

HB

432

Revision Date: February 20, 1998 Dept. Affected: Revenue
 Title: Airport Revenue Bonds EFU: Revenue Operations
 Component: Treasury
 Sponsor: Cowdery, John
 Requestor: (H) [] COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
DEBT SERVICE			6,183.2	15,689.4	15,687.5	15,689.7
TOTAL OPERATING	0.0	0.0	6,183.2	15,689.4	15,687.5	15,689.7
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 OBRF						
International Airport Revenue Fund			6,183.2	15,689.4	15,687.5	15,689.7
Other						
TOTAL	0.0	0.0	6,183.2	15,689.4	15,687.5	15,689.7

Estimate of any current year cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizes the State Bond Committee to issue an additional \$179.0 million of revenue bonds to expand the Anchorage International Airport. The debt service on these bonds will be funded from the International Airport Revenue Fund. Assuming an interest rate of 7% when the bonds are sold and a 25 year term, estimated debt service is approximately \$15.7 million.

See attached debt service analysis for low, mid, and high rates. The high rate was used in this fiscal note.

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 Agency: Revenue

Phone: 465-4880
 Date: February 20, 1998
 Date: February 20, 1998

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BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			4,353,876.50	4,353,876.50	
06/30/1999					4,353,876.50
10/01/1999			4,353,876.50	4,353,876.50	
04/01/2000			4,353,876.50	4,353,876.50	
06/30/2000					8,707,753.00
10/01/2000			4,353,876.50	4,353,876.50	
04/01/2001			4,353,876.50	4,353,876.50	
06/30/2001					8,707,753.00
10/01/2001	4,490,000	3.950%	4,353,876.50	8,843,876.50	
04/01/2002			4,265,199.00	4,265,199.00	
06/30/2002					13,109,075.50
10/01/2002	4,670,000	4.040%	4,265,199.00	8,935,199.00	
04/01/2003			4,170,865.00	4,170,865.00	
06/30/2003					13,106,064.00
10/01/2003	4,855,000	4.100%	4,170,865.00	9,035,865.00	
04/01/2004			4,071,132.50	4,071,132.50	
06/30/2004					13,106,997.50
10/01/2004	5,070,000	4.150%	4,071,132.50	9,141,132.50	
04/01/2005			3,965,930.00	3,965,930.00	
06/30/2005					13,107,062.50
10/01/2005	5,285,000	4.200%	3,965,930.00	9,250,930.00	
04/01/2006			3,854,945.00	3,854,945.00	
06/30/2006					13,105,875.00
10/01/2006	5,515,000	4.250%	3,854,945.00	9,369,945.00	
04/01/2007			3,737,751.25	3,737,751.25	
06/30/2007					13,107,696.25
10/01/2007	5,755,000	4.300%	3,737,751.25	9,492,751.25	
04/01/2008			3,614,018.75	3,614,018.75	
06/30/2008					13,105,770.00
10/01/2008	6,010,000	4.400%	3,614,018.75	9,624,018.75	
04/01/2009			3,481,798.75	3,481,798.75	
06/30/2009					13,105,817.50
10/01/2009	6,300,000	4.900%	3,481,798.75	9,781,798.75	
04/01/2010			3,327,448.75	3,327,448.75	
06/30/2010					13,109,247.50
10/01/2010	6,615,000	4.900%	3,327,448.75	9,942,448.75	
04/01/2011			3,165,381.25	3,165,381.25	
06/30/2011					13,107,830.00
10/01/2011	6,945,000	4.900%	3,165,381.25	10,110,381.25	
04/01/2012			2,995,228.75	2,995,228.75	
06/30/2012					13,105,610.00
10/01/2012	7,295,000	4.900%	2,995,228.75	10,290,228.75	
04/01/2013			2,816,501.25	2,816,501.25	
06/30/2013					13,106,730.00
10/01/2013	7,565,000	4.900%	2,816,501.25	10,481,501.25	
04/01/2014			2,628,708.75	2,628,708.75	
06/30/2014					13,110,210.00
10/01/2014	8,055,000	5.100%	2,628,708.75	10,683,708.75	
04/01/2015			2,423,306.25	2,423,306.25	

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					13,107,015.00
10/01/2015	8,480,000	5.100%	2,423,306.25	10,903,306.25	
04/01/2016			2,207,066.25	2,207,066.25	
06/30/2016					13,110,372.50
10/01/2016	8,920,000	5.100%	2,207,066.25	11,127,066.25	
04/01/2017			1,979,606.25	1,979,606.25	
06/30/2017					13,106,672.50
10/01/2017	9,390,000	5.100%	1,979,606.25	11,369,606.25	
04/01/2018			1,740,161.25	1,740,161.25	
06/30/2018					13,109,767.50
10/01/2018	9,880,000	5.100%	1,740,161.25	11,620,161.25	
04/01/2019			1,488,221.25	1,488,221.25	
06/30/2019					13,108,382.50
10/01/2019	10,400,000	5.150%	1,488,221.25	11,888,221.25	
04/01/2020			1,220,421.25	1,220,421.25	
06/30/2020					13,108,642.50
10/01/2020	10,950,000	5.150%	1,220,421.25	12,170,421.25	
04/01/2021			938,458.75	938,458.75	
06/30/2021					13,108,880.00
10/01/2021	11,530,000	5.150%	938,458.75	12,468,458.75	
04/01/2022			641,561.25	641,561.25	
06/30/2022					13,110,020.00
10/01/2022	12,135,000	5.150%	641,561.25	12,776,561.25	
04/01/2023			329,085.00	329,085.00	
06/30/2023					13,105,646.25
10/01/2023	12,780,000	5.150%	329,085.00	13,109,085.00	
06/30/2024					13,109,085.00
	179,000,000		144,248,852.00	123,248,852.00	323,248,852.00

NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	4,353,876.50	4,353,876.50	
06/30/2000	8,707,753.00	8,707,753.00	
06/30/2001	8,707,753.00	4,353,876.50	4,353,876.50
06/30/2002	13,109,075.50		13,109,075.50
06/30/2003	13,106,064.00		13,106,064.00
06/30/2004	13,106,997.50		13,106,997.50
06/30/2005	13,107,062.50		13,107,062.50
06/30/2006	13,105,875.00		13,105,875.00
06/30/2007	13,107,696.25		13,107,696.25
06/30/2008	13,106,770.00		13,106,770.00
06/30/2009	13,105,817.50		13,105,817.50
06/30/2010	13,109,247.50		13,109,247.50
06/30/2011	13,107,830.00		13,107,830.00
06/30/2012	13,105,610.00		13,105,610.00
06/30/2013	13,106,730.00		13,106,730.00
06/30/2014	13,110,210.00		13,110,210.00
06/30/2015	13,107,015.00		13,107,015.00
06/30/2016	13,110,372.50		13,110,372.50
06/30/2017	13,106,672.50		13,106,672.50
06/30/2018	13,109,767.50		13,109,767.50
06/30/2019	13,108,382.50		13,108,382.50
06/30/2020	13,108,642.50		13,108,642.50
06/30/2021	13,108,880.00		13,108,880.00
06/30/2022	13,110,020.00		13,110,020.00
06/30/2023	13,105,646.25		13,105,646.25
06/30/2024	13,109,085.00		13,109,085.00
	323,249,852.00	17,415,505.00	305,833,346.00

BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	5.106200%
True Interest Cost (TIC)	5.106200%
Net Interest Cost (NIC)	5.007224%
All-In TIC	5.252774%
Average Coupon	5.007224%
Average Life (years)	16.094
Duration of Issue (years)	10.613
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	144,248,852.00
Net Interest	144,248,852.00
Total Debt Service	323,248,852.00
Maximum Annual Debt Service	13,110,372.50
Average Annual Debt Service	12,929,954.08
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	41,650,000.00	100.000	4.232%	6.719
Term Bonds	14,820,000.00	100.000	4.900%	13.098
Term 2	44,725,000.00	100.000	5.100%	18.102
Term 3	57,795,000.00	100.000	5.150%	23.103
	179,000,000.00			16.094

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			5,269,088.75	5,269,088.75	
06/30/1999					5,269,088.75
10/01/1999			5,269,088.75	5,269,088.75	
04/01/2000			5,269,088.75	5,269,088.75	
06/30/2000					10,538,177.50
10/01/2000			5,269,088.75	5,269,088.75	
04/01/2001			5,269,088.75	5,269,088.75	
06/30/2001					10,538,177.50
10/01/2001	3,930,000	4.950%	5,269,088.75	9,199,088.75	
04/01/2002			5,171,821.25	5,171,821.25	
06/30/2002					14,370,910.00
10/01/2002	4,130,000	5.050%	5,171,821.25	9,301,821.25	
04/01/2003			5,067,538.75	5,067,538.75	
06/30/2003					14,369,360.00
10/01/2003	4,345,000	5.100%	5,067,538.75	9,412,538.75	
04/01/2004			4,956,741.25	4,956,741.25	
06/30/2004					14,369,280.00
10/01/2004	4,575,000	5.150%	4,956,741.25	9,531,741.25	
04/01/2005			4,838,935.00	4,838,935.00	
06/30/2005					14,370,676.25
10/01/2005	4,820,000	5.200%	4,838,935.00	9,638,935.00	
04/01/2006			4,713,615.00	4,713,615.00	
06/30/2006					14,372,550.00
10/01/2006	5,075,000	5.250%	4,713,615.00	9,788,615.00	
04/01/2007			4,580,396.25	4,580,396.25	
06/30/2007					14,369,011.25
10/01/2007	5,350,000	5.300%	4,580,396.25	9,930,396.25	
04/01/2008			4,438,621.25	4,438,621.25	
06/30/2008					14,369,017.50
10/01/2008	5,645,000	5.400%	4,438,621.25	10,083,621.25	
04/01/2009			4,286,206.25	4,286,206.25	
06/30/2009					14,369,827.50
10/01/2009	5,975,000	5.900%	4,286,206.25	10,261,206.25	
04/01/2010			4,109,943.75	4,109,943.75	
06/30/2010					14,371,150.00
10/01/2010	6,335,000	5.900%	4,109,943.75	10,444,943.75	
04/01/2011			3,923,061.25	3,923,061.25	
06/30/2011					14,368,005.00
10/01/2011	6,720,000	5.900%	3,923,061.25	10,643,061.25	
04/01/2012			3,724,821.25	3,724,821.25	
06/30/2012					14,367,882.50
10/01/2012	7,130,000	5.900%	3,724,821.25	10,854,821.25	
04/01/2013			3,514,486.25	3,514,486.25	
06/30/2013					14,369,307.50
10/01/2013	7,565,000	5.900%	3,514,486.25	11,079,486.25	
04/01/2014			3,291,318.75	3,291,318.75	
06/30/2014					14,370,805.00
10/01/2014	8,030,000	6.100%	3,291,318.75	11,321,318.75	
04/01/2015			3,046,403.75	3,046,403.75	

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					14,367,722.50
10/01/2015	8,540,000	6.100%	3,046,403.75	11,586,403.75	
04/01/2016			2,785,933.75	2,785,933.75	
06/30/2016					14,372,337.50
10/01/2016	9,075,000	6.100%	2,785,933.75	11,860,933.75	
04/01/2017			2,509,146.25	2,509,146.25	
06/30/2017					14,370,080.00
10/01/2017	9,645,000	6.100%	2,509,146.25	12,154,146.25	
04/01/2018			2,214,973.75	2,214,973.75	
06/30/2018					14,369,120.00
10/01/2018	10,250,000	6.100%	2,214,973.75	12,464,973.75	
04/01/2019			1,902,348.75	1,902,348.75	
06/30/2019					14,367,322.50
10/01/2019	10,900,000	6.150%	1,902,348.75	12,802,348.75	
04/01/2020			1,567,173.75	1,567,173.75	
06/30/2020					14,369,522.50
10/01/2020	11,590,000	6.150%	1,567,173.75	13,157,173.75	
04/01/2021			1,210,781.25	1,210,781.25	
06/30/2021					14,367,955.00
10/01/2021	12,325,000	6.150%	1,210,781.25	13,535,781.25	
04/01/2022			831,787.50	831,787.50	
06/30/2022					14,367,568.75
10/01/2022	13,110,000	6.150%	831,787.50	13,941,787.50	
04/01/2023			428,655.00	428,655.00	
06/30/2023					14,370,442.50
10/01/2023	13,940,000	6.150%	428,655.00	14,368,655.00	
06/30/2024					14,368,655.00
	179,000,000		177,843,952.50	356,843,952.50	356,843,952.50

NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	5,269,088.75	5,269,088.75	
06/30/2000	10,538,177.50	10,538,177.50	
06/30/2001	10,538,177.50	5,269,088.75	5,269,088.75
06/30/2002	14,370,910.00		14,370,910.00
06/30/2003	14,369,360.00		14,369,360.00
06/30/2004	14,369,280.00		14,369,280.00
06/30/2005	14,370,676.25		14,370,676.25
06/30/2006	14,372,550.00		14,372,550.00
06/30/2007	14,369,011.25		14,369,011.25
06/30/2008	14,369,017.50		14,369,017.50
06/30/2009	14,369,827.50		14,369,827.50
06/30/2010	14,371,150.00		14,371,150.00
06/30/2011	14,368,005.00		14,368,005.00
06/30/2012	14,367,882.50		14,367,882.50
06/30/2013	14,369,307.50		14,369,307.50
06/30/2014	14,370,805.00		14,370,805.00
06/30/2015	14,367,722.50		14,367,722.50
06/30/2016	14,372,337.50		14,372,337.50
06/30/2017	14,370,080.00		14,370,080.00
06/30/2018	14,369,120.00		14,369,120.00
06/30/2019	14,367,322.50		14,367,322.50
06/30/2020	14,369,522.50		14,369,522.50
06/30/2021	14,367,955.00		14,367,955.00
06/30/2022	14,367,568.75		14,367,568.75
06/30/2023	14,370,442.50		14,370,442.50
06/30/2024	14,368,655.00		14,368,655.00
	356,843,952.50	21,076,355.00	335,767,597.50

BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	6.137115%
True Interest Cost (TIC)	6.137115%
Net Interest Cost (NIC)	6.019253%
All-In TIC	6.292908%
Average Coupon	6.019253%
Average Life (years)	16.506
Duration of Issue (years)	10.038
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	177,843,952.50
Net Interest	177,843,952.50
Total Debt Service	356,843,952.50
Maximum Annual Debt Service	14,372,550.00
Average Annual Debt Service	14,273,758.10
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	37,870,000.00	100.000	5.236%	6.771
Term Bonds	33,725,000.00	100.000	5.900%	13.118
Term 2	41,540,000.00	100.000	6.100%	13.122
Term 3	61,865,000.00	100.000	6.150%	23.123
	179,000,000.00			16.506

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			6,183,107.50	6,183,107.50	
06/30/1999					6,183,107.50
10/01/1999			6,183,107.50	6,183,107.50	
04/01/2000			6,183,107.50	6,183,107.50	
06/30/2000					12,366,215.00
10/01/2000			6,183,107.50	6,183,107.50	
04/01/2001			6,183,107.50	6,183,107.50	
06/30/2001					12,366,215.00
10/01/2001	3,425,000	5.950%	6,183,107.50	9,608,107.50	
04/01/2002			6,081,213.75	6,081,213.75	
06/30/2002					15,689,321.25
10/01/2002	3,635,000	6.050%	6,081,213.75	9,716,213.75	
04/01/2003			5,971,255.00	5,971,255.00	
06/30/2003					15,687,468.75
10/01/2003	3,865,000	6.100%	5,971,255.00	9,836,255.00	
04/01/2004			5,853,372.50	5,853,372.50	
06/30/2004					15,689,627.50
10/01/2004	4,110,000	6.150%	5,853,372.50	9,963,372.50	
04/01/2005			5,726,990.00	5,726,990.00	
06/30/2005					15,690,362.50
10/01/2005	4,370,000	6.200%	5,726,990.00	10,096,990.00	
04/01/2006			5,591,520.00	5,591,520.00	
06/30/2006					15,688,510.00
10/01/2006	4,550,000	6.250%	5,591,520.00	10,241,520.00	
04/01/2007			5,446,207.50	5,446,207.50	
06/30/2007					15,687,727.50
10/01/2007	4,955,000	6.300%	5,446,207.50	10,401,207.50	
04/01/2008			5,290,125.00	5,290,125.00	
06/30/2008					15,691,332.50
10/01/2008	5,280,000	6.400%	5,290,125.00	10,570,125.00	
04/01/2009			5,121,165.00	5,121,165.00	
06/30/2009					15,691,290.00
10/01/2009	5,640,000	6.900%	5,121,165.00	10,761,165.00	
04/01/2010			4,926,585.00	4,926,585.00	
06/30/2010					15,687,750.00
10/01/2010	6,045,000	6.900%	4,926,585.00	10,971,585.00	
04/01/2011			4,718,032.50	4,718,032.50	
06/30/2011					15,689,617.50
10/01/2011	6,475,000	6.900%	4,718,032.50	11,193,032.50	
04/01/2012			4,494,645.00	4,494,645.00	
06/30/2012					15,687,677.50
10/01/2012	6,940,000	6.900%	4,494,645.00	11,434,645.00	
04/01/2013			4,255,215.00	4,255,215.00	
06/30/2013					15,689,860.00
10/01/2013	7,435,000	6.900%	4,255,215.00	11,690,215.00	
04/01/2014			3,998,707.50	3,998,707.50	
06/30/2014					15,688,922.50
10/01/2014	7,975,000	7.100%	3,998,707.50	11,973,707.50	
04/01/2015			3,715,595.00	3,715,595.00	

10 of 13

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1999 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					15,689,302.50
10/01/2015	8,560,000	7.100%	3,715,595.00	12,275,595.00	
04/01/2016			3,411,715.00	3,411,715.00	
06/30/2016					15,687,310.00
10/01/2016	9,195,000	7.100%	3,411,715.00	12,606,715.00	
04/01/2017			3,085,292.50	3,085,292.50	
06/30/2017					15,692,007.50
10/01/2017	9,870,000	7.100%	3,085,292.50	12,955,292.50	
04/01/2018			2,734,907.50	2,734,907.50	
06/30/2018					15,690,200.00
10/01/2018	10,595,000	7.100%	2,734,907.50	13,329,907.50	
04/01/2019			2,358,785.00	2,358,785.00	
06/30/2019					15,688,692.50
10/01/2019	11,380,000	7.150%	2,358,785.00	13,738,785.00	
04/01/2020			1,951,950.00	1,951,950.00	
06/30/2020					15,690,735.00
10/01/2020	12,220,000	7.150%	1,951,950.00	14,171,950.00	
04/01/2021			1,515,085.00	1,515,085.00	
06/30/2021					15,687,035.00
10/01/2021	13,130,000	7.150%	1,515,085.00	14,645,085.00	
04/01/2022			1,045,687.50	1,045,687.50	
06/30/2022					15,690,772.50
10/01/2022	14,100,000	7.150%	1,045,687.50	15,145,687.50	
04/01/2023			541,612.50	541,612.50	
06/30/2023					15,687,300.00
10/01/2023	15,150,000	7.150%	541,612.50	15,691,612.50	
06/30/2024					15,691,612.50
	179,000,000		212,769,972.50	391,769,972.50	391,769,972.50

NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	6,183,107.50	6,183,107.50	
06/30/2000	12,366,215.00	12,366,215.00	
06/30/2001	12,366,215.00	6,183,107.50	6,183,107.50
06/30/2002	15,689,321.25		15,689,321.25
06/30/2003	15,687,458.75		15,687,458.75
06/30/2004	15,689,627.50		15,689,627.50
06/30/2005	15,690,362.50		15,690,362.50
06/30/2006	15,688,510.00		15,688,510.00
06/30/2007	15,687,727.50		15,687,727.50
06/30/2008	15,691,332.50		15,691,332.50
06/30/2009	15,691,290.00		15,691,290.00
06/30/2010	15,687,750.00		15,687,750.00
06/30/2011	15,689,617.50		15,689,617.50
06/30/2012	15,687,677.50		15,687,677.50
06/30/2013	15,689,860.00		15,689,860.00
06/30/2014	15,688,922.50		15,688,922.50
06/30/2015	15,689,302.50		15,689,302.50
06/30/2016	15,687,310.00		15,687,310.00
06/30/2017	15,692,007.50		15,692,007.50
06/30/2018	15,690,200.00		15,690,200.00
06/30/2019	15,688,692.50		15,688,692.50
06/30/2020	15,690,735.00		15,690,735.00
06/30/2021	15,687,035.00		15,687,035.00
06/30/2022	15,690,772.50		15,690,772.50
06/30/2023	15,687,300.00		15,687,300.00
06/30/2024	15,691,612.50		15,691,612.50
	391,769,972.50	24,732,430.00	367,037,542.50

BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	7.170652%
True Interest Cost (TIC)	7.170652%
Net Interest Cost (NIC)	7.030360%
All-In TIC	7.336204%
Average Coupon	7.030360%
Average Life (years)	16.908
Duration of Issue (years)	9.497
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	212,769,972.50
Net Interest	212,769,972.50
Total Debt Service	391,769,972.50
Maximum Annual Debt Service	15,692,007.50
Average Annual Debt Service	15,670,798.90
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	34,290,000.00	100.000	6.238%	6.824
Term Bonds	32,525,000.00	100.000	6.900%	13.138
Term 2	46,195,000.00	100.000	7.100%	18.142
Term 3	65,980,000.00	100.000	7.150%	23.143
	179,000,000.00			16.908

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 432

Revision Date _____	Dept. Affected <u>DOT&PF</u>
Title <u>Airport Revenue Bonds</u>	BRU <u>Commissioners Office</u>
Sponsor <u>Representative Cowdery</u>	Component <u>Office of the Commissioner</u>
Requester <u>(H) ITT</u>	Component Serial No. <u>530</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by Dennis Poshard, Special Assistant
 Division Commissioners Office (D)
 Approved by Joseph L. Pichard Commissioner
 Agency Department of Transportation and Public Facilities

Phone 465-3900
 Date 2/20/98
 Date 2/20/98

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SPONSOR STATEMENT

HB 432

“An Act relating to International Airport Revenue Bonds” Representative John J. Cowdery

This bill amends the statutory bonding limit for the State of Alaska to sell International Airport revenue bonds. The current limit is \$100,825,000. This bill changes the limit to \$280,000,000. The difference between the old amount and the new amount is \$179,175,000, which is the amount of new debt proposed to finance passenger terminal improvements at Anchorage International Airport.

This increased bonding authority is only one component of the financing for proposed airport improvements. Another component includes federal highway funds for curbside improvements and a surface transportation access corridor. A third component is federal airport funding for ramp and airside improvements.

The bonding cap contained in this bill is \$25 million less than a similar bill introduced by the governor. This bill contemplates an additional \$25 million in federal funding. Consequently, we can reduce the amount the state needs to borrow. By taking the \$25 million off the table, it will not be available to expand the project.

	COWDERY PLAN	GOVERNOR'S PLAN
BONDED DEBT	179,000,000	204,000,000
FEDERAL AIRPORT \$	25,000,000	?
FEDERAL HWY. \$	26,000,000	26,000,000

The \$179 + million in proposed terminal improvements represent the single largest public works project the state has ever undertaken. The wisdom of taking on such a high amount of debt, and whether the International Airport Revenue Fund (IARF) can afford the debt, remains to be proven in the committee hearing process.

Several of the small air carriers have expressed concern that the proposed project is too big. They voted against it but they lost. Still, their concerns may be valid and we owe it to them to make the project no more expensive than is necessary.

This bill is also notable for what it does not contain. It differs from the governor's bill in that it does not change the statutes to allow for undefined brokerage fees and unspecified "obligations" to be charged against the IARF.

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Representative
John J. Cowdery

March 25, 1998

The Honorable Bill Williams, Chairman
House Transportation Committee
424 Capitol Building
Juneau, Alaska 99801

The Honorable Gene Therriault, Co-Chairman
The Honorable Mark Hanley, Co-Chairman
House Finance Committee
415 Capitol Building
Juneau, Alaska 99801

Dear Mr. Chairman:

RE: CSHB 432 (IT&T): "An act relating to international airport revenue bonds..."

I am pleased to forward to you the collateral record materials on CSHB 432 for consideration by your committee. The House Special Committee on International Trade and Tourism held five separate hearings, totaling 8 hours with testimony from 20 witnesses. The preponderance of testimony was in favor of the project.

CSHB 432 increases authorization for the state to sell revenue bonds from the present level of \$100,825,000 to a new level of \$280,000,000. The additional increment of \$179,175,000 will be used to construct improvements at Anchorage International Airport (AIA). The increased bonding authority is only one component of the financing for this project. Another component includes approximately \$26 million in federal highway funds for curbside and access road improvements. Still another component includes FAA funding of approximately \$25 million. The total, all in, project cost is estimated to be \$230 million. This bill, however, is about only the \$179.2 million portion relating to revenue bonds to be guaranteed by the International Airport Revenue Fund (IARF).

The difference between the original version of HB 432 and CSHB 432 is one amendment, which is the new Section 2 of the CS. It requires DOT/PF to submit an

advance fiscal year spending plan to the Legislature by January 1st each year of the project.

In the course of our extensive hearings, the IT&T Committee amassed a great amount of paperwork in connection with HB 432. In order to facilitate your committee's further consideration of the bill, I've prepared three volumes of binders containing a copy of every document submitted to my committee during this hearing process. Each document is tabbed with a number. A Master Index to the tabbed documents is in the front of each volume.

I would highlight the following items that may assist you:

- A contact sheet of witnesses and state officials is in Volume II, Section VI, Tab B.
- A bibliography of all documents and reports prepared by DOT/PF and their consultants is located in Volume I, Section II, Tab B at Attachment #4.
- The unabridged Plan of Finance is located at Section II, Tab Q.
- The Letter of Intent (LOI) for FAA funding is located at Section II, Tab R.
- A summary of key points that deserve further elucidation is included as the last section of this letter.

I hope that by presenting the information in this way that it will assist your committee to identify issues that have been adequately covered and other issues that still need legislative perusal.

There are 25 signatories to the Airport Airline Operating Agreement. The Agreement requires that two thirds of the members must vote against a project to disapprove it. Approval takes a one third vote. Abstentions count as a yes vote. The signatories voted 13 Yes and 12 No. The yes votes comprise 60% of the revenue generated at AIA. Strictly among domestic carriers, the support was stronger. Domestic carriers comprising 89% of AIA's revenue voted yes.

Still, it was my intent to ensure that the small air carriers who comprised the minority vote had an ample opportunity to present their issues. Representatives from ERA, and Northern Air Cargo made valuable contributions to the record that reinforced the committee's resolve to keep the project within manageable scope and limited indebtedness. In fact, it was because of prior input from the smaller carriers that I introduced HB 432 and reduced the bonding authority by \$25 million compared to the governor's proposal. (The difference to be made up in federal airport aid funds that must be targeted to specific project costs.) I urge you to maintain this difference in any substitute bill that issues from your committee.

IMPORTANT ISSUES:

1. Overall construction period from 1999 to 2004 seems too long. A critical path chart, however preliminary it may be at this point in time, would be a good reference. None has been submitted yet.
2. Along the same line, care should be taken to ensure separate sub-projects are completed in carefully coordinated, discrete time packages. The best information we have on discreet sub-projects is Commissioner Perkins letter dated March 19, 1998 which can be found in Volume I, Section II, Tab F of the IT&T Committee Binders accompanying this memo. This is important information because, to the extent possible, we want contracts sized to the capabilities of Alaskan contractors. There is a balance to be struck between the number of contracts issued and maintaining sound interface between them.
3. The relationship of the Cargo Master Plan to the overall Airport Master Plan is a little fuzzy. There should be only one Master Plan containing a comprehensive view of development for the whole airport. At the very least, the Airport Master Plan cannot be considered complete until the Cargo Master Plan is completed. It is not yet completed. So there is some uncertainty about the ability to pay for future cargo-related capital projects, within the amortization period of the current project, because they haven't all been identified. (Feb 24 Minutes, page 22, Tape #0532) Aside from the phantom Cargo Master Plan the Airport's CIP lists \$176 million in projects during the planning horizon of 6 years.

4. A two and a half year construction period for Concourse C may be unnecessarily long.
5. Mr. Eberle's testimony that DOT/PF will not staff up, but will use contractors, should be held to. One of the legislative goals should be to maximize Alaskan contractor content in this project.
6. Additional information should be developed about the possible need for interim financing, such as Bond Anticipation Notes, as suggested by Mr. Ross Kinney, State Treasurer. The FAA money will come in annual allocations over a span of time longer than the construction period. Mr. Kinney and the Airport's financial consultant, Mr. George King, are worried that they won't have enough money on hand to pay for construction as needed. However, given the contingency amount (20%), the Passenger Facility Charge revenues that are not yet included in the financing (\$6 million per year), interest during construction, the unexpended balances in IARF CIP funds, and surplus revenue in IARF that is traditionally rebated to the air carriers, it would seem that actual cashflow will be amply sufficient for construction. Bond Anticipation Notes may play a role in this project but not for the reason that there will be inadequate funds during construction. More likely they will be needed if IRS requires two offerings instead of one. The Finance Committee may want to investigate the likelihood of IRS approval of a single bond offering plan.
7. Additional investigation is required into the IRS rules requiring bond proceeds to be expended within three years. Testimony indicates a bond sale in 1998 and project completion at the end of 2003, a five year period. Despite DOT/PF's contention that one bond package is a must, it may be necessary to have two bond offerings. (ibid, page 27)
8. DOT/PF has not yet answered the question, "what project components can be discarded or delayed if costs exceed available funds." They seem to be worried that the legislature will curtail the project if they admit to a prioritization. If no prioritization is made now, then in the event of cost over runs the only option will be to increase expenditures. The legislature should keep both options available; to curtail or to increase. There is built-in resistance to curtailment. Herein, raising the

prioritization issue should not be considered as advocacy for curtailment. Instead, it is raised out of necessity for thoroughness in the legislature's review. Chairman Cowdery asked what curtailments would have to be made if interest rates climbed a hundred basis points (1%). Mr. George King responded that a 100 basis point increase would have no effect because the financial model has that much of a cushion built into it (see Volume III, Section VI, Tab D, IT&T Minutes for 02/25/98, Page 12). Staff's conclusion is that it is early enough in the process so that the project will be designed to fit the dollars available.

9. DOT/PF submitted a Letter of Intent (LOI) to FAA dated March 2, 1998 (Tab #). The IT&T Committee received a copy on March 19, 1998. The LOI is a one inch thick document that contains information that may have escaped review by the IT&T Committee, though a draft was provided to the committee's consultants. The LOI is a \$48 million funding request for capital projects within and outside the scope of the project envisioned by HB 432. A clear delineation should be made about which projects in the LOI relate to the HB 432 project and what is their cost. Mr. Ron Simpson is the FAA contact on this matter. A hole exists in the record about what we can expect the annual payments to be from FAA if the LOI is approved.
10. Passenger Facility Charges (PFC's) is a HUGE issue. The Governor does not want to address the issue of PFC's this year, election year, probably because it can be viewed as a tax. Therefore PFC's are not part of the financing plan, or debt reduction plan, for this project. FAA testified that Alaskans are paying PFC's but the money is going to airports outside, mostly SEATAC. Among municipally run airports, Juneau, Ketchikan, Kenai and Valdez are in various stages of consideration and application for PFC sponsored projects. FAA recommends we adopt PFC's for Anchorage and Fairbanks. It would mean about \$5 to \$7 million per year in added revenue, which must be spent, on specific airport projects. One argument against PFC's is that it would reduce the dollars we get from FAA's Entitlement Program. This is partly true. Actually, the decrease would only be for funds for Anchorage International Airport and would be offset by increased funds available for other, rural airports (according to Ron Simpson FAA). Hence rural communities will benefit from this

project. Additional explanation about limitations on how PFC's can be spent should be put in the record.

The IT&T Committee considered an amendment to require that PFC's, if and when they are levied, must be used first to pay off bonded indebtedness, and then for other uses as allowed by statute. However, State Treasurer, Kinney, testified that the likelihood of an early redemption is a disincentive to bond buyers and might result in a higher interest rate. The amendment was withdrawn. The Finance Committee may wish to verify this information or explore other ramifications of having the PFC cashflow available.

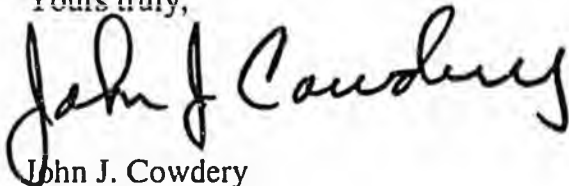
1. AIA's Terminal Project Manager, Mr. Kettner testified that they have an overall 20% contingency built into the project cost. How should this money be used if it is not needed for contingency costs?
12. The State Treasurer requested several amendments to reinforce the statute allowing the Bond Committee to delegate authority to staff, and, to purchase credit enhancements. As Chairman of IT&T, I have no strong objection to these amendments. I did not bring them up for active consideration because they seem redundant and are couched in jargon. However, I recommend these amendments be reviewed by the Co-chairs of the Finance Committee. The amendments are found at Volume I, Section I, Tab F.
13. The IT&T Committee did not delve into the environmental protection requirements that may be associated with this project. Commissioner Perkins letter of March 19, 1998 makes reference to an Environmental Assessment that is underway to comply with the National Environmental Protection Act. However, IT&T neither received nor solicited testimony on this aspect. I urge the Transportation Committee to include environmental issues in their overview of CSHB 432.
14. We tried to assess the ability of the AIAS to remain competitive after the rate increases are levied consequent to this project. The IT&T Committee Consultant Report indicated that some comparisons of landing fees were misleading because some airports include fuel flowage fees within their landing fees and AIA does not (Volume III, Section V, Tab A). Despite this discrepancy, that data and testimony by

airport officials and their consultants indicate that AIAS will remain competitive with U.S. airports. However, no data was submitted regarding competitiveness with international airports in Pacific Rim countries.

15. It is recommended that the Legislature develop a mechanism for directly tracking progress and problems during the course of the project. Programmed legislative oversight will by its very implementation increase conscientiousness among the parties involved in disbursing the huge amounts of money involved in this project.
16. Finally, instead of a public offering for the bonds, the IT&T consultants propose that the state explore the pros and cons of a private placement with the Permanent Fund Corporation. Substantial savings could accrue due to elimination of fees and credit enhancements.

It is my hope that this letter and the accompanying information will make your committee's work easier and enable you to avoid unnecessary duplication of effort. My office will make any request from you on this matter a top priority.

Yours truly,



John J. Cowdery
Chairman
International Trade and Tourism

Cc: Commissioner Joe Perkins

SPECIAL REVIEW

HB 432

**ANCHORAGE INTERNATIONAL AIRPORT
REVENUE BOND AUTHORIZATION**

for

**ALAKSA HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND
TOURISM**

Report prepared by:

March 19, 1998

**Dr. Heinz Noonan,
Economist, Airport Planner
Stephen F. Wells,
Certified Internal Auditor**

EXECUTIVE SUMMARY

Within the time allowed a special review was conducted on behalf of the Alaska Legislature, Representative Cowdery. The following are some of the keys points.

1. **The Anchorage International Airport (AIA) Concourse C project has been thoroughly examined and alternatives considered.** There isn't any reasonable design that cannot be discussed at length. What may not have been presented or may need further exploration is a design that meets the estimated needs of the airport to year 2015. The current design to 2005 may not meet forecasted needs within 5 years if estimates by AIA are accurate.
2. **Information data, particularly the financial data, needs to be entirely accurate and complete.** Therefore, the process for assuring that happens may need some refinement. The IARF Controller and his staff need to review all financial data before it is released. That is not happening. The result is that certain information may be inaccurate. When the bond package is reviewed in the due diligence process, there should not be any unresolved questions in this area.
3. **Air cargo is the major revenue producer at the AIA. Without the completed Air Cargo Master Plan or a clear determination of the capital projects needs for air cargo, it is difficult to understand how the total debt capacity can be determined.** Additionally, how the terminal costs, the air cargo costs, and current list of \$175 million in CIP might impact one another does not seem clear at this time.
4. **Cost control for this project to insure that any significant escalations are minimized will require certain commitments from all parties. Some design uncertainty or at least alternative design possibilities might significantly change the cost picture.** This project does have some high-risk construction portions particularly in the main terminal area. The DOT/PF and AIA should insure that certain key staff members be assigned to report only on the costs and that function should report differently than the Design and Construction function to insure cross checks and unbiased reviews. This could be easily accomplished by the IARF Controller's office. If the Legislature desires to maintain an **independent oversight** role throughout this project, you may want to require that such a person be involved and report directly to the Legislature. That function could provide for immediate project status reports in terms of design changes, construction progress, use of funds, cost control, and specific inquiry feedback.
5. **Impact to rates and fees was difficult to report in a short version answer. The formulas for how other airports determine this comparative data are different and result in an apples to oranges comparison.** There may be a method for accomplishing this by identifying one or two common aircraft and finding out how much it costs for that particular aircraft to land at any given airport. That information was not provided but could be determined. How this or future projects might impact the current rates and fees only at AIA can be determined but only if the assumptions and formula is clearly defined and understood. **This needs further review.**

Airport Bond Questions:

Introduction:

In all fairness to the AIA we must say that there has been considerable effort made toward presenting as complete a package of information as may be possible. Numerous staff and consulting hours have been incurred in preparing more reports than we could possibly review in detail. Therefore, it is entirely conceivable that the AIA has answers to any questions we may raise and that those answers have already been covered in a report somewhere. We have briefed both Dave Eberle and Mort Plumb of the general nature of this report and some of its specific findings in order that they may be prepared for your questions or so that they could supply us with any additional comments they might have. They have not received a copy of this report.

Because we have been asked to review certain information related to the Anchorage International Airport proposed bond package, we have agreed to try to answer certain questions and provide additional information. Also because we want to provide a cost effective product we will avoid duplicating efforts that have already been expended, but may in some cases evaluate already provided information. Our review was limited to information available at AIA. Discussions with airlines or consultants were not done due to time constraints. Therefore, there may be additional information which might need to be considered.

Question:

- 1. What is the total debt capacity of the International Airport System?

The simple answer is that there is no singular dollar debt capacity that remains constant.

The short version answer is that the level of activity and associated revenue at the Anchorage and Fairbanks airports (IARF) are tied together to calculate bond capacity given a point in time and certain assumptions. More directly the current bonded debt of approximately \$33 million and the proposed bonded debt of approximately \$200 million is within bonding capacity of the IARF but only if certain conditions are met. If the IARF is willing to accept a lower credit rating then the amount of the bonded debt could conceivably be as much as \$400 million.

The long version can not be covered in the limited time allocated for this report but requires a due diligence review by qualified bond counsel. Additionally, should further review be requested we would be available to assist where possible.

- 2. Is the borrowing capacity for Anchorage International Airport(AIA) legally separate from Fairbanks International Airport(FIA), i.e. does debt incurred for AIA project affect the borrowing capacity for FIA?

The simple answer is NO the borrowing capacity of AIA and FIA are not separate but are linked together in the form of the International Airport Revenue Fund (IARF). And to continue, YES debt incurred at AIA does affect FIA borrowing capacity and vice versa.

AIA has historically subsidized operations at FIA because Anchorage generates excess revenues and Fairbanks has lost money consistently. While this is not a popular statement, it is true, and can easily be seen in any of the financial statements for the airports. What it means for your purposes in this question is that anything which either reduces revenue or increases cost at AIA will have a significant impact on FIA's ability to justify any bond financed improvements. Regardless of where the projects are located (AIA or FIA) the impact is to both airports as they affect the IARF in total.

3. After the proposed project is complete, what will be the plane/passenger capacity at AIA and how long will this capacity satisfy anticipated demand?

AIA has answered that "The project is designed to accommodate 3,000,000 enplanements or 6 million passengers, which are projected for the year 2005." Additionally, they answered that "...an additional four jet gates may be needed in about 2010 with another four jet gates in about 2015."

The Hirsh report, ("Final Report, AIA, Terminal Expansion Study, date 12/22/97, Hirsh Associates") table II-1 indicates that by 2005 the total enplanements are estimated to be 3,070,000 and by 2015 the enplanements will total 4,440,000 or almost 9 million passengers.

4. What are the long-range capital improvement plan and accompanying cost estimates for AIA and FIA? Match funding sources to the project in the long range capital improvement plan and compare to debt capacity.

This is a complicated question. Numerous reports have been generated which cover parts of this question. We'll try to summarize **but** what you may want to ask for is what we normally call a "Source and Application of Funds" statement(s).

AIA CIP	Estimated Funding/Costs
FY99	\$25.150 million
FY00	\$23.150
FY01	\$22.100
FY02	\$16.400
FY03	\$35.050
FY04	\$20.400
total	\$142.250 million

FIA CIP	
FY 99	\$6.359 million
FY00	\$8.050
FY01	\$7.368

FY02	\$5.937
FY03	\$3.220
FY04	\$2.200
total	\$33.134 million

IARF total CIP \$175.384 million

Part of the answer for the source of funds is that IARF revenue normally provides some of the funding and FAA AIP provides some funding. When you look back to previous CIP projects that have been approved and not yet built it is hard to understand how future projects will really be paid for. The "reserve account" is for previously approved projects that may or may not have received planned-for AIP funding. If the federal funding portion were revised, cancelled or funded by IARF revenue this would impact future projects, debt capacity, etc.

5. How does the fund for the proposal presented in HB 382 differ from funding methods used for past terminal projects at AIA and FIA?

In past terminal projects a combination of bond funds and revenues or cash has been used to pay for the projects.

6. What are the historic balances of the IARF? Show which major capital projects were funded in which years?

The published financial reports for the IARF for each year has a schedule in the very last pages which I find most useful and comparative for AIA and FIA, but they do not show relationship to projects.

Historic Balance -Net Income (Loss)

	AIA	FIA	Total IARF
FY97	\$8,615,979	(\$7,270,270)	\$ 892,709
FY96	\$6,584,122	(\$7,336,665)	(\$ 469,543)
FY95	\$4,341,090	(\$6,689,017)	(\$2,347,927)
FY 94	\$1,261,104	(\$7,292,081)	(\$6,030,977)
FY93	\$3,416,468	(\$7,242,494)	(\$3,826,026)
FY92	\$8,004,223	(\$7,892,669)	\$ 111,554
FY91	\$16,604,397	(\$8,258,443)	\$8,345,954
FY90	\$21,562,965	(\$7,837,424)	\$13,725,541
FY89	\$26,282,113	(\$6,802,607)	\$19,479,506
FY88	\$24,943,829	(\$7,121,223)	\$17,822,606

What this information should clearly demonstrate is that from a strictly financial point of view, FIA should carefully consider any project which might increase it's operating costs and further impact its net income and ability to repay debts. Certainly without the support of income from AIA, the rates and fees at FIA would be considerably higher.

What the impacts are when the total fund is at a loss should be explained by the IARF Controller.

The AIA provided a list of major projects and year of funding in their 3/4/98 response, attachment #6.

7. How long is the proposed project's life and how long is the amortization period?

The AIA has responded, "Industry standard building design life - 30 years and Bond amortization period - 25 years"

8. Under the current proposal, how long will it be before AIA will need to be expanded again?

There is a strong possibility, that if estimates and projection within the AIA reports are experienced, that within 5 years and again in 10 years after this project is complete there will be another expansion project needed for passenger growth and gate needs. Those alternatives can be seen in the new "finger" alternatives that would extend out from the new Concourse C.

The proposed project's design life and useful life for demand purposes may be different. As has already been shown the demand may require more building by 2010 or within 5 years after this project. In all fairness, however, the planners have alternatives (at more costs) which can be expanded to meet growth demands. That information may not have been presented or clearly explained. Certainly the AIA can explain in detail why this project is being design for 2005 instead of 2010 or 2015.

9. In light of AIA traffic growth projections, has the building of a new terminal been seriously evaluated?

YES.

In the "Sketch Planning Process" Technical Report dated 1/2/98 by McCool Carlson Green Team, you can find numerous alternatives, their evaluation process, and a recommended 2005 conceptual design. In discussion with Mr. Donn Ketner, he indicated that as many as 15 different alternatives have been considered. When you review the document mentioned above you see an evolutionary process unfolding. Sophisticated models of evaluating which alternative would be presented were utilized, as well as decisions about what items would be of more importance. The AIA team should answer any specific questions about design alternatives.

10. Is a 25 - year debt being incurred for a remedy that will only be adequate one or two years after completion?

Very possible, and certainly within 5 years as their own information and forecasts state.

11. How will the AIA landing fees compare nationally after the proposed \$165 million in debt is incurred?

One critical point that you may have heard in testimony before the committee is that at AIA and FIA, you need to combine landing fees **and fuel flowage fees** in order to make a comparison to many airports who only have landing fees. You need to have an apples to apples comparison. What you have been given is an apples to oranges comparison. How the landing fee number is generated by the industry can reflect entirely different cost information.

What is needed and what could be supplied if we had more time is a simpler way to making a comparison at different airports. For instance, it should be possible to use a standard aircraft size and configuration to determine what it would cost for that particular aircraft to land at different airports. In that manner you would get an apple to apple comparison. How the fee was developed and what different cost information was used to determine the fee wouldn't matter as much because the end result would show what it would cost that particular aircraft.

12. How will higher tariffs affect AIA and FIA ability to finance future expansion and attract new carriers?

Certainly the ability to finance future expansion projects through revenue bonds will be affected. As the AIA has explained if there is a demand then presumably there will be a resultant way to pay for that demand by those who needs the services or facilities. Attracting new cargo carriers could be a problem IF this project precludes further air cargo projects due to limited funding or revenue. However, if rates and fees are still competitive then improvements should be possible.

13. How much money is in the IARF at this point?

The AIA has responded that there is approximately \$78 million in the IARF as of 6/30/97.

The financial statements show that it is probably an asset consisting of investments at \$77,327,177.

14. How much money in the IARF is being held as collateral for debts?

The AIA responded that "Approx. \$36 million was in reserves required by the AIAS bond resolutions and operating agreement;"

15. How does the passenger facility charge system work?

I believe that the FAA testified in answer to this question.

16. How will reduction in the requested bond authorization from \$304 million to \$280 million affect the project?

The AIA indicated that they may need to request additional bonding authority if they fail to secure federal funding.

In trying to analyze how further reductions in funding might affect the project was difficult. The only pieces we identified that might be worth further review were the main terminal ticketing and baggage claim construction and remodeling. There seems to be another way to accomplish this in the new Concourse C. The part that we couldn't ignore was the need for certain code remodeling needs. How that all gets broken down into its respective costs would have required more review on our part. Perhaps the AIA could supply this information.

Additional Information:

During the process of obtaining information for the specific questions asked by the Legislature, there were certain categories of information which either appeared to answer questions the Legislature was interested in or pointed to questions that might still need to be answered.

This additional information may be useful in your deliberation process. We believe that the DOT/PF and AIA may want to comment on certain of these items.

In line with Commissioner Perkins request to keep Dave Eberle informed of our needs and information, we have met with Mr. Eberle on three occasions and have generally informed him of our progress and results. This report, however, has not been distributed to anyone other than to Mr. Marco Pignalberi in draft. This information was fully discussed with Mr. Pignalberi on two occasions.

Throughout our review process we have found AIA to be very cooperative.

Design Comments:

When we first started out with the information that was initially supplied to us, we believed that there might be certain design questions that had not been adequately considered. Because we questioned Mr. Donn Ketner in this area at some length, we now can state that we believe the AIA has adequately reviewed most possible alternatives that can be imagined within reasonable limits. There has been considerable work devoted to examining alternatives from various sources including the airlines. Almost any idea for reasonable development has received detailed examination. Mr. Ketner was able to discuss any question in a very knowledgeable manner and supply supporting detail.

We were very impressed with the work that has gone into the design effort and the resultant alternatives that have been documented.

Because of that extensive effort, we believe the Legislature could ask for and receive detailed information about any alternative that you might be interested in examining.

What we also determined is that it is very possible to reconstruct Concourse C without the remodeling portions. There are alternatives which allow for predicted future growth. The AIA can provide the estimates for the additional costs. Such a design has not been totally presented to the Legislature in this bond package. We question why the project has not been designed for 2015? We believe the AIA may have answers which should be provided which might explain more fully why the 2015 design was not chosen.

Most of the costs of this bond package are not for reconstruction of Concourse C and the predictable growth but to remodeling of the existing main terminal areas. As such there is a considerable risk associated with the remodel of the main terminal because of its age. Therefore, there is also a considerable likelihood that additional and unexpected costs may occur. The main point here is that this portion of the project is high risk and potentially more costly.

In examining the design process a few questions do come up that may need to be explained.

1. How can this or any design and associated major construction project be considered without reasonably asking what the needs of and impact will be to the air cargo operations, the major revenue producer?

We know that at least some effort has gone into the needs and resultant projects that air cargo will have because of the recently prepared LOI that has issued to FAA. Therefore, AIA should be able to report what air cargo development is needed .

2. What assurance does the Legislature have that the concept design presented will be the design that is built and, therefore, shouldn't a final design be presented before funding of this amount is requested?

Although a concept design has been presented to the Legislature, it is our understanding that such a design is not binding in any way other than as a total price tag. We have heard explained that this process is the way it is done at other airports around the country. Our understanding is that this design could and may be changed several times in significant detail before the project is built.

We understand that the normal DOT/PF design and construction process is to have a complete design before full funding is generally requested. Design work is a separate funding item usually accomplished before the legislature appropriates money for the construction project. There may be exceptions such as design/ build projects.

So the issue seems to be whether to allow the AIA to issue bonds before a design and costs are finalized and to maintain some oversight on the process or to wait for various reasons.

3. Should Concourse A be a regional only terminal providing a separation from jet only operations and giving the ability to meet the future needs of the regional carriers in a cost effective manner? Has this option been given due consideration and what are the specific issues?

When we reviewed the design alternatives, it became apparent that some consideration had been given to moving all **regional operations to Concourse A**. One of the reasons given for not pursuing this design was that the FAA saw some problems. When we reviewed the FAA letter, we remained unclear as to any serious objections. Furthermore,

there was no letter from the FAA that we were given which discussed the possible safety considerations to having both jet and non-jet aircraft operating in the new Concourse C areas together. **Perhaps there should be a letter requested from FAA that discusses any potential safety problems associated with the current design where jet and non-jet operations are both located at Concourse C.**

The only argument that we heard which seemed to raise a good question was that if the regional carriers were all in Concourse A, then their passenger would have a long walk to get to Concourse C if they had a connecting flight in that area. However, the reverse argument will also be true. So someone is going to have to walk.

The Hirsh report (AIA Terminal Expansion Study, Domestic Terminal Facilities Requirements, dated 12/22/97), page 10 states that "it is estimated that **less than 5% of the peak hour passengers are connecting directly from one flight to another.**"

Further explanation of this option may need to be provided by AIA and the airlines.

4. **Peak Hour Passenger Design:**

To illustrate how numbers and statistics may be viewed differently, the following statement is true and uses numbers from AIA reports, but is presented here in a different view.

The design presented in the bond package is based on peak hour passenger volumes as a **standard industry method of designing terminals**, resulting in a facility designed to meet the needs of at most **0.07% of the annual enplaning passengers at AIA**, or at most 8.7% of the daily passenger activity during the peak month of August, occurring only between the late night hours of midnight and 2 AM. (Annual enplanements 1997 total 2,076,936, peak hour passengers enplaned 1,460 or .0007 see Hirsh Table II-1 after page 10)

A person might question whether such a design and design criteria meets the needs of Alaskans. Perhaps the design is merely for certain tourists traveling late at night only in the peak month of August. A person might also ask whether the airport's future was in passengers or with air cargo where 70% of the revenue is generated.

5. **Baggage Check-in/Claim Needs:**

A considerable portion of the bond package design deals with the need for additional baggage claim area. Whether that need should be accommodated through a remodel of the main terminal or in the new Concourse C might be questioned further. We did note that in the Hirsh report there were recommendations as follows, page B-6,B-9:

"Direct transfer of baggage from aircraft to cruise ships and hotels for land packages could initially be implemented at AIA without significant terminal construction or investment by either airlines or the tour companies."

Additionally, "Remote check-in could potentially provide the highest level of service to the passenger with the least amount of confusion, but be more difficult to implement."

The reports that we read do not address how the airlines could modify their operations to accommodate some of the peak time problems. For instance, we specifically looked for but did not find discussion of the airline's staffing at check-in counters and at baggage areas. Were the airline staffing levels at maximum during these peak hours? If that type of information is available, it might be interesting to examine further. If not, then further discussion with the airlines might be warranted to determine the extent to which operations issues might mitigate some of the problems.

What these statements seem to suggest is that there may be alternatives to construction which might address the peak hour passenger volumes needs. What might be interesting to hear is how these recommendations affected the main terminal remodel design. The AIA may be prepared to address these comments.

Cost Comments:

1. What assurance does the Legislature have that this bond package amount will not increase or be insufficient to meet whatever design is eventually constructed and how accurate are these numbers?
2. Who has committed to repay these bonds and where is that written commitment? What risk does that imply and what is the AIA plan to cover such a risk?
3. **Will the AIA Controller be required to provide written assurances for the bond package that the accounting information and cost information is accurate, complete and in accordance with generally accepted accounting principles?**

There are already indications that the costs associated with the bond package may differ considerably before construction begins and may require the Legislature to authorize additional bonding limit. Specifically, there has been **no written assurance from either FHWA or FAA** that monies in specific amounts will be made available or are even eligible on the part of the FHWA. Without federal funding the future bonding capacity and ability to construct either air cargo improvements at AIA or other bonded improvements at FIA may be severely impacted.

The high risk associated with remodeling the main terminal area may encounter changed conditions and more costs.

The fact that the Operating Agreements will expire in July 2000 may have a material effect on the bond sale unless there are written commitments from the users of the facility that will repay the bonds. There may be a strong resistance to signing a new operating agreement if there is a material impact to rates and fees. This issue should be addressed by AIA and the bond counsel.

The following are certain cost or accounting issues that may need to be further examined or clarified:

1. In a recent submittal dated March 4, 1998 to the Legislature there were several attachments to answer questions that had been asked. In Attachment 8 "Status Report" there are several pieces of information that may need clarification.
 - a. At the top of the page titled Concourse C Funding, there are three appropriations, AR65837, AR59898, AR 63836 totaling \$14,700,000. When AR 63836 for \$4.5 million was submitted to the Legislature there was a commitment to seek AIP funding in the amount of \$1,690,000 (see Attachment 9, page 1, 1994 AIA Term Expand Design, near the bottom of the list). **Has the AIP funding been requested or received, and if not, please explain?**
 - b. Within the text of the Concourse C Funding report, noted above, there is a line item for Terminal Schematic Design, Schematic Design and Admin in the amount of \$605,878. Directly above that is the line item Terminal Assessment totaling \$2,400,000. This information was prepared by the AIA consultants. **Was this information substantiated or verified with the AIA accounting section? What was their input or response as of 2/11/98? Did it differ from the information being presented to the Legislature? Please explain.**

2. Leif Selkregg Associates:

The contract for Leif Selkregg Associates and the resultant increases in contract value might be viewed as a measure of what could be expected throughout this project if a person were somewhat suspicious.

The original contract for Task 1, dated 9/20/96 estimated that overall services would "be in the range of \$1,000,000". The next contract, Task 2, dated 11/1/96 estimates that overall services would "be in the range of \$1,200,000". All subsequent contracts for additional tasks do not contain an estimate of overall services costs.

Therefore, we reviewed the project cost reports dated 3/11/98 to determine what the budgeted to actual costs are running for this project and found that the Leif Selkregg authorized contract amount is now at **\$1,611,082.16**.

Furthermore, we examined the period of performance for the tasks to determine if there were any controls on the amount of time that was being permitted to accomplish the required work. What we found was that up until Task 3 , Amendment 2 there were cut off times when work products were suppose to be completed. With that amendment all cut off times were extended out to 12/31/2001.

From a cost and control point of view there seems to be few if any dollar limits or time limits and therefore, there is a strong possibility that in addition to the already significant increase of 60+% there could be other increases in the amount of the contract.

There may be a need to review this contract, the State Procurement Code, and the reasons for these increases in cost and changes in control. We have not discussed this issue with the consultant but have provided the AIA with this comment. Perhaps the AIA has additional information at this time.

3. In answer to your questions about "What percentage of the budget will be for Contingency, Planning, Design Engineering " the AIA responded to you on 3/4/98 with the following schedule:

Contingency	10%	
Planning	02%	
Design & Engin, Const Admin		10%
Project Admin	02%	
Construction	76%	
Total		100%

To summarize they answered that 76% went to construction and 24% went to **Planning Design Admin or Contingency (PDAC)**.

We reviewed that information to see if we could determine if there might be additional information available. In the AIA Terminal Concept Package Report #8, (dated October 1, 1997 in the Cost Estimate section on pages 3) there is a summary report which breaks down the cost for a project total of \$190,755,354. If you were to prepare a schedule of all the PDAC costs as shown in the supporting schedules what you would find is that there are \$68,525,867 in PDAC costs or a 36% factor instead of a 24% factor. If you choose to explain the PDAC as a percentage of only the construction cost (\$122,229,487) then the resultant PDAC % would be even higher at 56%.

4. We wanted to know if there was a simple formula for determining what the impact might be for each additional \$1 million in CIP and what that would do to the landing fee.

The short answer is that using FY 2002 as a base year, not counting the bonded project, and after using the available IARF funds which would be approximately \$13 million, there would be a \$0.0333 increase in landing fees for each \$1 million in CIP.

5. We have seen different interpretations on the airline vote for this project presented in different reports. What is implied is that there is a majority of support for this bond package and design. Perhaps with all the changes in design and different cost presentations, there should be **another vote by the airlines to confirm their continued support**. Such a confirmation might be most useful in the bond package if there is no progress toward new operating agreements until year 2000.

6. Interest Rates:

The AIA has used the approach that if we wait until next year the interest rates could be higher. In recent discussions there has also been the statement that if we move ahead this year we will be in a position to take advantage of any lower interest rates next year. The later statement seems to have merit.

We examined this question and have determined the following:

The short answer is that **interest rates are likely to drop even further.**

The long answer is:

Mr. Paul McCulley, Chief Economist for UBS Securities recently stated that the Federal Reserve and its Chairman, Alan Greenspan have won the war against inflation and high interest rates. In his semi-annual Humphrey-Hawkins testimony, Dr. Greenspan indicated the economy was in great shape. The economy is "delicately balance between inflation and recession".

During the next twelve to eighteen months the Federal Reserve will react favorably toward the US financial markets by shaving 100 to 125 basis points from the benchmark rate of 5.50 percent. In our opinion the interest rate cut will formally start this summer (1998).

Dr. Greenspan will chop away at interest rates in a very cautious manner. The last interest rate cuts came in three steps starting in July 1995 and ending in January 1996. This monetary move caused short-term interest rates to decline from 6.00 percent to 5.25 percent. The lower interest rates will provide a monetary hedge for the US economy against the Asian economic problems that will hurt the US economy and corporate earnings in the second half of 1998. The Federal Reserve and its short-term forecasts on the health of US economy have not been very accurate, as noted by Dr. John Shaughnessy, Chief Investment Strategist for Advest, Inc. The Federal Reserve economic growth forecasts has been by far too conservative. For example the Central Bank had forecasted a 1997 growth rate of 2.25 percent in Gross Domestic Product compared to the actual growth of 3.9 percent.

In a recent speech at Carnegie Mellon University, Lawrence H. Meyer, Federal Reserve Board Governor, noted that we have a good news economy that has a "remarkable combination of healthy growth, low unemployment, low inflation, a soaring stock market and a declining federal deficit". He said he could summarize the recent economic performance into a single sentence. "We have been recently blessed with relatively strong cyclical growth, the lowest unemployment rate in 24 years, the lowest inflation in 31 years, an impressive investment boom, soaring equity prices and a 5-year decline in the federal deficit".

RECOMMENDATIONS:

1. Should the Legislature decide to move forward with a bond package authorization in any manner which allows the AIA to continue with this project, we strongly recommend that there be some mechanism which allows you **to maintain a continuous oversight of the project** by having a assigned person to be a part of the project team (with no decision making responsibility) to merely provide oversight and reporting to the Legislature. That person may not need to be full time but should plan on being involved in status meetings every week. That person could easily be funded out of the project. That person should be experienced with and knowledgeable about the AIA and its processes. This effort could be considered part of the Quality Control process.

2. The Legislature may want to consider a bond authorization by approving a **private placement or partial private placement of the bonds with the Alaska Permanent Fund**. This potential option could offer some significant interest cost, financing cost and opportunity cost savings. At the same time, it should be noted that the current bond resolutions prohibit private placements or privately negotiated sales. Those resolutions would have to be amended.

3. Several of the comments we made in the Cost Comments portion of this report are intended to point out the need to have accurate and complete information. We are concerned about the process. **We recommend that all financial information be reviewed by the IARF Controller before it is released.** That is not being done at this time at either Anchorage or Fairbanks. The problem is that without this review, there is a strong possibility for error which has been demonstrated in some of these comments. If we had more time to do an in-depth review we could provide more examples. The need is to insure that the process is providing accurate and complete information. Certainly when the bond package is reviewed in the due diligence process this financial information and the process used to present the information will come into question and be of critical significance.

TONY KNOWLES, GOVERNOR

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

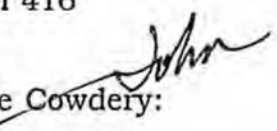
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March 19, 1998

The Honorable John Cowdery
Alaska State Legislature
State Capitol, Room 416
Juneau AK 99801

Dear Representative  Cowdery:

The Department has been asked to respond to a number of committee questions regarding the Anchorage International Airport (AIA) redevelopment project. I want to provide you with a summary of key issues.

Contracts Process

Questions have been asked as to the details of the contract packages for the construction of the facility. We have not been definite with our answers as the magnitude and composition of the final contract package will not be finally determined until design has been initiated. However, we have a preliminary listing (enclosed) of the contracts as we now see them. I emphasize that this is subject to change as design progresses. The procedure we will use to develop final packages is to complete a detailed critical path schedule of the entire project. This will allow us to identify long lead time materials and closely examine the potential contract interfaces. We will then balance the need to spread the work versus the risk the state will assume at contract interfaces. As an example, we would not want the start of a major critical path item to be dependent on the completion of a small \$200,000 contract for work which is also on the critical path. We would probably add the \$200,000 to the major contract to reduce risk of untimely completion. Where there is sufficient project float we will consider smaller contracts to help spread the work. Even though some of the major contracts will be fairly large we will insure that there are sufficient Alaska based contractors capable of bonding and accomplishing the work to provide a competitive environment. If not, we will reduce the scope of the contract dependent on the degree of risk. Many smaller Alaskan contractors will have the opportunity to work on the larger contracts as subcontractors. In this type of construction it is normal for a prime contractor to subcontract a considerable portion of the project. I see this project providing considerable opportunity for many Alaskan contractors both large and small.

On going Activity

In addition to responding to the questions you have raised, over the last 10 days my staff has been providing information to your consultants and making themselves available to answering their questions. Although their review time on your behalf has been short, we hope that they have discussed the project with airlines,

particularly the 13 affirmative votes. This plan has had months of review by the airlines; they have asked hundreds of questions and the plan before you reflects their business plan needs as well as the needs of the traveling public. As the funders of the project, we believe that the voice of the majority of the passenger carrier must be considered when reviewing this project.

In addition to the Q & A process, DOT&PF has prepared and submitted to FAA a Letter of Intent for federal funding of projects at the Airport. As indicated to the airlines and the Legislature, DOT&PF and AIA are committed to pursuing federal funds to assist in reducing the size of the revenue bond requirements of the project. The LOI review process runs until July of this year when a determination on eligible projects will be made.

Concurrent with the LOI is the need to meet the NEPA requirements for the project and an Environmental Assessment is being prepared with a schedule goal of completion in June. The NEPA process involves a very active public process and members of the Terminal Planning Team have been actively involving the community in the review of the plan which is before you.

The Planning Process

When AIA and DOT&PF began the planning process in the fall of 1996 there were no preconceived notions as to the scale and shape of this project. A team of highly qualified professionals in aviation planning, program management and design were competitively selected to conduct a needs assessment, prepare a terminal master plan and formulate an implementation plan including cost, schedule and plan of finance. As repeatedly stated by the Chair of the Airlines Affairs Committee who has experience at airports across the U.S., the planning process at AIA has been thorough and professional and the solutions carefully developed. There has been excellent coordination with the airlines every step in the process. To achieve this level of quality the planning team has had to be both flexible and focused and responsive to the thousands of issues that must be considered.

Those who do not support the project may claim that the planning process has been expensive and lacked management oversight. In fact, our planning process represents approximately 1% of the cost of the entire project which is an appropriate investment when considering the level of investment the airlines are prepared to make. The management of DOT&PF on the planning effort has been exceptional with detailed tasking of all consultants efforts and revising scope and schedule to meet the requests of the airlines.

We have assembled an excellent team to plan and implement the project. Dave Eberle, the program manager, has extensive experience developing projects much larger than is being proposed here. He brought the \$350 million Bradley Lake Hydroelectric project and the \$130 million Northern Intertie project in on time and considerably under budget.

Planning Assumptions

The planning assumptions which are the basis of the plan before you are standard aviation planning requirements for airports. We all recognize the deficiencies which exist at AIA today. The forecast growth into the future is consistent with the airport's past growth and the FAA forecasts of increased air travel by the public into

the future. The space planning assumptions for planning the terminal are based on an average peak hour level of activity in the summer months when the numbers of aircraft on the ground greatly exceed our current capacity and ability to process the public is at its lowest level and close to failing.

These planning assumptions have been carefully prepared, due diligence has been performed by peer review and the airlines have carefully considered options which have been refined to the plan before you. The project is being implemented with a consideration for controlled growth to the year 2005 and future expansion will occur only if the key trigger points of forecast/need are met and approved by the airlines.

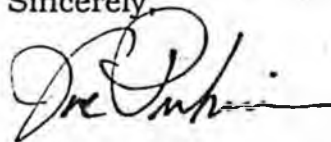
Plan of Finance

Concerns over future capacity for funding growth at the airport have been considered by the airlines and DOT&PF. Ongoing CIP projects are calculated into the plan of finance for the terminal project. Even with the increased levels of landing fee necessary to support the bond debt along with terminal rents and concession revenues, AIA is very attractive to airlines as a place to do business.

Future major projects which require additional debt will only be proposed if the level of activity and revenues at the airport can support the projects, if the airlines approve the projects, and the Legislature approves the projects.

Representative Cowdery, thank you for your support of this important airport redevelopment project. It is important that this project proceed as soon as possible to meet the needs of the airlines as well as the public and take advantage of potentially record low interest rates this year, thereby keeping the cost of the project to the airlines and public as low as possible.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

Enclosure

cc: House Special Committee on International Trade & Tourism

Preliminary Construction Contracting Plan

<u>Contract Bid Package</u>	<u>Est. Value</u>	<u>Award Date</u>
1. Delta Relocation Work	\$ 300,000.00	Spring 1998
2. Office/Tenant Relocation	\$ 1,500,000.00	Spring 1998
3. Demo Concourse "C" / Phase 1 Utilities	\$ 2,500,000.00	Winter 1998/99
4. Site Prep. / Phase 2 Utilities / Bridge Extension	\$ 15,000,000.00	Spring 1999
5. Terminal "C" Replacement	\$ 60,000,000.00	Fall 1999
6. West Terminal / Core Terminal Renovation	\$ 22,000,000.00	Fall 2001
7. East Terminal Renovation	\$ 13,000,000.00	Fall 2002
8. Firestation / East Apron	\$ 2,000,000.00	Summer 1999
9. Remote Fueling Apron	\$ 12,000,000.00	Summer 1999
10. "C" Apron / Gates / RON Apron	\$ 13,000,000.00	Summer 2000
11. AIA Access Roads / Post Mark Drive Intersection	\$ 11,000,000.00	Summer 2000
12. Parking / Landscaping / 1% Art	\$ 4,700,000.00	Summer 2002
Total	\$ 157,000,000.00	

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652

FAX: (907) 586-8365

PHONE: (907) 465-3900

March 4, 1998

The Honorable John J. Cowdery
International Trade & Tourism Committee
Alaska State Legislature
State Capitol, Room 416
Juneau, AK 99801-1182

Dear Representative Cowdery:

Enclosed are responses to questions outlined in your February 26 memo, additional questions that were faxed to Mort Plumb on February 27, and several questions posed during the committee meeting on February 26. Also enclosed is additional supporting documentation related to various questions.

For the benefit of clarity and to minimize duplication of responses to similar questions, we have grouped the questions by topic and responded accordingly.

The Department will be available for tomorrow's scheduled meeting to answer any remaining questions the committee may have. Please let me know if you require any additional information on any of these issues.

Sincerely,


Joseph L. Perkins, P.E.
Commissioner

Enclosures

cc: International Trade & Tourism Committee Members

NEED/PROGRAM QUESTIONS AND ANSWERS

After the proposed project is completed, what will be the plane/passenger capacity at AIA and how long will this capacity satisfy anticipated demand?

Under the current proposal, how long will it be before AIA will need to be expanded again?

The project is designed to accommodate 3,000,000 enplanements or 6 million passengers, which are projected for the year 2005. The ability of the project to meet airline needs is dependent on airline schedules and their ability or willingness to share gates or distribute daily gate use schedules more evenly.

The project will add five new jet gates for a total of 24, and seven new regional aircraft parking positions for a total of 20, along with associated gate lounges, ticket lobby, baggage claim facilities, and an extended curbside road. It is anticipated that some cross-use of apron will be required by regional and jet airlines.

Future domestic terminal expansions will depend on a number of factors:

- Rate of passenger growth
- Distribution of peak operation periods
- Ability of airlines to share or cross-use gates
- Level of service to the traveling public

According to the forecast of passenger traffic growth, an additional four jet gates may be needed in about 2010 with another four jet gates in about 2015.

In light of AIA traffic growth projections, has the building of the new terminal been seriously evaluated?

Yes. The growth projections used on this project were the result of an in-depth aviation forecast conducted by TAMS Consultants. The forecast considered historical passenger growth, input from airlines, national aviation growth, local demographics, tourism, and other factors.

Looking at historical growth patterns, growth at Anchorage International Airport has been irregular with an overall trend in the range of 4.6% annual growth since 1990. Some year's growth has been flat or negative, while other years growth has been over 8%.

In 1993, Leigh Fisher prepared an enplanement forecast with results consistent with the TAMS forecast results.

Very serious consideration has been given to the forecast data, as this information forms a basis for the needs assessment and therefore the design and construction program.

Your booklet shows 717,000 sq. ft. in the new terminal. How much of that have the Airlines and other parties agreed to rent?

Do you have firm commitments from the Airlines or others to rent this space?

When the new Concourse C comes on line in late 2001, 93% of the available airline leasable space will be occupied. This is based on interviews with individual airlines and written requests for terminal space. Upon completion of all construction for the project in 2004 this percentage will be 80%. The Financial Model maintains a 10% vacancy rate for the life of the bonds.

How much will rent per sq. ft. increase?

Terminal rent at AIA will increase from \$32.97 in 1999 to \$41.75 in 2010 as compared to today's AIA rate of \$32.46. Comparable terminal rents at other medium hub airports in 1999 is \$40.63 and \$56.24 in the year 2010. See financial model addendum dated November 5, 1997, page 5.

Will preference be given to existing tenants?

Current tenants will be given an opportunity for equal space for the duration of their contract term. AIA will make every effort to accommodate requests for leased space.

How much will be used for your and others airport offices?

AIA administration area currently utilizes approximately 18,000 sq. ft. and expects to occupy a similar amount of space at the time of project completion. Conference room areas and potential consolidation will be considered in schematic design.

What binds the Airlines that voted to pay for this project to stick around until it is paid off?

What happens if they quit servicing Anchorage, or if they go out of business?

The project is being constructed in response to a real market based need on passenger traffic today and projected growth for the near future. Demand dictates the level of actual usage. When an Airline leaves or goes out of business, other Airlines capture that share of the market (For example, when Pan Am and National left Washington National Airport, US Air filled the void. In Anchorage, MarkAir left and Reno and American West moved in. This is no different than any other improvement made at the airport. Airlines using the facilities pay rental fees for its use regardless of whether

they were operating at the airport when the individual project was constructed.

Glycol disposal areas

AIA Environmental is presently working with an Airline Task Force to evaluate alternatives for addressing glycol disposal and recycling. Final recommendations are scheduled for January 1999.

CONCEPT/PLANNING QUESTIONS AND ANSWERS

Has the International Terminal been seriously reviewed as a short term, low cost alternative to expensive expansion?

Why not use the international terminal? Doesn't domestic terminal demand occur during hours that the international terminal is relatively quiet?

Near the low point in international passenger traffic in 1994, AIA Planning conducted a study to evaluate the use of the International Terminal for domestic operations. The study concluded that certain design features of the building were specific to larger international aircraft and the interior configuration of the building would have to be significantly changed to accommodate domestic operations. Correction of these problems was estimated to cost more than the building's original construction cost.

The conversion of the International Terminal to domestic operations at that time would have provided a domestic terminal which did not work well and today would have required a new international terminal to accommodate today's traffic. International passenger traffic is growing at a faster rate than domestic traffic. Last summer international passenger flights exceeded the terminal's ability to provide power-in parking due to larger aircraft sizes.

During construction of the new Domestic Terminal area Delta will temporarily operate out of the International Terminal. However, federal security requirements (Customs and Immigrations) make it difficult to accommodate domestic passengers in a building designed for uncleared International passengers. As International passenger traffic increases the ability to accommodate domestic passengers will become more difficult.

The International Terminal now serves over 70 International flights per week. Domestic services such as food service, retail, rental cars, gift shops, etc. are minimal. Parking is limited and the curbside access is single level. There is only one domestic baggage claim device.

Since the International Terminal was constructed in 1982 more than \$100 million has been generated in revenue to the Alaska International Airport

System in duty fee operations alone. Additional revenue is received from terminal rent, gate use fees, and landing fees.

Will the baggage system for the new Domestic Terminal be like Denveris?

No, the baggage system for this project will be designed by Cook Newhouse Associates (CNA). CNA designed the baggage belt systems for the International Terminal and the North Terminal Baggage Addition. CNA is a nationally recognized designer of baggage systems and was not involved in the new Denver airport project.

Rep Cowdery wants to know if the project will be broken into small enough contracts to accommodate Alaskan firms.

Specific efforts will identify logical pieces of work to provide maximum opportunities for Alaskan contractors. Alaska firms should be active on all elements of work.

CARGO QUESTIONS AND ANSWERS

How can the legislature or the governor make spending decisions about AIAS if we don't know the whole picture, including cargo CIP requirements?

What is scope of additional improvements?

The Master Plan for the airport does include cargo CIP requests. This Master Plan is being updated in the areas of cargo and airfield capacity. Improvements in the current Master Plan will be revalidated and additional projects considered. The Airlines will assist in the update of the Master Plan over the next two years.

What are their ballpark costs?

The updated Master Plan will prepare a cost estimate for each proposed improvement, which will be voted on by the Airlines and reviewed by the legislature. Cargo projects are included in the current 6 year CIP.

Have we always had a separate Cargo Master Plan?

How are Cargo Master Plan and Airport Master Plan related?

No. The Master Plan for the Airport has always included a cargo component. Because of the growth in cargo activity at AIA the cargo and airfield component of the Master Plan are being updated.

How will Master Plan be funded?

The Cargo Master Plan is being funded with federal Moines from FAA and IARF..

Why did EVA Airlines recently stop service at AIA?

EVA has not stopped passenger service at AIA but has rescheduled their activity to reflect the seasonal nature of passenger travel. They will have three flights a week through the summer of 1998.

Is FedEx and UPS using AIA to breakdown loads and redistribute?

Yes. FedEx is just finishing the \$58 million Phase 4 of their expansion program which has doubled the size of their operation. UPS is also completing another large expansion program. These increased facilities demonstrate FedEx and UPS commitment to AIA as a strategic location for breaking down loads and redistribution.

BUDGET/COST ESTIMATING QUESTIONS AND ANSWERS

How many feet in the new Terminal and what is the estimated cost per square foot? How does this compare with similar airports and US?

The total additional terminal area provided 367,000 SF. The raw construction cost is \$142. SF in 1997 dollars which compares favorably to similar airports around the US where raw construction costs range from \$135 sq. ft. at LAX to \$190 sq. ft. in Miami.

What percentage of the budget will be for Contingency, Planning, Design, Engineering and Construction?

Contingency	10 %
Planning, Environmental & Permitting	02 %
Design & Engineering & Construction Admin.	10 %
Project Administration	02 %
Construction	<u>76 %</u>
Total	100 %

This percentage distribution of costs is consistent with major project planning practices.

Why did this project escalate from \$33 million 9 months ago to its present cost of \$204 million?

There has never been \$33 million project. On July 1, 1997 Planning Progress Report #7 was presented to the Airlines for review and discussion. Within that report we identified a 1999 CIP request of \$33 million for the first year of the project. The total project identified as Option 4 at that time was estimated at \$198.3 million. The Airlines revised Option 4 to create a fifth option which is the one being developed for \$190.8 million (1997 dollars). The \$205.3 million adds \$14.5 million in inflation to the mid-point of construction.

Will you have to increase airport leasing staff, or do you plan to use private sector brokers?

The Airport does not intend to increase permanent leasing staff as a result of this project, nor will we need private sector brokers

Identify use of funds to date for the \$14.5 million of appropriations for Concourse C and the Terminal Project.

A total of \$14.7 million has been appropriated in FY94 and FY97. Please see Attachment #8 for a breakdown of the use of these funds to date

FINANCIAL QUESTIONS AND ANSWERS

What is debt capacity of AIAS?

How much debt is against the IARF at this point?

Presently, there are two sets of bond issues with approximately \$33 million of outstanding debt. One is paid off in FY2000 and the other in FY2015.

AIAS is a self-supporting enterprise fund with no general fund support. Each year, AIAS sets its airline rates and fees (landing fee, terminal rental rate, etc.) at levels high enough to ensure sufficient revenues will be generated to cover that years' operating, capital and debt service costs. Therefore, AIAS' debt capacity only becomes an issue when proposed debt would raise rates and fees to levels where they are no longer competitive for operators at Anchorage International Airport. Even after issuing \$204 million of new debt, AIAS' projected rates and fees will still be below the national average when compared to other airports. Debt capacity increases as volume of activity increases.

Is borrowing power capacity for Anchorage legally separate from Fairbanks?

No. The Anchorage and Fairbanks International Airports comprise the AIAS and are treated like a single entity for financial purposes.

What is the long range capital improvement plan, and accompanying cost estimates, for AIA and FIA?

Please match the funding sources to the projects in the above long range CIP and compare to debt capacity?

(Please see Attachment #5 which is the latest approved 6 year CIP)

How does funding for present proposal differ from funding proposals used for past terminal projects at AIA and FIA?

Bonds have always been issued in the past to help finance the construction of the AIA & FIA terminal projects. The last time AIAS issued debt was in 1986 in the amount of \$38 million for the AIA parking garage. It should be noted that the bonds issued in 1975 to construct the AIA International Terminal were defeased when it was determined that the AIAS had sufficient cash in the IARF to complete this terminal project without the use of outside financing.

What are historical balances of the IARF? Please show which major projects were funded in which year.

(See Attachment #6 - Tables, which show AIAS' capital projects and their funding sources from FY91 to FY98)

How long is the proposed project's life and how long is the amortization period?

- Industry Standard Building design life - 30 years
- Bond Amortization period - 25 years

Why are we incurring 25-year debt for a remedy, which will last only 1 or 2 years?

As discussed and agreed with the Airlines, the Plan of Finance allows the Airlines to pay for the redevelopment project over the next 25 years. This flattens the annual cost to the Airlines, and avoids a sharp spike to annual CIP requirements.

Anchorage has seen passenger traffic grow almost 60% since our last terminal expansion in 1983. This growth has caused extensive deficiencies particularly on the public side of the terminal. Ticketing and baggage claim have less than half the space required to provide an adequate level of service today. About 40% of the cost of this project corrects deficiencies that exist today.

This project supports long-term activity at AIA.

How will AIA's landings fees compare nationally after the proposed debt is incurred?

AIA landing fees at the highest point of our 25-year period will still be on the low end of landing fees for medium hub and large hub airports nationally. (See Attachment #3).

How will those higher tariffs affect AIA's and FIA's ability to finance future expansion and attract new carriers?

AIA's landing fees will remain in the low to moderate range when compared with other medium hub passenger airports and large hub cargo airports. The Airport will be able to continue a prudent capital improvements program at the same time as the terminal project. Alaska remains an extremely attractive market as evidenced by its high number of jet interstate passenger carriers: Alaska, America West, Delta, Northwest, Reno, United, and TWA. Every year for the past three years (including this year), Anchorage has gained a new passenger carrier for seasonal service: Reno, America West, and TWA. Cargo activity is expected to continue growing thanks to Alaska's strategic location and favorable business climate

How much money is in the International Airport Revenue Fund at this point?

At 6/30/97, there was approx. \$78 million in the IARF. Approx. \$36 million was in reserves required by the AIAS bond resolutions and operating agreement; approx. \$37 million was set aside to complete prior year capital appropriations that are in various stages of completion; and the remaining \$5 million was refunded back to the Airlines in the FY98 landing fee calculation.

How will reduction in the requested bond authorization from \$304 million to \$280 million affect this project?

If the Airport is successful in obtaining FAA funding, a reduction in bond authorization will have little effect on the project. If we are unsuccessful in securing additional federal funds we may need to request additional bonding authority or secure alternative, yet to be identified, funds.

What prioritization have you done to achieve a scaled back scenario if there was a 100 basis point rise in interest rates?

The Plan of Finance provides for a 100 basis point cushion in the sizing of the bond. No scale back scenario would be required for a 100 basis point rise.

What is the cost of the total CIP program for Fairbanks and Anchorage Airports over the next 10 years?

See Attachment #5 for the latest approved 6-year CIP.

Concerning the Finance Plan: How much is in there to pay to Investment Bankers, brokers, bond counsel and others?

\$4.7 million is estimated for all financing costs and bond insurance. See page 2 of the November 5, 1997 addendum to the Plan of Finance (in gray briefing booklet).

Please explain how the Passenger Facility Charge system works now, and then how it would work if we adopted it for the Anchorage Airport. How much would it reduce the bonding needed for this project?

I understand that Alaskans are already paying a Passenger Facility Charge but that it's going to Seattle and other Airports instead of Anchorage or Fairbanks? Please tell me how PFC works. How much money is presently going to outside Airports that could be coming here?

In recognition that airports' capital needs are far outpacing available federal AIP funds, Congress passed legislation in 1990 which allows airports to charge passengers using their facilities a \$3 passenger facility charge (PFC). A \$3 PFC is added to passenger's ticket price at the first 2 airports that the passenger boards a plane on a one-way trip and the first 2 and last 2 airports that a passenger boards a plane on a round trip. Thus, the maximum amount a passenger can get charged for PFC's on a one-way trip is \$6 and \$12 on a round trip.

Although, it is possible to estimate how much our airports could earn from PFC's per year if PFC's were implemented (AIA - approx. \$5.5 million and FIA approx. - \$1 million), information showing passengers' itineraries are not readily available from the FAA, the Airlines, or the airport's records which would allow AIA calculate the amount of money that is presently going to outside airports that could be remaining in Alaska..

If PFC's were implemented, the bonding requirement would not be reduced but the PFC revenues could be used to pay off some of the annual debt service each year reducing the amount that would be passed onto the Airlines in their rates and fees

Why is Governor Knowles ignoring Passenger Facilities Charges as part of the Finance Plan for this project and what did your financial consultant, Mr. King, say about the advisability of having PFC's?

Governor Knowles has stated that he will not support PFCs unless they are part of a publicly acceptable program that takes into consideration the unique nature of Alaska, particularly since many Alaskans have no alternative to air transportation . We are working with the FAA to develop a program that addresses the governor's concerns

Mr. King advised that if PFC's were adopted at AIA, the bond resolutions would be broad enough so PFC revenues could be used to pay some of the proposed debt payments.

Can you provide a list of unexpended CIP appropriations?

See as attachment #9 - AIAS Unexpended CIP Appropriations dated 6/30/97.

ATTACHMENT #1
AIRLINE BALLOTS

ANCHORAGE/FAIRBANKS
AIRLINES AIRPORT AFFAIRS COMMITTEE
P. O. Box 68900
Seattle, WA 98168

October 16, 1997

To: ANC/FAI AAAC Signatory Airlines

Subject: ANC Terminal Expansion Ballot

Ladies and Gentlemen:

Enclosed is a ballot to record your company's position on the request by Anchorage International Airport to include the proposed Domestic Terminal Expansion in the FY 1999 Capital Improvement Program. This project was discussed in detail at our October 15, 1997 AAAC meeting in Anchorage and in various previous meetings of the Airline Technical Committee, Executive Committee, and AAAC. In addition, a number of reports relating to the technical and financial aspects of the project have been distributed to all Signatory Airlines.

This is a large and complex project with significant impact on the airport and its users. I urge that you study the materials you have been provided very carefully. If you have questions or concerns, please contact ANC Airport Director Mort Plumb or the airport's Project Manager Donn Kettner.

As noted on the ballot, all responses are due to me no later than Noon, PST, Monday, November 17, 1997. I will then provide the airport with a consolidated response on behalf of the Signatory Airlines. In accordance with the Operating Agreement, failure to respond is considered approval.

Also enclosed are a written summary of Mr. Plumb's forecast of possible future additional capital projects for ANC Airport and a report on the airports plan for complying with the Year 2000 computer date issue.

Thank you for your attention to this important matter. If you have any questions, please contact me. Thanks.

Sincerely,

Clifford T. Argue
Chairman, ANC/FAI AAAC

01
02
03
04
05

ANCHORAGE/FAIRBANKS
AIRLINES AIRPORT AFFAIRS COMMITTEE
P. O. Box 68900
Seattle, WA 98168



<u>TO:</u>	<u>AIRLINE:</u>	<u>FAX NUMBER:</u>
P. Baschnonga	Air France	212/830-4431
R. Faust	America West	602/693-2859
M. Y. Park	Asiana Airlines	907/248-1960
J. Joyce	Cargolux Airlines	650/877-0984
J. R. Fortson	Cathay Pacific Airways	907/243-3683
C. Lung	China Airlines	907/248-4176
R. Holman	Delta Air Lines	404/715-2548
J. Birmingham	ERA Aviation	907/266-8383
D. Tsai	EVA Airways	907/245-1739
K. Sorenson	Evergreen Aviation	503/434-4215
T. Kerichenko	Federal Express	901/395-4873
F. Tomuro	Japan Air Lines	907/243-1712
Y. Hyun	Korean Air	907/243-1231
W. Hinrichs	Lufthansa German Airlines	907/474-8138
M. Hart	Lynden Air Freight	907/245-0213
T. Hanada	Nippon Cargo Airlines	907/243-1619
B. Hallford	Northern Air Cargo	907/249-5190
J. Treanor	Northwest Airlines	612/727-6041
R. Harding	Peninsula Airways	907/243-6848
T. Fielding	Polar Air Cargo	907/243-1631
D. Jensen	Reeve Aleutian Airways	907/249-2317
J. Albrecht	Reno Air	702/686-3806
M. Buchholz	United Airlines	847/700-6662
C. Bearden	UPS	502/329-3995

FROM:

Clifford T. Argue	Alaska Airlines, Inc.	206/431-7031
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IF YOU DO NOT RECEIVE FOUR PGS. PLEASE CONTACT MELODEE @ 206/433-3179

ANCHORAGE/FAIRBANKS
AIRLINES AIRPORT AFFAIRS COMMITTEE
P. O. Box 68900
Seattle, WA 98168

November 17, 1997

VIA FAX 907 243-0663

Mr. Morton Plumb
Airport Director
Anchorage International Airport
P.O. Box 196960
Anchorage, AK 99519-6960

Re: FY99 Capital Improvement Request - ANC Terminal Expansion 2005

Dear Mort:

This letter will serve to provide certification of certain signatory airline votes on the above captioned project. In accordance with your request at our October 15, 1997 Airlines Airport Affairs Committee in Anchorage, a vote was taken among the signatory carriers on adding the proposed expansion and renovation of the Domestic Terminal at Anchorage to the previously approved FY99 International Airports Revenue Fund Capital Improvement Program.

Ballots were received from 22 of the 25 signatory airlines at Anchorage and Fairbanks International Airports. A ballot showing approval was received from Polar Air Cargo shortly after the deadline. The individual votes received by me are listed on the attached report. According to the Airline Lease and Operating Agreement, a project must receive 67 percent disapproval votes (17 or more) to be deleted from the airport's capital program. You will note that 12 disapproval votes were submitted, but 10 airlines voted to approve the project. Therefore, the terminal expansion is approved by the signatory airlines.

Although the ballot listed the project cost at \$191 million, the airline approval is based on the revised cost of \$164.5 million as set forth in Commissioner Perkins' letter to the airlines dated October 24, 1997. Further, the approval is based on the financial plan and revenue bond analysis presented at the October 15 meeting and as amended November 5.

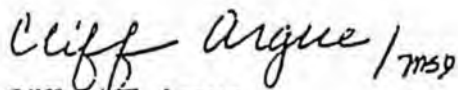
However, given the size and financial impact of this project, the airlines expect the airport and the State of Alaska to aggressively pursue and obtain additional sources of non-airline revenue as promised in Commissioner Perkins' letter. We hereby request periodic reports on these efforts.

Mr. Morton Plumb
November 17, 1997
Page 2 of 2

The expansion of the Domestic Terminal is an important project for Anchorage and the entire state, and the airlines serving the airport. We look forward to working closely with you, your staff, and the consultant team throughout the design, construction, and financing process, in the same spirit of cooperation and partnership that was evident in the studies and concept development to date.

Copies of each ballot as received from the signatory airlines are being sent to you with the mailed original of this letter. If you have any questions, please contact me.

Sincerely,

Handwritten signature of Clifford T. Argue in cursive, with the date 1/7/97 written at the end.

Clifford T. Argue
Chairman, ANC/FAI AAAC

c: J. Perkins, Commissioner DOTPF
K. Parkan, Deputy Commissioner DOTPF
J. Ungar, Controller, IARF
ANC/FAI AAAC

ANCHORAGE / FAIRBANKS
 AIRLINES AIRPORT AFFAIRS COMMITTEE
 ALASKA INTERNATIONAL AIRPORT SYSTEM
 FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

<u>Airport</u>	<u>Project</u>	(000)	
ANCHORAGE	TERMINAL EXPANSION 2005	<u>IARF</u>	<u>Total</u>
		\$191,000*	\$191,000*
<u>AIRLINES</u>		<u>APPROVE</u>	<u>DISAPPROVE</u>
Air France		X	
Alaska Airlines, Inc.		X	
America West		X	
Asiana Airlines			X
Cathay Pacific Airways			X
China Airlines			X
Delta Air Lines		X	
ERA Aviation, Inc.			X
Evergreen International			X
Federal Express		X	
Japan Airlines			X
Korean Air			X
Lynden Air Cargo		X	
Lufthansa Cargo			X
Nippon Cargo Airlines			X
Northern Air Cargo			X
Northwest Airlines		X	
Pen Air			X
Reeve Aleutian Airways			X**
Reno Air		X	
United Air Lines Inc.		X	
United Parcel Service		X	
TOTALS:		10	12

No ballots received from Cargolux Airlines or EVA Airways. A ballot showing approval was received from Polar Air Cargo shortly after the deadline.

* This amount was reduced to \$164.5 million per Commissioner Perkins' October 24, 1997 letter. All signatory airline votes are based on the \$164.5 million amount and the revised financial impact model dated November 5, 1997.

** With PFC's included in financing Reeve Aleutian will change to approve project.

Above ballots received as of Noon, PST, November 17, 1997.

Clifford T. Argue
 Chairman, ANC-FAI AAAC

P & F November 17, 1997

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input checked="" type="checkbox"/>	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME AIR FRANCE
 SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]
 DATE 11/16/97 TITLE DIRECTOR AIRPORT CONTRACTS & PROPERTIES

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

RECEIVED

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

		FY 99			FUNDING X \$1,000	
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME Alaska Airlines, Inc
 SIGNATURE OF AUTHORIZED REPRESENTATIVE Cliff T. Argue
 DATE 10/31/97 TITLE Staff VP - Properties & Facilities

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

CTA 9

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	XXXXXXX	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME AMERICA WEST AIRLINES
SIGNATURE OF AUTHORIZED REPRESENTATIVE *Richard A. Faust*
DATE October 21, 1997
Richard A. Faust
TITLE Manager Properties and Facilities

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98169, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

PROPERTIES/FACILITIES

NOV 17 1997

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volums I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME ASIANA AIRLINES

SIGNATURE OF AUTHORIZED REPRESENTATIVE Kyoo-Bok Kang *[Signature]* 17 NOV

DATE 17 NOV. 1997 TITLE Station Manager

Cliff Argus has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168. FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

in accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building Leases dated November, 1996 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME CATHAY PACIFIC AIRWAYS
 SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]
 DATE: 14NOV97 TITLE AIRPORT SERVICES MANAGER

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

Post-it Fax Note	7671	Call	14NOV97	# of pages	1
To	CLIFF ARGUE	From	ALASKA AIRLINES		
Co/Dept	ALASKA AIRLINES	Co/Dept	CATHAY PACIFIC		
Phone #		Phone #	907-243-3966		
Fax #	206-431-7031	Fax #	907-243-3683		

RECEIVED

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BALLOT

PROJECTING

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

NOV 13 1997

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* Project costs identified in 1987 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME CHINA AIRLINES
SIGNATURE OF AUTHORIZED REPRESENTATIVE Lee Chih-chiang
DATE 13 NOV 97 TITLE Customer Services Manager

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

Please amend China Airlines vote to show disapprove. After further discussion with our head office in Taipei, we feel this change is needed.

Thank you,

Jerry Lee
Jerry Lee
Customer Service Manager

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

1) SUBJECT TO STATE OF ALASKA CAPITAL CONTRIBUTION OF \$26.5M
RESULTING IN A NET FUNDING APPROVAL OF \$165M

SIGNATORY AIRLINE NAME DELTA

SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]

DATE 11/11/97 TITLE REGIONAL DIRECTOR

PROPERTIES & FACILITIES

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168. FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

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NOV 17 1997

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

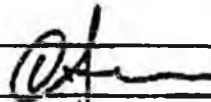
PROPERTIES/FACILITIES

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airline Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

AIRPORT	PROJECT	FY 99			FUNDING X \$1,000	
		AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME Era Aviation, Inc.

SIGNATURE OF AUTHORIZED REPRESENTATIVE 

DATE November 17, 1997 TITLE President

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY 3EAPEAS.

PROPERTIES/FACILITIES

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ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME EVERGREEN INTERNATIONAL

SIGNATURE OF AUTHORIZED REPRESENTATIVE Kai Lorenson

DATE 10/28/97 TITLE VICE PRESIDENT SYSTEM OPERATIONS

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.



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ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

.....					FUNDING X \$1,000	
.....					
AIRPORT	PROJECT	AIP	LARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME FEDERAL EXPRESS

SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]

DATE 11/7/97 TITLE Regional Airport Properties Mgr.

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

LTA 002

BALLOT


ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volumes I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

		FY 99			FUNDING X \$1,000	
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		XXX

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME Japan Airlines

SIGNATURE OF AUTHORIZED REPRESENTATIVE 

DATE Nov. 13, 1997 TITLE Director, Administration & Traffic

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

PROPERTIES/FACILITIES

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

NOV 17 1997

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

		FY 99			FUNDING X \$1,000	
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME KOREAN AIR

SIGNATURE OF AUTHORIZED REPRESENTATIVE *[Signature]*

DATE 11/17/97 TITLE Station Manager.

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME LYNDEM AIR CARGO

SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]

DATE 11/3/97 TITLE PRESIDENT

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

THIS BALLOT RECALLS ALL PRIOR BALLOTS.

[Signature]

LTA

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

		FY 99		FUNDING X \$1,000		
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME LUFTHANSA CARGO AG.

SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]

DATE 12 NOV 97 TITLE STATION MANAGER

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206) 431-7031 or TTY SEAP7AS.

PROPERTIES/FACILITIES

NOV 17 1997

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME NIPPON CARGO AIRLINES
SIGNATURE OF AUTHORIZED REPRESENTATIVE T. Hamada
DATE 11-16-97 TITLE STATION MANAGER

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

PROPERTIES/FACILITIES

OCT 31 1997

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME Northwest Airlines

SIGNATURE OF AUTHORIZED REPRESENTATIVE James Ineano

DATE October 31, 1997 TITLE Regional Director, Airport Affairs

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

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RECEIVED

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&D Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and amended in June, 1993, the Signatory Airline identified below approves or disapproves the Capital Improvements listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

AIRPORT	PROJECT	AIP	IARF	TOTAL	FUNDING X \$1,000	
					APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		XXX

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME NORTHERN AIR CARGO

SIGNATURE OF AUTHORIZED REPRESENTATIVE R. J. Harford

DATE 11/13/97 TITLE VICE PRESIDENT

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

PROPERTIES/FACILITIES

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

NOV 17 1997

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	LAF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		<input checked="" type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME PEN AIR

SIGNATURE OF AUTHORIZED REPRESENTATIVE *[Signature]*

DATE 11/17/97 TITLE Vice President

Cliff Argos has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

GD

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Alaska Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING: X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*		X

*

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME REEVE ALUTIAN AIRWAYS

SIGNATURE OF AUTHORIZED REPRESENTATIVE Wanda Jensen

DATE OCT 23 TITLE VICE PRESIDENT

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7011 or TTY SEAPZAS.

* WITH PFC'S INCLUDED IN FINANCING REEVE ALUTIAN WILL
CHANGE TO APPROVE PROJECT

BALLOT

56

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	Yes	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME Delta Air, Inc.

SIGNATURE OF AUTHORIZED REPRESENTATIVE Luis Navarro

DATE November 7, 97 TITLE Director P & F

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

NOV 04 1997

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99		FUNDING X \$1,000				
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME UNITED AIR LINES INC.

SIGNATURE OF AUTHORIZED REPRESENTATIVE *Mark Buchholz*

DATE October 29, 1997 TITLE Regional Manager

International Properties & Facilities

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

27A

PROPERTIES/FACILITIES

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

NOV 06 1997

RECEIVED

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

FY 99				FUNDING X \$1,000		
AIRPORT	PROJECT	AIP	LARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME UNITED PARCEL SERVICE
SIGNATURE OF AUTHORIZED REPRESENTATIVE *Christopher R. Beards*
DATE OCTOBER 31, 1997 TITLE AIRPORT PROPERTIES MANAGER

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168, FAX (206)431-7031 or TTY SEAPZAS.

BALLOT

ALASKA INTERNATIONAL AIRPORT SYSTEM
FY98-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02, Alaska Anchorage and Fairbanks International Airport Airline Operating Agreements and Terminal Building leases dated March 20, 1990 and amended in June, 1995, the Signatory Airline identified below approval or disapproval of the Capital Improvement Request below is indicated. The Signatory Airline's vote shall have no effect on the Terminal Concept Package Request #3 dated 10/1/97, FAA Air Finance (Volume 1 & 10) dated 10/2/97, and previous reports, the discussions at the October 13, 1997 Airport Airline Committee meeting in Anchorage and previous Airline Executive Committee and Technical Committee meetings.

AIRPORT	PROJECT	AIR	LAIR	TOTAL	FUNDING X \$1,000	
					APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		181,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes acquisition and financing costs. AIAS pledges to use its best efforts to obtain alternative sources of funding/financing to reduce airline cost exposure.

SIGNATORY AIRLINE NAME: Polar Air Cargo
 SIGNATURE OF AUTHORIZED REPRESENTATIVE: [Signature]
 DATE: 17 Nov 97 TITLE: President

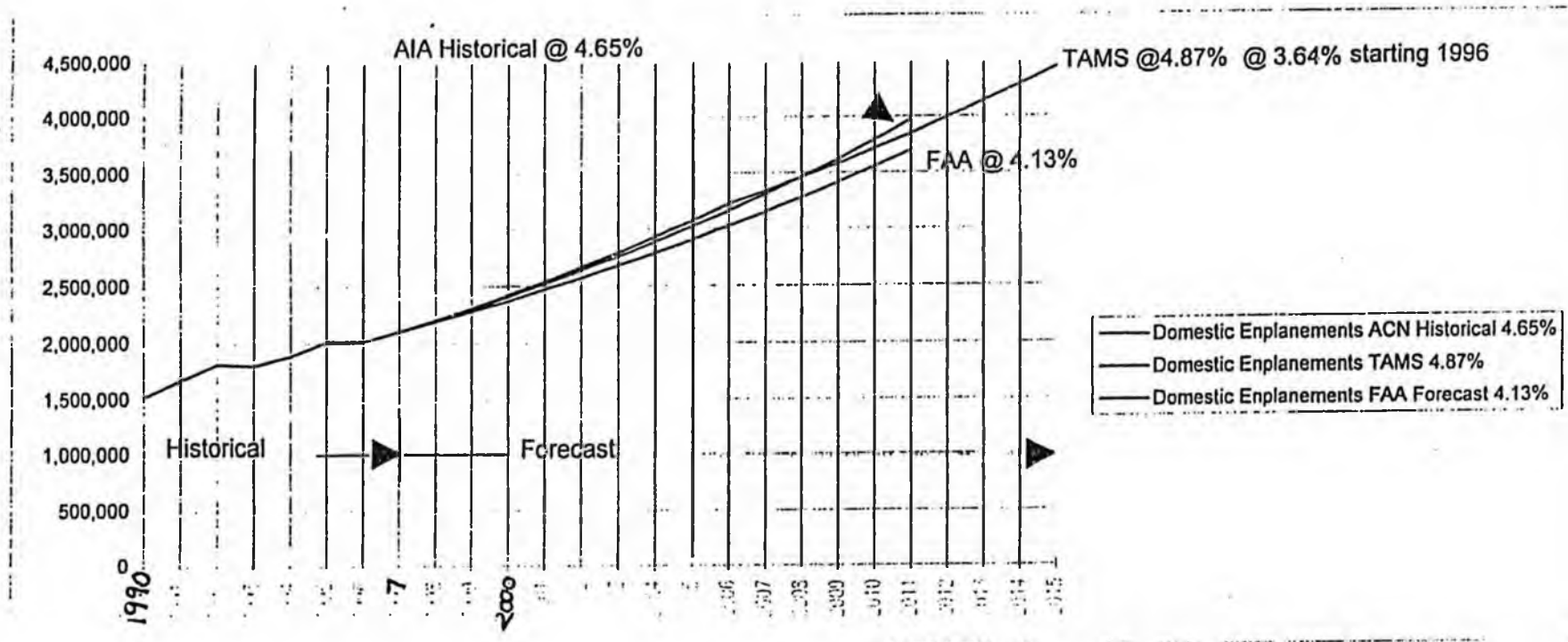
ONLY A POLAR AIR CARGO EMPLOYEE IS DESIGNATED TO SERVE AS DESIGNATED REPRESENTATIVE AND COLLECT AND TALLY VOTES AND PROVIDE THE RESULTS WITHIN THE DEADLINE SET FORTH IN THE REQUESTED BALLOT. THE REQUESTED BALLOT MUST BE RECEIVED BY 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 66900, Seattle WA 98166, FAX (206)431-7831 or TTY SEAPZAS.

* Note: ballot not counted because it ^{was} submitted at 2:47 PM. Deadline was noon.

ATTACHMENT #2

ENPLANEMENT FORECAST CHARTS

ANCHORAGE INTERNATIONAL AIRPORT ENPLANEMENT FORECAST



**Note: The last terminal expansion was in 1983 which added A Concourse.
Since that time, fifteen years ago, passenger traffic has increased over 60%.**

ATTACHMENT #3
COMPARISON OF LANDING FEES

COMPARISON OF LANDING FEES

Medium Hub Airports - Average Landing Fees (1995-96 AAE statistics)			
Passenger Signatory	Passenger Non-Signatory	Cargo Signatory	Cargo Non-Signatory
\$1.19	\$1.42	\$1.25	\$1.46
Large Hub Airports - Average Landing Fees (1995-96 AAE statistics)			
Passenger Signatory	Passenger Non-Signatory	Cargo Signatory	Cargo Non-Signatory
\$1.79	\$2.00	\$1.85	\$1.96
Anchorage International Airport			
Projected Equivalent Landing Fee for Year <u>2002</u> (factored from takeoff weight)			
\$1.16 ◀ (Equivalent to \$.92 take off weight fee)			

Note: Landing fees shown for other airports are 1995 - 1996 statistics.
 Landing fees shown for Anchorage represent the financial model's **highest annual landing fee over 25 years** which occurs in 2002.

QUESTION 13.

ATTACHMENT #4

BIBLIOGRAPHY

.IA Terminal Redevelopment Project

Document Log

03-Mar-98

Record of Meeting

Item Name: A/lines Tech. Committee Mtg. - AIA - Needs Assmnt. & Term. Planning Briefing

Item Type:	Record of Meeting	Organization Name:	AIA
DatePublished:	3/26/97 File:	CopiesOnShelf:	16 CopiesInFile: 0
Location:	Cabinet 2	Description:	White Spiral Binder

Item Name: A/lines Tech. Committee Mtg. - AIA - Needs Assmnt. & Term. Planning Record of Mtg.

Item Type:	Record of Meeting	Organization Name:	AIA
DatePublished:	3/26/97 File:	CopiesOnShelf:	1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binder

Item Name: AIA - 3-Master Plan Term. Exp. Concepts & Term. Needs Assmnt. Record of Mtg. #4
A/lines Workshop

Item Type:	Record of Meeting	Organization Name:	AIA
DatePublished:	5/14/97 File:	CopiesOnShelf:	15 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binder

Item Name: AIA - 3-Short Listed Term. Exp. Concepts & Term. Needs Assmnt. Record of Mtg. #3
A/lines Workshop

Item Type:	Record of Meeting	Organization Name:	LSA
DatePublished:	5/1/97 File:	CopiesOnShelf:	6 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binder

Item Name: AIA - Intro of A/port Term. Exp. Concepts - Record of Mtg. #2 A/lines Workshop

Item Type:	Record of Meeting	Organization Name:	AIA
DatePublished:	4/9/97 File:	CopiesOnShelf:	2 CopiesInFile: 1
Location:	Cabinet 2	Description:	Wht. Spiral Binder

Item Name: AIA - Term. Concept F'kg. - Tech. Mtg. Progress Rpt. #8

Item Type:	Record of Meeting	Organization Name:	AIA
DatePublished:	10/1/97 File:	CopiesOnShelf:	15 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binder

IA Terminal Redevelopment Project

Document Log

03-Mar-98

Item Name: AIA - Term. Exp. Concept - Preferred 2005 Concept Construction Sequencing & Cost Est. - Progress Rpt. #7 Affairs Committee

Item Type: Record of Meeting **Organization Name:** AIA
DatePublished: 7/1/97 **File:** **CopiesOnShelf:** 5 **CopiesInFile:** 0
Location: Cabinet 2 **Description:** Wht. Spiral Binder

Item Name: AIA - Term. Exp. Concepts Phasing & Cost Evaluation Progress Rpt. #6

Item Type: Record of Meeting **Organization Name:** AIA
DatePublished: 6/11/97 **File:** **CopiesOnShelf:** 5 **CopiesInFile:** 0
Location: Cabinet 2 **Description:** Wht. Spiral Binder

Item Name: AIA - Term. Exp. Concepts Refinement & Evaluation Progress Rpt. #5

Item Type: Record of Meeting **Organization Name:** AIA
DatePublished: 6/5/97 **File:** **CopiesOnShelf:** 8 **CopiesInFile:** 0
Location: Cabinet 2 **Description:** Wht. Spiral Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Management Plan

Item Name: AIA - Management Plan Draft

Item Type:	Management Plan	Organization Name:	AIA
DatePublished:	4/1/96	File:	
Location:	Cabinet 1	CopiesOnShelf:	2
		CopiesInFile:	0
		Description:	Blue Binders

Item Name: AIA - Management Plan Final Draft

Item Type:	Management Plan	Organization Name:	AIA
DatePublished:	2/15/96	File:	
Location:	Cabinet 1	CopiesOnShelf:	1
		CopiesInFile:	0
		Description:	Blue Binder

Item Name: AIA Term. Redevelopment Project 'Management Plan'

Item Type:	Management Plan	Organization Name:	LSA
DatePublished:	1/14/98	File:	
Location:	Cabinet 1	CopiesOnShelf:	1
		CopiesInFile:	0
		Description:	Wht. Binder

Item Name: Program Mgmt. Plan - Procedures Manual

Item Type:	Management Plan	Organization Name:	LSA
DatePublished:		File:	
Location:	Cabinet 1	CopiesOnShelf:	1
		CopiesInFile:	0
		Description:	Wht. Binder

Item Name: Program Mgmt. Plan Draft

Item Type:	Management Plan	Organization Name:	LSA
DatePublished:	1/6/97	File:	
Location:	Cabinet 1	CopiesOnShelf:	1
		CopiesInFile:	0
		Description:	Wht. Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Master Plan

Item Name: Draft Final Rpt. - Master Pan Update - AIA

Item Type: Master Plan

Organization Name: Leigh Fisher Assocs.

DatePublished: 7/1/95 File:

CopiesOnShelf: 1 CopiesInFile: 0

Location: Cabinet 2

Description: Wht. Spiral Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Report

Item Name: A/port Information Systems

Item Type:	Report	Organization Name:	Osgood and Associates
DatePublished:	File:	CopiesOnShelf:	1 CopiesInFile: 0
Location:	Cabinet 1	Description:	Wht. Binder

Item Name: AIA - Roadway Plan - Final Rpt.

Item Type:	Report	Organization Name:	USKH/KPMG
DatePublished:	2/1/92 File:	CopiesOnShelf:	1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Grey Spiral Binder

Item Name: AIA - Subsurface Investigation & Foundation Recommendations

Item Type:	Report	Organization Name:	DOWL
DatePublished:	5/1/79 File:	CopiesOnShelf:	1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Blue Spiral Binder

Item Name: AIA - Term. Exp. Prog. Prelim Assessment of Retail Program Rqmts. - Draft Rpt.

Item Type:	Report	Organization Name:	Unisson Consultants
DatePublished:	5/28/97 File: TTT-017	CopiesOnShelf:	1 CopiesInFile: 3
Location:	Cabinet 2/File System	Description:	Wht. Spiral Binder

Item Name: AIA - Term. Exp. Prog. Prelim Assessment of Retail Program Rqmts. Draft Rpt. #2

Item Type:	Report	Organization Name:	Unisson Consultants
DatePublished:	6/6/97 File: TTT-017	CopiesOnShelf:	1 CopiesInFile: 3
Location:	Cabinet 2/File System	Description:	Copies

Item Name: AIA Passenger Market Survey

Item Type:	Report	Organization Name:	P & D Aviation
DatePublished:	8/1/97 File:	CopiesOnShelf:	2 CopiesInFile: 0
Location:	Cabinet 2	Description:	Multi-Color Spiral Bi

IA Terminal Redevelopment Project

Document Log

03-Mar-98

Item Name: Final AIA Needs Assmt. Rpt. -
Enplanement & Passenger A/craft F/casts

Item Type:	Report	Organization Name:	LSA/TAMS
DatePublished:	7/1/97	File:	CopiesOnShelf: 7 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binders

Item Name: Final Draft - AIA - Prelim Needs Assmnt. Rpt. - Transition Doc. Vol. II

Item Type:	Report	Organization Name:	LSA
DatePublished:	3/5/97	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binder

Item Name: Final Draft - AIA - Prelim Needs Assmnt. Rpt. - Vol. I - Enplanement F/casts

Item Type:	Report	Organization Name:	LSA/TAMS
DatePublished:	2/24/97	File:	CopiesOnShelf: 9 CopiesInFile: 0
Location:	Cabinet 2	Description:	Wht. Spiral Binders

Item Name: Final Report AIA Term. Exp. Study - Domestic Term. Facilities Requirements

Item Type:	Report	Organization Name:	Hirsh Assocs./MCG/L&B
DatePublished:	12/22/97	File:	CopiesOnShelf: 4 CopiesInFile: 0
Location:	Cabinet 2	Description:	Grey Spiral Binders

Item Name: Geotechnical Exploration for the AIA N. Terminal Expansion

Item Type:	Report	Organization Name:	CMH Consultants
DatePublished:	4/1/87	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Pink Spiral Binder

Item Name: Geotechnical Investigation & Foundation Recommendations for AIA Safety Bldg.

Item Type:	Report	Organization Name:	DOWL
DatePublished:	7/1/85	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Ylw. Spiral Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Item Name: Interim Progress Presentation & Work Session of Prog. Mgmt. Svcs. Tasks 1 & 2 - AIA Passenger Term. Exp.

Item Type: Report	Organization Name: LSA/TAMS/Cambridge
DatePublished: 11/15/96 File:	CopiesOnShelf: 9 CopiesInFile: 0
Location: Cabinet 2	Description: Tan Spiral Binders

Item Name: Master Plan Study - Final Report - AIA

Item Type: Report	Organization Name: DOT PF
DatePublished: 4/1/81 File:	CopiesOnShelf: 1 CopiesInFile: 0
Location: Cabinet 2	Description: Ylw. Spiral Binder

Item Name: Prelim Needs Assmnt. Rpt. Draft - Volume I, II & III

Item Type: Report	Organization Name: LSA
DatePublished: 1/6/97 File:	CopiesOnShelf: 1 CopiesInFile: 0
Location: Cabinet 1	Description: Wht. Binder

Item Name: Review of AIA Auto Ramp Study to Upgrade Seismic Resistance

Item Type: Report	Organization Name: Imbsen & Assocs.
DatePublished: 2/1/91 File:	CopiesOnShelf: 1 CopiesInFile: 0
Location: Cabinet 2	Description: Orange Spiral Binder

Item Name: Soil Investigation Concourse C Mechanical - AIA

Item Type: Report	Organization Name: USKH
DatePublished: 6/21/90 File:	CopiesOnShelf: 1 CopiesInFile: 0
Location: Cabinet 2	Description: Purple Spiral Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Item Name: Request for Proposals Package - Design

Item Type:	RFP	Organization Name:	AIA
DatePublished:	3/1/96	File:	CopiesOnShelf: 2 CopiesInFile: 0
Location:	Cabinet 2	Description:	Blue Binder

Submittal

Item Name: AIA Term. Exp. Project #52346 - DESIGN Pre-Negotiation Audit Report

Item Type:	Submittal	Organization Name:	McCool Carlson Green
DatePublished:	2/10/77	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 1	Description:	Blue Binder

Item Name: Presentation of Prelim Needs Assmnt. Rpt. Findings - Prog. Mgmt. Svcs. - Tasks 1 & 2 - AIA

Item Type:	Submittal	Organization Name:	LSA/TAMS/Cambridge
DatePublished:	12/20/96	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Blue Spiral Binder

Item Name: Professional Services Agmnt. (PSA) - Schematic Design Phase AIA Term. Exp. Project, Vol. I

Item Type:	Submittal	Organization Name:	McCool Carlson Green
DatePublished:	2/2/98	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	D.K.	Description:	Wht. Binder

Item Name: Supplemental Information PM, LSA, Team

Item Type:	Submittal	Organization Name:	LSA
DatePublished:		File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 1	Description:	Wht. Binder

AIA Terminal Redevelopment Project

Document Log

03-Mar-98

Survey

Item Name: AIA Roof Inventory Survey

Item Type:	Survey	Organization Name:	Cash Barner Usher
DatePublished:	11/18/93	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 1	Description:	Blue Binder

Item Name: Anchorage International Structural Evaluation of the South Terminal (Excluding Concourse C)

Item Type:	Survey	Organization Name:	McCool Carlson Green
DatePublished:	9/1/97	File:	TTT- 036
Location:	File System	Description:	Grey Spiral Binder

Item Name: Architectural Condition Survey & Rpt. - AIA - Main (South) Passenger 'Concourse' C

Item Type:	Survey	Organization Name:	Cash Barner Usher
DatePublished:	3/31/94	File:	CopiesOnShelf: 1 CopiesInFile: 0
Location:	Cabinet 2	Description:	Tan Spiral Binder

ATTACHMENT #5
LATEST APPROVED 6-YEAR CIP

ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
7/1/97

FY 99	FUNDING X \$1,000
-------	-------------------

AIRPORT	PROJECTS	AIP FUNDS	IARF	TOTAL FUNDS
ANC	RUNWAY 06L/24R RECONSTRUCTION & LIGHTING	15,300	1,700	17,000
ANC	LAKE HOOD SEWER AND WATER		2,500	2,500
ANC	EQUIPMENT		650	650
ANC	AIRFIELD BLAST PROTECTION RECONSTRUCT PH 1	1,530	370	1,900
ANC	TAXIWAY S TUG ROAD		300	300
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	ADVANCE PROJECT DESIGN		600	600
ANC	ESCALATOR REPLACEMENT		350	350
ANC	FLIGHT TRACKING/NOISE MONITORING SYSTEM	1,080	120	1,200
TOTAL		17,910	7,240	25,150

** AIP Noise Discretionary Funds

DOES NOT INCLUDE TERMINAL REDEVELOPMENT PROGRAM

ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
7/1/97

FY 2000		FUNDING X \$1,000		
AIRPORT	PROJECT'S	AIP FUNDS	IARF/PFC FUNDS	TOTAL FUNDS
ANC	RESURFACE TAXIWAYS "L" & "M"	1,800	200	2,000
ANC	STORM DRAIN CONSTRUCTION PHASE 2	2,700	300	3,000
ANC	CARGO RAMP RECONSTRUCTION PHASE 2	2,700	300	3,000
ANC	FIRE PIT SITE REMEDIATION		1,000	1,000
ANC	ADVANCE PROJECT DESIGN		1,000	1,000
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	TERMINAL ROOFS PH IV	1,000	1,000	2,000
ANC	ENVIRONMENTAL ASSESSMENT & CLEANUP		1,500	1,500
ANC	EQUIPMENT		750	750
ANC	DEICING COLLECTION FACILITY	1,350	150	1,500
ANC	COMPUTER HARDWARE/COMM UPGRADE		250	250
ANC	FIELD MNTC. RECONSTRUCT/EXPANSION	2,700	300	3,000
ANC	ACCESS CONTROL UPGRADES	3,150	350	3,500
TOTAL		\$15,400	\$7,750	\$23,150

ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
7/1/97

FY 2001	FUNDING X \$1,000
----------------	--------------------------

AIRPORT	PROJECTS	AIP FUNDS	IARF/PFC FUNDS	TOTAL FUNDS
ANC	AIRFIELD LIGHTING UPGRADES	1,350	150	1,500
ANC	STORM DRAIN CONSTRUCTION PHASE 3		2,000	2,000
ANC	AIRPORT SECURITY UPGRADES	900	100	1,000
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	ENVIRONMENTAL ASSESSMENT & CLEANUP		1,000	1,000
ANC	SNOW STORAGE AREA CONSTRUCTION		1,500	1,500
ANC	EQUIPMENT		750	750
ANC	ROADS/UTILITIES RECONSTRUCTION/UPGRADE		2,000	2,000
ANC	SOUTH AIRPARK TAXIWAY EXPANSION		3,200	3,200
ANC	G. A. PARKING & TAXIWAY RELOCATION	4,050 *	450	4,500
ANC	PART 150 NOISE PROGRAM IMPLEMENTATION	2,700 **	300	3,000
ANC	ADVANCE PROJECT DESIGN		1,000	1,000
TOTAL		9,000	13,100	22,100

* Lake Hood Entitlements

** Noise Discretionary Funds

**ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT**

7/1/97

FY 2002		FUNDING X \$1,000		
AIRPORT	PROJECTS	AIP FUNDS	IARF/PFC FUNDS	TOTAL FUNDS
ANC	TERMINAL RAMP RECONSTRUCTION	2,160	240	2,400
ANC	PAVEMENT REHABILITATION	1,800	200	2,000
ANC	STORM DRAIN CONSTRUCTION PHASE 4		1,000	1,000
ANC	AIRFIELD BLAST PROTECTION PHASE 2	1,350	150	1,500
ANC	SOUTH POSTMARK DRIVE REALIGNMENT		6,100	6,100
ANC	ENVIRONMENTAL ASSESSMENT & CLEANUP		1,000	1,000
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	EQUIPMENT		750	750
ANC	ADVANCE PROJECT DESIGN		1,000	1,000
TOTAL		5,310	11,090	16,400

ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
7/1/97

FY 2003

FUNDING X \$1,000

AIRPORT	PROJECTS	AIP FUNDS	IARF/PFC FUNDS	TOTAL FUNDS
ANC	PAVEMENT REHABILITATION	1,800	200	2,000
ANC	TERMINAL REHABILITATION		2,000	2,000
ANC	ROADS/UTILITIES RECONSTRUCTION/UPGRADE		2,000	2,000
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	ENVIRONMENTAL ASSESSMENT & CLEANUP		1,000	1,000
ANC	EQUIPMENT		750	750
ANC	OLD INTL. AIRPORT ROAD RECONSTRUCTION		7,500	7,500
ANC	STORM DRAIN CONSTRUCTION PHASE 5		4,300	4,300
ANC	MASTER PLAN/NOISE PROGRAM UPDATE	1,000	100	1,100
ANC	SAFETY/OPS BUILDING EXPANSION		3,000	3,000
ANC	LAKE SYSTEM DREDGING		3,250	3,250
ANC	ADVANCE PROJECT DESIGN		1,000	1,000
ANC	PART 150 NOISE PROGRAM IMPLEMENTATION	2,700 **	300	3,000
ANC	SOUTH AIRPARK/ANG TAXIWAY	3,150	350	3,500
TOTAL		8,650	26,400	35,050

** Noise Discretionary Funds

ANCHORAGE INTERNATIONAL AIRPORT
FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
7/1/97

FY 2004

FUNDING X \$1,000

AIRPORT	PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS
ANC	PAVEMENT REHABILITATION	1,800	200	2,000
ANC	INTL AIRPORT ROAD SERVICE ROAD		2,100	2,100
ANC	NORTH AIRPARK TAXIWAY		6,000	6,000
ANC	ADVANCE PROJECT DESIGN		1,000	1,000
ANC	ENVIRONMENTAL ASSESSMENT & CLEANUP		1,000	1,000
ANC	ANNUAL IMPROVEMENTS		650	650
ANC	EQUIPMENT		750	750
ANC	RUNWAY 14-32 OVERLAY AND GROOVE	2,700	300	3,000
ANC	TERMINAL RAMP RECONSTRUCTION	2,160	240	2,400
ANC	SNOW STORAGE AREA		1,500	1,500
TOTAL		6,660	13,740	20,400

**FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997**

FY 99		FUNDING X 1000				
AIRPORT	EXPECTED PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS	ANNUAL IMPACT OF AMORTIZATION ON LANDING FEES	ANNUAL IMPACT OF AMORTIZATION ON TERMINAL RENT
FAI	TERMINAL AREA ROADS & PARKING CONSTRUCTION	710 0	2,840 0	3,550 0	\$0 001	\$0 252
FAI	TERMINAL IMPROVEMENT PHASE I CONSTRUCTION	1,565 7	464 3	2,030 0	0 000	0 041
FAI	ANNUAL IMPROVEMENTS		200 0	200 0	0 001	
FAI	EQUIPMENT		579 0	579 0	0 003	
		2,275.7	4,083 3	6,359 0	\$0 005	\$0 293

**FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997**

FY 00	FUNDING X 1000
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AIRPORT EXPECTED PROJECTS	A/P FUNDS	IARF FUNDS	TOTAL FUNDS
FAI TERMINAL IMPROVEMENTS PHASE II DESIGN	280.0	20.0	300.0
FAI MAINTENANCE FACILITY CONSTRUCTION	675.0	4,325.0	5,000.0
FAI DRAINAGE IMPROVEMENTS PHASE II CONSTRUCTION	465.0	35.0	500.0
FAI MASTER PLAN/PART 150 NOISE PLAN UPDATE	400.0		400.0
FAI AIRFIELD PAVEMENT EVALUATION & MANAGEMENT PLAN	250.0		250.0
FAI ENVIRONMENTAL ASSESSMENT & CLEANUP		500.0	500.0
FAI ANNUAL IMPROVEMENTS		200.0	200.0
FAI EQUIPMENT		900.0	900.0
	2,070.0	5,980.0	8,050.0

FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997

FY 01	FUNDING X 1000
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AIRPORT EXPECTED PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS
FAI 1R/19L RUNWAY EXTENSION CONSTRUCTION	3,200.0	1,000.0	4,200.0
FAI NORTH PERIMETER ROAD DESIGN & CONSTRUCTION	1,300.0		1,300.0
FAI TERMINAL ROOF REPLACEMENT CONSTRUCTION	550.0	550.0	1,100.0
FAI ANNUAL IMPROVEMENTS		200.0	200.0
FAI EQUIPMENT		568.0	568.0
	5,050.0	2,318.0	7,368.0

**FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997**

FY 02

FUNDING X 1000

AIRPORT EXPECTED PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS
FAI EAST SIDE UTILITIES CONSTRUCTION		1,750.0	1,750.0
FAI TERMINAL IMPROVEMENTS PHASE II CONSTRUCTION	2,095.0	980.0	3,075.0
FAI ENVIRONMENTAL ASSESSMENT & CLEANUP		500.0	500.0
FAI ANNUAL IMPROVEMENTS		200.0	200.0
FAI EQUIPMENT		412.0	412.0
	2,095.0	3,842.0	5,937.0

**FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997**

FY 03	FUNDING X 1000
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AIRPORT EXPECTED PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS
FAI FLOAT POND EXPANSION DESIGN & CONSTRUCTION	1,300.0		1,300.0
FAI DRAINAGE IMPROVEMENTS PHASE III CONSTRUCTION	1,000.0		1,000.0
FAI ANNUAL IMPROVEMENTS		200.0	200.0
FAI EQUIPMENT		720.0	720.0
	2,300.0	920.0	3,220.0

**FAIRBANKS INTERNATIONAL AIRPORT
 FY 99-2004 AIRLINE CAPITAL IMPROVEMENT REPORT
 JULY, 1997**

FY 04	FUNDING X 1000
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AIRPORT EXPECTED PROJECTS	AIP FUNDS	IARF FUNDS	TOTAL FUNDS
FAI TAXILANE "D" EXTENSION PHASE II DESIGN AND CONSTRUCTION	1,125.0	75.0	1,200.0
FAI ENVIRONMENTAL ASSESSMENT & CLEANUP		500.0	500.0
FAI ANNUAL IMPROVEMENTS		200.0	200.0
FAI EQUIPMENT		300.0	300.0
	1,125.0	1,075.0	2,200.0

SUMMARY OF PROJECT COST & FUNDING

ATTACHMENT #6

Exhibit B
SUMMARY OF PROJECT COSTS AND FUNDING
 Capital Improvement Program
 Anchorage and Fairbanks International Airports
 For Fiscal Years Ending June 30
 (In thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, DOT/PPF management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	1991	1992	1993	1994	1995	Total
Estimated project costs						
System Office (a)	\$0	\$0	\$1,755	\$1,350	\$0	3,105
Anchorage International Airport (b)	11,250	19,458	8,940	32,094	5,956	77,698
Fairbanks International Airport (c)	2,865	4,950	1,691	2,925	3,842	16,273
Total estimated project costs	\$14,115	\$24,408	\$12,386	\$36,369	\$9,798	\$97,076
Loss: AIP grants-in-aid						
System Office (a)	\$0	\$0	\$348	\$0	\$0	\$348
Anchorage International Airport (b)	1,710	11,098	5,840	19,249	2,631	40,528
Fairbanks International Airport (c)	225	3,500	518	1,357	2,880	8,400
	\$1,935	\$14,598	\$6,706	\$20,606	\$5,511	\$49,356
Net project costs	\$12,180	\$9,810	\$5,680	\$15,763	\$4,287	\$47,720
Sources of funding						
Revenue bonds (Constr. Fund)	\$12,180	\$9,810	\$5,680	\$15,763	\$4,287	\$47,720
Surplus revenues (IARF)	\$12,180	\$9,810	\$5,680	\$15,763	\$4,287	\$47,720

- a. Exhibit B-1.
- b. Exhibit B-2.
- c. Exhibit B-3

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B-1
SUMMARY OF PROJECT COSTS AND FUNDING
 Capital Improvement Program
 System Office
 For Fiscal Years Ending June 30
 (in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, DOT/PF management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	International Terminal Area	Buildings And Grounds Area
1993											
Advance Project Design	\$1,005	1993	\$1,005	\$348	\$657	\$657					
Environmental Assessment & Cleanup	750	1993	750		750	750					
Total 1993 Project Costs	\$1,755		\$1,755	\$348	\$1,407	\$1,407	\$0	\$0	\$0	\$0	\$0
1994											
Environmental Assessment & Cleanup	\$1,000	1994	\$1,000		\$1,000	\$1,000					
UNIX Computer Equipment	350	1,994	350		350	350					
Total 1994 Project Costs	\$1,350		\$1,350	\$0	\$1,350	\$1,350	\$0	\$0	\$0	\$0	\$0
Total project costs	\$3,105		\$3,105	\$348	\$2,757	\$2,757	\$0	\$0	\$0	\$0	\$0

a. Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B-2
SUMMARY OF PROJECT COSTS AND FUNDING
 Capital Improvement Program
 Anchorage International Airport
 For Fiscal Years Ending June 30
 (In thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, DOT/PF management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds onstr. Fun	Airfield Area	Main Terminal Area	International Terminal Area	Buildings and Grounds Area
1991											
Annual Improvements	\$650	1991	\$650		\$650	\$650					
Maintenance Equipment	1,200	1991	1,200		1,200	1,200					
Ramp Area Reconstruction	1,000	1991	1,000		1,000	1,000					
Taxiways I & R Resurfacing	1,900	1991	1,900	\$1,710	190	190					
Terminal Roof Repair	1,500	1991	1,500		1,500	1,500					
Environmental Assessment & Cleanup	2,000	1991	2,000		2,000	2,000					
Terminal Code Upgrade	3,000	1991	3,000		3,000	3,000					
Total 1991 Project Costs	\$11,250		\$11,250	\$1,710	\$9,540	\$9,540	\$0	\$0	\$0	\$0	\$0
1992											
Annual Improvements	\$650	1992	\$650		\$650	\$650					
Maintenance Fac. Roof Upgrade	385	1992	385		385	385					
Ramp Area Reconstruction	1,000	1992	1,000		1,000	1,000					
Maintenance Equipment	605	1992	605		605	605					
Taxiway H & Link Reconstruction	2,790	1992	2,790	\$2,511	279	279					
Taxiway T Extension	1,475	1992	1,475	1,327	148	148					
Access System Upgrade	2,000	1992	2,000	1,500	500	500					
Environmental Assessment & Cleanup	2,000	1992	2,000		2,000	2,000					
Satellite Drive Design	200	1992	200		200	200					
Roadway Reconstruction	7,503	1,992	7,503	5,760	1,743	1,743					
N. Terminal Modification Design	350	1,992	350		350	350					
Remote Ramp Shuttle Buses	500	1,992	500		500	500					
Total 1992 Project Costs	\$19,458		\$19,458	\$11,098	\$8,360	\$8,360	\$0	\$0	\$0	\$0	\$0
1993											
Annual Improvements	\$650	1993	\$650		\$650	\$650					
Taxiway N Pavement Overlay	300	1993	300		300	300					
Conveyor System Renovation & Upgrade	500	1993	500		500	500					
Terminal R/hab & Remodel	1,000	1993	1,000		1,000	1,000					
Taxiway K Safety Area Widening	2,890	1993	2,890	\$2,600	290	290					
Terminal Auto Ramp Deck Repair	2,500	1993	2,500	2,250	250	250					
FAA Sign System Compliance	600	1993	600	540	60	60					
Master Plan/Noise Study Update	500	1993	500	450	50	50					
Total 1993 Project Costs	\$8,940		\$8,940	\$5,840	\$3,100	\$3,100	\$0	\$0	\$0	\$0	\$0

Exhibit B-2 Continued
 Capital Improvement Program
 Anchorage International Airport

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds onstr. Fun	Airfield Area	Main Terminal Area	International Terminal Area	Buildings and Grounds Area
1994											
Annual Improvements	\$650	1994	\$650		\$650	\$650					
Maintenance Equipment	779	1994	779	\$469	310	310					
Terminal Auto Ramp Support Column	1,000	1994	1,000	900	100	100					
Garage Rehab. & Improvements	415	1994	415		415	415					
S. Airpark Water Line Constr.	900	1994	900		900	900					
6R Lighting Reconstruction	2,760	1994	2,760	2,520	240	240					
Old Int'l Airport Rd Recons Ph I	6,000	1994	6,000	5,400	600	600					
G.A. Improvements Ph I & II	2,000	1994	2,000	1,800	200	200					
Lake Hood Water/Sewer Ext.	325	1994	325		325	325					
Terminal Design	4,500	1994	4,500	1,690	2,810	2,810					
Domestic Term Floor Covering	400	1994	400		400	400					
C Concourse Repair/Rehab/Replacement	3,000	1994	3,000		3,000	3,000					
CFR Boat House Replacement	100	1994	100		100	100					
Terminal Reroofing	1,500	1994	1,500		1,500	1,500					
N. Term Modification	4,000	1994	4,000	3,000	1,000	1,000					
Taxiway Romeo Ext & Interlinks	2,265	1994	2,265	2,120	145	145					
Airfield De-Icing Storage Bldg	500	1994	500	450	50	50					
W. Air Park Development	1,000	1994	1,000	900	100	100					
Total 1994 Project Costs	\$32,094		\$32,094	\$19,249	\$12,845	\$12,845	\$0	\$0	\$0	\$0	\$0
1995											
Annual Improvements	\$650	1995	\$650		\$650	\$650					
Maintenance Equipment	394	1995	394		394	394					
Environmental Assessment & Cleanup	2,000	1995	2,000		2,000	2,000					
Aircraft Terminal Ramp Reconstruction	1,212	1995	1,212	1,091	121	121					
Airport Radio Trunking System	1,000	1995	1,000	930	70	70					
Advance Project Design	350	1995	350	315	35	35					
Part 150 Program Amendments	250	1995	250	225	25	25					
Rescue/Firefighting Residential Conversion	100	1995	100	70	30	30					
Total 1995 Project Costs	\$5,956		\$5,956	\$2,831	\$3,325	\$3,325	\$0	\$0	\$0	\$0	\$0
Total project costs	\$77,698		\$77,698	\$40,528	\$37,170	\$37,170	\$0	\$0	\$0	\$0	\$0

(a) Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

Exhibit D-3
SUMMARY OF PROJECT COSTS
 Capital Improvement Program
 Fairbanks International Airport
 For Fiscal Years Ending June 30
 (In thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, DOT/PPF management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project costs	Assumed source of funding		Allocation of project costs funded with revenue bonds		
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	Buildings And Grounds Area
1991										
Annual Improvements	\$300	1991	\$300		\$300	\$300				
Terminal Bldg Repairs	700	1991	700		700	700				
FIA Master Plan Update	250	1991	250	\$225	25	25				
Maintenance Equipment	600	1991	600		600	600				
Hardsland Area Improvements	370	1991	370		370	370				
LUST Assessment & Mitigation	500	1991	500		500	500				
FIA Noise Zoning Implementation	75	1991	75		75	75				
Runway OIR-19L Vasi	70	1991	70		70	70				
Total 1991 Project Costs	\$2,865		\$2,865	\$225	\$2,640	\$2,640	\$0	\$0	\$0	\$0
1992										
Annual Improvements	\$300	1992	\$300		\$300	\$300				
NW Apron & Taxiway Ext., Phase II	2,000	1992	2,000	\$1,700	300	300				
Maintenance Equipment	400	1992	400		400	400				
Access Control/Security Req.	2,000	1992	2,000	1,800	200	200				
DEC Approved Fire Truck Area	250	1992	250		250	250				
Total 1992 Project Costs	\$4,950		\$4,950	\$3,500	\$1,450	\$1,450	\$0	\$0	\$0	\$0
1993										
Annual Improvements	\$300	1993	\$300		\$300	\$300				
FAA Sign System Compliance	300	1993	300	\$270	30	30				
Maintenance Equipment	272	1993	272		272	272				
Airport Drainage Study	65	1993	65		65	65				
West Industrial Road Utilities	479	1993	479		479	479				
ARFF Drainage Construction	275	1993	275	248	27	27				
Total 1993 Project Costs	\$1,691		\$1,691	\$518	\$1,173	\$1,173	\$0	\$0	\$0	\$0
1994										
Annual Improvements	\$300	1994	\$300		\$300	\$300				
Maintenance Equipment	785	1994	785	\$197	588	588				
Field Lighting Repairs	990	1994	990	890	100	100				
W. Industrial Road Utility Ph II	550	1994	550		550	550				
Safety Area Stabilization	300	1994	300	270	30	30				
Total 1994 Project Costs	\$2,925		\$2,925	\$1,357	\$1,568	\$1,568	\$0	\$0	\$0	\$0

Exhibit B-3 Concluded
 Capital Improvement Program
 Fairbanks International Airport

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project costs	Assumed source of funding		Allocation of project costs funded with revenue bonds		
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	Buildings And Grounds Area
1995										
Annual Improvements	\$300	1995	\$300		\$300	\$300				
Safety Area Improvements	1,912	1995	1,912	\$1,720	192	192				
Advanco Project Design	450	1995	450	405	45	45				
University Ave Ext	387	1995	387	348	39	39				
Maintenance Equipment	507	1995	507	407	100	100				
Terminal Carpet Replacement	286	1995	286		286	286				
Total 1995 Project Costs	\$3,842		\$3,842	\$2,880	\$962	\$962	\$0	\$0	\$0	\$0
Total Project Costs	\$16,273		\$16,273	\$8,480	\$7,793	\$7,793	\$0	\$0	\$0	\$0

a. Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B
SUMMARY OF PROJECT COSTS AND FUNDING
 Capital Improvement Program
 Anchorage and Fairbanks International Airports
 For Fiscal Years Ending June 30
 (in thousands)

	1996	1997	1998	Total
<u>Estimated project costs</u>				
System Office (a)	\$0	\$0	\$4,000	\$4,000
Anchorage International Airport (b)	18,073	23,125	21,446	67,644
Fairbanks International Airport (c)	12,325	742	1,922	14,989
Total estimated project costs	\$30,398	\$28,867	\$27,368	\$86,633
<u>Less: AIP grants-in-aid</u>				
System Office (a)	\$0	\$0	\$0	\$0
Anchorage International Airport (b)	9,625	8,325	13,995	31,945
Fairbanks International Airport (c)	9,385	0	512	9,897
	\$19,010	\$8,325	\$14,507	\$41,842
Net project costs	\$11,388	\$20,542	\$12,861	\$44,791
<u>Sources of funding</u>				
Revenue bonds (Constr. Fund)	\$0	\$0	\$0	\$0
Surplus revenues (IARF)	11,388	20,542	12,861	44,791
	\$11,388	\$20,542	\$12,861	\$44,791

- a. Exhibit B-1.
 b. Exhibit B-2.
 c. Exhibit B-3

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B-1
SUMMARY OF PROJECT COSTS
 Capital Improvement Program
 System Office
 For Fiscal Years Ending June 30
 (in thousands)

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	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	International Terminal Area	Buildings And Grounds Area
1996											
Total 1996 Project Costs	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1997											
Total 1997 Project Costs	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1998											
Development Fund	\$4,000	1998	\$4,000	\$0	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0
Total 1998 Project Costs	\$4,000		\$4,000	\$0	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0
Total project costs	\$4,000		\$4,000	\$0	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0

a. Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B-2
SUMMARY OF PROJECT COSTS
 Capital Improvement Program
 Anchorage International Airport
 For Fiscal Years Ending June 30
 (in thousands)

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	International Terminal Area	Buildings and Grounds Area
1996											
Runway 32 Extension	\$4,000	1996	\$4,000	\$3,600	\$400	\$400					
Runway 14/32 Overlay & Groove	2,500	1996	2,500	2,250	250	250					
Ramp Area Reconstruction	2,400	1996	2,400	2,100	300	300					
Storm Drain System	2,250	1996	2,250		2,250	2,250					
Airport Pavement Assessment	500	1996	500		500	500					
Terminal Reroofing - Ph III	1,500	1996	1,500	1,000	500	500					
Annual Improvements	650	1996	650		650	650					
Environmental Assessment & Cleanup	1,000	1996	1,000		1,000	1,000					
Equipment	673	1996	673		673	673					
North Terminal Fire Alarm Upgrade	300	1996	300		300	300					
ADA Compliance	250	1996	250		250	250					
North Terminal Escalator	400	1996	400		400	400					
Field Maintenance Building Feasibility & Design	250	1996	250		250	250					
South Terminal Bagwell Rehabilitation	650	1996	650		650	650					
Centerline Lights for Taxiways E&R	750	1996	750	675	75	75					
Total 1996 Project Costs	\$18,073		\$18,073	\$9,625	\$8,448	\$8,448	\$0	\$0	\$0	\$0	\$0
1997											
Storm Drain Construction Ph I	\$1,200	1997	\$1,200		\$1,200	\$1,200					
Runway 6L Safety Area Extension	1,900	1997	1,900	\$1,710	190	190					
Annual Improvements	650	1997	650		650	650					
Environmental Assessment & Cleanup	1,000	1997	1,000		1,000	1,000					
Equipment	625	1997	625		625	625					
Garage Renovation & Repair	1,250	1997	1,250		1,250	1,250					
Advanced Project Design	950	1997	950	405	545	545					
South Terminal Ramp Reconstruction	2,200	1997	2,200	1,680	220	220					
Terminal Electrical Upgrades	3,250	1997	3,250		3,250	3,250					
Terminal Health & Safety	750	1997	750		750	750					
Roads/Grounds Upgrade & Reconstruction	750	1997	750		750	750					
Tug Road Extension & Rebuild	1,200	1997	1,200		1,200	1,200					
Runway 32 Queuing Taxiway Construction	3,700	1997	3,700	3,330	370	370					
Welland Development Ph I	500	1997	500		500	500					
Concourse C Relocation	7,200	1997	7,200		7,200	7,200					
General Aviation Improvements Ph 3	1,000	1997	1,000	900	100	100					
Total 1997 Project Costs	\$28,125		\$28,125	\$8,325	\$19,800	\$19,800	\$0	\$0	\$0	\$0	\$0

Exhibit B-2 Continued
 Capital Improvement Program
 Anchorage International Airport

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project cost	Assumed source of funding		Allocation of project costs funded with revenue bonds			
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	International Terminal Area	Buildings and Grounds Area
1998											
South Terminal Ramp Reconstruction	\$2,400	1998	\$2,400	\$2,160	\$240	\$240					
Snow Storage Area Construction	1,500	1998	1,500		1,500	1,500					
Annual Improvements	650	1998	650		650	650					
Environmental Assessment & Cleanup	1,500	1998	1,500		1,500	1,500					
Equipment	796	1998	796		796	796					
Runway 6R/24L Rehabilitation	5,400	1998	5,400	4,860	540	540					
Cargo Ramp Reconstruction Ph I	2,200	1998	2,200	1,800	400	400					
Cargo Fueling Apron Expansion	5,200	1998	5,200	4,680	520	520					
Terminal Rehabilitation	750	1998	750		750	750					
Advanced Project Design	1,050	1998	1,050	495	555	555					
Total 1998 Project Costs	\$21,446		\$21,446	\$13,995	\$7,451	\$7,451	\$0	\$0	\$0	\$0	\$0
Total project costs	\$67,644		\$67,644	\$31,945	\$35,699	\$35,699	\$0	\$0	\$0	\$0	\$0

a. Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

Exhibit B-3
SUMMARY OF PROJECT COSTS
 Capital Improvement Program
 Fairbanks International Airport
 For Fiscal Years Ending June 30
 (in thousands)

	Project costs	Project program year	Escalated project costs	AIP grants-in-aid(a)	Net project costs	Assumed source of funding		Allocation of project costs funded with revenue bonds		
						Surplus revenues (IARF)	Revenue bonds (Constr. Fund)	Airfield Area	Main Terminal Area	Buildings And Grounds Area
1996										
Runway 1L/19R Extension Design	\$750	1996	\$750	\$700	\$50	\$50				
Runway 1L/19R Extension Construction	7,890	1996	7,890	7,395	495	495				
East Side Utilities Development Design	100	1996	100		100	100				
Terminal Area Roads/Parking Design	150	1996	150		150	150				
Maintenance Facility Design	465	1996	465		465	465				
East Side Lease Lot Improvements	900	1996	900	840	60	60				
Drainage Improvements Construction	500	1996	500	450	50	50				
Environmental Assessment & Cleanup	500	1996	500		500	500				
Annual Improvements	300	1996	300		300	300				
Equipment	770	1996	770		770	770				
Total 1996 Project Costs	\$12,325		\$12,325	\$9,365	\$2,940	\$2,940	\$0	\$0	\$0	\$0
1997										
Annual Improvements	\$200	1997	\$200		\$200	\$200				
Equipment	542	1997	542		542	542				
Total 1997 Project Costs	\$742		\$742	\$0	\$742	\$742	\$0	\$0	\$0	\$0
1998										
Terminal Reroof Design	\$100	1998	\$100	\$69	\$31	\$31				
Terminal Improvements Design, Ph I	400	1998	400	400	0	0				
Terminal Area Roads/Parking, Ph II	130	1998	130	43	87	87				
Environmental Assessment & Cleanup	500	1998	500		500	500				
Annual Improvements	200	1998	200		200	200				
Equipment	592	1998	592		592	592				
Total 1998 Project Costs	\$1,922		\$1,922	\$512	\$1,410	\$1,410	\$0	\$0	\$0	\$0
Total Project Costs	\$14,989		\$14,989	\$9,897	\$5,092	\$5,092	\$0	\$0	\$0	\$0

a. Consists of entitlement and discretionary AIP funds.

Source: Alaska Department of Transportation and Public Facilities.

ATTACHMENT #7
PLAN OF FINANCE ADDENDUM

PLAN OF FINANCE

DISTRIBUTION TO THE AIRLINE AFFAIRS COMMITTEE

NOVEMBER 5, 1997

ADDENDUM TO OCTOBER 15, 1997 PRESENTATION

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance***

Purpose of Addendum

- Incorporate State of Alaska Capital Contribution of \$26.3 million into Financial Model of terminal rents and landing fees
- Incorporate an assumption of less than 100% occupancy of the Airline Rentable area of the Terminal when the project comes on line in Fiscal Year 2002
- Incorporate updated concession revenues work based on the October 15th Design Presentation to the Airline Affairs Committee
- Incorporate higher operating assumptions in the areas of Custodial, Maintenance and Utility
- Update fuel flowage fee assumptions
- See pages 7 - 11 for details of assumption updates

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance***

Project Components

Note: This chart is included for illustration purposes and uses the Example of the revised Financial Model A (2001 Completion of Concourse C and 2003 Project Completion).

	Additions in \$	Subtractions in \$	Net in \$
Total Cost of Project in 1997 Dollars	190,800,000		
State Capital Contribution		26,300,000	
AIRPORT COST OF PROJECT IN 1997 DOLLARS			164,500,000
Fiscal Year 1998 Allocated Funds		6,100,000	
3% Escalation per Cash Flows	14,500,000		
24 Months Capitalized Interest	20,000,000		
Credit Construction Fund Earnings		21,000,000	
Financing Costs Including Bond Insurance	4,700,000		
CORE FINANCING	Total Additions	Sub-Total Subtractions	
	230,000,000	53,400,000	176,600,000
Optional Adjustment: Take Out Capitalized Interest		20,000,000	
ADJUSTED WITHOUT CAPITALIZED INTEREST		Total Subtractions	
		73,400,000	156,600,000

November 5, 1997

Leif Selkregg Associates Program Management Team
 by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance

Total Debt Service Level Each Year

\$173,000,000 Project Fund from Bond Proceeds Amortized Over 25 Years

Par Amount of Bonds	\$177,205,000
Maximum Full Year Debt Service	\$14,583,284
Average Life of Bonds	16.51 years

Recommendation for Level Debt Service

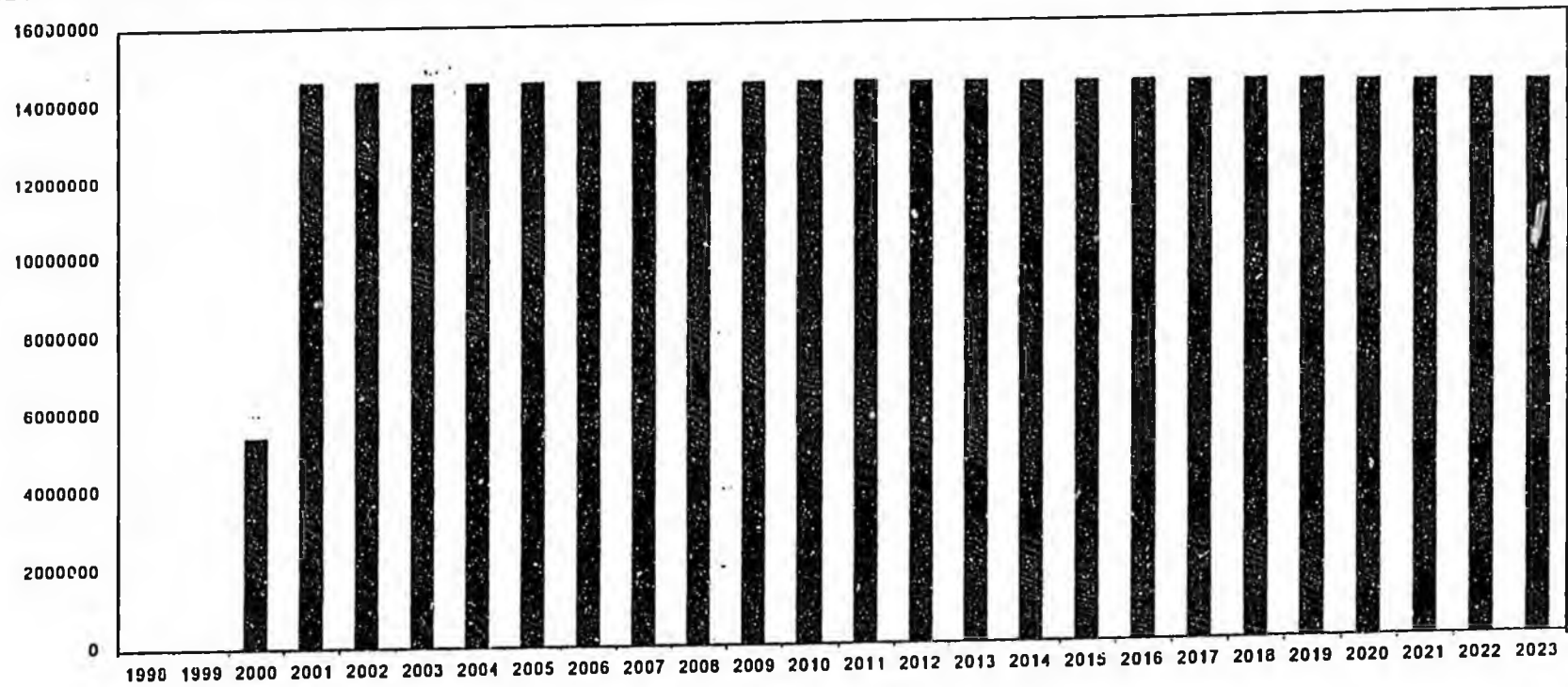
- Level Debt Service facilitates long-term planning because it creates a consistent base
- Average Life of debt is substantially less than face term of bonds
- Effect of inflation is to reduce the fixed debt as percentage of total operating costs over time
- Level debt service makes project a gradually decreasing impact on various airport and airline financial rates, charges and ratios

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance***

**Airli. Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

Level Debt Service
 FY 1998 and FY 1999 are zero because of capitalized interest for \$173,000,000 Project Fund
 FY 2000 Includes one semi-annual interest payment
 FY 2002 is In-Service Date for Concourse C, which is scheduled for completion during FY 2001
Annual Fiscal Year Net Debt Service



November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

Summary of Rates and Charges

- FY 2001 Completion for Concourse C Replacement
- FY 2002 In-Service Date for Concourse C Replacement
- 24 Months Capitalized Interest
- Chart begins with FY 1999 because Rates and Charges for FY 1998 were set prior to July 1, 1997 using assumptions which are different from the November 5 Scenario of Model A.

Terminal Rents November 5 Scenario A	Terminal Rents October 15 Scenario A	Year	Landing Fees November 5 Scenario A	Landing Fees October 15 Scenario A
32.97	32.97	1999	0.70	0.69
33.24	33.24	2000	0.68	0.68
37.81	38.65	2001	0.76	0.77
39.71	39.08	2002	0.93	0.95
40.19	39.36	2003	0.89	0.93
40.70	39.63	2004	0.86	0.91
40.72	39.92	2005	0.83	0.89
40.44	40.21	2006	0.82	0.87
40.75	40.51	2007	0.80	0.85
41.07	40.81	2008	0.79	0.84
41.41	41.12	2009	0.77	0.82
41.75	41.43	2010	0.75	0.80

November 5, 1997

Leif Selkregg Associates Program Management Team
 by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance*

Summary of Rates and Charges (cont.)

Terminal Rents November 5 Scenario A	Terminal Rents October 15 Scenario A	Year	Landing Fees November 5 Scenario A	Landing Fees October 15 Scenario A
42.16	41.82	2011	0.75	0.80
42.59	42.22	2012	0.75	0.79
43.03	42.63	2013	0.75	0.79
43.48	43.05	2014	0.75	0.79
43.93	43.47	2015	0.75	0.79
44.42	43.92	2016	0.75	0.78
42.36	41.86	2017	0.71	0.74
42.79	42.33	2018	0.71	0.74
43.31	42.80	2019	0.71	0.74
43.84	43.29	2020	0.71	0.74
44.38	43.80	2021	0.71	0.74
44.93	44.32	2022	0.71	0.73
45.52	44.85	2023	0.71	0.73
46.10	45.40	2024	0.71	0.73
33.14	30.91	2025	0.54	0.55

November 5, 1997

Lelf Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance*

State Contribution

- October 24, 1997 Letter from Commissioner of Department of Transportation and Public Facilities to the Chairman of the Airline Airport Affairs Committee
- \$26.3 million commitment of federal highway funds to be received by the State which will be used to fund terminal access roads
- Clear demonstration of the State's good faith in committing non-airline funding sources
- October 24th letter refers to additional \$15 million in non-airline funds:

"The State has also identified a minimum of \$15 million in airside development which is eligible for FAA Discretionary Funds. We commit to aggressively pursue these funds to further reduce the airline share of the project costs."

- October 24th letter joins the State with the airlines in pursuing lower rates and charges to make Anchorage International Airport more competitive in the aviation market
- The most explicit value of the State contribution is the lowering of annual debt service on the bond issue (see following chart)

November 5, 1997

Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance*

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

	<u>October 15 Bond Issue</u>	<u>November 5 Bond Issue</u>
Par Amount of Bonds	\$199,130,000	\$177,205,000
Project Fund from Bond Proceeds	177,207,788	152,000,031
Project Fund from Airport Capital Allocation	6,400,000	6,100,000
Project Fund from State Capital Allocation	0	26,300,000
Capitalized Interest Fund Deposit	22,477,655	20,002,796
Maximum Annual Debt Service (Level Debt Structure)	16,388,159	14,583,284

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

Update of Other Assumptions

- New Project Fund bonding requirement based on 1997 Dollars and 3% Escalation is as follows:

Cash Flow Line	1998	1999	2000	2001	2002	2003	
6.1	6.1						
18.4	18.4	19.0					
41.9	41.9	43.2	44.5				
42.3	42.3	43.6	44.9	46.2			
42.1	42.1	43.4	44.7	46.0	47.4		
13.7	13.7	14.1	14.5	15.0	15.4	15.9	
164.5	6.1	19.0	44.5	46.2	47.4	15.9	179.0 TOTAL

Note 1: \$6.1 million in FY 1998 is not included in the 172.9 million Project Fund bonding requirement.

Note 2: prior 1997 dollars were \$190.9 million, escalating to a total of \$207.5 million.

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

- Incorporate an assumption of less than 100% occupancy of the Airline Rentable area of the Terminal when the project comes on line in Fiscal Year 2002

Fiscal Year	Total Usable Square Feet	Total Available Airline Rentable Square Feet	Actual Rented as % of Available Rentable (rounded)	Total RENTED Airline Rentable Square Feet	Total VACANT Airline Rentable Square Feet
2002	591,565	232,256	80.51%	187,000	45,256
2003	631,863	257,357	80.43%	207,000	50,357
2004	631,863	257,357	83.54%	215,000	42,357
2005	631,863	257,357	89.37%	230,000	27,357
Thereafter	631,863	257,357	89.37%	230,000	27,357

- Update fuel flowage fee assumption to tie to takeoff weight assumption rather than 3% straight line growth

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

- Incorporate updated concession revenues work based on the October 15th Design Presentation to the Airline Affairs Committee; concession consultant has identified several additional design factors which strengthen the outlook for concession revenues, including, for example, location, size, configuration, and store content

Fiscal Year	Food & Beverage Per Enplaned Passenger	News, Gifts & Specialty Per Enplaned Passenger
1997	0.39	0.27
1998 to 2001	increase at 1.5% per annum	increase at 1.5% per annum
2002 (New Program)	0.64	0.58
2003 and thereafter	increase at 1.5% per annum	increase at 1.5% per annum

- Incorporate higher operating assumptions in the areas of Custodial and Building Maintenance for the AIA Main Terminal only

Custodial	One time step up of 10% in FY 2002; then resume 3% escalation
Building Maintenance	Includes two components: Maintenance one time step up of 5% in FY 2002; then resume 3% escalation Utilities one time step up of 15% in FY 2002; then resume 3% escalation

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

ATTACHMENT #8
STATUS REPORT

Concourse C Funding

Appropriations:	Description	AR YR	AMOUNT
A 837	O/AIA CONCOURSE C	1994	\$3,000,000
A 798	O/AIA CONCOURSE C RELOCATION	1997	\$7,200,000
A 836	O/AIA TERMINAL EXPANSION	1994	\$4,500,000
			\$14,700,000

Projects:	Spent	Encumbered	Balance	Project Total
Concourse C Repair, Rehabilitation, Replace				
Design & Construction of Safety Repairs	\$210,000			
Seismic / Code Evaluations	\$235,000			
Misc	\$43,534			
	\$488,534	\$10,107	\$302,536	\$801,177
PPO Office Addition				
Design and Admin	\$338,499			
	\$338,499	\$88,169	\$23,332	\$450,000
PPO Warehouse / Maintenance Shops / Office				
Design and Admin	\$317,762			
Utilities & Civil	\$67,562			
Construction	\$2,733,963			
	\$3,119,287	\$31,051	\$449,662	\$3,600,000
Concourse C Tenant Relocations				
Program analysis, design, and Force Account	\$29,264			
	\$29,264	\$37,079	\$1,261,050	\$1,327,393
1% for Art (Warehouse / Maint Facility)				
	\$0			
	\$0	\$21,430	\$0	\$21,430
AIA Terminal Redevelopment				
Terminal Assessment				
Aviation Forecast	\$217,966			
Needs Assessment	\$265,185			
Masterplan	\$148,658			
Concept Design	\$884,408			
Environmental Planning	\$122,074			
Financial Planning	\$282,862			
Program Management	\$478,847			
	\$2,400,000	\$0	\$0	\$2,400,000
Terminal Schematic Design				
Schematic Design and Admin.	\$605,878			
	\$605,878	\$4,089,510	\$604,612	\$5,300,000
Landside Design				
Landside Design and Admin.	\$0			
	\$0	\$314,316	\$85,684	\$400,000
Environmental Assessment				
Environmental Assessment	\$0			
	\$0	\$316,232	\$83,768	\$400,000
		\$6,981,462	\$4,907,894	\$2,810,644
				\$14,700,000

UNEXPENDED

ATTACHMENT #9

**ALAS
UNEXPENDED CIP APPROPRIATIONS
AS OF 03/06/97**

P. 03/07

FAX NO. 9072662676

AIA DIRECTORS OFFICE

MAR-05-98 THU 12:30 PM

A I A S
UNEXPENDED CIP APPROPRIATIONS
as of 06/30/97

AR FY	APPROPRIATION DESCRIPTION	TOTAL AUTHORIZATION			EXPENDITURES TO DATE			ENCUMBERED			LAPSED PRE FY97			LAPSED FY97			UNEXPENDED BALANCE		
		IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL
	AIA																		
1988	TERMINAL RENOVATION	5,000	0	5,000	4,819	0	4,819	26	0	26	11	0	11	20	0	20	124	0	124
1988	RECONSTRUCTION OF RAMP	1,200	0	1,200	1,049	0	1,049	0	0	0	0	0	0	0	0	0	111	0	111
1989	EXPAND SAND STORAGE	300	0	300	16	0	16	0	0	0	0	0	0	0	0	0	284	0	284
1990	AIAS MAINT EQUIP	1,997	0	1,997	1,995	0	1,995	0	0	0	0	0	0	0	0	0	2	0	2
1990	AIA INTERNAL RDS/TUG	2,500	0	2,500	2,496	0	2,496	1	0	1	0	0	0	0	0	0	0	0	0
1991	AIA: CODE UPGRADE	3,000	0	3,000	1,799	0	1,799	0	0	0	0	0	0	0	0	0	64	0	64
1991	AIA: ENVIR ASSCLNUP	2,000	0	2,000	1,881	0	1,881	4	0	4	0	0	0	0	0	0	114	0	114
1991	AIA: TERMINAL ROOF R	1,500	0	1,500	1,255	0	1,255	12	0	12	0	0	0	0	0	0	233	0	233
1992	AIA POSTMARK DRIVE	0	1,000	1,000	0	640	640	0	0	0	0	0	0	0	0	0	0	46	46
1992	AIA NO TERMINAL MODI	350	0	350	317	0	317	2	0	2	0	0	0	0	0	0	30	0	30
1992	AIA ACCESS CONTROL	500	1,092	1,592	70	146	216	28	396	422	0	0	0	0	0	0	404	550	954
1992	AIA ENVIR ASSMNT & C	2,000	0	2,000	1,273	0	1,273	0	0	0	0	0	0	0	0	0	635	0	635
1992	AIA ROADWAY RECONSTR	1,743	5,760	7,503	557	5,601	6,158	0	0	0	0	0	0	-1,174	-1,591	-1,333	12	0	12
1993	AIAS ADVANCE PRJ DES	556	203	759	429	203	632	13	0	13	0	0	0	0	0	0	75	0	75
1993	AIAS ENVR AIA SHARE	500	0	500	392	0	392	10	0	10	0	0	0	0	0	0	83	0	83
1993	AIA, TAXIWAY K SAFE	390	2,600	2,990	174	2,269	2,443	9	335	344	0	0	0	0	0	0	3	47	50
1993	AIA, TERMINAL AUTO R	250	850	1,100	202	736	938	0	0	0	0	0	0	0	0	0	40	1	41
1993	AIA, TERMINAL REHABI	1,000	0	1,000	982	0	982	5	0	5	0	0	0	0	0	0	12	0	12
1993	AIA, ANNUAL IMPROVEM	650	0	650	615	0	615	8	0	8	0	0	0	0	0	0	7	0	7
1993	AIA, CONVEYOR SYST R	500	0	500	378	0	378	1	0	1	0	0	0	0	0	0	121	0	121
1994	AIA ENVIRON ASSESS	0	500	500	0	425	425	0	16	16	0	0	0	0	0	0	0	59	59
1994	AIA ROOF REPAIR	0	2,200	2,200	0	1,150	1,150	0	0	0	0	0	0	0	0	0	0	1,050	1,050
1994	AIAS ENVIR -AIA SHARE	700	0	700	492	0	492	21	0	21	0	0	0	0	0	0	187	0	187
1994	AIA RUNWAY BRZL	240	2,520	2,760	203	1,526	1,639	109	932	1,041	0	0	0	0	0	0	28	52	80
1994	AIA WINTER MNTC STOR	50	450	500	0	0	0	0	0	0	0	0	0	0	0	0	50	450	500
1994	AIA ANNUAL IMPROVEME	650	0	650	495	0	495	112	0	112	0	0	0	0	0	0	0	0	0
1994	AIA AUTO RAMP SUPPOR	100	500	1,000	90	553	644	0	0	0	0	0	0	0	0	0	2,438	0	2,438
1994	AIA CONCOURSE C' RE	3,000	0	3,000	552	0	552	10	0	10	0	0	0	0	0	0	98	0	98
1994	AIA CFR BOAT HOUSE	100	0	100	2	0	2	0	0	0	0	0	0	0	0	0	110	0	110
1994	AIA DOMESTIC TERM FL	400	0	400	290	0	290	0	0	0	0	0	0	0	0	0	208	0	208
1994	AIA GARAGE REHAB & R	415	0	415	206	0	206	0	0	0	0	0	0	0	0	0	78	810	888
1994	AIA GENERAL AVTN IMP	200	1,000	1,200	118	931	1,049	0	4	4	0	0	0	0	0	0	0	0	0
1994	AIA NO TERMINAL MODI	1,000	3,000	4,000	985	2,908	3,893	0	7	7	0	0	0	0	0	0	10	75	85
1994	AIA OPS & MTRC EQUIP	310	469	779	204	469	673	106	0	106	0	0	0	0	0	0	0	0	0
1994	AIA TERM EXPAN DESGN	2,810	1,690	4,500	1,053	653	1,706	126	233	359	0	0	0	0	0	0	1,629	794	2,423
1994	AIA TAXIWAY ROMEO EXT	145	2,120	2,265	134	1,552	2,086	0	27	27	0	0	0	0	0	0	0	66	66
1994	AIA TERM REROOF PHI	1,500	0	1,500	627	0	627	0	0	0	0	0	0	0	0	0	873	0	873
1995	AIA ARFF RESID (ARF ONLY)	30	0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	AIA NIS RWY EXT	204	0	204	188	0	188	1	0	1	0	0	0	0	0	0	1	0	1
1995	AIA AIRCRAFT RAMP RE	121	1,100	1,221	86	711	797	0	0	0	0	0	0	0	0	0	33	58	89

P. 04/07

FAX NO. 9072662676

AIA DIRECTORS OFFICE

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A I A S
UNEXPENDED CIE APPROPRIATIONS
as of 06/30/97

AR FY	APPROPRIATION DESCRIPTION	TOTAL AUTHORIZATION			EXPENDITURES TO DATE			ENCUMBERED			LAPSED PRE FY97			LAPSED FY97			UNEXPENDED BALANCE		
		IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL
1995	AIA RADIO SYSTEM PUR	70	950	1,020	2	31	33	0	0	0	0	0	0	0	0	68	919	987	
1995	AIA ANNUAL IMPROVMTS	650	0	650	423	0	423	53	0	53	0	0	0	0	0	175	0	175	
1995	AIA ENVIRON ASSESS &	1,975	0	1,975	239	0	239	109	0	109	0	0	0	0	0	1,627	0	1,627	
1995	AIA EQUIP PURCHASE	394	313	707	385	313	698	9	0	9	0	0	0	0	0	0	0	0	
1995	AIA FED PRGM PRECONS	35	500	535	14	393	407	0	3	3	0	0	0	0	21	104	125		
1995	AIA PART 150 NOISE P	50	450	500	20	290	310	7	100	107	0	0	0	0	24	60	83		
1996	AIA RWY GR/24L	540	0	540	1	0	1	232	0	232	0	0	0	0	0	307	0	307	
1996	AIA AIRCRAFT TERMINA	300	2,400	2,700	139	1,555	1,694	31	3	34	0	0	0	-83	-305	-389	47	536	593
1996	AIA CENTERLINE LIGHT	75	680	755	50	493	543	2	0	2	0	0	0	-6	-55	-61	17	132	149
1996	AIA RUNWAY 14/32 OVE	250	2,250	2,500	127	1,691	1,818	0	0	0	0	0	0	-122	-556	-678	1	3	4
1996	AIA TERMINAL RECOF	500	1,000	1,500	193	152	255	3	10	13	0	0	0	0	0	394	858	1,233	
1996	AIA ADA COMPLIANCE	250	0	250	17	0	17	0	0	0	0	0	0	0	0	233	0	233	
1996	AIA ANNUAL IMPROVEME	850	0	850	248	0	248	70	0	70	0	0	0	0	0	332	0	332	
1996	AIA ENVIRON ASSESSMT	1,000	0	1,000	212	0	212	59	0	59	0	0	0	0	0	729	0	729	
1996	AIA EQUIPMENT	673	0	673	505	0	505	53	0	53	0	0	0	0	0	116	0	116	
1996	AIA MAINTENANCE BUIL	250	0	250	46	0	46	0	0	0	0	0	0	0	204	0	204		
1996	AIA NORTH TERM ESCAL	400	0	400	8	0	8	0	0	0	0	0	0	0	392	0	392		
1996	AIA NORTH TERM FIRE	300	0	300	88	0	88	214	0	214	0	0	0	0	0	0	0	0	
1996	AIA PAVEMENT ASSESSM	500	0	500	0	0	0	0	0	0	0	0	0	0	500	0	500		
1996	AIA SOUTH TERM BAGWE	850	0	850	62	0	62	3	0	3	0	0	0	0	584	0	584		
1996	AIA STORM DRAIN SYST	2,250	0	2,250	6	0	6	0	0	0	0	0	0	0	2,244	0	2,244		
1997	FED CONTG - AIA 6R/24L	0	4,885	4,885	0	21	21	0	4,181	4,181	0	0	0	0	0	783	0	783	
1997	AIA ANNUAL IMPROVEME	650	0	650	6	0	6	0	0	0	0	0	0	0	644	0	644		
1997	AIA CONCOURSE C RELO	7,200	0	7,200	3,369	0	3,369	127	0	127	0	0	0	0	3,685	0	3,685		
1997	AIA ENVIRONMENTAL AS	1,000	0	1,000	98	0	98	42	0	42	0	0	0	0	862	0	862		
1997	AIA EQUIPMENT REPLAC	525	0	525	0	0	0	285	0	285	0	0	0	0	340	0	340		
1997	AIA GARAGE RENOVATIO	1,250	0	1,250	11	0	11	0	0	0	0	0	0	0	1,239	0	1,239		
1997	AIA GENERAL AVIATION	100	900	1,000	0	0	0	0	0	0	0	0	0	0	100	900	1,000		
1997	AIA ROADS/GROUNDS UP	750	0	750	103	0	103	0	0	0	0	0	0	0	647	0	647		
1997	AIA RUNWAY 32 QUEUEI	370	3,330	3,700	156	2,293	2,449	4	58	62	0	0	0	-197	-920	-1,117	13	60	73
1997	AIA RUNWAY 6L SAFETY	190	1,710	1,900	74	978	1,052	5	72	77	0	0	0	-108	-525	-633	3	135	138
1997	AIA SOUTH TERM RAMP	220	1,980	2,200	118	1,687	1,805	9	99	108	0	0	0	0	93	194	287		
1997	AIA STORM DRAIN CONS	1,200	0	1,200	0	0	0	0	0	0	0	0	0	0	1,200	0	1,200		
1997	AIA TERMINAL ELECTRI	3,250	0	3,250	6	0	6	153	0	153	0	0	0	0	3,080	0	3,080		
1997	AIA TERMINAL HEALTH	750	0	750	132	0	132	12	0	12	0	0	0	0	607	0	607		
1997	AIA TUG ROAD EXTENSI	1,200	0	1,200	5	0	5	41	0	41	0	0	0	0	1,154	0	1,154		
1997	AIA WETLAND DEVELOPM	500	0	500	0	0	0	0	0	0	0	0	0	0	500	0	500		
1997	STWD AVIATION PRECON	50	235	285	0	0	0	0	0	0	0	0	0	0	50	235	285		
1997	AIA PRECONSTRUCTION	495	170	665	62	67	129	0	1	1	0	0	0	0	433	102	535		
AIA ACTIVE:		69,473	50,107	119,580	33,193	30,880	64,073	2,228	6,282	8,510	-1,147	0	-1,147	-2,127	-3,876	-5,003	30,779	9,069	39,848

2 1 1
UNEXPENDED CIP APPROPRIATIONS
AS OF 06/30/97

AR FY	APPROPRIATION DESCRIPTION	TOTAL AUTHORIZATION			EXPENDITURES TO DATE			ENCUMBERED			LAPSED PRE FY97			LAPSED FY97			UNEXPENDED BALANCE		
		IAF	AIP	TOTAL	IAF	AIP	TOTAL	IAF	AIP	TOTAL	IAF	AIP	TOTAL	IAF	AIP	TOTAL	IAF	AIP	TOTAL
1987	FIA LAND ACQ	341	0	341	0	0	0	0	0	0	0	0	0	0	0	0	0	0	341
1988	LAND ACQUISITION	700	0	700	272	0	272	0	0	0	0	0	0	0	0	0	0	0	428
1989	FIA COMPUTERIZED ACC	31	489	520	23	417	445	3	544	0	0	0	0	0	0	0	0	0	1
1991	FIA REPAIRS/MECHAN	700	0	700	662	10	652	23	0	0	0	0	0	0	0	0	0	0	15
1991	FIA HOUSE ZONING LM	75	0	75	31	0	31	33	0	0	0	0	0	0	0	0	0	0	22
1991	FIA RUNWAY 01R-19L	70	0	70	7	0	7	0	0	0	0	0	0	0	0	0	0	0	0
1992	FIA ACCESS CONTROL S	200	1,800	2,000	122	1,043	1,165	1	1,115	0	0	0	0	0	0	0	0	0	77
1992	FIA NIRTHWST APRON &	260	1,800	2,060	141	1,763	1,904	0	0	0	0	0	0	0	0	0	0	0	59
1992	FIA ANNUAL IMPROVEME	300	0	300	286	0	286	0	0	0	0	0	0	0	0	0	0	0	14
1992	FIA DEC APPROV FIRE	250	0	250	202	0	202	0	0	0	0	0	0	0	0	0	0	0	48
1993	AAS ADVANCE PROJ DES	101	145	246	80	145	225	15	10	0	0	0	0	0	0	0	0	0	5
1993	AAS ENVR FIA SHARE	250	0	250	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0
1993	FIA FAA SIGN SYSTEM	30	270	300	29	267	297	0	0	0	0	0	0	0	0	0	0	0	1
1993	FIA ARFF DRAIN CNST	27	248	275	9	106	115	0	142	0	0	0	0	0	0	0	0	0	8
1994	AAS ENVR-FIA SHARE	300	0	300	91	0	91	0	0	0	0	0	0	0	0	0	0	0	153
1994	FIA FIELD LIGHTG UFG	100	890	990	44	598	634	0	21	0	0	0	0	0	0	0	0	0	54
1994	FIA SAFETY AREA STAB	33	270	300	21	288	288	0	0	0	0	0	0	0	0	0	0	0	9
1994	FIA WEST INDUS RD UT	550	0	550	357	0	397	0	0	0	0	0	0	0	0	0	0	0	153
1995	FIA ANNUAL IMPROVEMT	300	0	300	273	0	273	0	0	0	0	0	0	0	0	0	0	0	22
1995	FIA EQUIPMENT PURCHS	100	600	600	70	0	70	0	0	0	0	0	0	0	0	0	0	0	30
1995	EA-FED PRGM PRECONS	45	450	495	11	135	146	2	37	0	0	0	0	0	0	0	0	0	32
1995	FIA SAFETY AREA IKPR	192	1,760	1,942	1	8	9	1	9	0	0	0	0	0	0	0	0	0	190
1995	FIA UNIV AVE EXTENS	39	350	389	1	0	1	0	0	0	0	0	0	0	0	0	0	0	38
1996	STYD CONTG-FIA LAND	0	3,159	3,159	0	3,159	3,159	0	0	0	0	0	0	0	0	0	0	0	0
1996	FIA DRAINAGE IMPROVE	50	450	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50
1996	FIA RUNWAY EXTENSION	645	8,100	8,845	381	5,593	5,974	73	1,324	1,397	0	0	0	0	0	0	0	0	91
1996	FIA TAXIWAY D EXTENS	60	840	900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	60
1996	FIA ADVANCED PROJ DES	720	0	720	215	0	215	0	0	0	0	0	0	0	0	0	0	0	119
1996	FIA ANNUAL IMPROVEME	300	0	300	167	0	167	0	0	0	0	0	0	0	0	0	0	0	133
1996	FIA ENVIRONMENTAL AS	500	0	500	47	0	47	0	0	0	0	0	0	0	0	0	0	0	151
1996	FIA EQUIPMENT	770	0	770	731	0	731	27	0	0	0	0	0	0	0	0	0	0	12
1997	FIA ANNUAL IMPROVEME	200	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200
1997	FIA EQUIPMENT REPLAC	542	0	542	74	0	74	0	0	0	0	0	0	0	0	0	0	0	63
FIA ACTIVE:		8,618	21,491	30,109	4,644	13,492	18,135	1,330	1,588	2,918	0	0	0	0	0	0	0	0	2,581
TOTAL ACTIVE:		78,091	71,338	149,689	37,837	44,373	62,209	3,556	7,870	11,427	-1,197	0	-1,197	0	0	0	0	0	33,360
																			15,480
																			48,839

A I A
UNEXPENDED CIP APPROPRIATIONS
as of 06/30/97

P. 06/07

FAX NO. 9072662676

AIA DIRECTORS OFFICE

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AR FY	APPROPRIATION DESCRIPTION	TOTAL AUTHORIZATION			EXPENDITURES TO DATE			ENCUMBERED			LAPSED PRE FY97			LAPSED FY97			UNEXPENDED BALANCE		
		IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL
ZERO BALANCE PROJECTS REMOVED FROM UNEXPENDED CIP REPORT AS OF 06/30/97																			
	AIA																		
1977	77 IARF - INTERNL RDWYS PJ	11	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1984	STW PJ DEV - CB DECK PJ	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	
1984	FU13407 - CONC MECH PJ	76	0	76	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1985	AIA CFR FACILITY	550	4,950	5,500	263	4,950	5,213	0	0	0	0	0	0	0	0	0	0	0	
1985	OFFICE SPACE/OB DECK PJ	846	0	846	846	0	846	0	0	0	0	0	0	0	0	0	0	0	
1988	AIA TERM EXPN - AUTO RAMP	322	0	322	322	0	322	0	0	0	0	0	0	0	0	0	0	0	
1986	AIA TERM EXPN - C MECH PJ	825	0	825	825	0	825	0	0	0	0	0	0	0	0	0	0	0	
1986	DOME TERM EXPN-OB DECK PJ	742	0	742	742	0	742	0	0	0	0	0	0	0	0	0	0	0	
1986	AIA TERM EXPAN - ART PJ	117	0	117	117	0	117	0	0	0	0	0	0	0	0	0	0	0	
1987	DOME TERM RE - C MECH PJ	19	0	19	19	0	19	0	0	0	0	0	0	0	0	0	0	0	
1987	DOME TERM RE - ART PJ	50	0	50	50	0	50	0	0	0	0	0	0	0	0	0	0	0	
1987	DOME TERM RE - AUTO RAMP	176	0	176	176	0	176	0	0	0	0	0	0	0	0	0	0	0	
1987	DOME TERM RE - FIRE ALARM	16	0	16	16	0	16	0	0	0	0	0	0	0	0	0	0	0	
1987	SAFETY BUILDING CONS	3,508	1,267	4,769	3,167	794	3,660	0	0	0	0	0	0	0	0	0	0	0	
1987	TERM BLD-OB DECK PJ	500	0	500	500	0	500	0	0	0	0	0	0	0	0	0	0	0	
1988	DOME TERM EXP III - AUTO RAMP	23	0	23	23	0	23	0	0	0	0	0	0	0	0	0	0	0	
1988	DOME TERM EXP III - C MECH PJ	5,034	0	5,034	5,034	0	5,034	0	0	0	0	0	0	0	0	0	0	0	
1988	HIGH SPEED TAXIWAY	546	1,300	1,846	524	1,300	1,824	0	0	0	0	0	0	0	0	0	0	0	
1988	OFF SPACE - BLDG DRWY PJ	44	0	44	44	0	44	0	0	0	0	0	0	0	0	0	0	0	
1988	OFF SPACE - OB DECK PJ	1,359	0	1,359	1,347	0	1,347	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA REMT FUEL APR EX	281	4,219	4,500	154	3,733	3,890	0	0	0	0	0	0	0	0	0	0	0	
1989	UPS CONTRIB AIA REMT FUEL	0	235	235	0	235	235	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA RESURF TAXIWAY-K	187	2,813	3,000	176	2,389	2,564	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA INTRNL RD IMPROV	1,000	0	1,000	996	0	996	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA SURUPST LAND OC	300	0	300	272	0	272	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA SITE PREP FOR LA	155	2,050	2,205	100	0	100	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA RECONST TAXIWAY G	138	2,075	2,213	127	1,873	2,000	0	0	0	0	0	0	0	0	0	0	0	
1989	AIA RAMP - SOIL PJ	6	0	6	6	0	6	0	0	0	0	0	0	0	0	0	0	0	
1990	AIA ANCH WATER & WA	950	0	950	466	0	466	0	0	0	0	0	0	0	0	0	0	0	
1992	AIA SATELLITE OR DES	200	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1990	DOME EXP III - CONC C	2,700	0	2,700	2,700	0	2,700	0	0	0	0	0	0	0	0	0	0	0	
1990	AIA RAMP AREA RECONS	791	341	1,132	790	341	1,131	0	0	0	0	0	0	0	0	0	0	0	
1990	AIA BLAST PROTECTION	113	1,555	1,668	104	1,355	1,459	0	0	0	0	0	0	0	0	0	0	0	
1990	AIA ANN ILLP - BLDG GRW PJ	41	0	41	41	0	41	0	0	0	0	0	0	0	0	0	0	0	
1990	DEV- DEVELOPMENT	500	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1990	DEV- PARCEL & CARGO	8,550	0	8,550	8,091	0	8,091	0	0	0	0	0	0	0	0	0	0	0	
1991	AIA: TAXIWAY I/R RES	190	1,710	1,900	165	1,709	1,874	0	0	0	0	0	0	0	0	0	0	0	
1991	AIA: MAINTENANCE EQU	1,200	0	1,200	1,199	0	1,199	0	0	0	0	0	0	0	0	0	0	0	

A I A S
UNEXPENDED CIP APPROPRIATIONS
as of 06/30/97

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AR FY	APPROPRIATION DESCRIPTION	TOTAL AUTHORIZATION			EXPENDITURES TO DATE			ENCUMBERED			LAPSED PRE FY97			LAPSED FY97			UNEXPENDED BALANCE		
		IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL	IARF	AIP	TOTAL
1991	AIA RAMP AREA RECON	77	923	1,000	44	864	908	0	0	0	0	0	0	-33	-59	-92	0	0	0
1992	AIA TAXIWAY/LNKCNS	279	2,511	2,790	203	2,511	2,714	0	0	0	0	0	0	-76	0	-76	0	0	0
1992	AIA TAXIWAY T' EXTE	148	1,328	1,475	140	1,328	1,458	0	0	0	0	0	0	-7	0	-7	0	0	0
1992	AIA RAMP AREA RECST	62	1,472	1,534	57	1,188	1,255	0	0	0	0	0	0	-5	-275	-280	0	0	0
1992	AIA REMOTE RAMP SHUT	117	257	374	85	256	342	0	0	0	0	0	0	-32	-1	-32	0	0	0
1993	F/AIA TERM AUTO RAMP	0	1,400	1,400	0	1,400	1,400	0	0	0	0	0	0	0	0	0	0	0	0
1993	AIA, FAA SIGN SYSTEM	10	540	550	9	125	134	0	0	0	0	0	0	-1	-415	-416	0	0	0
1993	AIA, TAXIWAY PAVT	250	0	250	218	0	218	0	0	0	0	0	0	-32	0	-32	0	0	0
1993	AIA, MSTR PLN STUDY	50	450	500	50	450	500	0	0	0	0	0	0	0	0	0	0	0	0
1994	F/AIA RAMP LOAD INCR	0	1,404	1,404	0	1,404	1,404	0	0	0	0	0	0	0	0	0	0	0	0
1994	AIAS UNIX COMPUTER	350	0	350	349	0	349	0	0	0	0	0	0	-1	0	-1	0	0	0
1994	AIA LK HOOD WTR & SW	325	0	325	325	0	325	0	0	0	0	0	0	0	0	0	0	0	0
1994	OLD INTL ARPT RD RE	550	5,500	6,050	0	0	0	0	0	0	0	0	0	-550	-5,500	-6,050	0	0	0
1994	SO AIRPARK WTR LINE	900	0	900	900	0	900	0	0	0	0	0	0	0	0	0	0	0	0
1994	WEST AIR PARK DEVELP	100	900	1,000	100	0	100	0	0	0	0	0	0	0	-900	-900	0	0	0
1995	AIA RESCUE/FIREFIGHT	0	100	100	0	0	0	0	0	0	0	0	0	0	-100	-100	0	0	0
AIA DELETIONS:		-35,254	-39,293	74,576	29,866	28,217	48,083	0	0	0	-3,133	-1,957	-5,090	-2,284	-9,119	-11,403	0	0	0
FIA																			
1983	FIA ANN IMP - CFR BLDG PJ	16	0	16	18	0	18	0	0	0	0	0	0	0	0	0	0	0	0
1987	FIA ANN IMPV - CFR BLD PJ	5	0	5	5	0	5	0	0	0	0	0	0	0	0	0	0	0	0
1988	FIA ANN IMP - CFR BLDG PJ	6	0	6	6	0	6	0	0	0	0	0	0	0	0	0	0	0	0
1988	CRASH/FIRE/RESCUE BU	200	0	200	200	0	200	0	0	0	0	0	0	0	0	0	0	0	0
1988	ACCESS ROAD A' CONS	3,000	0	3,000	2,945	0	2,945	0	0	0	0	0	0	-55	0	-55	0	0	0
1989	FIA CFR BLDG UPGD CO	2,000	0	2,000	1,994	0	1,994	0	0	0	0	0	0	-16	0	-16	0	0	0
1989	FIA ANN IMPR - ACCESS PJ	40	0	40	40	0	40	0	0	0	0	0	0	0	0	0	0	0	0
1989	FIA ANN IMPR CFR PJ	8	0	8	0	0	0	0	0	0	0	0	0	-8	0	-8	0	0	0
1990	FIA EPA APPROVED FIR	550	0	550	550	0	550	0	0	0	0	0	0	0	0	0	0	0	0
1993	FIA, DRAINAGE STUDY	65	0	65	65	0	65	0	0	0	0	0	0	0	0	0	0	0	0
1993	FIA W INDUS. RD UTIL	479	0	479	479	0	479	0	0	0	0	0	0	0	0	0	0	0	0
1994	FIA ANNUAL IMPROVEME	303	0	303	300	0	303	0	0	0	0	0	0	0	0	0	0	0	0
1994	FIA CPS & MHTC EQUIP	598	197	795	575	0	575	0	0	0	0	0	0	-13	-197	-210	0	0	0
1995	FIA TERMINAL CARPET	286	0	286	284	0	284	0	0	0	0	0	0	-2	0	-2	0	0	0
FIA DELETIONS:		7,543	197	7,740	7,449	0	7,449	0	0	0	0	0	0	-94	-197	-291	0	0	0
TOTAL DELTIONS:		42,826	39,490	82,316	37,315	28,217	65,532	0	0	0	-3,133	-1,957	-5,090	-2,378	-9,316	-11,695	0	0	0
TOTAL ACTIVE & DELETIONS:		120,917	111,088	232,005	75,152	72,589	147,741	3,558	7,870	11,427	-4,280	-1,957	-6,237	-4,568	-13,193	-17,761	33,360	15,480	48,839

provide for greater public safety. This upgrade is included as a part of the proposed project.

- The current level of service provided to the traveling public particularly during the summer months is at a failure rating for ticketing and baggage claim. The terminal has less than 40% of the area needed for the ticket lobby to serve today's passenger traffic.
- As demand for facilities continues to grow, the need to accelerate design and construction to meet this unserved demand will increase. Accelerated schedules cost more and will disrupt the traveling public.
- Nobody can predict future interest rates with certainty, however we do know that interest rates are currently at a record low. Legislative approval this year will allow AIA to take advantage of any further reduction in the interest rate over the next year and pass those savings on to public and Airlines.
- If the proposed bond legislation is not approved this year, there will be insufficient funding available to advance the design beyond the schematic level. All work will have to be suspended in Fall 1998.

Q.3 Explain again what happens if an airline leaves Anchorage and other carriers have to accommodate this traffic. Doesn't this result in higher load factors, fewer landings, and reduced revenue?

Revenues will not decrease if an airline chooses to leave Anchorage. When an airline leaves the Anchorage market existing carriers and new carriers absorb this traffic by increasing their load factors and adding new flights. This has recently been observed with the departure of MarkAir when other carriers pick-up the unmet demand.

Q.4 How does the proposed terminal rent compare to other airports nationwide?

The 1995/1996 survey of the American Association of Airport Executives (AAAE) is the most current national data available. From the 1995/1996 survey the following information is available:

Annual Rate per Square Foot	1996 Large Hub (for reference)	1996 Medium Hub (AIA is medium hub)	1997 AIA Rent	1998 AIA Rent	2002 Proposed AIA Rent
Terminal Counter Space	\$57.90	\$45.52	\$32.64	\$32.46	\$39.71
Airline Office Space	\$47.86	\$38.30	\$32.64	\$32.46	\$39.71

9.5

What are the proposed future cargo projects? How much will they cost?

Proposed air cargo projects have been identified in the 6-year CIP and the 10-year Letter Of Intent. The air cargo master plan is being updated which will contain additional information addressing project needs for the next 20 years.

Project	Cost
Parallel Taxiway East of Romeo	\$9,200,000
North Airpark Taxiway into Wetlands	3,000,000
Deicing Collection Facility	1,500,000
Engine Runup Pad/D&D Holding Area	2,100,000
North Airpark Tug Roads	5,400,000
West Airpark Parallel Taxiways	23,000,000
South Airport Tug Roads	2,000,000
Land Acquisition	1,000,000
Roads/Utilities Reconstruction Upgrade	5,500,000
North Airpark Access Road Construction	9,000,000
Runway Extension	6,200,000
Cargo Apron Reconstruction	6,000,000
Cargo Fueling Apron Expansion	4,500,000
Total	\$78,400,000

Note:

Based on 1996 Master Plan, Six Year CIP and the LOI request.
 Re-evaluation of projects and costs occurring with master plan update currently in progress.
 Some of these projects and others to be a part of FAA Letter of Intent funding.
 Projects do not include private cargo development projects underway or planned by airlines, private developers and others.

9.6

How do the proposed landing fees compare to Asian airports?

An International Landing Fees Report was requested from the Airport Council International in Geneva, Switzerland. This information will be forwarded as soon as it is received.

Q.7 Do the budget percentages given in the last set of answers apply to the total project cost of \$205.3 million?

Yes, the budget percentages previously provided and shown below apply to the \$205.3 million budget costs. The \$190.8 million 1997 project budget including escalation equals \$205.3 million exclusive of financing costs.

Program Contingency	10%
Planning, Environmental & Permitting	2%
Design/Engineering & Construction Admin.	10%
Project Administration	2%
Construction	<u>76%</u>
Total	100%

Q.8 What is the total by each funding source for the six-year CIP?

	AIA *	FIA	Total
Federal	\$ 62,930.0	\$ 14,915.7	\$ 77,845.7
IARF	<u>79,320.0</u>	<u>18,218.3</u>	<u>97,538.3</u>
Total	\$.0	\$.0	\$.0

* Does not include Terminal Project.

Q.9 How will the airport be able to afford future projects? Aren't we using up our bonding capacity?

Other than very large projects, such as this terminal project, AIAS traditionally uses internally generated cash and Federal AIP monies to finance its capital program. Although the Terminal Project will use up a significant share of our present bonding capacity, AIA's bonding capacity will increase with increased airport activity.

The financial model developed for the Terminal Project anticipates and provides for approximately \$13 million a year of IARF funds for future ANC capital projects. To provide a point of reference, ANC capital projects from FY91 to FY98 have averaged \$ 9,100.0 of IARF funds. FY98's capital budget requested \$ 7,451.0 in IARF funds. Any need to construct large projects in the future requiring bond financing would be in response to increased demand, which also means additional revenues and increased bond capacity.

Q.10 Why do we want to incur debt for 25 years, when another expansion may be needed in the year 2010 and 2015?

The Terminal Project has a useful life of more than 25 years. Structuring the debt costs over 25 years and using level debt service, the costs in each individual year are lower than they would be if the debt had a shorter term. Paying for it over 25 years will spread the payment of debt costs over the full group of beneficiaries of the project to the greatest extent possible. The current project is responding to currently deficiencies and projected needs through 2005 without "over-estimating" growth by building for 2015 at this time.

Q.11 Explain again how a 100-point basis change will affect the cost of the project.

A 100-point basis change will not affect the cost of the project, but will affect the total amount paid in debt service and interest over the life of the bonds.

We reviewed the effect of a 100 basis point change in interest rates in connection with the fiscal note calculations prepared by the Department of Revenue. The following information relates to both \$204 million and \$179 million bonding scenarios:

	\$179 million issue	\$204 million bond issue
February 1998 Insured Rates	Total Interest \$144 million	Total Interest \$164 million
Plus 100 basis points	Total Interest \$178 million	Total Interest \$203 million
Plus 200 basis points	Total Interest \$213 million	Total Interest \$242 million

Q.12 Will the FAA Control Tower need to move for the project or the future master plan?

The current location of the FAA Control Tower is acceptable for the term of the Master Plan for 2015. All the Master Plan alternatives and design concepts show the tower in its present location.

Q.13 Please provide a 25-year CIP plan.

There is no 25-year CIP plan. We have a 6-year CIP and the Letter of Intent, which provides recommendations for a 10-year program. AIA has a Terminal Master Plan that projects needs to 20 years and a similar Air Cargo Master Plan is being prepared.

Q.14 What is the schedule for the development of the new operating agreement?

AIA is in the process of hiring a consultant to help with the development of a new operating agreement. It is anticipated that the new operating agreement will become effective with the expiration of the current agreement.

Q.15. What is the cost of the AIA office space for the project and specifically the finish work cost associated with that office space?

AIA office construction and associated finish work is included in the estimated \$142 per square foot construction cost. This cost is exclusive of the cost of design and administration.



**Anchorage
International
Airport**

***Gateway
Alaska***

***Terminal
Redevelopment
Project***



Gateway Alaska

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Gateway Alaska

Improving Alaska's Gateway to the World

Anchorage International Airport (AIA) has become a vital business center and Alaska's link to the world. Future economic development in Anchorage and throughout the state will depend upon the airport's ability to meet this growth in traffic and to provide an acceptable level of service for airport users.

More than 4.4 million passengers arrived, departed, or transited the domestic terminal in 1997; another 600,000 passengers used the international terminal. For out of state visitors, the airport is often their first impression of Alaska and should represent the state in an appropriate manner. AIA is now serving nearly twice the number of passengers that passed through 10 years ago. In addition, over a 4.5 percent annual increase in domestic travelers is forecast through 2005.

According to David Hinson, former FAA Administrator, "Growth in airline passenger traffic is projected to outpace both population growth and the economy by expanding as much as 5.6 percent annually over the next 20 years."

Alaska's economy is driven, in a large part, by the engines of our aviation industry. A 1995 University of Alaska Institute of Social & Economic Research study identified 7,000 jobs directly related to the airport and another 4,000 airport-associated jobs in the Anchorage area. These figures are expected to increase another five percent during the coming years.

Cargo traffic at Anchorage has grown by double digits over the past three years and is expected to continue growing by at least 6 percent annually. The Gateway Alaska program, which is designed to meet these needs, is comprised of two major development components: domestic terminal redevelopment project and a series of highway improvement projects that will address the airport needs. Cargo operations at the AIA is being addressed in a separate Cargo Master Plan under development and is not currently a part of the Gateway Alaska program.

Addressing the Needs

Domestic Terminal Redevelopment: Anchorage International Airport domestic terminal currently offers an unacceptable level of service to the traveling public, especially during peak summer months.

The airport's main terminal has only 75 percent of the space necessary to serve today's passengers. By the year 2000, the existing terminal will provide only 60 percent of the space needed. Certain public areas of the terminal, such as the ticket lobby and bag claim lobby, currently have less than half of the space needed to operate efficiently.



Concourse C, built in the 1950's, is both functionally obsolete and code deficient. The roof has been repaired numerous times and still leaks. The heating system is literally held together with duct tape. The only sensible and cost-effective solution to updating this area is to demolish and replace this part of the terminal.

The AIA redevelopment project is critical if the airport is to provide capacity for the needs of today and growth in the near term. It is unreasonable to continue such poor levels of service, especially when considering the potential for adverse affects on tourism and business development in Alaska.

Terminal curbside roads need to be 50% longer to relieve congestion. A continuous return loop road is needed for improved safety and convenience. The intersection of Postmark Drive and International Airport Road must be reconfigured to accommodate current traffic and to improve overall safety.

Highway Improvements: Improvements to the primary access route to the airport are needed to meet current and projected traffic demands. An interchange at International Airport Road and Minnesota Drive along with widening of 'C' Street to six lanes will reduce accidents and improve traffic flow and circulation associated with projected increases. Additional intersection improvements along International Airport Road may also be needed as traffic increases continue.

Program Description

The Gateway Alaska Authority will renovate and expand the AIA Domestic Terminal, including airside and landside improvements. It will also improve highway access to the airport through a series of programmed and planned improvements along International Airport Road.

The terminal project includes improvements to terminal roads and parking, extension of upper level departure curbside bridge and roads, replacement of Concourse C, renovation and expansion of existing terminal space, tour group processing, and improvements to airside facilities. The plan provides facilities which meet anticipated demands for the target year 2005. The proposal calls for construction to begin by 1999 and end by 2004.

It will provide five new jet aircraft gates, seven regional aircraft parking positions, demolish Concourse C and construct a new concourse that will provide more curbside access, baggage claim, ticket lobby, and retail space.

This plan meets specific goals and objectives of AIA and the airlines:

- It provides the roadway and terminal facilities necessary to meet the forecast demand.
- It creates a facility with balanced capacities for airside, terminal and curbside areas.
- It resolves major deficiencies that exist in current ticket lobbies,



- baggage claim, curbside and baggage pick up areas.
- It provides a flexible terminal that can accommodate changes in fleet mix and other factors that could change in the future.
- It is a cost effective approach, maximizing the use of existing facilities.
- It provides for construction while continuing the operations of the Airport.
- It provides flexibility for future terminal expansion to meet continued increased demand.

Program History

Announced by Governor Knowles in November 1997, the 10-year, "Gateway Alaska" plan calls for improvements and expansion of airport facilities to support airport operations and access into the airport area.

Governor Knowles told the Anchorage Chamber of Commerce that the airport is "entering a new era of prosperity". At the same time, this prosperity is being threatened by an out-dated facility that cannot even meet today's demand.

In September of 1996, AIA initiated a planning process to develop the AIA Passenger Terminal Master Plan concept for the planning horizon year 2015, supported by a carefully developed needs assessment and phased implementation program.

Based on a series of workshops, meetings and direct airline input, a preferred Terminal Master Plan concept has been identified for the year 2005 which maintains maximum flexibility for terminal development beyond 2005 to the year 2015.

Airport consultants conducted a six-month Terminal Needs Assessment to forecast passenger loads and identify existing terminal deficiencies. Based upon these findings, the airport worked extensively with the airlines over the past twelve months to identify the general requirements of terminal redevelopment at Anchorage. The terminal project was approved by the airlines serving both Anchorage and Fairbanks airports in accord with terms of the airline/airport operating agreement, including support from the airlines who carry over 84% of the passenger traffic and produce almost 90% of the passenger revenue.

As a parallel effort to the terminal study, the Department of Transportation and Public Facilities took a look at International Airport Road to see what improvements may be needed to accommodate the current and projected traffic demands.

Program Financing

The entire Gateway Alaska program will cost approximately \$350 million over 10 years.

- Terminal and airside improvements: \$165 million (1997 dollars)



provided through airport revenue bonds.

- Terminal curbside and access roads: \$26 million using federal highway funds.
- Additional road improvements along International Airport Road from Postmark Drive to the Seward Highway: \$159 million using federal highway funds.

Gateway Alaska Program Summary

Terminal Redevelopment Project

Baggage Claim

Problem: Currently, the AIA domestic terminal has only 43 percent of the space needed to handle baggage. Passengers typically wait an unreasonable amount of time for their luggage. The baggage claim area, once a test of patience only during the summer months, is now in this condition on a daily basis.

Proposed Solution: Renovate and expand the existing baggage claim area. Replace the existing Concourse C with 300 linear feet of new baggage claim area with enough space and adequate equipment to handle luggage efficiently.

Ticket Lobby

Problem: The existing lobby has only 40 percent of the space needed to adequately handle passenger ticketing. The result is long lines, a crowded lobby and frustrated passengers.

Proposed Solution: Renovate and expand the existing ticket lobby. Replace the existing Concourse C with 300 linear feet of new ticket lobby space, large enough to accommodate projected passenger traffic through 2005.

Vehicle Curbside

Problem: Passenger drop off and pick up at the curbside is extremely difficult. Curbside space is insufficient for the number of people trying to get to and from the airport.

Proposed Solution:

- Improve the road system to serve the new C Concourse and provide safe and easy access to all airport facilities.
- Extend the existing elevated curbside road to the north, and make corresponding shifts in the roadway accesses to the upper and lower ramps, rental cars, and short-term and long-term parking.
- Develop a new return-to-terminal and parking circulation loop to simplify traffic flow and provide safe circulation in and around the airport terminals and parking areas.



C Concourse

Problem: C Concourse is code deficient and functionally obsolete. The 45 year old facility is costly to repair and maintain.

Proposed Solution: The only efficient, cost-effective remedy is to completely replace the C Concourse and expand the flightline to the north, which will increase airside capacity by 5 jet gates and 7 regional gates, several of which can be used by either jets or smaller aircraft.

Retail Area

Problem: Retail concession space is limited and located in areas of the terminal that are not ideal for maximizing customer shopping. Long lines at food stands add to the terminal's congestion and passenger frustrations, resulting in lost airport revenues from these retail operations.

Solution: Expand the amount of space available for concessions by creating retail areas in the new concourse and expand space in the renovated core area.

Highway Improvement Projects

Problem: Increased airport traffic requires improved access to AIA.

Solution: Improve the primary road network leading to the airport to make access safer and more efficient, and accommodate increased traffic and minimize impacts to surrounding neighborhoods. Programmed projects, include:

- Build interchange where International Airport Road crosses Minnesota Drive. (*construction start 1998*)
- Widen C Street from Tudor Road to International Airport Road. (*construction start 1998*)
- Improve International Airport Road, including bike and pedestrian trails. (*est. construction start 1999*)
- Intersection improvements and partial realignment of Postmark Road where it intersects International Airport Road. (*est. construction 1999*)

Additional contemplated improvements which will be reviewed and programmed as needed, include:

- A new grade separation at International Airport Road and the New Seward Highway.
- Interchange on International Airport Road at Jewel Lake Road and at-grade railroad crossings to improve safety.
- Improve Old International Airport Road, where many cargo operations are located.
- Build bike and pedestrian trails along Lakeshore Drive, which winds around Lake Hood.
- Repair an eroding section of the Tony Knowles Coastal Trail near the north end of the airport.



Terminal Redevelopment Project Overview: ***Today's Situation, Future Needs and Plan of Action***

Anchorage International Airport's Economic Importance

- State's # 1 transportation hub
- Serves over 5 million passengers per year
 - 60% Alaskans
 - 25% Visitors
 - 15% International Transit
- Jobs in the community: about 1 in 10 jobs in Anchorage
 - 7,000 airport jobs
 - 4,000 community jobs

Today's Situation

- Domestic Terminal inadequate for today's traffic
 - Concourse C, built in 1952, is functionally obsolete and code deficient- needs to be replaced
 - Ticket lobby is only 40% of the space needed today
 - Baggage claim lobby is only 43% of the space needed today
 - Curbside road needs to be 50% longer
 - Main terminal provides only 75% of space needed today

Future Needs

- Forecast over 6 million passengers by 2005
 - Expanded ticketing and baggage claim
 - Tour group processing facility
 - Additional aircraft gates (5 jets, 7 regional parking positions)
 - Improved road access, curbside road, and parking

Plan of Action

- Replace Concourse C
- Renovate and expand existing terminal and retail core
- Extend curbside road
- Construct new access road and terminal return road
- Expand aircraft gates and aircraft parking



Terminal Redevelopment Project Information

Elements, Size, Cost, Funding

Major Elements

5 new jet aircraft gates for total of 24
 7 new regional aircraft parking positions for total of 20
 Expanded and new ticket lobby and baggage claim
 Expanded curbside and road system
 New tour group processing facilities
 Expanded and new retail space

Size	1997 Domestic Terminal	435,000 s.f.
	Demolition of C Concourse	(85,000) s.f.
	Replace C Concourse plus	
	New terminal area	<u>367,000</u> s.f.
		717,000 s.f.

Cost

Project costs in 1997 dollars:

Early construction	\$ 5 million
Concourse C replacement	78
Terminal renovation and expansion	40
Roads and parking	32
Airside improvements	<u>36</u>
	\$191.0 million

Funding

Federal Highway funds	\$ 26.3 million
Airport revenue bonds	164.7
FAA funding	<u> </u> *
	\$191.0 million

*FAA funding being sought to further reduce bond requirement or payment



Major Elements of Terminal Redevelopment Project

Early Construction

- *Utility Relocation* Relocate communications, water, sewer gas
- *Cargo aircraft parking positions replacement* Replace two aircraft parking positions displaced by construction
- *Modifications for temporary relocation of airlines and tenants* Relocation of tenants to allow for construction phasing
- *Relocate loading bridge* Relocate Gate B2 loading bridge for construction phasing
- *Demolition of C Concourse* Demolish C Concourse

C Concourse Replacement

- *C Concourse Replacement* New ticket lobby, baggage claim, gates, operations, north terminal connector
- *Group tour bag facility* Processing facility for tour passengers with baggage

Airside Improvements

- *Apron* New apron on new C Concourse and adjustments to Concourse B apron
- *Aircraft hardstands* Seven remote aircraft parking positions for overnight parking of passenger aircraft and daytime refueling of cargo aircraft

Roadway and Parking

- *Roadway and parking near terminal* Reconstruction of International Airport Road, new return loop road, connection to Postmark Drive, expanded surface parking, expanded upper curbside by 500'
- *Right of way acquisition* Acquire leases and property required for road improvements



Terminal Renovations

• *New construction*

30 foot expansion of terminal toward apron Gates A1-A3

30 foot expansion of terminal toward apron Gates A4-5

• *Renovation*

Renovation of ticket lobby and baggage claim



Terminal Redevelopment Project

Review of Process and Findings

Process

The planning team has worked with the airlines to review enplanement (passenger traffic) forecasts and to make input into the master plan in a series of meetings and workshops over the past year. Both the Airline Technical Committee and the Airline Affairs Committee have been an integral part of the terminal concept development.

Forecasts

The enplanement forecasts, which are the foundation upon which the facilities requirements are based, considered historical air traffic growth, tourism, and governmental policies affecting international trade. Interviews with signatory airlines provided important information to the forecasting process. The projected growth for domestic passenger enplanements compares favorably with FAA's average percentage growth for the nation over the same time period.

Forecast for ANC
1996 to 2005 = 4.3%

US Aviation Forecast
1996 to 2005 = 4.15%

The forecast and associated program requirements were calculated in a conservative range to ensure a favorable bond rating and to avoid over-building. In light of the new tour ships being constructed, the number of new hotels and rooms, and an on-going effort to market Alaska as a tourist destination, the above forecast meets this goal.

Program Requirements

The terminal expansion concept developed for the year 2005 is based on aviation forecasts and program requirements which provide reasonable levels of service to the traveling public during an average summer peak hour. This means that even with the new expanded terminal facility, the public will still experience some delays and inconvenience.

It is important to remember that of the 661,800 s.f. required for the year 2005, 454,761 s.f. is needed to meet today's passenger traffic. This means that 207,200 s.f. is required to meet future demand in the year 2005. Construction is currently scheduled to be completed in 2004 only one year prior to the forecast demand.

Impact of Delay or Phasing

To delay or phase construction of the project will result in the lost opportunity to sell bonds at current historic low rates. The cost to build this same space in the future would be increased by escalation and potentially higher lending rates on



bonds. An extended construction period would also unreasonably inconvenience the traveling public.

Financial Impact on Airlines

The airline costs resulting from the requested bond package are on the low side of the average cost to do business at other medium and large hub airports in the US. This fact does not justify the project, but does show building much needed facilities at Anchorage International Airport results in landing fees and terminal rental rates which are still below the national average.

Comparison of AIA Landing Fee with Other Airports

In a comparison of AIA projected landing fee with the average landing fees at other United States airports, AIA compares well. The comparison is based on the 1996 AIA landing fee (which has since become even lower) with the 1995-96 American Association of Airport Executives landing fee statistics.

Average Landing Fees

Medium Hub Airports			
<u>Passenger Signatory</u>	<u>Passenger Non-Signatory</u>	<u>Cargo Signatory</u>	<u>Cargo Non-Signatory</u>
\$1.19	\$1.42	\$1.25	\$1.46
Large Hub Airports			
<u>Passenger Signatory</u>	<u>Passenger Non-Signatory</u>	<u>Cargo Signatory</u>	<u>Cargo Non-Signatory</u>
\$1.79	\$2.00	\$1.85	\$1.96

AIA Projected Equivalent Landing Fee for Year 2002

(*factored from takeoff weight fee of \$.92)

\$1.16

*Some airports in the US, like Anchorage International, charge a landing fee that is based on aircraft takeoff weights. Other US airports charge landing fees based on aircraft landed weights. In order to fairly compare landing fees, a conservative calculation is made above to fairly compare Anchorage's landing fee with other airports' landing fees. In any event, Anchorage's landing fee compares extremely well with other airports.



Airline Vote

Airlines Contributing 89% of Domestic Passenger Airline Revenue Voted YES

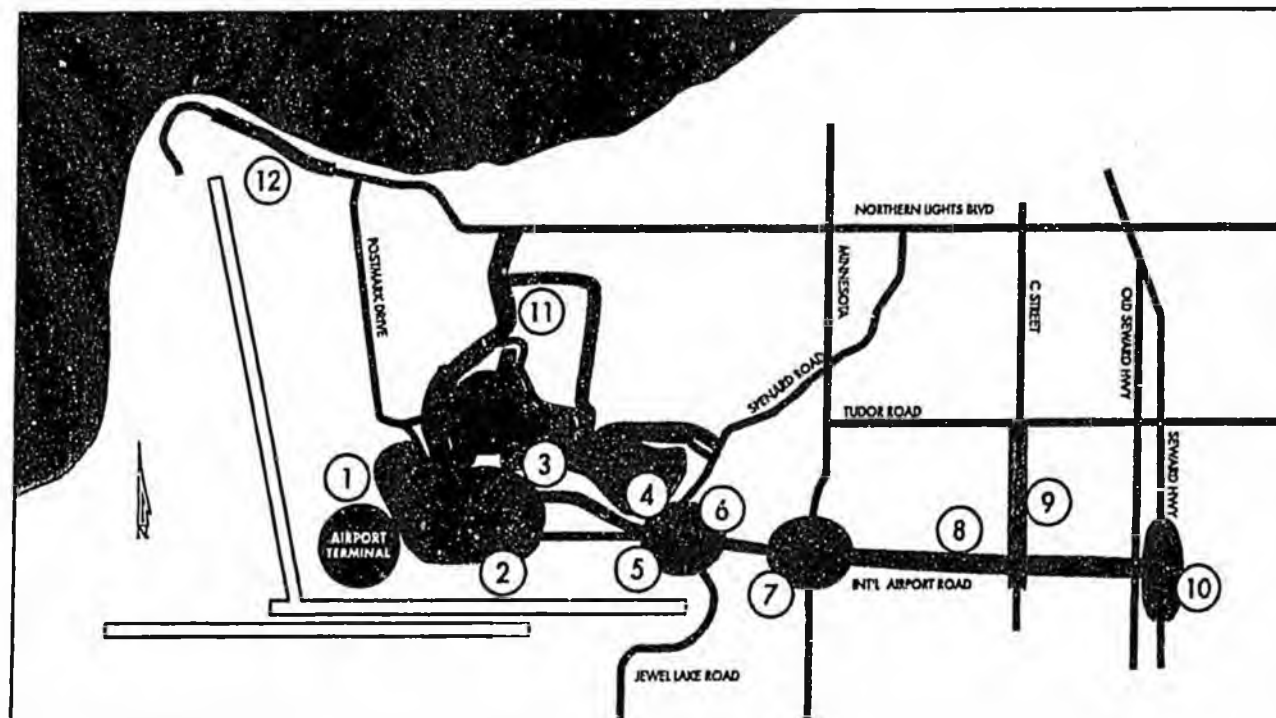
Airlines Representing 84% of Departing Domestic Passengers Voted YES

<u>Domestic Passenger Airlines</u>	<u>Vote</u>	<u>Domestic Airline Revenue</u>	<u>% of Total</u>	<u>Departing Passengers</u>	<u>% of Total</u>	<u>Samples of Increase per Departing Passenger*</u>
Alaska Airlines	Yes	\$3,687,952	45%	947,421	53%	\$0.96
Northwest Airlines	Yes	\$1,657,866	20%	129,380	7%	\$1.02
Delta Airlines	Yes	\$965,639	12%	215,627	12%	
United Airlines	Yes	\$851,133	10%	151,479	8%	
Reno Air	Yes	\$162,049	2%	61,616	3%	
America West	Yes	\$8,519	0%	3,479	0%	
Era Aviation	No	\$418,539	5%	201,012	11%	\$0.58
Reeve Aleutian	No	\$358,033	4%	39,593	2%	
Peninsula Airways	No	\$139,477	2%	42,697	2%	
		\$8,249,207	100%	1,792,304	100%	

**Based on flatline projection of FY 97 activity and rates*

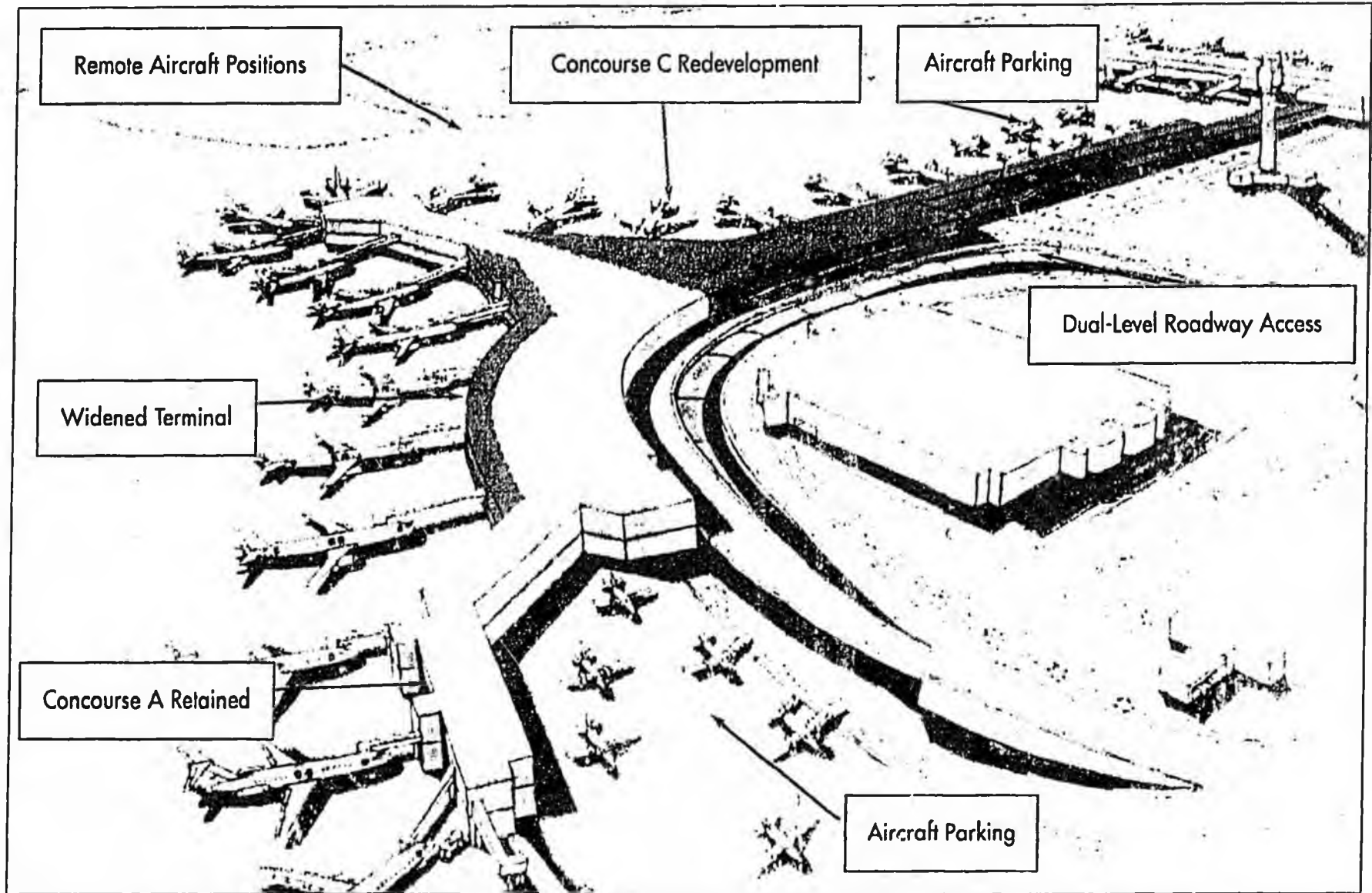


Gateway Alaska



- 1 AIA Terminal Redevelopment-Terminal and Airside
- 2 AIA Terminal Redevelopment-Landside
- 3 Postmark Drive Interchange
- 4 Int'l Airport Road - Airport to Minnesota Drive
- 5 Old International Airport Road
- 6 Jewel Lake Road Interchange

- 7 Minnesota Drive Interchange
- 8 Int'l Airport Road - Minnesota Drive to Old Seward Hwy
- 9 "C" Street Widening
- 10 New Seward Highway Grade Separation
- 11 Lakeshore Drive Trail
- 12 Coastal Trail Bluff Stabilization



Terminal and Airside AIA Terminal Redevelopment



**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

PLAN OF FINANCE

DISTRIBUTION TO THE AIRLINE AFFAIRS COMMITTEE

NOVEMBER 5, 1997

ADDENDUM TO OCTOBER 15, 1997 PRESENTATION

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC *Aviation, Infrastructure & Project Finance***

Purpose of Addendum

- Incorporate State of Alaska Capital Contribution of \$26.3 million into Financial Model of terminal rents and landing fees
- Incorporate an assumption of less than 100% occupancy of the Airline Rentable area of the Terminal when the project comes on line in Fiscal Year 2002
- Incorporate updated concession revenues work based on the October 15th Design Presentation to the Airline Affairs Committee
- Incorporate higher operating assumptions in the areas of Custodial, Maintenance and Utility
- Update fuel flowage fee assumptions
- See pages 7 - 11 for details of assumption updates

November 5, 1997

**Lelf Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Alaska Airports Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

Project Components

Note: This chart is included for illustration purposes and uses the Example of the revised Financial Model A (2001 Completion of Concourse C and 2003 Project Completion).

	Additions in \$	Subtractions in \$	Net in \$
Total Cost of Project in 1997 Dollars	190,800,000		
State Capital Contribution		26,300,000	
AIRPORT COST OF PROJECT IN 1997 DOLLARS			164,500,000
Fiscal Year 1998 Allocated Funds		6,100,000	
3% Escalation per Cash Flows	14,500,000		
24 Months Capitalized Interest	20,000,000		
Credit Construction Fund Earnings		21,000,000	
Financing Costs Including Bond Insurance	4,700,000		
CORE FINANCING	Total Additions	Sub-Total Subtractions	
	230,000,000	53,400,000	176,600,000
Optional Adjustment: Take Out Capitalized Interest		20,000,000	
ADJUSTED WITHOUT CAPITALIZED INTEREST		Total Subtractions	
		73,400,000	156,600,000

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

Total Debt Service Level Each Year

\$173,000,000 Project Fund from Bond Proceeds Amortized Over 25 Years

Par Amount of Bonds	\$177,205,000
Maximum Full Year Debt Service	\$14,583,284
Average Life of Bonds	16.51 years

Recommendation for Level Debt Service

- Level Debt Service facilitates long-term planning because it creates a consistent base
- Average Life of debt is substantially less than face term of bonds
- Effect of inflation is to reduce the fixed debt as percentage of total operating costs over time
- Level debt service makes project a gradually decreasing impact on various airport and airline financial rates, charges and ratios

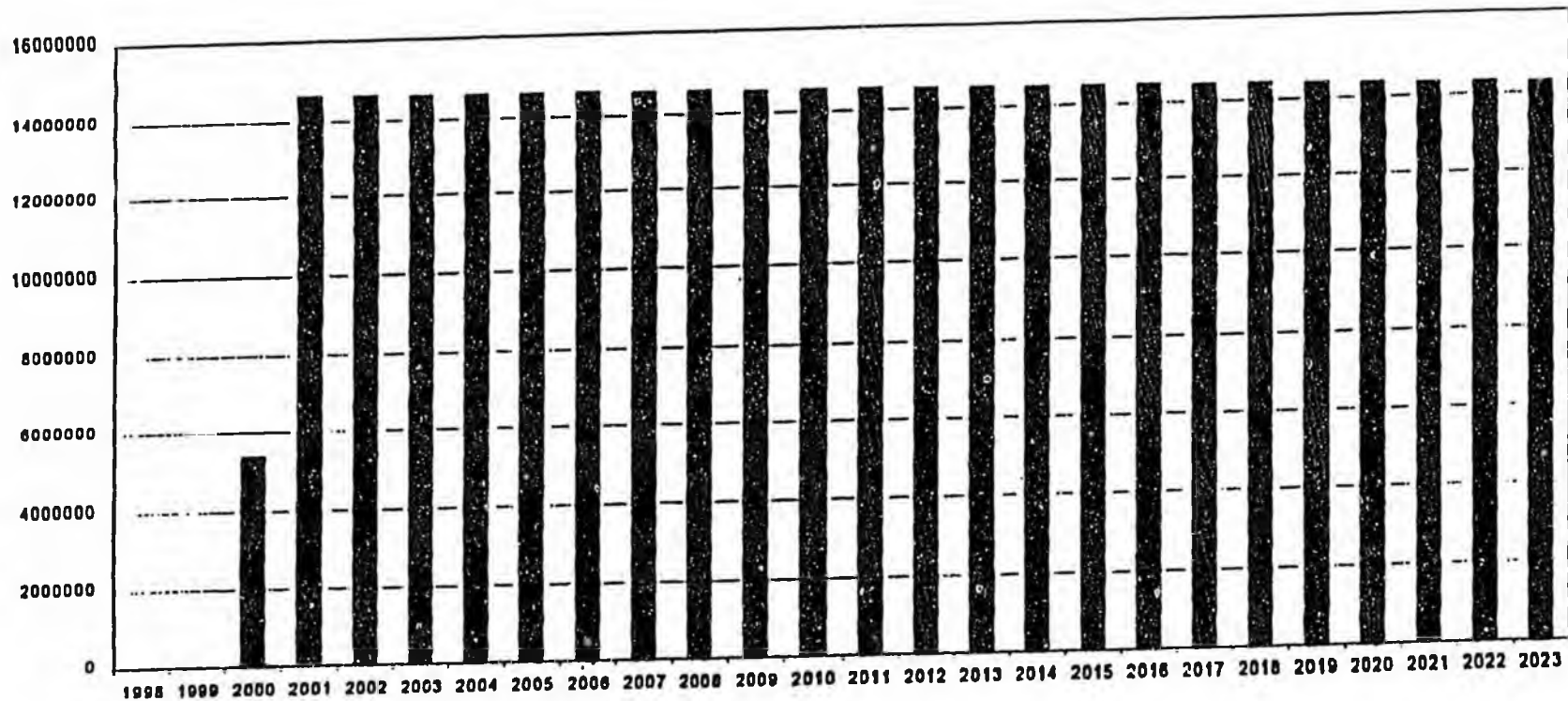
November 5, 1997

**Lelf Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

FY 1998 and FY 1999 are zero because of capitalized interest
FY 2000 includes one semi-annual interest payment
FY 2002 is In-Service Date for Concourse C, which is scheduled for completion during FY 2001

**Level Debt Service
for \$173,000,000 Project Fund
Annual Fiscal Year Net Debt Service**



November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

Summary of Rates and Charges

- FY 2001 Completion for Concourse C Replacement
- FY 2002 In-Service Date for Concourse C Replacement
- 24 Months Capitalized Interest
- Chart begins with FY 1999 because Rates and Charges for FY 1998 were set prior to July 1, 1997 using assumptions which are different from the November 5 Scenario of Model A.

Terminal Rents November 5 Scenario A	Terminal Rents October 15 Scenario A	Year	Landing Fees November 5 Scenario A	Landing Fees October 15 Scenario A
32.97	32.97	1999	0.70	0.69
33.24	33.24	2000	0.68	0.68
37.81	38.65	2001	0.76	0.77
39.71	39.08	2002	0.93	0.95
40.19	39.36	2003	0.89	0.93
40.70	39.63	2004	0.86	0.91
40.72	39.92	2005	0.83	0.89
40.44	40.21	2006	0.82	0.87
40.75	40.51	2007	0.80	0.85
41.07	40.81	2008	0.79	0.84
41.41	41.12	2009	0.77	0.82
41.75	41.43	2010	0.75	0.80

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

Summary of Rates and Charges (cont.)

Terminal Rents November 5 Scenario A	Terminal Rents October 15 Scenario A	Year	Landing Fees November 5 Scenario A	Landing Fees October 15 Scenario A
42.16	41.82	2011	0.75	0.80
42.59	42.22	2012	0.75	0.79
43.03	42.63	2013	0.75	0.79
43.48	43.05	2014	0.75	0.79
43.93	43.47	2015	0.75	0.79
44.42	43.92	2016	0.75	0.78
42.36	41.86	2017	0.71	0.74
42.79	42.33	2018	0.71	0.74
43.31	42.80	2019	0.71	0.74
43.84	43.29	2020	0.71	0.74
44.38	43.80	2021	0.71	0.74
44.93	44.32	2022	0.71	0.73
45.52	44.85	2023	0.71	0.73
46.10	45.40	2024	0.71	0.73
33.14	30.91	2025	0.54	0.55

November 5, 1997

**Lelf Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

State Contribution

- October 24, 1997 Letter from Commissioner of Department of Transportation and Public Facilities to the Chairman of the Airline Airport Affairs Committee
- \$26.3 million commitment of federal highway funds to be received by the State which will be used to fund terminal access roads
- Clear demonstration of the State's good faith in committing non-airline funding sources
- October 24th letter refers to additional \$15 million in non-airline funds:

"The State has also identified a minimum of \$15 million in airside development which is eligible for FAA Discretionary Funds. We commit to aggressively pursue these funds to further reduce the airline share of the project costs."

- October 24th letter joins the State with the airlines in pursuing lower rates and charges to make Anchorage International Airport more competitive in the aviation market
- The most explicit value of the State contribution is the lowering of annual debt service on the bond issue (see following chart)

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

	<u>October 15 Bond Issue</u>	<u>November 5 Bond Issue</u>
Par Amount of Bonds	\$199,130,000	\$177,205,000
Project Fund from Bond Proceeds	177,207,788	152,000,031
Project Fund from Airport Capital Allocation	6,400,000	6,100,000
Project Fund from State Capital Allocation	0	26,300,000
Capitalized Interest Fund Deposit	22,477,655	20,002,796
Maximum Annual Debt Service (Level Debt Structure)	16,388,159	14,583,284

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

Update of Other Assumptions

- New Project Fund bonding requirement based on 1997 Dollars and 3% Escalation is as follows:

Cash Flow Line	1998	1999	2000	2001	2002	2003	
6.1	6.1						
18.4	18.4	19.0					
41.9	41.9	43.2	44.5				
42.3	42.3	43.6	44.9	46.2			
42.1	42.1	43.4	44.7	46.0	47.4		
13.7	13.7	14.1	14.5	15.0	15.4	15.9	
164.5	6.1	19.0	44.5	46.2	47.4	15.9	179.0 TOTAL

Note 1: \$6.1 million in FY 1998 is not included in the 172.9 million Project Fund bonding requirement.

Note 2: prior 1997 dollars were \$190.9 million, escalating to a total of \$207.5 million.

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

- Incorporate an assumption of less than 100% occupancy of the Airline Rentable area of the Terminal when the project comes on line in Fiscal Year 2002

Fiscal Year	Total Usable Square Feet	Total Available Airline Rentable Square Feet	Actual Rented as % of Available Rentable (rounded)	Total RENTED Airline Rentable Square Feet	Total VACANT Airline Rentable Square Feet
2002	591,565	232,256	80.51%	187,000	45,256
2003	631,863	257,357	80.43%	207,000	50,357
2004	631,863	257,357	83.54%	215,000	42,357
2005	631,863	257,357	89.37%	230,000	27,357
Thereafter	631,863	257,357	89.37%	230,000	27,357

- Update fuel flowage fee assumption to tie to takeoff weight assumption rather than 3% straight line growth

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**

**Airline Affairs Committee Presentation
Anchorage International Airport
Passenger Terminal Expansion Program**

- Incorporate updated concession revenues work based on the October 15th Design Presentation to the Airline Affairs Committee; concession consultant has identified several additional design factors which strengthen the outlook for concession revenues, including, for example, location, size, configuration, and store content

Fiscal Year	Food & Beverage Per Enplaned Passenger	News, Gifts & Specialty Per Enplaned Passenger
1997	0.39	0.27
1998 to 2001	increase at 1.5% per annum	increase at 1.5% per annum
2002 (New Program)	0.64	0.58
2003 and thereafter	increase at 1.5% per annum	increase at 1.5% per annum

- Incorporate higher operating assumptions in the areas of Custodial and Building Maintenance for the AIA Main Terminal only

Custodial	One time step up of 10% in FY 2002; then resume 3% escalation
Building Maintenance	Includes two components: Maintenance one time step up of 5% in FY 2002; then resume 3% escalation Utilities one time step up of 15% in FY 2002; then resume 3% escalation

November 5, 1997

**Leif Selkregg Associates Program Management Team
by Hudson AIPF, LLC Aviation, Infrastructure & Project Finance**



Anchorage Economic Development Corporation
The Center of Opportunity

February 9, 1998

Governor Tony Knowles
Office of the Governor
State Capitol
Juneau, Alaska

Dear Governor Knowles:

At the full meeting of the Board of Directors on February 4, 1998, The Anchorage Economic Development Corporation adopted the enclosed position of support for the improvement of the Anchorage International Airport.

The AEDC recognizes the need to improve the passenger terminal and to provide appropriate amenities supporting travelers. The AEDC also recognizes the importance of cargo traffic to the economic viability of the Anchorage International Airport. The transportation and access corridors play an important part in the future growth of the cargo business in Anchorage. It is important for these elements to be included in the planned improvements to AIA. The AEDC supports a financing approach that maintains the cost competitiveness of carrier operations at AIA.

Please keep us advised of the progress of this project. We will provide appropriate comment and documentation during the process of moving this complex undertaking forward.

Sincerely,

Ernest E. Hall
Chairman of the Board

cc: Joseph Perkins, Commissioner, Dept. of Transportation & Public Facilities
Mort Plumb, Director, Anchorage International Airport
Randy Simmons, Director, AIDEA

**Anchorage Economic Development Corporation
Statement of Position on
Anchorage International Terminal Expansion
February 4, 1998**

I. Introduction

The Anchorage Economic Development Corporation (AEDC) has identified the Anchorage International Airport (AIA) as one of the most important economic engines of the metropolitan area of Anchorage. With over 11,000 employees and \$319 million in payroll, the AIA accounts for almost one job in 10 in Anchorage. In 1997, 34 air carriers have landing rights at AIA. The airport currently serves over five million passengers annually, over half are Alaskans, with 25% domestic visitors, and 15% international travelers. Based on current trends, six million passengers are expected by the year 2005. The Anchorage International Airport is the top U.S. cargo airport based on landed weight of all-cargo aircraft. Over 95% of the cargo between the U.S. and Asia stops in Anchorage. The expanded cargo transfer capability ruling approved by the U.S. Department of Transportation has enhanced the ability of cargo carriers to transfer cargo in Anchorage. This makes AIA even more attractive for cargo hub operations and inter-airline cargo transfers.

II. Three Reasons to Support the Terminal Expansion

Anchorage International Airport has proposed a terminal expansion project based on forecasts of need to the year 2005. A number of scenarios were reviewed and evaluated, and the program is designed for implementation over a period of years. AIA proposed financing of the project projects results in fees for doing business at the airport which are competitive with those of medium and large hub airports in the United States.

A. Anchorage is the passenger gateway to Alaska. Based on national industry standards, current terminal facilities are inadequate for today's needs and insufficient to accommodate growth.

- Main terminal provides only 75% of space needed today.
- Ticket lobby is only 40% of the space needed today.
- Baggage claim lobby is only 43% of the space needed today.
- Concourse "C" is functionally obsolete. Built in 1952.

B. Cargo activity provides a business-based reason for aircraft to land in Anchorage.

- Of the \$191 million in the terminal expansion project, \$18 million is earmarked for hard stand development for cargo carrier refueling
- Facility and transportation infrastructure is required to support growth of cargo operations at AIA. Efficient road access for cargo and freight movement between industrial parts of the city and the airport need to be addressed.
- The AIA improvement plan includes the road access and taxiway development requirements to support cargo movement into and within the airport.

C. Through its airport, Anchorage can make a good first impression. Vacationers and business travelers first exposure to Alaska is the Anchorage International Airport. The current terminal would benefit from amenities found at most major airports. The terminal expansion includes the following major elements:

- Five new jet aircraft gates.
- Seven new regional aircraft parking positions.
- Expanded and new ticket lobby and baggage claim.
- Expanded curbside and road system.
- New tour group processing facilities.
- Expanded and new retail space.

III. AEDC Supports Revitalization of the Anchorage International Airport

The AEDC supports essential improvements to the passenger terminal at AIA as well as the improvements to cargo carrier service. The AEDC also supports the upgrading of roads to expedite movement of passengers and cargo between the AIA and destinations within Anchorage. The financing of these improvements should be phased to provide a continuation of competitive costs for use of the airport for both passenger and cargo carriers. The revitalization of AIA will enhance its role as a major economic engine of Anchorage and will provide a facility commensurate with its world class status in global travel and trade.

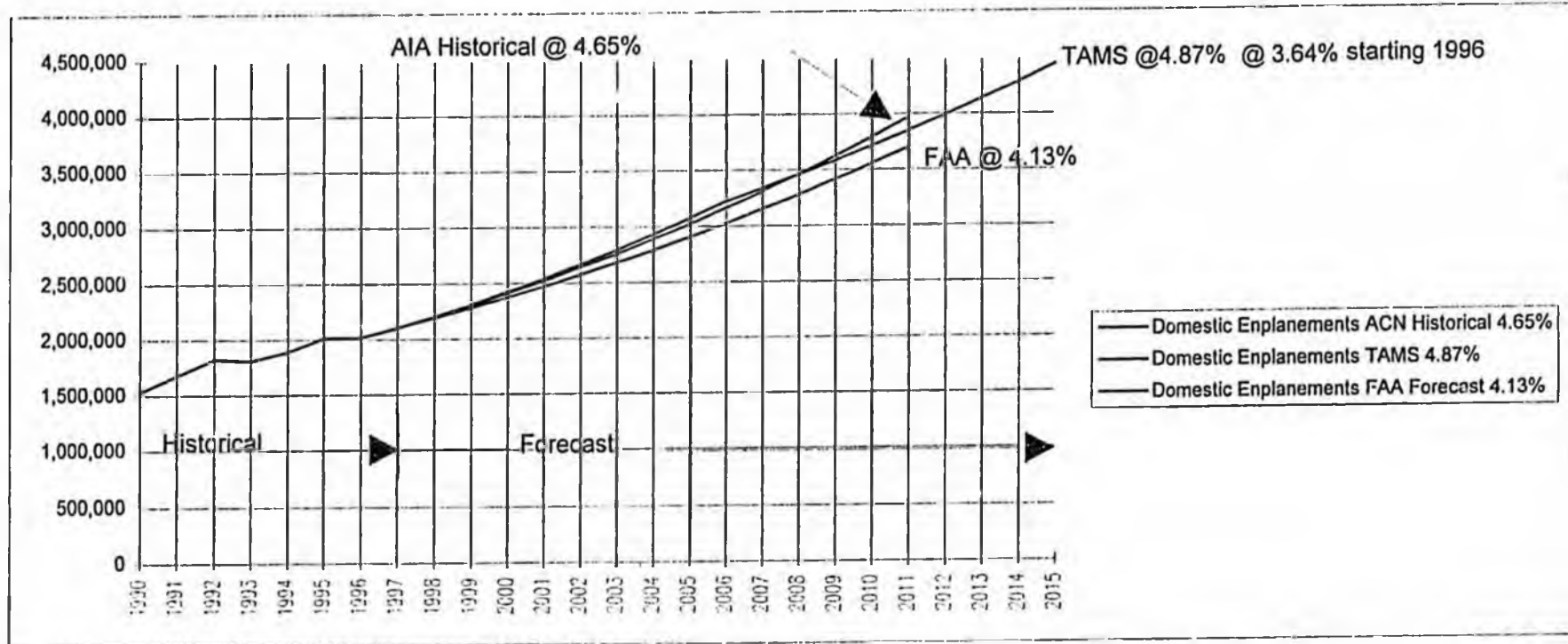
Anchorage International Airport

Terminal Redevelopment Project

Supplemental Information

2/24/98

ANCHORAGE INTERNATIONAL AIRPORT ENPLANEMENT FORECAST



**Note: The last terminal expansion was in 1983 which added A Concourse.
Since that time, fifteen years ago, passenger traffic has increased over 60%.**

FY 99 CAPITAL BUDGET
ANCHORAGE INTERNATIONAL AIRPORT
TERMINAL REDEVELOPMENT PROJECT

SUMMARY

COST:

\$190.8 MILLION

\$ 14.5

\$205.3 MILLION

\$ 24.7

\$230.0 MILLION

PROJECT COST (1997 \$)

ESCALATION

CAPITALIZED INTEREST/
ISSUANCE COST

TOTAL CAPITAL REQUEST

FUNDING SOURCES:

\$204.0 MILLION

\$ 26.0*

\$230.0 MILLION

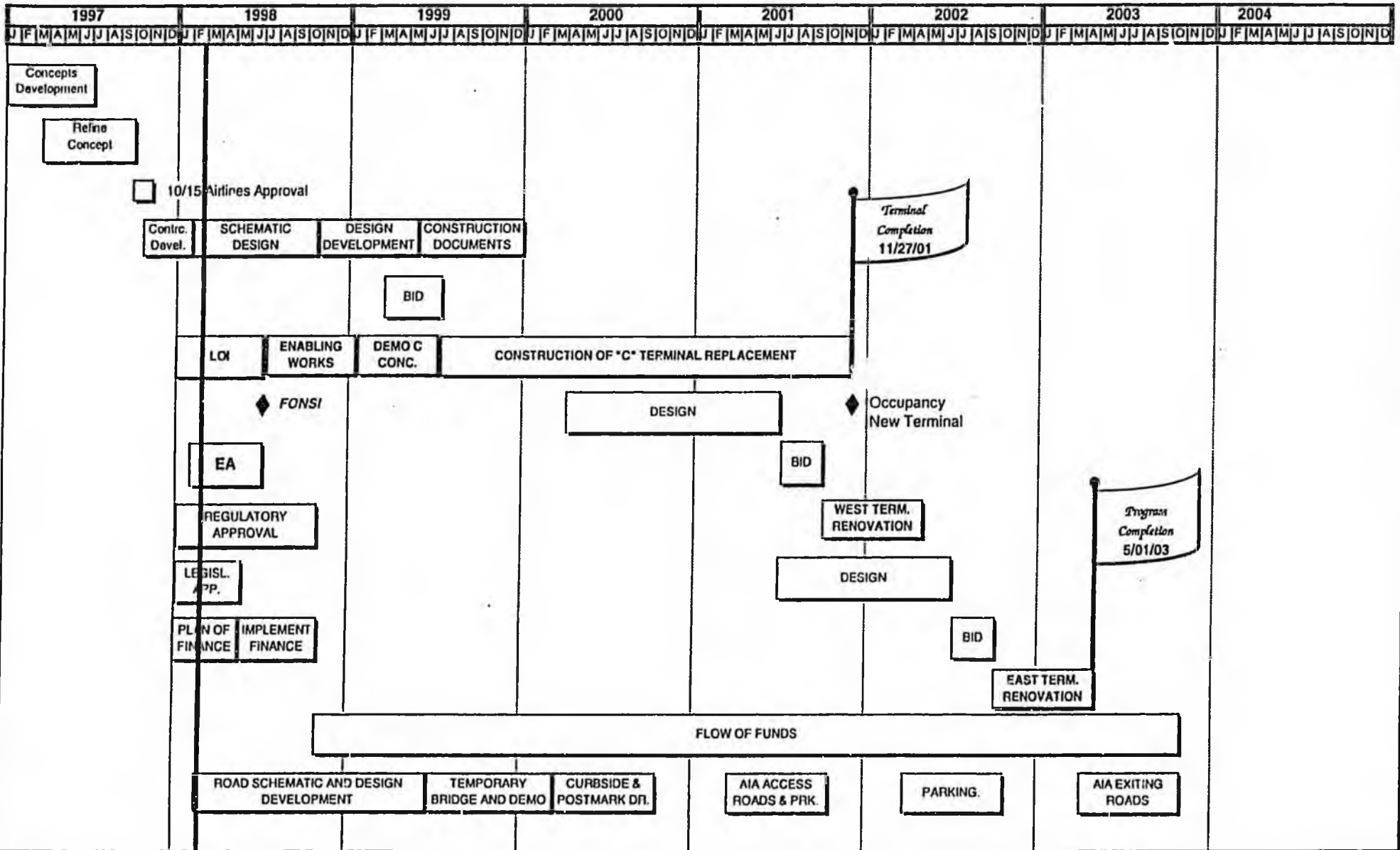
AIRPORT REVENUE BONDS

FEDERAL HIGHWAY FUNDS

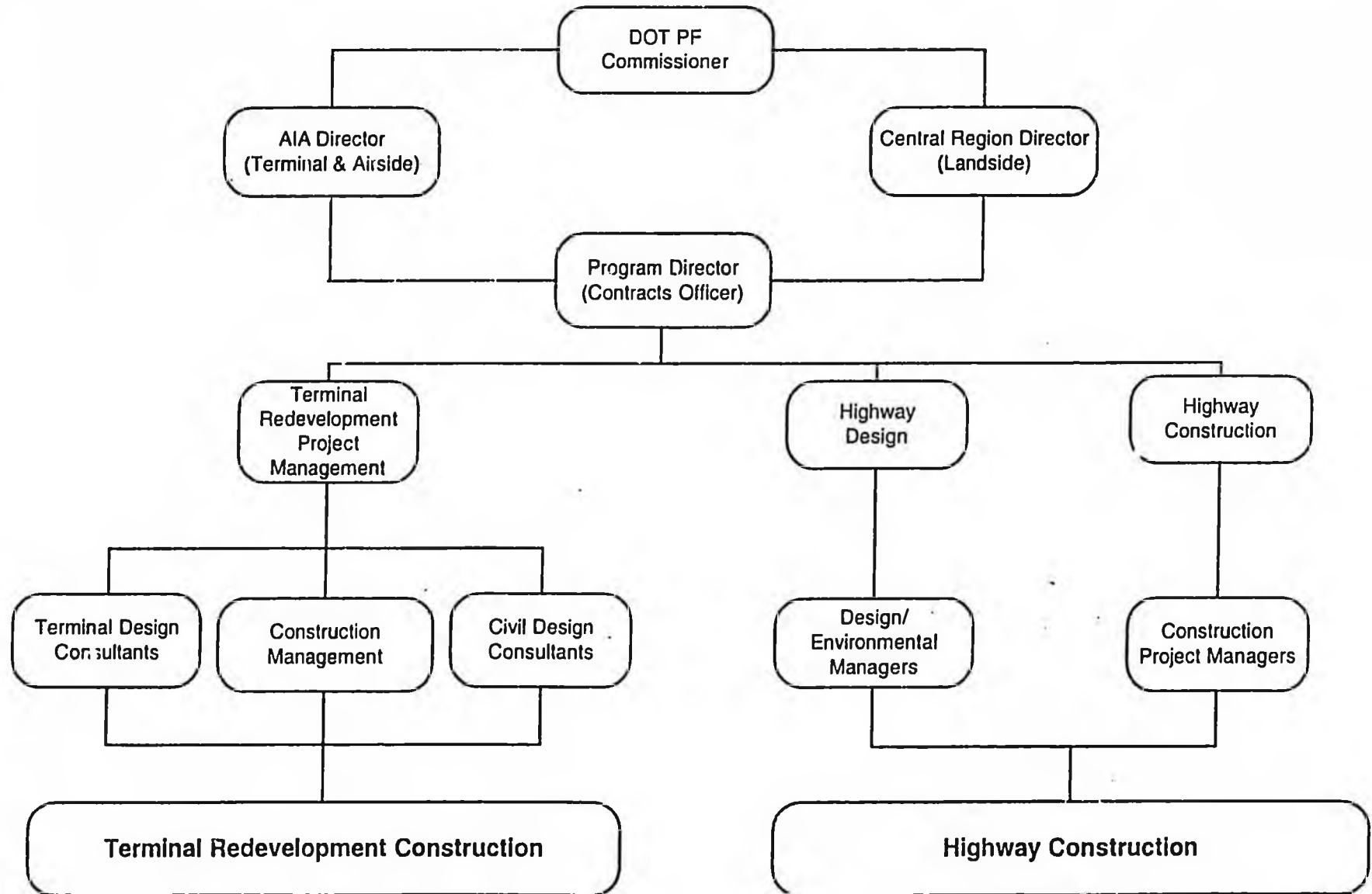
TOTAL CAPITAL REQUEST

* ALSO SHOWN IN HIGHWAY CAPITAL REQUEST

Anchorage International Airport Terminal Redevelopment Program Implementation Schedule



Gateway Alaska Organization Structure



Plan of Finance: Key Points

- Provides funds for 2001 Completion of Concourse C
- Keeps Fees and Charges Smooth –Match Bond Payments with "In-Service Date" of New Facility
- Finances with Tax-Exempt Bonds - Lowest Interest Rates in 20/30 Years
- Uses Cost-Effective Bond Insurance to Lower Interest Rates
- Timing – Capture Current Interest Rates to the Greatest Extent Possible
- Timing Advantages

Federal Tax Law is favorable to airport financing

Interest Rates are at historical lows

Bond Insurance is competitively priced

Issuance of Alaska bonds remains light, making AIAS Bonds attractive

Enplanement Performance of Airport is favorable

Cargo Performance of Airport is favorable

Underlying Credits of Airlines are favorable

Financing from Strength is lowest cost

Financing from weakness would be highest cost



Era Aviation, Inc.

March 4, 1998

The Honorable John Cowdery
Chairman,
Special Committee on International Trade and Tourism
House of Representatives
State Capitol, Room 416
Juneau, Alaska 99801-1182

Ref: HB 432; Terminal Expansion 2005

Dear Chairman Cowdery,

Thank you for the opportunity to testify before your committee last week on the Anchorage Airport terminal expansion project. As you recall, Speaker Phillips had questions regarding the use of Passenger Facilities Charges (PFCs or Head Taxes) as one source of funding for this project. The following is offered to clarify my answer to her questions on this subject and to provide additional information on the role PFCs have played in this project and the airline voting process.

In the cover letter for its ballot (attached, November 7, 1997), Federal Express stated, "We also hope to see PFC implementation next year."

In his letter to all airlines encouraging a vote for the project (attached, October 24, 1997), Commissioner Perkins stated, "To further achieve this goal I will consider other funding alternatives including a Passenger Facility Charge program that is acceptable to the public and reflects the unique nature of Alaska."

In his letter transmitting the ballots to Director Plumb (attached, November 17, 1997), Mr. Cliff Argue stated, "[T]he airlines expect the airport and the State of Alaska to aggressively pursue and obtain additional sources of non-airline revenue as promised in Commissioner Perkins' letter."

Mr. Argue made special mention that, "With PFC's included in financing, Reeve Aleutian will change to approve project."

In a meeting on October 2, 1997, Director Plumb publicly encouraged the airlines to contact their legislators and the governor's office supporting implementation of

Chairman Cowdery
March 4, 1998
page 2

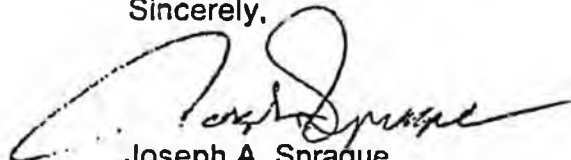
PFC's. Mr. Leif Selkregg stated there would be "retroactive opportunities" for the use of PFC's in connection with this project.

Over the past several years, virtually every airline voting in favor of the project has indicated its strong support for PFC funding. This was evidenced in the Legislative Budget and Audit Committee hearings in the Summer of 1996, and more recently at the July 15, 1997, Airline Airport Affairs Committee, when the Chairman conducted a "straw poll" on PFC's.

In a related matter, Delta's ballot was expressly made "Subject to the State of Alaska capital contribution of \$26.3M resulting in a net funding approval of \$165M." Copies of Delta's cover letter and ballot are also attached.

If we can provide additional information, please do not hesitate to contact either myself or Jack Birmingham at 248-4422.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph A. Sprague", written over a horizontal line.

Joseph A. Sprague
Director of Marketing

PROPERTIES/FACILITIES

FEDERAL EXPRESS CORPORATION

NOV 07 1997

RECEIVED

Properties & Facilities Department
 2003 Corporate Avenue, 2nd floor
 Memphis, TN 38132



FAX

To: Cliff ARGUE Fax: (206) 431-7031
 cc: Matt Plumb ~~Fax:~~ (907) 243-0663
 From: Teri Kuciemko Fax: (901) 395-4873
 Tele: (901) 395-3652

Number of pages, this sheet included: 2

Enclosed please find Federal Express
ballot on the Terminal Expansion. We
appreciate the Airport's commitment to
seek additional sources of revenue/financing
(as evidenced by the \$26.3 million in Fed. Highway
Funds for terminal access roads). We also
hope to see PFC implementation next year.

Have a fantastic day!!

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652
FAX: (907) 586-8365
PHONE: (907) 465-3900

October 24, 1997

Cliff Argue
Chairman, Airline Airport Affairs Committee
Alaska Airlines Properties and Facilities
PO Box 68900
Seattle WA 98168

Dear Mr. Argue: *Cliff*

The ballot for the Anchorage Terminal expansion presented to the Airline Affairs Committee on October 15 included a pledge by ALAS to seek alternate sources of funding to reduce airline cost exposure.


Governor Knowles noted the vital importance of the airport and its terminal as the gateway to Alaska when he addressed the Committee. In keeping with the Governor's desire to work with the Airlines to achieve the needed expansion at Anchorage International Airport, I have directed the Department to reserve and commit \$26.3 million in federal highway funds for the terminal access roads. This will reduce the construction amount being financed through Airport Revenue Bonds from \$190.8 million to \$164.5 million. The benefit to the airlines rates and charges of this State investment will be set forth in an addendum to the October 15 presentation, which will be distributed to all members of the Airline Affairs Committee no later than Wednesday, October 29.

The State has also identified a minimum of \$15 million in airside development which is eligible for FAA Discretionary Funds. We commit to aggressively pursue these funds to further reduce the airline share of the project costs.

As we discussed on October 15, the State and the airlines will have an ongoing opportunity to further reduce the bond amount and annual debt service, both before and after the issuance date of the bonds. The State joins with the airlines in recognizing that lower rates and charges makes Anchorage International Airport more competitive in the aviation market. To further achieve this goal I will consider other funding alternatives including a Passenger Facility Charge program that is acceptable to the public and reflects the unique nature of Alaska.

The financial commitments outlined above clearly demonstrate the State's good faith in committing non-airline funding sources. We look forward to continuing this partnership through the design, funding, and construction of the Terminal Expansion 2005 project. I request the support of the signatory airlines for this project.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

cc: Airline Affairs Committee

**ANCHORAGE/FAIRBANKS
AIRLINES AIRPORT AFFAIRS COMMITTEE
P. O. Box 68000
Seattle, WA 98168**

November 17, 1997

VIA FAX 807 243-0863

**Mr. Morton Plumb
Airport Director
Anchorage International Airport
P.O. Box 196960
Anchorage, AK 99519-6960**

Re: FY99 Capital Improvement Request - ANC Terminal Expansion 2005

Dear Mort:

This letter will serve to provide certification of certain signatory airline votes on the above captioned project. In accordance with your request at our October 15, 1997 Airlines Airport Affairs Committee in Anchorage, a vote was taken among the signatory carriers on adding the proposed expansion and renovation of the Domestic Terminal at Anchorage to the previously approved FY99 International Airports Revenue Fund Capital Improvement Program.

Ballots were received from 22 of the 25 signatory airlines at Anchorage and Fairbanks International Airports. A ballot showing approval was received from Polar Air Cargo shortly after the deadline. The individual votes received by me are listed on the attached report. According to the Airline Lease and Operating Agreement, a project must receive 67 percent disapproval votes (17 or more) to be deleted from the airport's capital program. You will note that 12 disapproval votes were submitted, but 10 airlines voted to approve the project. Therefore, the terminal expansion is approved by the signatory airlines.

Although the ballot listed the project cost at \$191 million, the airline approval is based on the revised cost of \$164.5 million as set forth in Commissioner Perkins' letter to the airlines dated October 24, 1997. Further, the approval is based on the financial plan and revenue bond analysis presented at the October 15 meeting and as amended November 5.

However, given the size and financial impact of this project, the airlines expect the airport and the State of Alaska to aggressively pursue and obtain additional sources of non-airline revenue as promised in Commissioner Perkins' letter. We hereby request periodic reports on these efforts.

Mr. Morton Plumb
November 17, 1987
Page 2 of 2

The expansion of the Domestic Terminal is an important project for Anchorage and the entire state, and the airlines serving the airport. We look forward to working closely with you, your staff, and the consultant team throughout the design, construction, and financing process, in the same spirit of cooperation and partnership that was evident in the studies and concept development to date.

Copies of each ballot as received from the signatory airlines are being sent to you with the mailed original of this letter. If you have any questions, please contact me.

Sincerely,

Cliff Argue /msd

Clifford T. Argue
Chairman, ANC/FAI AAAC

c: J. Perkins, Commissioner DOTPF
K. Parkan, Deputy Commissioner DOTPF
J. Ungar, Controller, IARF
ANC/FAI AAAC

Delta Air Lines, Inc.
Post Office Box 20706
Atlanta, Georgia 30320-6006

November 11, 1997

Sent by FAX: 206-431-7031

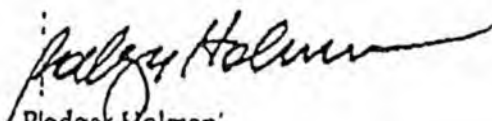
Mr. Cliff Argue
Chairman, ANC AAAC
Alaska Airlines
Properties and Facilities
P. O. Box 68900
Seattle, WA 98168

Dear Cliff,

Attached is Delta's approval of the ANC MII ballot for FY99-04 Capital Improvement Projects. As we discussed, our approval of this project is predicated upon the incorporation by the State of Alaska a capital contribution of \$26.3M into the project which would result in a net funding approval of \$165M.

Thank you for your assistance on this matter.

Sincerely,



Rodger Holman
Regional Director - Properties & Facilities

Attachment

ALASKA INTERNATIONAL AIRPORT SYSTEM
 FY99-2004 AIRLINE CAPITAL IMPROVEMENT REQUEST

In accordance with Article 4, Section 4.02 A&B Anchorage and Fairbanks International Airports Airline Operating Agreement and Terminal Building leases dated November, 1990 and extended in June, 1995, the Signatory Airline identified below approves or disapproves the Capital Improvement listed below as indicated. The Signatory Airline's vote takes into consideration, among other things, the Terminal Concept Package Report #8 dated 10/1/97, Plan of Finance (Volume I & II) dated 10/2/97, and previous reports, the discussions at the October 15, 1997 Airlines Airport Affairs Committee meeting in Anchorage and preceding Airline Executive Committee and Technical Committee meetings.

		FY 99		FUNDING X \$1,000		
AIRPORT	PROJECT	AIP	IARF	TOTAL	APPROVE	DISAPPROVE
ANC	TERMINAL EXPANSION 2005		191,000*	191,000*	X	

* Project costs identified in 1997 dollars. Approval authorizes AIAS to issue up to \$235 million in airport revenue bonds, which includes escalation and financing costs. AIAS pledges to use its best efforts to obtain alternate sources of funding/financing to reduce airline cost exposure.

1) SUBJECT TO STATE OF ALASKA CAPITAL CONTRIBUTION OF \$26.5M RESULTING IN A NET FUNDING APPROVAL OF \$165M

SIGNATORY AIRLINE NAME DELTA
 SIGNATURE OF AUTHORIZED REPRESENTATIVE [Signature]
 DATE 11/11/97 TITLE REGIONAL DIRECTOR
PROPERTIES & FACILITIES

Cliff Argue has agreed to serve as designated representative and collect and tally votes and provide the requisite written certification within the required time. He requests Ballots sent to him arrive by 12:00 noon, PST, November 17, 1997 at Alaska Airlines, P.O. Box 68900, Seattle WA 98168. FAX (206)431-7031 or TTY SEAPZAS.



HB 432

REPRESENTATIVE JOHN J. COWDERY

March 5, 1998

Senator Ted Stevens
522 Hart Building
Washington, DC 20510-0201

Dear Senator Stevens,

Thanks for taking the time to address the Alaska Legislature recently. As always, it was a pleasure to hear your views on the issues facing Alaska. I particularly appreciated your insights into the "Iraqi" situation, and Alaska's strategic defense location.

As you are aware, my committee is reviewing the bond proposals for Anchorage International Airport. Passenger Facilities Charges are a potential revenue stream, but, under current rules, would be a considerable burden on the smaller carriers who compromise such an important part of Alaska's air travel network. The Federal Aviation Administration has informed me that a request has been submitted to change current regulations to allow for PFC exemptions for Alaska's smaller carriers, thus mitigating the negative impact on rural communities.

What is your prognosis for completing such a regulation change? Would it be possible for you to encourage the FAA to give expeditious consideration to the proposal? I would appreciate your help.

Thanks for your consideration of this matter.

Yours Truly,

A handwritten signature in cursive script that reads "John J. Cowdery".

John J. Cowdery, Chairman
International Trade and Tourism Committee