

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, September 20, 2010

Present: Charles Fletcher, U.L. Gooch, Dwight Greenlee, Willis Heck, John Hennessy, David Murfin, Thomas Pryor, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Ron Estes, Kevin Myles, Rebecca Pilshaw

Airport Staff: Victor White, Brad Christopher, Kelly Fabrizius, Greg Martens, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Robert Layton, City Manager
Jay Hinkel, Deputy City Attorney
Ben Nelson, Senior Budget Analyst

Others: Bill Flock, Leigh Fisher
Michael Carter, AECOM
Steve Dunne, Midwest Corporate Aviation

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

Approval of Minutes

Dr. Rosenberg commented that the election held last month was during an open meeting and that the number of votes for the individuals elected should be included in the meeting minutes so that it is not classified as a secret ballot. Mr. White said that information can be added to the minutes.

Motion by Greenlee to approve the minutes of the August 2, 2010 Wichita Airport Advisory Board meeting with that correction. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, advised the Board of several upcoming activities and projects.

Mr. White welcomed City Manager Bob Layton who is with the Board today to discuss the agenda item on the terminal project and thanked him for taking time out of his schedule to attend today's meeting.

Brad Christopher introduced Greg Martens as the new Chief of Airport Public Safety. Effective September 18th Greg was promoted from Captain and was appointed Chief of Airport Public Safety. Greg has 28 years of total employment with the City of Wichita including eight years as an officer with the Wichita Police Department and 16 years as an Airport Police Officer and Firefighter, 4 years as Training Captain and most recently for the last 10 months he was the acting Interim Chief following Paul Moore's retirement. Chief Martens has a great deal of experience and we are very happy to have him in his new position.

Mr. White reported that last Wednesday night, September 15th, there was a major hail storm at the airport as well as other parts of town. He passed out photographs to the Board showing the holes in the roof of the terminal. There were hundreds of holes over the west end of the ticket counter wing, over gates 9, 11 and 12 area and also in the electrical vault for the airfield.

Mr. Christopher advised that the damage was to roofs mostly, although there were some airfield lighting and signs that were taken out of service and skylights and various things like that. A roofing contractor came out immediately after the storm and approximately 1,000 patches were placed on the various buildings including the Flying Farmers building, the terminal, the electrical vault and the cargo terminal. Most of the damage came from a westerly direction and swept to the east across the airport, Haysville and Southern Wichita. All of the immediate damage has been taken care of, the holes in the roof have been temporarily patched as well as the interior ceilings and light fixtures that needed immediate attention and the carpet was dried. We were back in business that evening and the airport did not experience any delays to our knowledge. Although, the airlines did have a couple of aircraft that had to get inspected. Our next step will be to identify and determine what the intermediate long-range repair and replacement is going to be. Obviously many of the structures will probably be replacing a permanent roof, the terminal roof will depend on the status of that project, we do not want to put a \$200,000 twenty-year roof on a structure that may not be there that long. There are a number of options to consider and staff will be working to come up with some intermediate solutions to get through the next several years.

Mr. Greenlee asked if the damage was covered by insurance. Jean Zoglman said the City carries a \$2 million wind and hail deductible and we are in the process of determining whether that will be underneath an official City claim. Mr. Greenlee asked if there were other City owned buildings that were damaged. Mrs. Zoglman that she was aware of some damage at the golf course, but had not heard of any other damage. Mr. Layton said the City also has some park facilities that were damaged.

Mr. Christopher advised the Board that several months ago the airport created a volunteer program called the Incident Family Support Team. The airport has not previously had a program like that and he has not heard of a lot of examples of programs like this at other airports, however it is a program that we put together and frankly, one that we hope will never have to be used. We have solicited approximately 30 volunteers between airport staff and airport tenant staff, of various people that work on Mid-Continent Airport who volunteered to be members of this Incident Family Support Team. In the event of a major aircraft disaster a number of things happen, many of them you can count on and plan on and some you cannot. A lot of experience

and research has shown that many of the places that airports fall short on is taking care of and responding to the families of victims. The airport has trained extensively on fire suppression, rescue and all of the things that go on at the site, however there is one other major element and that is the family and friends of victims who may be at the terminal to find out the condition of their loved one. The Incident Family Support Team has been assembled, we have emergency contact information for them, and upon being called they will come to the airport to an identified location and we will get family and friends of victims to that location where this team will be until trained professionals arrive to help. Typically airlines are responsible for doing a lot of those things, however Wichita is not a hub City and there is going to be a period of time before those responders can be in place so what we are simply doing is providing people to be a shoulder to cry on, to provide comfort, reassurance and information. This should be able to get us through a two to three hour period until the professionals can take over. Tonight will be the first training program with the group which will be provided by the Red Cross from 6:00 - 9:00 p.m. It is called Psychological First Aid and it is a three hour course designed for volunteer people who respond to emergencies who are not trained professionals. Once again this is something we are planning for and developing, however we hope we will never have to use.

Mr. White advised that for the last five years the Airport Authority has participated in running a booth at the National Business Aviation Association (NBAA) trade show and convention. This year Mr. Christopher will be attending the convention which will be held in Atlanta. The airport is partnering with the Economic Development Coalition (EDC) who is the primary sponsor of the booth, as well as the State Department of Commerce, the National Center for Aviation Training, the National Institute for Aviation Research (NIAR), the K96 Authority and Big Dog Motorcycles. The purpose is to provide information about the region and economic development opportunities. There are over 1,000 booths at the tradeshow and it is a huge event with around 30,000 attendees from all over the country.

Last week the Airport Authority co-hosted the National Association of State Aviation Officials (NASAO) Conference which was held in Wichita this year at the Hyatt. There were approximately 200 attendees representing 31 state governments, as well as FAA top officials, and it was a great opportunity to showcase everything Wichita offers for the aviation community.

Valerie Wise advised the Board of recent and upcoming promotional activities at the Airport. The very well publicized Honor Flight is getting ready to take place. This is a group of World War II veterans that are traveling to Washington to tour the World War II Memorial. The group will be departing September 28th at 7:00 a.m. and about 170 people are expected on that flight. It will be World War II veterans and the guides and volunteers that will be accompanying them. The group will return the next day on the 29th at 7:00 p.m. and there will be a reception held in the terminal building on the west end of the ticket counter for them. The Board is welcome to attend the event.

The airport currently has several Facebook promotions that are going on. A summer photo contest was held where passengers were asked to send in their vacation photos. That contest just concluded and the winner won two roundtrip tickets to anywhere in the continental United States.

Currently we are giving away two tickets to the K-State/KU football game on October 14th. That promotion began at midnight on September 9th, we had 801 Facebook fans at the time it was started and currently we are up to 1,065 so we had a 33% increase in a little over a week and there are 1,010 entries in the contest. It has been a really good promotion that will continue until October 3rd. We will be launching a new Facebook promotion on September 29th, so be watching for it on the 29th. Also, starting October 18th the airport will begin advertising at the Thunder Hockey games at Intrust Bank Arena.

Delta is upgrading their service to Atlanta and to Detroit. Atlantic Southeast Airlines which operates the Atlanta service has reconfigured their CRJ 700 aircraft. It normally holds 70 seats, and it is now 65 seats with 9 seats in first class. Delta has also upgraded the Detroit service with the same type of aircraft which began on September 7th. Allegiant Air is increasing their service to Phoenix Mesa over the Christmas holiday season. They are going from two weekly flights to four. Frontier just announced today that they are offering a fare sale.

Passenger Traffic in August was up 4.7% and is up approximately 2% for the year.

Mr. White advised the Board that included with the packet is an article from the Business Journal regarding the National Center for Aviation Training. The formal grand opening dedication ceremonies are scheduled for late in October. A notice will be sent to the Board when an official date is confirmed.

Congress is once again considering the Reauthorization of the FAA Funding Program. It has been three years since the bill expired and Congress has extended it 15 times. The current extension expires in a month and more than likely Congress will pass another extension and will continue to have the debate over what the future of the funding for the FAA and of course the Airport Improvement Program and Passenger Facility Charges. Mr. White said he will keep the Board advised as this goes on.

ACT 3 Project Update

Mr. White advised the Board that the City Manager will start the conversation with his opening remarks which will be followed by a presentation by LeighFisher.

Mr. Layton said that his comments are going to be brief because he knows the Board wants to get into the substance of the work that has been done. He appreciates the opportunity to visit with the Board, he has met many of the Board Members, although not all, so he is pleased to be here. The Board has had an ongoing discussion regarding moving forward with the terminal project and has the misfortune of having him come towards the end of that discussion. However, as we have looked at our financial condition as a City organization, as an Airport and also as a community we realized it was time to slow a few projects down, reevaluate the projects and our ability to finance them especially with the change in the financial environment that is impacting all of our revenue sources. Mr. Layton said he asked the staff to take a look at the basic assumptions that went into the airport project and see if those assumptions were valid in today's climate and if not to make some appropriate changes so that the Board and the Council could

view the project and its ability to be financed in the way that was originally intended. Our finance staff did an initial analysis, worked with airport staff and then provided that to your consultant and asked the consultant to review that, challenge some assumptions in there and make sure that we are all on the same page before we went public again with a reevaluation of the terminal project.

Mr. Layton said we are at that point now and he thanks the Board for their patience in helping us get to this point. As you know, we have looked at other operations, the Water Department is probably the one that has been in the news the most, however we have also reevaluated the library project which is another big, capital project requiring over \$30 million worth of financing and we are going through some meticulous review of all of the projects before we feel comfortable recommending them. Mr. Layton said we are ready to talk now, with where we are with today's financial assumptions and I believe there are a number of scenarios that you will want to review with staff and I know the Council is anxious to get a recommendation from this Board. Mr. Layton said his intention is after the Board makes a recommendation, we will bring this to workshop and will allow the Board and the Council to have some discussion about moving forward and the benefits and risks that are associated with the terminal project and then at that point I think the Council will be ready to move forward with some type of decision.

Jean Zoglman introduced Bill Flock, LeighFisher, who presented to the Board a PowerPoint presentation providing a financial overview of the Air Capital Terminal Three (ACT 3) Project.



Capital Improvement Program and Financial Plan

Wichita Mid-Continent Airport



Mr. Murfin asked what is the amount of non-terminal capital dollars during the period of the terminal construction, relative to today's ongoing capital expenses. Mr. Flock said it is fair to say that some of the projects are tied together. There are a number of enabling projects that are in the CIP project that are not necessarily under the ACT 3 project definition. We know that the ACT 3 project itself is estimated at \$160 million, which is approximately half of the total CIP of \$308 million.

Mrs. Zoglman said that if we look at what the CIP was five years ago versus what it is today for those other projects, I think your question is, how does that look now, have we already had to alter those other projects in support of the terminal to continue to make it financially feasible. It was about two to three years ago that we analyzed the CIP and if you looked at it now there will not be any new pavement construction for the airfield, there will be reconstruction and rehabilitation, however no new pavement. Those were decisions that we made, there were some theories that we are not going to go with those additional projects in order to retain adequate funding for the terminal. Mr. Murfin said so it depends on how the terminal does with what is able to be done with the rest of the CIP money. Mrs. Zoglman said we looked at our historical CIP and how much we usually spend and how much is used as leveraged funds and we said this makes sense as a long-term approach.

Dr. Rosenberg said he would like to thank Mr. Flock for the presentation it was quite significant. He has some thoughts that he would like to share and is glad that Mr. Layton is here because he believes that Mr. Layton is a visionary and obviously since he has been here he can see that with what is happening with the City of Wichita. Dr. Rosenberg said he wants to share with you a theory of diminishing returns. On some of the numbers looking at the passenger enplanements over the years from 2010 to 2013 he believes it was 760,000 going up to 800,000 or a change of approximately 8% and if we keep everything the same the theory of diminishing returns states that our cup is only so big and yet with so many planes coming in and so many people, if the cup does not grow you cannot put any more in there and he believes the same thing is happening with the City of Wichita. He thinks that Mr. Layton realizes that we are going to expand the City with increasing conventions, and so we need to have a bigger cup, we need to have more convention facilities, more places for the people to stay temporarily and that is being done. He believes that in order for the City to continue to grow we need to have all of the facilities available to grow as well and he has strong optimism that as we continue to bring big business into the City we are going to need more transportation facilities available. He is very much in favor of the ACT 3 project and he thinks that it is necessary in order for the City to continue grow or else we are going to be stuck in the theory of diminishing returns where you cannot fit anything more in the cup.

Mr. Gooch said he was impressed by the fact that we talked about what might happen if some of the airlines were to leave, however we did not look at the impact of what might happen if any new airlines came in. Mr. Gooch said companies are looking for a place to do business and they are not able to make their plans until a decision is made on this project. He agrees with what Dr. Rosenberg said and is supportive of the ACT 3 project.

Mr. Hennessy asked about the idea of sponsorship or naming rights that was mentioned in Mr. Flock's presentation and what the revenue would be on something like that. Mr. White said a couple of years ago when the Intrust Bank Arena was in the process of being named, the firm that the County hired to do the sponsorship called us and we met with them regarding sponsorship and naming rights for airports. They said that they had been hired by Detroit to look at naming their terminal and they did an RFP and were not successful. However, they thought that if you did, you may be able to get \$10 million, if you name the entire terminal after a corporation, although they also said do not be short-sided and just look at only the terminal name, perhaps you have part of the terminal that could be sectioned out. If you divide the airport out into components you may have eight to twelve various areas, such as the parking garage, baggage claim, there could be smaller portions of income from each of those. Mr. White said nobody really knows because it has never been done before in the aviation industry, however it is a possibility and something we are considering.

Mr. Pryor said that as he was looking at the presentation he noticed that the only real viable scenario is if the Affordable Airfares Program is continued. In any scenario where it was discontinued there was not enough money to build the terminal. It will not be that long until we know whether or not the program is going to continue and he thinks the only prudent option at this point is to delay building this project until we can determine what is going to happen with Affordable Airfares, otherwise we just cannot afford it.

Mr. Murfin said he would second that.

Mr. Pryor said if the Wichita Airport is going to pay for this project there is not enough money to pay for it without the Affordable Airfares. Every scenario that was shown, when the Affordable Airfares was taken away the revenue and the passengers dropped off to the point where there was not enough money to pay for the project unless the City contributed.

Mr. Fletcher said he thinks that if the legislature looks at what Affordable Airfares has done for the State and for the City they will continue the program. He cannot see them not continuing it, it is a benefit to the state because it brings in more revenue and if we do not do it we know we are not going to get any more growth, sometimes it is necessary to take a chance.

Mr. Greenlee said he would agree with Mr. Fletcher's comment that Affordable Airfares has been a benefit not only to the City, but to the County to the State and to all of the branches of government. Last year the legislature decided to continue the program even with a struggling economy. They looked at what the program has generated in returns and said it does not make sense not to have this program in effect and he thinks they will do the same in the future.

Dr. Rosenberg moved that that the Wichita Airport Advisory Board recommends moving forward with the ACT 3 Project. Mr. Fletcher seconded.

Mr. Greenlee said there is a motion on the table, is there any further discussion.

Mr. Murfin said we are discussing spending \$160 million on a new terminal when the current terminal is still functioning, he thinks we should consider delaying the project for six months. If we go back to the forecasts without the Affordable Airfares, although he does think it is going to pass and hopefully Wichita will get additional airlines and this will be part of the attraction, he is questioning why we want to spend the money so quickly. Mr. Fletcher said Mr. Flock spoke to the reasons in his presentation such as once the project is shut down building codes could change and we may have to re-design the whole project all over again and it could ultimately cost us a lot more money. Mr. Murfin said the same argument was presented three years ago that if we do not start right now the costs are going to go way up and we were actually better off by delaying it. Mr. Fletcher said yes, however the economy is not necessarily going to stay down and the construction costs may not stay low. Mr. Murfin said he thinks we are in a position to watch the economy, and we will know a whole more over the next six months. Mr. Murfin said the project can still be bid fairly quickly, however he thinks we should go about it a little more cautiously.

Mr. Ward said he thinks we need to look at the project in conjunction with the parking garage. He believes that we need to consider possibly doing the terminal project and delaying the parking garage instead of saying we are going to walk away from the whole project. He feels that if we are going to stop this project that there will be no possibility of Wichita growing because the City itself is saying we are not going to grow so it is necessary to stop the project. Mr. Ward said he thinks that if we are going to stop something, we need to look at delaying the parking garage for awhile, but not the terminal.

Mr. Murfin said he would say that what we need more than the terminal is the parking garage. Also, he thinks it is a little over the top to say that we are trying to stop growth in Wichita if we do not build this terminal. The terminal will be new, but it is going to have 12 gates, it is going to be the same size in front, with the same number of lanes, he does not know what growth this is we are talking about. That is what has bothered him the whole time is that we are not really gaining anything, he understands we are getting flexibility with the gates different airlines can use and there will be some increased efficiencies, but he would not consider it a leap of growth.

Chairman Greenlee said his comment relating back to Mr. Flock's presentation is simply that the FAA has put a substantial amount of money into this project and there is the possibility in the very near future of there being more discretionary money coming from the FAA. If we do not continue with the project then the FAA is definitely going to question whether they want to direct those discretionary funds towards Wichita. He believes we are running a risk of not attracting those additional, basically unanticipated dollars to our community if we delay the project.

Mr. Gooch said the terminal building design was based with that in mind, if that was changed it would require redesigning and repackaging the finances and that would create additional costs just within itself. It is working as it was designed based on the use of the parking garage in connection with the rental cars and if you start unraveling this he thinks you will find out it will cost more.

Mr. Fletcher said at one point a decision had to be made on whether to build a parking garage in order to determine whether or not there would be rental car facilities within the terminal building. If it had been decided not to do a parking garage we would have to go back to the terminal building design and put the rental car facilities within that structure or have another structure built somewhere else.

Mr. Layton said that his role is a little different because he is paid to be somewhat cautious and conservative when looking at a financial situation. He thanked staff (Ben Nelson in the budget office, Jean Zoglman and Bill Flock) for their analysis because he has seen some really good data and analysis in order to make a decision about moving forward and that is what we really wanted to do is evaluate the elements of risk, how likely those elements are to occur and then be able to make some type of recommendation. It seems to him like the wildcard here is the renewal of the Affordable Airfares Program for another five years and the legislature will be reviewing that this coming session. It is not that the revenue from Affordable Airfares pays for the terminal, what it does is ensures that our enplanement projections are met as we move forward. One of the things Mr. Flock pointed out as we started to work with him is that we did not have a trigger event; it seems to me that is the logical trigger event. If we know that Affordable Airfares will be renewed and that we can continue to count on that assistance in order to get the discount airlines and hopefully expand who we get into the area then he feels very optimistic regarding our ability to move forward with the project. He came into this neutral on the future of the project or the justification for the terminal and he leaves after going through all of this a supporter of moving forward, mostly because he cannot understand why we would spend the kind of money that is necessary to renovate a 50 year old building. If for no other reason, he thinks it is a wise investment to move forward with the terminal project. It seems to him that if we are going to be cautious with regard to avoiding getting into property tax to support the debt, the trigger event would be the renewal of the Affordable Airfares because at that point he thinks that all of the projections are pretty reliable. We do not know what is going to happen 15 years down the road, although we would hope that over this next five year period we could establish some sound airline service that is sustainable into the future. Mr. Layton said he just wanted to weigh in on the issue that from a business standpoint that is where he is at and, although it has taken a while for this analysis, there is a reason for it and he thinks it has given us the information that is necessary to move forward.

Mr. Ward said as he recalls the reason he voted in favor of the parking garage is because we had to make a decision between the smaller garage and the larger one and were told that the City Council was in favor of including a parking garage. He thought it would not make sense to make the smaller garage and then possibly have to increase to the larger size, although he was opposed to the garage to begin with.

Mr. White said we held three workshops with the City Council with the parking consultant to discuss those and the size was based on the passenger forecasts. As Mr. Flock said everything hinges on passenger growth and back in 2007-2008 we were experiencing tremendous growth and having record setting years so that is why everyone felt at the time that the larger garage was clearly the way to go. However, those forecasts are not today's forecasts and the smaller garage could easily be designed and built. Although, Mr. Fletcher was correct that the design of the new

terminal is contingent upon having a parking garage with rental car parking ready return parking facilities which is one small part, however the most important part is the ticket lobby and customer service area for the rental car customers. That was not included in the design for the new terminal because that is the trend in airports and is called a consolidated rental car facility which is somewhere other than a terminal. This one is within walking distance of the terminal as opposed to most of the others which require riding a shuttle or bus to get there. The firms that have submitted proposals are prepared for a 1,600 space garage with the option of doing a 1,200 space garage if that became necessary. A more drastic option, but one that could be done, would be building instead only the rental car customer center in its eventual location, although with no garage attached to it. That would possibly be a \$5 million project as opposed to a \$35 million project. There are some options available that we could look into if it became necessary.

Mr. Hennessy asked how much the annual safety fee is. Mrs. Zoglman said it is currently \$850,000 and it will be increased to \$1 million in 2012. Mr. Hennessy said there is our shortfall right there. Mr. Layton said he will mention that as a result of the discussions we have had and the recommendations, we are evaluating that Safety Fee, how it is assessed and more important the methodology behind it. He could probably defend the fee to a degree, however the methodology is not one he want to stand up and talk about today, although we are going to reevaluate that as part of this project.

Chairman Greenlee said he thinks that the issue does need to be revisited. He read recently that there is some risk that the FAA does not necessarily take back money, however they do withhold money from future projects and there is a risk that they would find out that the airport is not receiving value for the money we are spending, or for duplicating the expenditures.

Mr. Murfin asked what is the total amount we have spent so far in anticipation of the terminal. Mr. White said approximately \$38 million. Mr. Murfin said he has made his objections over time in terms of the layout and parking access and other items. It is not exactly what he had in mind, however ultimately a new terminal will have to be built, because you certainly do not want to renovate the old terminal. He said he is going to vote no, but only because he thinks it should be postponed for a while.

Dr. Rosenberg said everything is still dependent on the City Council we are just here to say that we are in favor of the concept of going forward, the Council is still the final authority on whether it is built or not.

Chairman Greenlee said we have a motion and we have a second, seeing no further discussion I call for the vote.

Motion Carried. 7 yes, 2 opposed. (Murfin, Pryor)

Mr. Layton said the recommendation by the Board will be presented at the upcoming City Council Workshop.

Mr. Ward said we may know whether the State is going to move forward with the Affordable Airfares Program before we get too far down the road on the project anyway. Mr. White said if the decision were made by the Council to go forward in the next two weeks or so that decision would be to authorize us to advertise for bids. Bids would not open until sometime in January or February at the earliest and that would be the final opportunity for the City Council to decide yes or no to accept the bids and whether or not to award a contract. So they are really two chances, one to tell us to advertise or not. Or to tell us to advertise, we open bids and then you either do it or you do not based on prices. Chairman Greenlee said and the legislative process should be close to being wrapped up by that point in time. Mr. White said the Committee activities will be taking place this fall, the legislative session kicks off in late January, although typically this particular item is not voted on until late in the session which would still be after the bid opening date if it was kept on that schedule.

Chairman Greenlee asked Mr. Layton if he would recommend the Board express their recommendation in writing to the Council. Mr. Layton said it could be incorporated into the presentation at the workshop.

Mr. Murfin said that on a positive note he thinks the bids are going to come back 10-20% less than what is anticipated. Mrs. Zoglman said we actually calculated that and if it came in 10% below the bid estimates for just the terminal building package it would reduce total debt service by almost \$20 million, so if you look at the City having a shortfall of \$34 million, that takes a little over half of that off. We could run those numbers, but since that is not something we could control, we felt like if we proposed that as an option for financial flexibility that would be irresponsible on our part.

Mr. Hennessy asked about the current state of the bond market. Mr. Flock said right now there are some very favorable terms. Mr. Hennessy asked if that would continue a year from now. Mr. Flock said it is a dangerous prediction to make, if the bonds had to be issued a year later than anticipated there would be some penalty involved in that. It would probably not be enough to derail the project, although it would have an impact.

Mr. Murfin asked if it would make sense to do General Obligation Bonds now in anticipation of the project. Mr. Layton said there are federal requirements in terms of how to spend the money and how quickly the money has to be spent.

Mr. Greenlee said that is why we talked about doing temporary notes in the interim and then having a larger bond sale in the future. Mrs. Zoglman said we have spent approximately \$38 million already on this project and that has all been out of the cash account, we have been cash funding it because we have not done a bond issue since about 2000. Chairman Greenlee said at the last meeting you mentioned we are about to pay off all of our outstanding General Obligation Bonds. Mrs. Zoglman said yes, there is approximately a quarter of a million left and then all of the long-term debt at this airport will be paid off. Chairman Greenlee said that will be the first time since about 1968 that has happened.

Mr. Murfin asked if this would cause an issue with the debt service for the City exceeding the cap. Mrs. Zoglman said 3% of the tax base has been reserved for airport, park department and another group that is outside of the City's cap. That issue was looked at very intently in 2006 and at that time it looked like half of the bonding could be done under the cap and half outside of it, however that is a finessing that can be done towards the end. The other issue is there are no Alternative Minimum Tax (AMT) on bonds issued through the end of this year. That may be a federal program that is continued and may be a benefit to this program as well, however we considered those nuances to the program and not necessarily decision-making items. Chairman Greenlee asked how many years until the arbitrage penalties would set in. Mrs. Zoglman said two years. She recently spoke to Springsted, who is the financial advisor for the City who is assisting with the debt structuring on this project and that is why the bonds issuance is timed as it is because they plan on a two-year cycle.

Other Business

The next WAAB meeting will be Monday, October 4, 2010 at 2:30 p.m.

Meeting adjourned at 4:46 p.m.

Kelly Fabrizius, Clerk