providing an update on the finances for the ACT 3 Project.

Mr. Heck said his interpretation of the presentation was that there are a lot of places to make adjustments. It looks like the project can go and we should keep moving forward. Mrs. Zoglman said that at this point, based on the assumptions we have, we are still in good shape. However, we will continue to watch it closely.

Mrs. Zoglman mentioned that nothing in her presentation included the parking garage. That is being presented as a self-funding proposition so as the master plan and concept progresses that will be a separate discussion.

Mr. Ward asked what the status is on the parking garage design. Mr. White said the next step is to take a contract or amendment with HNTB as the designers to the Airport Authority to have them officially kick off the design.

Continued Discussion to Consider Change in WAA Policy to Allow Condominium Shared Private Hangars with Fueling Facilities

Mr. White said he and Mr. Claassen have spoken several times over the last month about continuing the discussions on this issue. Mr. White also spoke with the FAA at the Regional Office in Kansas City regarding the issue and from what he was told they will not provide an opinion one way or the other. The FAA has said that Mr. Claassen currently does not have legal standing with the FAA on this issue because he is not an aircraft owner or operator himself, he is only representing others who would be. Mr. White said he thought Mr. Claassen had also spoken with the FAA who advised that at this time they would not issue a ruling on his questions to them until something else happens first, such as if the WAA voted to deny the request of Mr. Claassen then Mr. Claassen could file a protest with the FAA to have the issue reviewed. At that time the FAA could come back with a decision as to whether it was a legitimate denial. However, until then, the FAA does not want to take a position on this. The staff in the Kansas City Regional Office have never dealt with this particular issue before and therefore forwarded it to Washington headquarters for review and advice. From the FAA's perspective there is not any additional information, however it is an ongoing issue that is being looked into.

Mr. Lang distributed to the Board an outline that was prepared based on reviewing the regulations and researching cases. The outline does not provide conclusions or answers, however does provide the legal parameters. Mr. Lang said he would also be able to address questions from the Board.

Regarding self fueling, an airport has to allow an individual to fuel their own aircraft and they can contract someone else to do it for them, however in doing so they must meet the airport standards. The airport does not have to allow a co-op to self fuel, although an airport can if it chooses to. As Mr. White stated, there is no clear guidance from the FAA or any of the case law as to how condo arrangements or fractional shares fits in with private ownership so basically it is the Board's decision to define what it wants to allow. The federal regulations also provide flexibility in saying what an airport can and cannot do. Looking at the airport's own policies, 1988 is when the major policies were adopted and one was tied into the bulk fuel plant where certain classes of people were given the privilege of using the bulk fuel plant including executive operators for their own use. At that same time the Airport Authority offered an amendment to all

of the tenants to have the privilege of self fueling. Since the airport does not have minimum standards, these regulations have been incorporated through the leases and fueling is again aircraft owned or leased by the lessee. The bigger question is whether the applicant can meet all the standards on construction and finding a suitable location and those types of things. Mr. Lang said he has not dealt with the Fixed Base Operator ("FBO") aspect of this proposal, the Board heard last month quite a bit the impact it would have on the current FBO's. Mr. Lang said he does not think that is a legal consideration, rather a policy consideration of the impact the Authority's future leasing will have.

Mr. Lang said he also included a segment on anti-trust. The anti-trust issue was first raised in 1988. The airport is subject to anti-trust law and our policies and procedures met the concerns that were raised in 1988. There has not been a shift in anti-trust generally or in the aviation airport industry that would change that, so it is not currently an issue for concern.

Chairman Fletcher said that if the Board decides to allow it, there is nothing that says it cannot be done, however we have not received any official guidance from the FAA yet. Mr. Lang said that is correct, there is nothing that says what Mr. Claassen is requesting is not allowed, however the policy will need to be changed or at least verified as to where the self-fueling rights exist.

Mr. Gooch said it was stated that an individual can self fuel their own airplane and he doubts that Charles Koch comes to the airport to fuel his own airplane. Mr. Lang said it is the owner or agents of the owner that fuel the plane. The definition of self fueling that he included in his outline states that it is done by the owner with his or her own employees and using his or her own equipment.

Dr. Rosenberg said in reading the information there was a letter written to Mr. Claassen signed by William McHugh, a former FAA Administrator, who made the statement saying that if the Airport Authority does not accept the proposal on the self fueling grounds he believes it would be in violation of the grant assurance 22F. Dr. Rosenberg said that he read the grant assurance and does not see that as a violation based on how he interpreted the FAA guidelines. Mr. Lang said the information from the FAA regarding this issue is not clear cut and does not provide good guidance therefore the Board's reasonable determination is what should apply.

Chairman Fletcher said it seems that there are two options. The Board could vote on whether to allow the condo-type hangar with fueling rights or it can choose to wait for the FAA guidance, which it sounds like the guidance from the FAA will not come until the request is either approved or denied. Mr. White said he believes that is the case, the Regional Office did forward it to Washington for review, however he does not know when or if an official response will be received.

Mr. White said that based upon the definition that Mr. Lang provided on self fueling and what he has been told and seen throughout his career is why many airports have in their standards made the rule that self fueling is only acceptable under certain circumstances which are a single hangar with a single tenant and a single fuel farm. In talking with other airports the term co-op is used interchangeably with condo, fractional and/or anything that is shared because the intent of a co-

op is to form a shared activity and the end result is still the same; the use of a hangar and/or use of a fuel farm is being shared which goes beyond what the FAA has said it intended by the term self fueling.

Chairman Fletcher asked the Board for a show of hands as to how many felt they had enough information to make a decision on the issue because he feels like he has been provided enough information. The consensus of the Board was they did have enough information.

Mr. Beattie said that ExecHangar may not have the same standing as the current aircraft operators and asked if we need to hear from them or if the FAA needs to hear from them, because they would have standing and therefore could make a complaint.

Mr. Lang said when you look at Part 16, until something happens no one has standing to make a complaint and the FAA does not readily issue advisory opinions on this matter. However, if a complaint was to be made either by the applicant whose request was denied or by a competitor who felt that the granting of the request was unreasonable and discriminatory, at that point a complaint could be made.

Dr. Rosenberg said this proposal has been in the works for a long time and the Board is not the final authority, it is the Advisory Board. It is time to make some type of decision and then it is up to the City Council/Wichita Airport Authority to look at what this Board approves or does not approve.

Dr. Rosenberg moved to have an up or down vote to consider approval of the issue at hand. Second- Hennessy.

Discussion.

Mr. White said it is not relevant who is asking the question to change the policy, because it does not matter who the investors are or who the owners may turn out to be, the question is whether the policy should be changed or not. If the Board votes to change the policy, then it needs to go before the Airport Authority for the final vote. If the Airport Authority in turn votes to change the policy, then and only then would the airport go back to Mr. Claassen and negotiate a lease. After a lease is negotiated it would be brought to the Airport Authority a second time to vote on the lease agreement.

Mr. Ward asked Mr. Lang if it is correct that the applicant currently has no standing with the FAA and that the only people that currently have standing with the FAA are the present FBO's. Mr. Lang said any existing tenant would currently have standing with the FAA.

Mr. Heck said to clarify Dr. Rosenberg's motion the vote is whether to recommend to the City Council a change in policy. The motion actually is a vote of no is to deny the request and a vote of yes would be to proceed by taking it to the City Council/Airport Authority.

Mr. Claassen questioned if it is a change of policy if it already exists in the community. Mr. Claassen said that at Jabara Airport there is a condo hangar with two owners that has a fuel farm that is shared by the owners. The fuel farm is also shared with a separate person that has his own hangar. Chairman Fletcher said the discussion today is regarding Mid-Continent Airport.

Mr. Pryor said he can remember when a person could pull their vehicle up to a filling station and have someone come out to check their oil, now the concept of full-service is lost and Quik Trips are everywhere. Mr. Pryor said he thinks Mr. Claassen's proposal would be moving away from a standard FBO to a Quik Trip sort of arrangement. However, the airport has allowed companies to build their own airplanes and provide their own maintenance in their hangars by their own employees. Mr. Pryor asked what the difference is between Koch and a limited group of people that come together to form a company and how can we say yes to one and no to the other.

Mr. White said he believes you can. Years ago the issue of whether to allow Koch to provide fuel was a concern because many airports would not. The issue went to the national headquarters of the FAA and that is when the new rules were issued in the 1980's that said airports must allow self fueling by a corporation that wants to do this. However, based on that simple statement the airports said, if we have to allow it, we have the obligation and the right to set up some rules on how it is done, such as no sharing, condos or co-ops. The FAA then came back with the further ruling defining what a co-op was and said that an airport does not have to allow that type of arrangement if it does not want to.

Dr. Rosenberg said that a company such as Pizza Hut has franchises and determines that a particular area is already saturated and no more franchises are needed in that area because if another one came in it would hurt the other businesses that already exist. Dr. Rosenberg suggested the airport should look at performing due diligence of what is going to hurt and what may not hurt the businesses that are at hand.

Mr. Estes said he is struggling with his vote and part of it goes back to what was just said on what is the net effect of the contracts. However, the motion on the table is to proceed with going to the Authority on whether to open that up, however he does not know what that is. Mr. Estes said he is leaning towards voting yes to proceed, however is not sure he would vote for the final policy until he knows more about what that policy would be.

Mr. Beattie said the reason he brought up the aircraft owner is because he does not know what they think. If they could get substantial fuel savings would their business model change, would 90% of them want to start building hangars and develop separate corporations. Mr. Beattie said he thinks the Board should hear from the aircraft owners before voting.

Mr. White said the Authority has allowed corporate hangars with fueling privileges since Koch was allowed to in 1988. He would think that if there was some advantage over the last twenty years others would have been here asking to build corporate hangars, however there is an absence of additional corporate hangars having been built. Mr. White said the airport would welcome someone to come in as an individual company, if a person owns a plane and wants to build a corporate hangar and lease land from the airport, the airport will let you do it if it is at

least a certain size or larger. There are two different paths, a corporate hangar with individual ownership issue versus the shared hangar with fueling issue. Shared from a financial standpoint might make sense for people, although is that the right thing for the airport to do when looking at the obligation to the owners of the airport, the public and those who depend on the services from the airport. It could potentially destroy the primary basis of the public services offered by the FBO's by taking away a substantial portion of their business both in hangar and fuel sales.

Mr. Myles said he does not know that it would be the airport's role to set out to protect a given FBO. That could lead to anti-trust issues, if the airport tries to protect the current three FBO's and excludes someone on the outside. Mr. Myles said he thinks the airport's role should be to maintain a standard and the way he understands the difference between the grant assurances and allowing an individual operator to fuel or service their own airplane with their own employees versus a co-op is that once you create a co-op, it creates a pseudo-FBO that does not have the same expenses or rules that an FBO does and then it is non-competitive. It creates a situation where there is an unfair advantage. If there were ten proposed FBO's that wanted to compete for the business on Mid-Continent Airport and all of them were going to provide the minimum services, some would survive and some would not, that is the nature of the business. However, to let someone come in and circumvent the rules and not have to provide all of the same services, is contrary to the role that we should take in this case. Mr. Myles said he does not think that the argument that a given FBO would be in trouble as a result of this proposal is necessarily compelling, the more compelling argument is that there should be one set of rules, if a business is going to come on as an FBO it should be open 24 hours per day, seven days per week and should provide maintenance as well as all of the other requirements.

Mr. White said Mr. Myles has summarized it pretty well. This situation is similar to if the owners of a shopping mall decided that all of the stores that would be allowed inside the mall would have to be at least a certain size or larger in order to be a retail operation. Then someone came to the owners after all the leases had been signed wanting to operate in the parking lot under a tent and still sell the same merchandise the shops inside are selling, however would not have any of the obligations or expenses and would probably sell more than the shops inside the mall that are paying a higher rent. Mr. White said this airport has been built with an understanding of the contracts that were entered into with the FBO's years ago that this was the way the airport would be run, now if the rules are bent to allow someone to skim the cream off the top, it would harm the current businesses and then ultimately harm the airport.

Mr. Heck said he does not see much financial gain to the airport if this is allowed to happen, however he does see the potential for harm to the airport.

*Chairman Fletcher reminded the Board that a yes vote will recommend the Wichita Airport Authority consider a change in WAA Policy in order to proceed with allowing condominium type hangars with fueling privileges at Mid-Continent Airport.
(Yes, Beattie, Estes. Opposed, 8.)*

Mr. Claassen thanked the Board for their consideration and said that if he understands the Board correctly and is willing to alter his proposal to become a full-fledged FBO, then he will be back next month.

Mr. Estes asked what the policy has been as to why Mid-Continent Airport currently has three FBO's and not four. Mr. White said there is no policy, it is just the way it has worked out. Mr. Estes asked if the Board is going to have the same decision next month if Mr. Claassen comes back and decides to change his proposal to become an FBO. Chairman Fletcher said yes, if Mr. Claassen meets all the standards as far as size, construction, staffing and the services provided. Mr. Estes said that would lead to the same discussion the Board had last month and Dr. Rosenberg's example of how many Pizza Hut franchises can be in a target location, in this case Mid-Continent Airport. Mr. Hennessy said that is the fair market system and that is what we are trying to say is that we do not have a decision.

Mr. White said this is a lot cleaner issue to consider because even though the airport does not have official minimum standards, the way the Authority has operated for decades is that the rule is that if a new FBO wants to come in they have to meet all of the same service obligations and be at least the same size or larger than the smallest of the current three FBO's. The likelihood of someone wanting to come in and make an investment of the millions of dollars it would take to start up a new FBO is the reason there are currently one three. Potential companies have done their own investigations, looked at the amount of fuel sales and the amount of based airplanes and determined they do not think they could make a significant profit. Paul Shira from Signature Flight Support made the comment at the last meeting, and Mr. White said he has confirmed with a number of other airports and some consultants who specialize in FBO businesses around the country, that when a company is looking at opening up an FBO in Wichita they look at what is the business level there to make the decision of whether or not do it, the main factor is fuel sales and the company tries to determine if they could sell a million gallons of jet fuel per year or not. If they could not surpass a million gallons per year at an airport this size then the company is not going to want to do it. At Mid-Continent for the last 10 years the average of the three FBO's is that two of them are selling approximately a million gallons per year and one of them is selling approximately 600,000 gallons of fuel per year. If a fourth FBO came in it would not sell any more gas, it would just divide that same 2.6 million gallons up four ways instead of three ways and that is why Mid-Continent currently only has three FBO's.

Mr. Estes said that is why he asked the question of whether it is an automatic approval or if that is another decision that has to be made. Mr. White said that over his career he has seen that airports that have denied a company to come in to be the next FBO because the airport does not think there is enough business and then that company files a grievance with the FAA, the FAA rules almost every time in favor of the potential prospective business. Their policy is if a person wants to take the risk, they have the right to do it.

Dr. Rosenberg asked if the FAA would consider the size of the airport and the population and provide the number of FBO's that would be appropriate for a facility such as ours. Mr. White said the FAA will not do that. However, Mr. White said he has had a consultant offer to prepare

a study for \$50,000 to determine whether the market would support an additional FBO at either airport.

Mr. Hennessy said the issue basically comes down to fuel. His thought is that Boards and Commissions are here to make decisions and to change policy. Rules do change, however he does not see that this is at the point where the Board needs to make that decision.

Other Business

Mr. Christopher reported that a few months ago airport staff discussed employee parking on Mid-Continent for the employees that work at the terminal. To staff's knowledge the airport has never had signed agreements for monthly parking. After looking at the rate structure it was discovered that it has been in excess of 20 years since the last rate adjustment for employee parking was made which currently stands at \$8 per month. Staff decided to make an adjustment to that by adjusting the rate for employees from \$8 to \$10 and establishing a second category of users which is the commuters, or cabin flight crew employees that work for airlines who live in Wichita, but are based somewhere else. Staff felt like it was reasonable and consistent with industry standard to establish the commuters as a second group and that rate was set at \$25 per month. The rate was determined by looking at 20 airports around the country that have similar type of rate structures and by reviewing the monthly parking rates in downtown Wichita.

The rate change was put into effect administratively through the parking operator and quite a bit of resistance was received from the airline flight crews and pilots that did not like the rate increase. Staff feels the rate was fair and reasonable and that it is important to have a two-tiered system, however it was a substantial rate increase and perhaps it should be moved back a little.

Dr. Rosenberg said the airline pilots are local employees in a way because they fly in and out of Wichita and take care of the passengers on the way. Also, the pilots do not work every day. They may park their car for three days and then are gone for a week so their car is not here every day like regular local employees. Dr. Rosenberg questioned why they should be charged more.

Mr. Christopher said the airport may or may not have an agreement with the airline the commuter works for. Also, regardless of whether a car is parked in that lot 30 days out of the month or 10 days out of the month the space still has to be provided.

Mr. Hennessy asked how much revenue the airport would receive from the rate change. Mr. Christopher said approximately \$24,000 per year. Mr. Hennessy said he does not know if that would generate enough revenue to be worth it.

Mr. Estes said he is struggling with why the same rate is not being charged for everyone because a parking spot is a spot and he feels the same fee should be charged for everyone. Mr. Christopher said that separation is common and standard in the industry and that \$25 per month based on staff's research is a reasonable rate for everyone however, the local employees will be given a discounted rate.

Mr. Heck said he agrees with Mr. Estes that a parking spot is a spot and it should be charged the same price. Mr. Heck also suggested researching what the difference is in the rate of pay of the employees. Are the employees in Wichita, Kansas being paid the same rate as they are in Kansas City, Denver or San Francisco.

Mr. White asked if the sense of the room is that the same price should be charged for all employees. The consensus of the Board was that the same price should be charged for everyone.

The next WAAB meeting will be Monday, July 6, 2009 at 2:30 p.m.

Meeting adjourned at 5:18 p.m.

Kelly Fabrizius, Clerk