

**ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672**  
**2466 SCOMM 103 HOUSE SPEC. COMM. INTL. TRADE & TOURISM, 1997-98**

**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 13, 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*          | <u>X</u> <u>1</u>       |

\* 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 \$26.3M  
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.

C

Butch Halterd  
NAC  
3-5-98

1. The Governor and/or Mr. Plumb have made the point several times that the airlines that earn 89% of the domestic passenger revenue and carry 84% of the passengers through Anchorage International Airport are in support of the project. Does that mean that they also pay the expense of running the airport in the same proportion? (No) If not, what portion of the bill do they pay? (The 'supporting' carriers paid \$16.6 million out of a total revenue collected of \$55.8 million, or 29.8%)
2. I understand that the terminal does not now pay for itself. After terminal rents, concession fees, duty free revenues, parking etc. are applied against the cost of operating and maintaining the terminal, landing fees are used to make up the difference. How much of the cost of the terminal is borne by landing fees? (31.61%) How will that be affected by this project? (*It is projected to increase to 40.01% when the proposed terminal comes into service in 2002*) Since given the fact cargo traffic is expected to grow at a higher rate than passenger traffic for the foreseeable future, won't landing fees, particularly from cargo carriers, pay an increasing share of the terminal costs? How high can that percentage go? Is there a limit? What affect will that increasing share have on our ability to attract more cargo flights to Anchorage and Fairbanks?
3. The "Construction Cost Estimate" appears to not only estimate the anticipated actual cost of construction of each facet of the project, but it also includes a significant amount of indirect costs. Estimators Contingency of 10 (or in some cases 20%), and Change Order Contingency of 10% are applied to the actual construction cost estimate. Then, Construction Admin/Management at 10% & Other Construction Related Costs at 5% are applied to that grossed up number. Regulatory, Planning & Permitting - 2%; Design Fee - 10%; Project Administration - 2% are then applied on top of everything. The compounding of these percentage estimates and the apparent duplication of some descriptions is disconcerting. How much of the total project is comprised of these indirect costs? (46.96% \$101,173,033 in "direct construction costs", \$89,581,321 in "indirect costs"). It does not appear with all these little "cushions" that you actually know what it is you are asking for us to approve, but you have padded the amount to cover whatever you may

finally decide on. Not only does that seem like it may be an exorbitant amount, but is in reverse order of what would normally be expected; that being you first decide what it is you want to build, and then come to us for the money. What happens to the contingency funds that are not used?

4. In the "Anchorage International" - "Airport Terminal Redevelopment Project" - "Supplemental Information" provided to this committee, it shows the project cost at 190.8 million, plus \$14.5 million for escalation (I assume that means inflation), and \$24.7 million for capitalized interest and bond issuance, totaling \$230 million. From that total \$26.3 million from highway funds is subtracted, leaving \$204 million.

If there is \$26.3 million coming from FHWA Funds, why do we have to pay escalation on that amount? The same question for the \$6.1 million in Fiscal 1998 allocated funds? What about the capitalized interest? If we started with needing \$190.8 million, subtracted \$26.3 million that we already got from FHWA and another \$6.1 million already approved by and collected from the carriers, that leaves a bonding requirement of \$158.4 million. Shouldn't any capitalized interest and/or escalation be based on that amount of money, not the entire \$190.8 million.

5. Missing in the handout but present in the "Plan of Finance" contained in the "Gateway Alaska - Terminal Redevelopment Project" booklet dated 2/2/98, are \$6.1 million dollars from "Fiscal Year 1998 Allocated Funds" and \$21 million in "Credit Construction Fund Earnings." Where did this money go? Why isn't this \$27.2 million reflected in the bonding request?

**OBSERVATION:** This is fundamental math. The difference in bonding requirements and debt servicing is several million dollars. Was this done in error by the multi-million dollar consultants? Or was it done deliberately? In either case, are these the folks you'd want handling \$200 million of your money?

|                                                          | FY97<br>Actuals | FY98<br>Estimated | FY2002<br>Projected |
|----------------------------------------------------------|-----------------|-------------------|---------------------|
| System Terminal Requirement                              | \$25,810,287    | \$25,935,000      | \$39,997,566        |
| Less: Revenues Earned in Terminal                        |                 |                   |                     |
| Non Airline Revenues                                     | \$15,838,934    | \$16,316,000      | \$20,097,610        |
| Less AIA: General aviation parking and fuel flowage fees | (585,523)       | (600,000)         | (600,000)           |
| Automobile parking fees                                  | (3,638,148)     | (3,760,000)       | (4,398,668)         |
| Land Rentals                                             | (1,976,800)     | (2,160,000)       | (2,224,800)         |
| FIA: General aviation parking fees                       | (170,657)       | (167,000)         | (170,340)           |
| General aviation fuel flowage fees                       | (359,183)       | (364,000)         | (378,000)           |
| Automobile parking fees                                  | (381,991)       | (390,000)         | (397,800)           |
| Land Rentals                                             | (8,726,632)     | (8,875,000)       | (11,928,002)        |
|                                                          | 17,083,655      | 17,060,000        | 28,069,564          |
| Less: Airline Terminal Rent                              | (8,878,308)     | (8,861,000)       | (12,067,067)        |
| Amount That Hits Landing Fee                             | \$8,205,347     | \$8,199,000       | \$16,002,497        |
| % of Terminal Being Paid by Landing Fees                 | 31.79%          | 31.61%            | 40.01%              |

FY 99 CAPITAL BUDGET  
ANCHORAGE INTERNATIONAL AIRPORT  
TERMINAL REDEVELOPMENT PROJECT

SUMMARY

COST:

\$190.8 MILLION

\$ 14.5

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\$205.3 MILLION

\$ 24.7

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\$230.0 MILLION

PROJECT COST (1997 \$)

ESCALATION

CAPITALIZED INTEREST/  
ISSUANCE COST

TOTAL CAPITAL REQUEST

FUNDING SOURCES:

\$204.0 MILLION

\$ 26.0\*

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\$230.0 MILLION

AIRPORT REVENUE BONDS

FEDERAL HIGHWAY FUNDS

TOTAL CAPITAL REQUEST

\* ALSO SHOWN IN HIGHWAY CAPITAL REQUEST

**Airline Affairs 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).**

|                                                    | <b>Additions in \$</b> | <b>Subtractions in \$</b>     | <b>Net in \$</b>   |
|----------------------------------------------------|------------------------|-------------------------------|--------------------|
| Total Cost of Project in 1997 Dollars              | 190,800,000            |                               |                    |
| State Capital Contribution                         |                        | 26,300,000                    |                    |
| <b>AIRPORT COST OF PROJECT IN 1997 DOLLARS</b>     |                        |                               | <b>164,500,000</b> |
| 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              |                               |                    |
| <b>CORE FINANCING</b>                              | <b>Total Additions</b> | <b>Sub-Total Subtractions</b> |                    |
|                                                    | <b>230,000,000</b>     | <b>53,400,000</b>             | <b>176,600,000</b> |
| Optional Adjustment: Take Out Capitalized Interest |                        | 20,000,000                    |                    |
| <b>ADJUSTED WITHOUT CAPITALIZED INTEREST</b>       |                        | <b>Total Subtractions</b>     |                    |
|                                                    |                        | <b>73,400,000</b>             | <b>156,600,000</b> |

November 5, 1997

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

ANCHORAGE INTERNATIONAL AIRPORT EXPANSION  
ANCHORAGE, ALASKA  
PRELIMINARY CONSTRUCTION COST ESTIMATE

PAGE 3

DATE: 9/29/97

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**SUMMARY**

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**ENABLING WORKS**

|                                         |                  |           |
|-----------------------------------------|------------------|-----------|
| Utility Relocations                     | 931,500          |           |
| Cargo Hardstand Replacement             | 3,588,000        |           |
| Modifications for Temporary Relocations | <u>1,549,641</u> |           |
| TOTAL ENABLING WORKS:                   |                  | 6,069,141 |

**'C' TERMINAL REPLACEMENT**

|                                    |                   |             |
|------------------------------------|-------------------|-------------|
| Demolish Existing Concourse 'C'    | 1,716,786         |             |
| 'C' Terminal Construction          | 66,534,665        |             |
| Roadway and Parking Improvements * | 23,956,526        |             |
| Right of Way Acquisition Costs **  | 5,000,000         |             |
| Tour Bag Facility                  | 3,768,870         |             |
| Airside Improvements               | <u>28,819,368</u> |             |
| TOTAL CONCOURSE 'C' REPLACEMENT    |                   | 129,796,215 |

**TERMINAL RENOVATION**

|                           |                      |                   |
|---------------------------|----------------------|-------------------|
| West Terminal Renovation  | 22,577,431.00        |                   |
| East Terminal Renovation  | <u>12,574,295.00</u> |                   |
| TOTAL TERMINAL RENOVATION |                      | <u>35,151,726</u> |

TOTAL CONSTRUCTION AND RELATED COSTS: 171,017,082

**PLANNING, DESIGN AND ADMINISTRATION COST**

( Based on Direct Construction Costs )

|                                   |        |                  |
|-----------------------------------|--------|------------------|
| Design Fee                        | 10.00% | 14,108,540       |
| Regulatory, Planning & Permitting | 2.00%  | 2,814,366        |
| Project Administration            | 2.00%  | <u>2,814,366</u> |

TOTAL PLANNING, DESIGN AND ADMINISTRATION: 19,737,272

PROJECT TOTAL (WITHOUT ESCALATION): \$ 190,754,354

**\$ 3,588,000**



Governor Tony Knowles  
State of Alaska  
Office of the Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001

November 6, 1997

Dear Governor Knowles:

Thank you for letter of October 24 soliciting support for the proposed terminal project at Anchorage International Airport. In your letter you acknowledge that the project is both ambitious and expensive and state the project makes sense. I agree wholeheartedly that it is both ambitious and expensive. However, I question whether or not it makes sense, at least in its present form and particularly with regard to how it is to be paid for.

Cargo carriers such as Northern Air Cargo, Lynden Air Cargo, Japan Airlines, Korean Airlines and many others, receive no direct benefit whatsoever from the domestic passenger terminal. Unless the cost is reduced and binding commitments for alternate means of payment, (such as PFC's, AIP funds & long term forward funding, General Funds, contributions by other interested government and public agencies etc.) are identified and participate financially in the project, Northern Air Cargo cannot support it.

The residents of rural Alaska are already the least able to afford any increases in the cost of living. You yourself have recognized this and have provided emergency funding for the economic emergency that exists in southwest Alaska and have postponed implementation of certain welfare reform measures in rural Alaska following the disastrous commercial fishing season just completed. This terminal expansion project will not improve the lot of rural Alaskans, yet they will be called on to pay for a significant share of it.

Northern Air Cargo was founded in Alaska and has, for 41 years, served the needs of Alaskans. As an Alaskan company born and bred, we have a fundamental responsibility to the residents of Alaska, our customers, to maintain the cost of goods and services as affordable as possible. As we enter our 42nd year in business, we remain true to our mission and duty of providing our fellow Alaskans the services they require at an affordable price. It will be extremely difficult to satisfactorily explain to a person living in Emmonak, why his new snowmobile must cost him more because of the new, expensive passenger terminal in Anchorage.

Sincerely,

A handwritten signature in dark ink, appearing to read "R.J. Hallford". The signature is fluid and cursive, with the first name "R.J." and last name "Hallford" clearly distinguishable.

R.J. Hallford  
Vice President

# Russians Propose New Polar Routes

BRUCE D. NORDWALL/WASHINGTON

A Russian delegation recently proposed opening air routes from the U.S. to Asia over the North Pole and Siberia, which could save as much as 3 hr. of flight time and gain overflight revenue for Russia.

Since the new routes would also pass over China, Chinese authorities would have to agree to the plan, but gaining their acquiescence would probably take longer than resolving technical problems.

THE RUSSIANS GAVE THEIR pitch to the FAA and U.S. Air Transport Assn. here and to the International Civil Aviation Organization in Montreal, although they admitted that discussions were at a very early stage.

One of the big technical issues will involve communications to aircraft over the poles, which would be too expensive using conventional terrestrial systems. Russia plans to launch new satellites for mo-

bile satellite service that could also be used by aircraft to transmit their positions automatically over data link. For that automatic dependent surveillance (ADS) application, the Russians are considering both GPS and their Glonass navigation satellite system. Satellite navigation and communications are the central elements for the Future Air Navigation System (FANS-1).

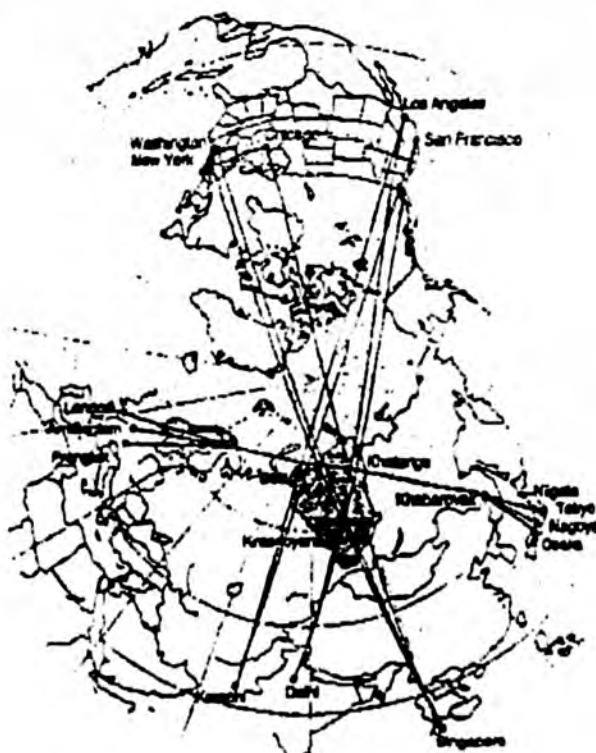
As air traffic control moves into the 21st century, it will evolve toward a communication, navigation and surveillance/air traffic management (CNS/ATM) system using satellite-based systems and sharing decision-making between air traffic controllers and pilots.

Work on FANS-1 has been underway in the Russian Far East for several years, since a prototype ATM system was installed at Magadan area control center in 1995 (*AW&ST* Sept. 4, 1995, p. 28). The

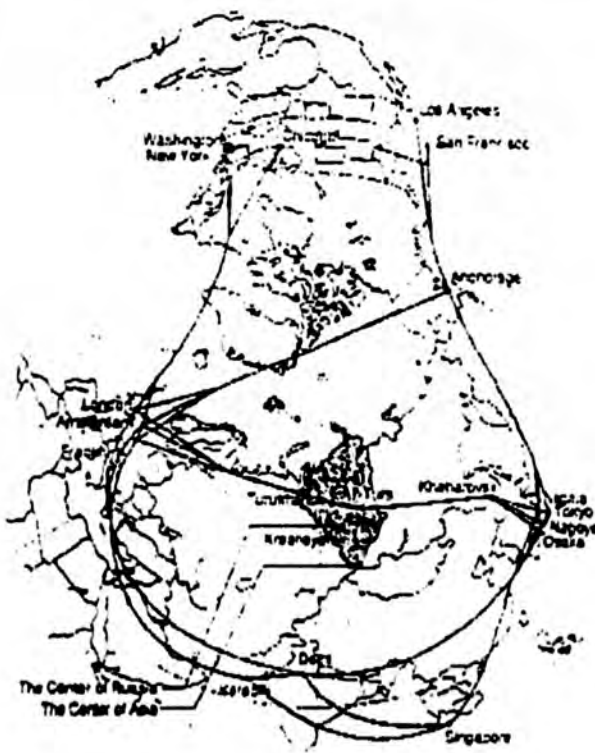
recent focus has been on the Kamchatka area, which should pave the way for the polar routes, according to Nikolay Zubov. He is first deputy general director of the State Corp. for Air Traffic Management. By the time the air routes over Krasnoyarsk are ready (see drawing, below left), a CNS/ATM system should already have been implemented and certified in Russia.

AIR TRAFFIC CONTROL infrastructure in the heartland of Russia also would have to be upgraded, and this undoubtedly would require foreign financial assistance. When asked about the climate for U.S. investment and whether Russia had the legal infrastructure to foster development, Krasnoyarsk's governor, Valery Zubov, said: "The main thing is to provide attractive conditions for investors." In addition, he noted that the region has no history of closing foreign enterprises and canceling projects.

On July 19, Russia celebrated the 60th anniversary of the nonstop flight of an Ant-25 aircraft from Moscow to San Jacinto, Calif. The flight crew of Gromov, Yumachev and Danelen established a single-engine distance record at the time. Had there not been the intervening "political restrictions," those polar routes would be most popular today, Zubov said.



Planned International Orthodrome  
and the Polar and Great Circle Air Routes



The Existing International Air Routes

March, 19, 1998

IT&T Meeting on HB 432

**I. INTRODUCTORY REMARKS:**

Today is the fourth meeting of this committee on HB 432. It will be the last meeting in which we will take public testimony. I expect to have one more meeting to consider amendments, next Tuesday, March 24, 1998, after which we will move the bill.

A substantial effort has been made by many parties to analyze and digest a lot of information about his project. I have witnessed cooperation among the airport staff, their consultants, my office and this committee's consultants. I want to acknowledge Commissioner Perkins for setting the tone very early on in his department for complete disclosure and cooperation.

Nevertheless, it was reported to me that certain people may be afraid of retribution for the nature of their testimony for and against certain aspects relating to this project and to this legislation. I want the record to be loud and clear. I have checked with Speaker Phillips and Commissioner Perkins. They, nor I, will tolerate any hint of retributive behavior toward anyone who testified before this committee or participated in any way in this public process.

I urge any one who feels threatened to come to my office and meet with me or my staff about any complaint of this nature. You will find us to be very willing champions to protect you from the slightest hint of unprofessional conduct. I believe such fears to be unwarranted. However, I want to provide assurance on the record of the legislature's willingness to protect the democratic process.

HOUSE SPECIAL COMMITTEE ON  
INTERNATIONAL TRADE AND TOURISM

We'll now convene the House Special Committee on International Trade and Tourism on February 24, the time is 5:00 PM.

Present are members: ✓ COWDERY, Chairman ✓  
✓ PHILLIPS ✓  
MULDER ✓  
KOTT  
✓ RYAN  
JOULE and ✓  
✓ ELTON ✓

It is my intention today to take testimony on HOUSE BILL 432. This bill would provide authorization for the state to issue up to \$280 million in revenue bond funds to pay for improvements to the Anchorage International Airport.

The amount of the bonding authorization may change depending on what we learn during the legislative process. I sponsored this bill because I support development and improvements at Anchorage International Airport. However, as the committee of first referral, it is our job to develop as complete a record as possible on the issues involved with this project.

We will try to surface as many questions about the underlying assumptions made to justify this project. We may not have time to get answers to all questions. But, we will set the stage for completion of the process by the time this bill gets to Finance Committee.

I plan to make the Department of Transportation officials, and the International Airport officials, and the Department of Revenue officials, work harder than they planned on working, to justify this project. I don't believe we should be penurious about Anchorage International Airport. But, I do believe we should incur the least amount of debt consistent with developing an excellent airport.

I plan to go until ~~about~~ 7 p.m. tonight. We will resume tomorrow at 5 pm for ~~a shorter hearing.~~ <sup>ANOTHER</sup> ~~within~~ <sup>IN ABOUT</sup> a week, after we receive a consultant report, we will meet again and ~~pass the bill out of committee, barring an unforeseen~~ <sup>DISCUSS ANY NEW QUESTIONS ABOUT</sup> ~~report.~~

For starters, I would like to have my staff, MARCO PIGNALBERI, give us some background on this bill. Then we will hear from:

- Anchorage International Airport
- The Airline Airport Affairs Committee Chairman, Mr. Cliff Argue
- The Department of Revenue
- The Federal Aviation Administration
- The AFL-CIO
- Other public members who are on our teleconference sites

Marco, please proceed.

D

Feb 24, 1998

FILE NOTE: TELECON WITH DON HARRIS, FORMER COMMISSIONER DOT/PF

RE: AIRPORT EXPANSION PROJECT

*mt*

Don Harris

1. 80 million in IARF reserves, use cashflow, like we did for NS runway & Int'l Tmnl.
2. why did project balloon since July
3. feeders and cargo carriers against it
4. break down project into as many different components as possible, priortize and cut back to what is affordable

V

A

**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**

## 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(FLA), i.e. does debt incurred for AIA project affect the borrowing capacity for FLA?

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         |



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.

## 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.**

VI

A

**Individuals Testifying on HB 432  
ITT Committee Hearing  
Tuesday, February 24, 1998  
5:00 – 6:40 PM**

**In Person:**

Marco Pignalberi – Chief of Staff Representative Cowdery

**Department of Transportation Presentation**

Kurt Parkan - Deputy Commissioner

Mort Plumb - Director, Anchorage International Airport

David Eberle - Director, Construction & Operations, Central Region

Leif Selkregg - Contracted Consultant for the Airport

George King - Contracted Consultant for the Airport (Via Hook-Up)

Ross Kinney – Department of Revenue

**Via hookup from Seattle:**

Cliff Argue – Airline Airport Affairs Committee

**Anchorage LIO Teleconferenced:**

John Unger – Comptroller AIAS System

Ron Simpson – Federal Aviation Administration Manager Airports Division

Mano Frey – Alaska AFL/CIO Laborers Union

Teleconference # 80370

**Individuals Testifying on HB 432 -day 2  
ITT Committee Hearing  
Wednesday, February 25, 1998  
5:00 - 6:50 PM**

**In Person:**

Kurt Parkan - Deputy Commissioner DOT  
Joe Sprague - Era Aviation- Director of Marketing  
Ross Kinney - Department of Revenue

**Anchorage LIO:**

Mort Plumb - Director, Anchorage International Airport  
David Eberle - Director, Construction & Operations  
Leif Selkregg - Contracted Consultant for Airport  
Don Harris - Former Commissioner DOT  
Bill Elander - Anchorage Convention & Visitors Bureau  
Ron Simpson - Federal Aviation Administration, Manager Airport Div  
Sherman Ernhouf - Muni of Anchorage - Mayor Mystrom Special Assistant

**Via Hookup:**

George King - Financial Consultant for Airport

Teleconference # 80401

**Individuals Testifying on HB 432 -day 3  
ITT Committee Hearing  
Thursday, March 5, 1998  
4:00 - 6:00 PM**

**In Person:**

Kurt Parkan - Deputy Commissioner DOT  
Ross Kinney - Department of Revenue  
Butch Halfrod - Northern Air Cargo - Vice President Operations & External Affairs

**Anchorage LIO:**

Mort Plumb - Director, Anchorage International Airport  
David Eberle - Director, Construction & Operations  
John Ungar - Alaska International Airport Controller  
Leif Selkregg - Contracted Consultant for Airport  
Ron Simpson - Federal Aviation Administration, Manager Airport Div

**Via Hookup:**

George King - Financial Consultant for Airport in New York  
Joe Sprague - ERA in Anchorage

**Individuals Testifying on HB 432 –day 4  
ITT Committee Hearing  
Thursday, March 19, 1998  
4:00 – 5:40 PM**

**In Person:**

Ed Merlis – Air Transport Association, Executive Director  
Kurt Parkan – Deputy Commissioner, DOT  
Mort Plumb – Director, Anchorage International Airport  
Ross Kinney – Department of Revenue  
Cliff Argue – AK Airlines  
Dennis Byrd – Federal Express

**Anchorage LIO:**

Steve Wells – Independent Airport Consultant  
Heinz Noonan – Independent Airport Consultant

**Via Hookup:**

George King – Financial Consultant for Airport in New York  
Joe Sprague – ERA in Anchorage

**Individuals Testifying on HB 432 –day 5  
ITT Committee Hearing  
Tuesday, March 24, 1998  
4:00 – 4:45 PM**

**In Person:**

Ross Kinney – Department of Revenue

**Via Phone Hook-up:**

Dave Eberle – DOT, Central Region Director of Construction & Operations

B

**Contact Sheet**  
**HB 432 - International Airport Revenue Bond**

|                                                                                                                                       |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <b>Mort Plumb</b><br>Director, AIA<br>PO Box 196960<br>Anchorage, AK 99519                                                            | 266-2525 phone<br>243-0663 fax         |
| <b>Kurt Parkan</b><br>Deputy Commissioner DOT<br>3132 Channel Dr<br>Juneau, AK 99801                                                  | 465-6977 phone<br>586-8365 fax         |
| <b>David Eberle</b><br>Director, Construction &<br>Operation, Central Region DOT<br>PO Box 196900<br>Anchorage, AK 99519              | 269-0780 phone<br>248-1753 fax         |
| <b>John Unger</b><br>Controller AIA System<br>PO Box 196960<br>Anchorage, AK 99519                                                    | 266-2541 phone<br>243-0663 fax         |
| <b>George King</b><br>Airport Financial Consultant - Bond Issue Advisor<br>730 Fifth Ave, 9 <sup>th</sup> floor<br>New York, NY 10019 | 212-333-8684 phone                     |
| <b>Cliff Argue</b><br>Airline Airport Affairs Comm<br>C/O Alaska Airlines<br>PO Box 68900<br>Seattle, WA 98168-0900                   | 206-433-3184 phone<br>206-431-7031 fax |
| <b>Ross Kinney</b><br>Deputy Commissioner, DOR<br>PO Box 110405<br>Juneau, AK 99811                                                   | 465-3669 phone<br>465-2389 fax         |
| <b>Ron Simpson</b><br>FAA - Manager, Airport Div<br>222 West Seventh Box 14 (AAL-600)<br>Anchorage, AK 99513                          | 271-5438 phone<br>271-2851 fax         |
| <b>Mano Frey</b><br>AK AFL/CIO Laborers<br>2501 Commercial Drive<br>Anchorage, AK 99501                                               | 272-4571 phone                         |
| <b>Butch Hallford</b><br>NAC - Vice President Operations<br>3900 W. International Airport Rd<br>Anchorage, AK 99502                   | 243-3545 phone<br>249-5190 fax         |

|                                 |                    |
|---------------------------------|--------------------|
| <b>Jerry DesJarlis</b>          | 344-2644 phone     |
| Summit Paving – Owner           | 349-5472 fax       |
| 7828 Lake Otis Pkwy             |                    |
| Anchorage, AK 99507             |                    |
| <b>Joe Sprague</b>              | 248-4422 phone     |
| ERA – Marketing Director        | 266-8383 fax       |
| 6160 Carl Brady Drive           |                    |
| Anchorage, AK 99502             |                    |
| <b>Donn Ketner</b>              | 266-1693 phone     |
| Architect, CCS                  |                    |
| 3884 Caravelle Dr               |                    |
| Anchorage, AK 99502             |                    |
| <b>Leif Selkregg</b>            | 276-8095 phone     |
| Rise Alaska                     | 276-8609 fax       |
| 880 H St Suite 101              |                    |
| Anchorage, AK 99501             |                    |
| <b>Don Harris</b>               |                    |
| Former DOT Commissioner         |                    |
| Box 49                          |                    |
| McGrath, AK 98627               |                    |
| <b>Dennis Bird</b>              | 249-3173 phone     |
| Fed Express, Managing Director  | 249-3178 fax       |
| 6050 Rockwell Ave               |                    |
| Anchorage, AK 99502             |                    |
| <b>Edward Merlis</b>            | 202-626-4182 phone |
| Air Transport Assoc, Senior VP  | 202-626-4208 fax   |
| 1301 Pennsylvania Ave, NW #1100 |                    |
| Washington, DC 20004-1707       |                    |
| <b>Marco Pignalberi</b>         | 465-3879 phone     |
| Office of Rep Cowdery           | 465-2069 fax       |
| State Capitol Bldg Rm #416      |                    |
| Juneau, AK 99801                |                    |
| <b>Steve Wells</b>              | 243-6554 phone     |
| Independent Consultant          | 248-3218 fax       |
| 2841 Gillam Circle              |                    |
| Anchorage, AK 99517             |                    |
| <b>Heinz Noonan</b>             | 243-8679 phone     |
| Independent Consultant          | 337-4485 fax       |
| 3628 Carlton                    |                    |
| Anchorage, AK 99517             |                    |

C

# COMMITTEE TAPE LOG

COMMITTEE:

House Special  
Committee on International  
Trade and Tourism

DATE: 2/24/98

TIME: 5:04

SUBJECT:

HB 432-Airport Revenue Bonds

before  
before  
5:27

6:19

MEMBERS:

Cowdery, Elton, Joule, Bagles, Kott, Mulder, Phillips

JC

KE

RS

RB

PK

EM

GP

Ryan

JR

Rebecca Berg

| SPEAKER         | TAPE #           | SIGNIFICANT INFORMATION             |
|-----------------|------------------|-------------------------------------|
| JC              | TAPE 1-A<br>0001 | Meeting called to order @ 5:04 p.m. |
| HB 432          | 10               | take testimony                      |
|                 |                  | \$1.280 million rev. bonds          |
|                 | 18               | ant may change                      |
|                 |                  | sponsored this                      |
|                 | 20               | however 1st ref.                    |
|                 |                  | record issues                       |
|                 |                  | surface as many questions           |
|                 |                  | may not have time ....              |
|                 | 29               | I plan to make DOT off, ...         |
|                 |                  | DOR work harder ... to just         |
|                 |                  | but I do believe ...                |
|                 | 38               | go until 7 p.m. tonight ...         |
|                 |                  | re                                  |
|                 | 42               | at time presentation                |
|                 |                  | open to question.                   |
|                 | 46               | week after.                         |
|                 |                  | meet again                          |
|                 | 49               | Starters Marco Pignalberi, staff    |
|                 |                  | give background                     |
|                 |                  | then Cliff Argue.                   |
| <del>1920</del> | <del>59</del>    | <del>... line</del>                 |
| Pignalberi      |                  | amends stat bonding auth.           |
| MP              |                  | to 200 million - \$                 |
|                 |                  | difference.                         |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION         |
|---------|--------|---------------------------------|
| MP      | 72     | this ↑ bond auth.               |
|         |        | ② includes fed hi               |
|         |        | ③ fed funding                   |
|         | 78     | bonding cap                     |
|         |        | this bill contemplates --       |
|         |        | reduce amount state needs to    |
|         |        | borrow....                      |
|         |        | single                          |
|         | 88     | Taking on such a high amt       |
|         |        | of debt ..                      |
|         | 42     | ser. ser. carries ...           |
|         |        | voted against ...               |
|         |        | concerns                        |
|         | 97     | This bill also notable          |
|         |        | (dif) Gov.                      |
|         |        | doesn't change stat.            |
|         | 102    | Mr. Chairman narrow             |
|         |        | am:                             |
| JC      | 106    | Note --                         |
| Wrt     | 112    | dep. com (?) DOT / PF ...       |
| Parkin  |        |                                 |
| KP      | 118    | apprec interest ... imp project |
|         |        | SOA happy                       |
|         | 122    | concerns -- \$ amt .. ex.       |
|         |        | believe DOR as well bond        |
|         | 128    | with me                         |
|         |        | director Anchorage intl airport |
|         |        | (Mort Plumb.)                   |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                      |
|---------|--------|------------------------------------------------------------------------------|
| KP      | 133    | Left Selcraig - R&E AK<br>consultant -                                       |
|         |        | Dave Eberle Gateway AK                                                       |
|         | 144    | intro to Dave - history<br>Director ... DOT ...                              |
|         |        | Dave has had experience ...                                                  |
|         |        | Bradley Lake ...                                                             |
|         |        | \$350 million                                                                |
|         |        | Project director                                                             |
|         | 158    | we fill up.                                                                  |
|         | 160    | on line -- King consultant<br>speak package why time<br>is now ...           |
|         |        | hard outs...                                                                 |
| Not Pmb | 176    | handout                                                                      |
| MP      |        | take                                                                         |
|         | 183    | manage this resource<br>deficiencies                                         |
|         | 188    | Along w/ air                                                                 |
|         | 189    | Growth of aviation huge                                                      |
|         | 195    | Plan we are presenting<br>conservative to → 2015<br>bridging to 2005<br>AISC |
|         |        | not gen funds                                                                |
|         | 201    | Product of close working rel.<br>+ vote                                      |
|         | 204    | Anch Int Airport ... entry<br>out of bank                                    |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                       |
|---------|--------|-------------------------------------------------------------------------------|
| ● MP    |        | 43% bag, 40% ticket                                                           |
|         | 212    | we recognize that this project is significant                                 |
|         |        | avoid piece-meal approach losing val ground...                                |
|         | 220    | This Plan must cost effective -- safe good quality ...                        |
|         |        | thank you                                                                     |
| JC      | 227    | -- Hold ?                                                                     |
|         | 231    | gen in Seattle, wife b'day to Mr. Cliff Argue (ph)                            |
| ● CA    | 236    | Cliff Argue<br>Staff VP of Prop. fac.<br>AK Air Chairman ...                  |
|         |        | org. ~25 airlines                                                             |
|         | 243    | Last Nov. voted agreement. proposed term ...                                  |
|         |        | est \$191 million                                                             |
|         | 248    | Bring DOT/PF<br>(costs/balance)<br>vote also approved ... issue revenue bonds |
|         | 257    | we hope ... also fed funds                                                    |
|         | 259    | I believe details of vote based on approx.<br>[IN FAVOR HB 432]               |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                                                |
|---------|--------|--------------------------------------------------------------------------------------------------------|
| CA      | 264    | Having been involved ...<br>the needs ...                                                              |
|         | 270    | Exc. coordination                                                                                      |
|         | 271    | My colleges ...<br>Reeve ... (in & out State)                                                          |
|         | 275    | Existing ...<br>certainly experience<br>plan to remedy sword<br>& conservative ...<br>modern & effec.. |
|         | 282    | Also allows newest technologies<br>... bet. cost                                                       |
|         | 286    | as you co-<br>AIAS (ph)<br>word<br>cost                                                                |
|         | 290    | These words ...<br>not impact g.f. ..                                                                  |
|         | 295    | I request your for. action                                                                             |
| JC      | 297    | Th. . ? ..<br>vote approval process ...                                                                |
| CA      | 300    | Under. -- DOT (2)<br>list of projects to carriers..<br>review with airport..                           |
|         | 306    | Formal<br>voting ... either (+ or -)<br>in order ... 66 2/3 %<br>disapprove ..                         |

| SPEAKER            | TAPE #         | SIGNIFICANT INFORMATION                                                              |
|--------------------|----------------|--------------------------------------------------------------------------------------|
| ● CA               | 312            | However, only 1 yr deferral...<br>f DOT deems nec. ...                               |
|                    |                | presen + ... still                                                                   |
|                    | 317            | Prov — '85, '86 ... renewed<br>2XS, sm. Various airports                             |
| JC                 | 321            | 2.<br>whats the length com ...<br>rate ....                                          |
| CA                 | 324            | ? down                                                                               |
| JC                 | 325            | when ...                                                                             |
| CA                 | 327            | In this case cost<br>spread ... prob. 20-25 yr.<br>time frame ...<br>some equip less |
| JC                 | 334            | Then                                                                                 |
| CA                 | 335            | " ...                                                                                |
| <del>Leif</del>    | <del>337</del> | <del>AIA &amp; DOT</del>                                                             |
| <del>Sekiray</del> |                |                                                                                      |
| <del>LS</del>      | 339            | 1994                                                                                 |
|                    | 341            | This effort + ...                                                                    |
|                    | 342            | The team confused ...<br>+++ numbers +<br>AK firms ...                               |
|                    | 348            | R3E AK ..                                                                            |
|                    | 349            | About process ....<br>pushover                                                       |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION        |
|---------|--------|--------------------------------|
| LS      | 352    | Preferred master plan ...      |
|         |        | while still                    |
|         | 355    | Get the to ... forecast        |
|         |        | 141 sep up concepts → 4 → 1    |
|         |        | sup. budget ... throughout ..  |
|         | 361    | forecast                       |
|         | 362    | In regards to forecast ...     |
|         | 368    | Leif from                      |
|         | 370    | to convert                     |
|         |        | 2, ... million → 2.5 mil → 3 m |
|         | 373    | Deficiencies ...               |
|         |        | Concourse C ...                |
|         |        | and of lif.                    |
|         | 376    | Con. B, Con A early in 80s     |
|         | 379    | Since A built ...              |
|         |        | standards.                     |
|         | 381    | To meet today's needs ...      |
|         |        | There is imbalance ...         |
|         |        | air / public                   |
|         | 384    | Unique peaking                 |
|         |        | D & F rating ...               |
|         |        | imminent demolition of C ...   |
|         | 389    | Preferred term. master plan.   |
|         |        | intense 6 month planning       |
|         | 392    | Eval. process --               |
|         | 393    | Meeting w/ ...                 |
|         |        | Imp. plan                      |
|         |        | controlled roll out            |
|         | 394    | Quick overview                 |

| SPEAKER     | TAPE # | SIGNIFICANT INFORMATION         |
|-------------|--------|---------------------------------|
| ● LS        | 398    | Overview -- visual ...          |
|             |        | Picture ...                     |
|             | 403    | If we don't get cross-util..    |
|             |        | ....                            |
|             |        | extending curbside & road syst  |
|             | 407    | intro . Dave Eberle ...         |
| Dave Eberle | 409    | Dir. Co. Op. Group DOT/PF       |
|             |        | asked to become PD...           |
| DE          | 416    | Construction 5 yr period        |
|             |        | 1st .. enabling projects...     |
|             |        | Delta reloc., reg. distrib...   |
|             | 421    | Once enabled ... Co. C.         |
| ●           |        | 1999 ...                        |
|             |        | following                       |
|             | 423    | Summer 1999                     |
|             |        | 2.5 years ...                   |
|             |        | Some per                        |
|             | 426    | Then began                      |
|             |        | w first 1 yr. / E 2002-3        |
|             | 430    | Parallel act.                   |
|             |        | road work now elevated ...      |
|             |        | we'll also be doing ...         |
|             |        | improving .. parking in ability |
|             |        | new aprons --                   |
|             |        | remote fuel stationing          |
|             | 437    | Nut-Shell                       |
|             |        | Comp. 2003, rec                 |
| UC          | 439    | Co. C -                         |
| (DE)        |        |                                 |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                           |
|---------|--------|-------------------------------------------------------------------|
| LS(?)   | 442    | linear MP... ? ? KP                                               |
| JC      | 443    |                                                                   |
| 3P      | 444    | What do U                                                         |
| DE      | 446    | Reg carriers<br>allowing of ...<br>more Delta                     |
| GP      | 449    | Secured                                                           |
| DE      | 450    | MS40                                                              |
| MP      | 451    | 2 gates ...                                                       |
| DE      | 454    | Costs (Leif)                                                      |
|         | 458    | 38 million -<br>revers<br>total \$205 mill                        |
|         | 460    | range plan ...<br>do maj.<br>prof. cost/hrs                       |
|         | 465    | Airside split<br>P.M. combos augment                              |
|         | 467    | Effective ...                                                     |
|         | 468    | other elements ...<br>those as needed ...<br>treated ...          |
|         | 472    | As for as Under<br>\$205 mill + bond +<br>interest \$230 million. |

2/25 This is from the meeting. ??? I think comments may have been going back & forth.

| SPEAKER             | TAPE # | SIGNIFICANT INFORMATION                                        |
|---------------------|--------|----------------------------------------------------------------|
| DE                  | 476    | Anticipated                                                    |
|                     |        | In Addition ---                                                |
|                     |        | FATA uncertain                                                 |
|                     |        | thus plan                                                      |
|                     | 479    | George King on line ...                                        |
| GP                  | 481    | One expansion on work<br>pipe to                               |
| DE                  | 483    | not part                                                       |
| George King<br>(GK) | 485    | Hudson ---<br>1st<br>2nd 3 K                                   |
|                     | 489    | Overall purpose --<br>deliver & funds                          |
|                     | 491    | In order to do this<br>① low cost<br>② low risk<br>③ high flex |
|                     | 494    | Achewer --<br>net obje to<br>we have benefit<br>low risk       |
|                     | 497    | 2nd -- fav. tax law ...<br>this in effect<br>airport           |
|                     | 500    | Discret. Authority.                                            |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION       |
|---------|--------|-------------------------------|
| ● GK    | 522    | 2nd ...                       |
|         |        | 3 way ist of all              |
|         |        | all source v/s control        |
|         | 525    | 2nd - no hypo                 |
|         |        | 3rd approaches by securing... |
|         |        | bid & Construct               |
|         | 529    | 3rd Object .. high flex       |
|         |        | 2 ways                        |
|         |        | 1 - inc. res - 25yr           |
|         | 573    | we will do this cred.         |
|         |        | medr. dollar for dollar. bas. |
| JC      | 520    | ?                             |
| ● GP    | 521    | ARCO no Ho                    |
| JC      | 522    | thrs.                         |
|         | 524    | Leif ...                      |
|         |        | brochure says addtl imp.      |
| LS      | 527    | not part ... defer to MP      |
| JC      | 529    | need ...                      |
|         |        | pres.                         |
| MP      | 532    | Cargo Master Plan Inc.        |
|         |        | ... Lee Fischer (ph)          |
|         |        | part of                       |
|         | 535    | as far as costs ...           |
| JC      | 536    | bull pen                      |
| MP      | 537    | Mo ..                         |
|         |        | for                           |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION    |
|---------|--------|----------------------------|
| ● MP    | 540    | turning                    |
|         | 541    | We ... & 1 million taxiway |
|         |        | but at this point ...      |
| JC      | 544    | Sep.                       |
| MP      | 545    | No                         |
| JC      | 546    | How                        |
| MP      | 546    | How                        |
| JC      |        | ....                       |
| MP      | 548    | That out of ...            |
|         |        | that was near ...          |
|         |        | get                        |
| C       | 551    | ... questions.             |
| ●       |        | (DOR)                      |
| JS      | 544    | Answer questions           |
| inner   |        | ... George King ...        |
| KDU     |        | fiscal note ...            |
|         | 559    | Fiscal not                 |
|         |        | 3 scenarios                |
|         |        | which one ...              |
|         | 562    | Correct 3 sched.           |
|         | 564    | 2nd schedule....           |
| ●       | 566    | when we sit ...            |
|         |        | careful allow enough ...   |
|         |        | sell a bill                |

| SPEAKER           | TAPE # | SIGNIFICANT INFORMATION      |
|-------------------|--------|------------------------------|
| ● RK              | 569    | create exp                   |
|                   | 570    | Rec to committee             |
|                   |        | use that as rule of thumb -- |
|                   | 573    | not to say --                |
|                   |        | more likely rates --         |
|                   |        | if takes place --            |
|                   |        | back off --                  |
|                   |        | diff to sit                  |
| GK                | 578    | Send --                      |
|                   |        | add #5                       |
|                   |        | 4 sets                       |
|                   |        | 1977-91 - ... N.M. + 7%      |
| ●                 |        | 1991-93 ... decline 7% to 5  |
| <del>SIDE</del> B |        | 1993-94 back up 5 to 7%      |
|                   |        | back down 7% to 5%           |
|                   |        | above --                     |
| GK                | 995... |                              |
| RK                | 992    | body a year ago ...          |
|                   |        | 15 year period               |
|                   | 989    | credit enhancement ...       |
| JC                | 987    | Fbrxs.                       |
| RK                | 985    | Not exp 2 combined           |
|                   |        | in issuing bonds ....        |
|                   | 983    | in this case                 |
| JC                | 979    | 1 Rep. Rokeberg (NR)         |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION             |
|---------|--------|-------------------------------------|
| JC      | 972    | ?                                   |
| GP      | 977    | Res in disc. ...                    |
|         |        | did you have                        |
|         |        | differ maintenance                  |
| GRK     | 974    | Sep bonding                         |
|         |        | on                                  |
|         |        | no bearing                          |
| NR      | 969    | ? Mr. King                          |
|         |        | warning ...                         |
|         | 967    | tell me relationship ...            |
|         |        | numeric ... dif                     |
| RK      | 964    | dif varies ...                      |
|         |        | AAA AA                              |
| NR      | 962    | 30 yr                               |
| RK      | 962    | 1 bel.                              |
| GK      | 960    | Ab. rt ... pt.                      |
|         |        | 75 pts to 120 pts                   |
|         |        | Pick ... 75-100                     |
| NR      | 657    | Time frame ... Bounce               |
| RK      | 955    | Possibility of interim financing .. |
|         |        | schedules for fisc. etc             |
|         | 952    | we are early on ...                 |
|         |        | whether we use                      |
|         |        | Secure interim to carry             |
|         | 949    | whole ball work                     |
|         | 947    | One exceeds ... RS ..               |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION     |
|---------|--------|-----------------------------|
| ● RK    | 944    | arbitrage req.              |
|         | 943    | dictate interest financing  |
|         |        | non IRS ..                  |
|         |        | 36 months ...               |
|         | 940    | All know, restrictions ...  |
|         |        | arbitrage rebate            |
|         | 937    | # of things ...             |
|         |        | int rates play large part   |
| NR      | 933    | Cap on id bonds             |
| RK      |        | (RT)                        |
| NR      |        | Cap interrupt               |
| ● RK    | 930    | (No comp) ...               |
|         |        | AIDA ...                    |
| NR      | 929    | ---- ( )                    |
|         | 927    | Mr. King -- Gross amount    |
|         |        | \$125 million ...           |
|         |        | costs & time                |
|         | 922    | were it rec.                |
| GK      | 921    | Firm view                   |
|         |        | 1st addtl transaction costs |
|         |        | needing to do ...           |
|         |        | legal discl. -              |
|         |        | going to market ....        |
| ●       | 914    | Transaction costs ....      |
|         | 913    | 2nd cate going unknown      |
|         |        | factor of rates             |
|         |        | interest person             |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                           |
|---------|--------|-----------------------------------------------------------------------------------|
| GK      | 910    | Ex before —<br>rates movement --<br>12 mth period<br>NSK would be                 |
| JC      | 904    | Coals -- say<br>100 pts mean in                                                   |
| GK      | 902    | 150 basis --- pts<br>\$100 million bond ---<br>over course<br>(interest)<br>Calc. |
| JC      | 897    | Mark                                                                              |
| (MP?)   | 896    | How much now<br>(MP(?) argued --                                                  |
| John    | 892    | Last --- (Ungar)                                                                  |
| Ungar.  | 888    | remaining \$35 million ..                                                         |
| JU      |        | then \$8 million excess                                                           |
| JC      | 883    | Hummm                                                                             |
| JU      | 883    | 3 -- in dept.                                                                     |
| KE      | 880    | Naivete -- (to Ross RK)<br>lines 12-14                                            |
|         | 876    | These lines seem to provide ...                                                   |
| RK      | 873    | Correct -- leg. co-                                                               |
| KE      | 871    | Sham                                                                              |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION      |
|---------|--------|------------------------------|
| ● RK    | 871    | Level of comfort ...         |
|         |        | lower interest rate ...      |
|         | 867    | some of language ...         |
|         |        | credit enhancement ...       |
|         | 864    | less risk - lower rate ..    |
| KE      | 862    | Cliff Argue test ..          |
|         |        | suggested -- in auth ..      |
|         | 859    | Qest. Flex ...               |
|         |        | Seems to me if we ...        |
|         |        | Bringing enough authority    |
|         | 851    | bill out .... (Gov bill ref) |
|         |        | in market                    |
| ●       | 851    | whether or not               |
| RK      | 850    | KE from debt side            |
|         |        | I believe                    |
|         | 848    | we have to provide ...       |
|         |        | adequate --                  |
|         |        | scale for                    |
|         | 844    | in conj. w/ tax              |
|         | 842    | provides some things ...     |
|         |        | flex                         |
|         |        | fact                         |
|         | 839    | credit enhancements ...      |
|         |        | not only ...                 |
|         |        | those ...                    |
|         | 836    | how fits together            |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                                |
|---------|--------|----------------------------------------------------------------------------------------|
| RK      | 834    | U saw language ...<br>doing, how, goes along<br>activities informed<br>expect that ... |
| KE      | 829    | Nr ? further ...                                                                       |
| JC      | 827    | If in fact determined<br>after -- more \$\$                                            |
| RK      | 822    | I would think ... up to<br>add bonds                                                   |
| JC      | 820    | If we ... FAA money &<br>if we bonded for that<br>\$25 million ...                     |
| RK      | 815    | defer(?)                                                                               |
| JC      | 814    | Snatch in favor ...<br>FAA                                                             |
| RK      | 811    | You'll recall Mr King<br>& retire debt.                                                |
| JC      | 808    | Nee. enhance ...<br>disc. ...                                                          |
| KE      | 805    | Imp. answer<br>extra \$25 million fences ...<br>upgrade carpets ...<br>constraints     |
| RK      | 798    | Strings attached approval<br>process                                                   |

| SPEAKER     | TAPE #         | SIGNIFICANT INFORMATION                                                                  |
|-------------|----------------|------------------------------------------------------------------------------------------|
| ● RK        | 796            | Complete                                                                                 |
|             | <del>795</del> |                                                                                          |
|             | <del>793</del> |                                                                                          |
|             | 794            | Call feature<br>debt service<br>before ...<br>mistake (MP?)                              |
| JC          | 787            | ?<br>to Ron Simpson<br>FAA                                                               |
| Ron Simpson | 784            | (FAA) manage ...<br>AK ....                                                              |
| ● (PS)      | 780            | As I was listening ...<br>concentrates ...<br>1st off                                    |
|             | 777            | strongly support ....<br>vital & important                                               |
|             | 774            | focus on financing & finding<br>options                                                  |
|             | 771            | Receives funding. ...<br>from 2 sources ...<br>(national fund AIP(?))                    |
|             | 767            | Passenger entitlement<br>\$2.6 mil<br>cargo \$3 usually ...                              |
|             | 760 ②          | Discretionary<br>competitively<br>19 ... 1995 FY<br>\$2 million<br>1996 2.1 , 97 2.3 mil |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION       |
|---------|--------|-------------------------------|
| RS      | 754    | Tentative compete             |
|         |        | allocated priorities FAA ...  |
|         | 749    | In order to compete effect... |
|         |        | I look at ....                |
|         | 745    | Apron work ...                |
|         |        | terminal bldg ...             |
|         |        | access road ..                |
|         | 742    | Strategy for FY 98 ...        |
|         |        | we thought                    |
|         |        | best advantage - to           |
|         |        | approach.                     |
|         | 737    | letter of intent AIP          |
|         |        | funds ...                     |
|         |        | anticipated antilevel         |
|         |        | levels                        |
|         | 732    | FAA policy                    |
|         |        | ④ areas ...                   |
|         |        | 3 ready proje. . .            |
|         |        | Criteria -- LOIS              |
|         |        | non fed fm. commitment        |
|         |        | LOI leveraged from non-       |
|         |        | fed sources                   |
|         | 722    | Right now ...                 |
|         |        | 3/1 LOI                       |
|         |        | description ...               |
|         |        | over night parking ..         |
|         |        | apron ... @ \$123 million     |
|         | 715    | Expansive                     |
|         | 714    | Run way recon Phase II        |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION   |
|---------|--------|---------------------------|
| ● RS    | 712    | Overall LOI --            |
|         |        | HB 432                    |
|         |        | the LOI can be used       |
|         |        | however very early        |
|         | 706    | we want it known --       |
|         |        | probably June July        |
|         | 703    | from finding strategy --- |
|         |        | I've spoken before        |
|         |        | -- could be earning       |
|         | 696    | PFC --                    |
|         |        | most viable way...        |
|         |        | reliable --               |
|         |        | esp. bldgs ....           |
| ●       |        | don't think will          |
|         | 690    | PFC ren. pay back         |
|         | 689    | FAA supports these        |
|         |        | projects..                |
| UC      | 686    | ? (Mulder)                |
| NR      | 683    | -- ?                      |
| RS      | 680    | 1991                      |
| NR      | 678    | Decisions                 |
| ● RS    | 675    | These decis:              |
|         |        | ② leg. appropriations     |
|         |        | FY 98 last year           |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                                             |
|---------|--------|-----------------------------------------------------------------------------------------------------|
| RS      | 670    | Entitlement funding                                                                                 |
| NR      | 667    | Scope -- \$48 million                                                                               |
| RS      | 664    | LOI long-term plan --<br>fund                                                                       |
|         | 661    | letter of intent<br>Magnitude ---<br>LOI fed -- act that ten--                                      |
| NR      | 657    | Avail'ment<br>--- pd out                                                                            |
| RS      | 654    | LOI request competitive<br>entitlement (dif. pots)<br>need AIA ---<br>tie up -- entl ---<br>as well |
|         | 645    | AIP program add'l actn<br>by congress ---                                                           |
| NR      | 642    | Fall --<br>AIP funding both<br>LOI - <del>discret.</del> c.                                         |
| RS      | 638    | LOI d.                                                                                              |
| NR      | 636    |                                                                                                     |
| RS      | 633    | ---<br>LOI agreement --<br>tie up ---                                                               |
| NR      | 628    | LOI Commit ---<br>ad. +                                                                             |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION  |
|---------|--------|--------------------------|
| ● RS    | 626    | Say — use                |
|         |        | commit portion ---       |
|         | 623    | short Commitment ---     |
| NR      | 621    | Confused --              |
| JC      | 619    | test.                    |
| RS      | 618    | do's                     |
| JC      | 617    | -- on paper              |
| RS      | 615    | -- Complex ---           |
|         |        | \$25 million ---         |
|         |        | have to have             |
|         |        | strategy --              |
| ●       | 608    | This time ----           |
| 20      | 605    | AFL-CIO President AK     |
| 24      |        |                          |
| 24      | 600    | Travel outside the State |
|         | 598    | decisions... ---         |
|         |        | for instance Detroit ..  |
|         | 591    | See examples ---         |
|         |        | have facility like that  |
|         |        | esp. ---                 |
|         | 587    | Com C. or never          |
|         |        | time to go ...           |
| ●       |        | since middle ages..      |
|         |        | duct tape DUCT           |
|         | 581    | Phases -- new            |
|         |        | work.                    |

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION      |
|---------|--------|------------------------------|
| MF      | 577    | we, AFL-CIO ...              |
|         |        | fully support concept        |
|         |        | Gateway AK ---               |
|         | 571    | widening "C" Street          |
|         | 569    | whole package ---            |
|         |        | tourists ---                 |
|         | 566    | those who live ---           |
|         | 563    | improvements                 |
|         |        | necessary                    |
|         | 559    | What ever happens.....       |
|         |        | Admin / Leg. ---             |
|         | 555    | timing of financing ---      |
|         |        | so important .. right now... |
|         | 550    | easily largest project ..    |
|         |        | in importance ---            |
|         |        | as effic as possible         |
|         | 542    | Not unlike DE                |
|         |        | Bradley Lake ---             |
|         |        | Leif Selcraig                |
|         |        | Seward SeaLife Center ...    |
|         | 534    | I would hope ---             |
|         |        | all those involved ---       |
| JC      | 531    | Th... ..                     |
|         |        | I believe ---                |
|         |        | majority support ---         |
|         | 525    | support B here               |
| MF      | 523    | thank                        |
|         |        | rock n roll                  |

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION |
|---------------|--------|-------------------------|
| (NR)          |        |                         |
| JC            | 517    | OT                      |
| MF            | 512    | EFG                     |
| JC            | 514    | Wang                    |
| Dwayne Heyman | 512    | Cor. North ...          |
| (DH)          | 508    | Commensurate            |
|               |        | Ag. 2000                |
|               | 504    | endorse --              |
|               |        | authorizing leg.        |
|               | 502    | -- leg ...              |
|               | 499    | # of reasons --         |
|               |        | impact on economy       |
|               |        | 11,000 jobs             |
| JC            | 495    | I do have ...           |
|               |        | letters ...             |
|               |        | Ron Lora                |
| Ron Lora      | 489    | United Airlines ...     |
| RL            | 484    | Process                 |
|               | 482    | unique ...              |
|               | 479    | we're satisfied ...     |



# COMMITTEE TAPE LOG

COMMITTEE:

ITT

DATE:

2/25

TIME: 5:10

SUBJECT:

UB 432

MEMBERS:

*(Caudery, Phillips, Cuddes, Katt, Ryan, Gaulle, Ertton)*

OTHER: RYAN ROKEBER

| SPEAKER     | TAPE # | SIGNIFICANT INFORMATION                                                                                                                |
|-------------|--------|----------------------------------------------------------------------------------------------------------------------------------------|
| Caudery     |        |                                                                                                                                        |
| "           | 133    |                                                                                                                                        |
| "           | 056    | at ease 5:13,<br>back on 5:18.                                                                                                         |
| Joe Sprague | 081    | test on behalf of ERA<br>Supports term reservation in<br>Arch.                                                                         |
|             |        | Bel. admin's proposed project.<br>2nd business review in Arch.<br>+250 Acres at airport.                                               |
|             | 120    | today as then reviews only a<br>concept.<br>Opposing project as presented by<br>admin.                                                 |
|             | 133    | Agree that airport is.<br>Questions surrounding project.<br>As mentioned earlier all port.<br>airline favored incremental<br>approach. |
|             | 175    | Whatever final cost -<br>Before making forward<br>Examples of airports that are expensive                                              |
|             | 188    | In closing 2005 requires <sup>careful</sup> consideration                                                                              |
| Joe Ryan    | 197    |                                                                                                                                        |
| Joe Sprague |        |                                                                                                                                        |

| SPEAKER  | TAPE # | SIGNIFICANT INFORMATION           |
|----------|--------|-----------------------------------|
| Don      |        | Another concern                   |
| Cydney   | 212    | What percentage of business       |
| Sprague  |        | Don't have that figure            |
| Cydney   |        | Earlier you stated                |
| Sprague  |        |                                   |
| Cydney   | 229    | Is this a                         |
| Sprague  |        | Landing fees inc. or dec.?        |
| Cydney   |        |                                   |
| Sprague  |        |                                   |
| Phillips | 239    | Date - see per. noted affirmative |
|          |        | but -                             |
| Sprague  |        | that is my understanding          |
| Phillips |        | How many                          |
|          |        | Do you know                       |
| Phillips |        | Of this project.                  |
| Sprague  |        | Of these survey figures per.      |
| Ryan     | 260    | Landing fee & Rental fees.        |
| Nelder   | 264    | Dir. of G & E requested           |
|          |        | Chp                               |
| Nelder   |        | Spec. at all                      |
| Sprague  |        | No.                               |
| Nelder   |        | Tracking Center -                 |
| Sprague  |        | No.                               |
| Phillips | 278    | Working for - assessment of       |
| King     | 286    | test yesterday                    |
|          | 295    | ? ✓ ✓ ✓ - \$'s -                  |
|          |        | 2 179 / 100 phases pt             |
|          |        | name.                             |
| Cydney   | 306    |                                   |

| SPEAKER  | TAPE # | SIGNIFICANT INFORMATION             |
|----------|--------|-------------------------------------|
| King     |        |                                     |
| Caudrey  | 325    | What % is for...?                   |
| King     |        | Don't have exact #                  |
| Caudrey  |        | Finance Co                          |
| King     |        | aggregates of 2 P & neg             |
|          |        | (1) Committee @ R                   |
|          |        | consistent w/ going rate            |
| Caudrey  | 339    | day estimate                        |
| King     |        |                                     |
| Caudrey  | 346    | Who are members of board counsel    |
| "        | 351    | How many of 80 P or                 |
|          |        | of the size of project              |
| Caudrey  |        | Competitive bid?                    |
| King     |        | Yes                                 |
| Phillips | 362    | Engineering Co - 7 4 177 / 6        |
|          |        | 1 204 / 1 & = E & R @               |
| King     |        |                                     |
| Phillips | 373    | Can we use 177 / 1 - 1 P @          |
| King     | 379    |                                     |
| Parkan   |        | Speaker Phillips & referring        |
|          |        | 1 Nov 5                             |
| King     | 394    | 191 - 164.5                         |
| Phillips | 405    | 176.6 as - 7 us 204 today           |
| King     |        | Assumptions                         |
|          | 424    | line item reference - headlines     |
|          |        | Imperf. C. P & assumptions add? P @ |
|          | 432    | 204 / 1, 1 - 1 authorization @      |
|          |        | P. P @ parameter 2 P & 1            |
|          |        | possibly happen.                    |

| SPEAKER    | TAPE # | SIGNIFICANT INFORMATION                                                                                                                                                                                                                                               |
|------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| King       | 448    | Financing costs / interest<br>P. P. S. considerations<br>outside parameters                                                                                                                                                                                           |
| Mulder     | 456    | Question relating to security of<br>Leht. How secure is this<br>Leht & P. S. in Ce @<br>of activity levels.                                                                                                                                                           |
| King       | 480    | In addition, employ growth assumption<br>of F.A.A. assumptions.<br>2nd part, 1 / 2 assumption<br>a 2 @ believing in                                                                                                                                                   |
| Mulder     | 492    | Model predicated on<br>No @ in earlier considerations @<br>used conservative assumptions<br>Assumed occup - 2002 - 80 %<br>3 - 80 %<br>4 - 83 %<br>5 - 89 %<br>Vacant space 27,500<br>Net assuming 100 % occupancy -<br>While I don't generate this in<br>model. I do |
| Candery    | 519    | King - stand-by                                                                                                                                                                                                                                                       |
| Don Harris | 521    | Commissioner of DOT<br>North & South Tabernary under of<br>- 2 @ 4 @<br>Bond Leht p. 1 in to 1/2 / @<br>2 most significant projects in<br>last 20 yrs                                                                                                                 |

| SPEAKER      | TAPE # | SIGNIFICANT INFORMATION                                                                                                                                                     |
|--------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Harris       |        | Get it per to look ahead                                                                                                                                                    |
|              |        | I don't see anything                                                                                                                                                        |
|              | 549    | At time I left, I left 8:00 - 1976<br>Suggest that what is being<br>prepared, may be excessive.<br>It's my understanding that up<br>until July, various agreements<br>C. 60 |
|              | 569    | Let take time. C. evaluation<br>I go ahead @ -<br>various P. AKN W @                                                                                                        |
| Phillips     | 578    | Long-term user. share (preparing)                                                                                                                                           |
| Harris       | 581    | Slide B.                                                                                                                                                                    |
| Cundery      | 572    | Do you believe... for<br>Lamar signed for @                                                                                                                                 |
| Harris       |        | 201 33 / 0 Left @ Be a mistake<br>a term to surplus.                                                                                                                        |
| Cundery      | 558    | What happens if<br>(AIP)?                                                                                                                                                   |
| Harris       | 545    | Shared experiences - using aviation<br>experience @                                                                                                                         |
| Ryan         | 545    | Proposal is based on passengers<br>When revenue going to come<br>from.                                                                                                      |
| Bill Elander | 520    | Speaking on behalf of b.l. of<br>Directors @ support 2005 &<br>2015 @<br>Passengers have created issues                                                                     |

| SPEAKER  | TAPE #     | SIGNIFICANT INFORMATION           |
|----------|------------|-----------------------------------|
| Elander  |            | to something                      |
|          |            | Age of travel @ legislation has   |
|          |            | Expansion is essential @ long     |
|          |            | is there. Travel is here to       |
| Audrey   | 98<br>483  | stay @ least business today @     |
|          |            | Have position on pass. fac.       |
|          |            | chgs?                             |
| Elander  |            | PFC's in Arch are far less        |
|          |            | than x airports @ Passengers      |
|          |            | willing to pay for convenience    |
|          |            | as long as there is competition   |
|          |            | there. y a d - P v Arch.          |
| Cost     | 119<br>462 | Ballpark fig. last inter-         |
| Plumb    |            | viewed to reflect.                |
| Phillips | 127<br>454 | Money collected in passengers for |
| Plumb    |            | Recalled transfer of 6.1 million  |
| John     | 128<br>443 | 4 1/2 / approx. for 6 access.     |
| Unger    |            | study @ P v 14 1/2 million @ 6.1  |
|          |            | 1 of 10 @                         |
| Phillips |            | 14 /                              |
| Unger    |            |                                   |
| David    | 128<br>423 | Project Manager                   |
| Remppner |            | Put together for Concourse C      |
|          |            | indep. of @ At that time it       |
|          |            | became apparent                   |
|          | 119<br>402 | Spent time some minor revisions   |
|          |            | Could make for statement          |
|          |            | available to commit.              |

| SPEAKER  | TAPE # | SIGNIFICANT INFORMATION            |
|----------|--------|------------------------------------|
| Culder   | 19388  | Seems P in excess of 3/2           |
| Plumb    |        | Ed - studies ①                     |
| Phillips | 206    | Accept challenge                   |
| Chaque   | 375    | Over 36/ in old                    |
| Chaque   | 213    | 36/ cap. monies P } approp.        |
|          | 368    | previously ①                       |
|          |        | Respects P ongoing                 |
|          |        | completed ① Any project over       |
|          |        | 5 yrs has to be.                   |
| Phillips | 230    | Don't understand -                 |
| Chaque   | 351    | Totally separate for               |
| Phillips |        | What are (put a list of project    |
| Chaque   | 245    | Q to a few are in field projects   |
| Ryan     | 336    | What % is app                      |
| Dave     |        |                                    |
| Kentner  |        | 2 Contingencies built into program |
| Ryan     | 261    | + overall program cost of 10%      |
|          | 330    | Operating agreements w/ airlines   |
|          |        | expire in 2 yrs ① What             |
| Plumb    | 273    | Quasimodo - this of interest ①     |
| Plumb    | 308    | No I believe                       |
| N. Ruben | 213    | Contingency costs ① Resp.          |
|          | 306    | is that ① Like                     |
| Dave     | 288    | Reasonable cost to apply to        |
| Exhibit. | 295    | - a certain extent there is        |
| Ruben    |        | a certain compounding              |
|          |        | Req. to see P calculations made.   |
|          |        | They did you assume a hard         |
|          |        | figures for.                       |

| SPEAKER        | TAPE #     | SIGNIFICANT INFORMATION                                                                                                                                                                                                                                                                                                          |
|----------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Echele         |            | Costs are shared on                                                                                                                                                                                                                                                                                                              |
| Rabeberg       |            | Right the able to tighten up numbers<br>Reminds me of gas pipeline project<br>in #156                                                                                                                                                                                                                                            |
|                |            | Very concerned that we have                                                                                                                                                                                                                                                                                                      |
|                |            | Concerned that not gate                                                                                                                                                                                                                                                                                                          |
|                |            | One analysis                                                                                                                                                                                                                                                                                                                     |
| Don<br>Kuntner | 253<br>228 | Total cost involves - side<br>development @ expanded parking<br>landscaping @<br>Gate requirements were based on<br>peak gate hr. at Arch. Int.<br>5 jet positions + 7 seq positions<br>for 10 eff. 21 use<br>Part of concern is when taking<br>overall all 1 24 seq<br>parking 1 20 @<br>Drives us to a larger gate requirement |
| Coyedney       | 400<br>487 | Part in wording                                                                                                                                                                                                                                                                                                                  |
| Mulder         | 403<br>416 | Clustering of a concept concerns<br>high @ Is this typical                                                                                                                                                                                                                                                                       |
| Echele         | 414<br>467 | By involvement w/ other projects<br>In this part case @ Only<br>prudent to address whole project                                                                                                                                                                                                                                 |
| Mulder         | 424<br>477 | I appreciate that @ usually to<br>have concept approved @ Give us<br>the money & trust us @<br>Certain level of confidence @                                                                                                                                                                                                     |

| SPEAKER  | TAPE #     | SIGNIFICANT INFORMATION                                                                                                                                           |
|----------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| King     | 4625       | Chicken + egg approach.                                                                                                                                           |
| King     | 46916      | Best way to structure process -<br>2 diff. issues.<br>Top question is w.r. of money. @ All implementation issues are.<br>Feasibility conf<br>Spending money well. |
| Candey   |            |                                                                                                                                                                   |
| Phillips | 508<br>573 | Provides us answers<br>1) baggage claim system<br>2) Lining<br>3) Car fare.                                                                                       |
| Ryan     | 520<br>561 | \$3 landing fee.<br>Projections include that                                                                                                                      |
| Roberts  | 532<br>549 | free @<br>Concerns about PERT<br>Chart than outlines<br>Additionally, it seems<br>you're going to spend.<br>Final thing is not pricing                            |
| Candey   | 566<br>575 | It<br>Admitted at.                                                                                                                                                |
| Candey   | 007        | Tape 2<br><del>Disputed</del>                                                                                                                                     |
| Donkers  | 011        | A Concourse for about 71                                                                                                                                          |

[illegible]

## COMMITTEE TAPE LOG

COMMITTEE: Int'l Trade and Tourism DATE: 3-5-98 TIME: 4:07

SUBJECT:

MEMBERS:

Chair Cowdery, Rep. Ryan, Rep. Mulder, Rep. Kott, Rep. Phillips,Rep. Joule and Rep. Eden Rokberg

| SPEAKER     | TAPE# | SIGNIFICANT INFORMATION                                |
|-------------|-------|--------------------------------------------------------|
| JC          | 001   | Called to <del>select</del> <sup>407</sup> stress from |
| HB342       | 013   | last meeting? received answers                         |
|             |       | 2 hours ago -                                          |
|             | 032   | on line in. Arch?                                      |
| Kurt Parkan | 041   | Group & message                                        |
|             | 048   | Summary - Rep Com DOT PF                               |
|             | 064   | Regarding planning process                             |
|             | 071   | 30 yrs I can tell you - Reach                          |
|             | 084   | Planning team Adv experts                              |
|             | 088   | Voted support 13-12                                    |
|             | 093   | 8% 84% Error curia                                     |
|             | 099   | Copy of all the ballata                                |
|             | 102   | Delta stipulation                                      |
|             | 104   | Reese stipulated                                       |
|             | 108   | Forecast flex of plan                                  |
|             | 111   | 4.8%                                                   |
|             | 113   | 4.15 FAA                                               |
|             | 115   | AA 4.6%                                                |
|             | 120   | #2 A Hack                                              |
|             | 124   | Occupancy rates 2001                                   |
|             | 129   | Pray sched 191 - - -                                   |
|             | 135   | \$1.47 59 Ft                                           |
|             | 140   | Testimony project                                      |
|             | 143   | bus cash flow                                          |
|             | 152   | Phased approach                                        |
|             | 155   | bus CIP requirements                                   |
|             | 162   | landing fees have gone down                            |
|             |       | 1992 84¢ per 1000 lbs                                  |
|             | 164   | 1998 46¢                                               |

| SPEAKER         | TAPE # | SIGNIFICANT INFORMATION         |
|-----------------|--------|---------------------------------|
| Kurt            | 170    | \$5.75                          |
|                 | 172    | \$59.34                         |
|                 | 173    | \$383.                          |
|                 | 176    | Attachment #3                   |
|                 | 186    | 11 page bibliography            |
|                 | 192    | Correction page 6               |
|                 | 198    | How much APF                    |
| JC              | 203    | Arch Ron Simpson                |
| JR              | 208    | Comparable fees America 747 fee |
|                 | 217    | Why not competitive             |
| GP              | 221    | small? list of airlines         |
|                 |        | American west?                  |
| Kurt            | 226    | Amer west reduced their         |
|                 |        | operations                      |
| GP              | 229    | for                             |
| Kurt            | 230    |                                 |
| Mott Plumb      | 232    | Still a new letter              |
| JC              | 239    | 1992 landing fees Mark Air      |
|                 | 243    | Reno El S W were seasonal       |
| Kurt            | 251    | demand met by existing & new    |
|                 |        | carriers load factor            |
| JC              | 266    | Mark Air 1/2 full same as Ak    |
| <del>Kurt</del> | 272    | <del>letter</del> correct       |
| JC              | 275    | ? was 2 airlines head to head   |
| Kurt            | 282    | only assume                     |
| Ron Simpson     | 285    | FAA AK Region - Fed fund has    |
|                 |        | been a?                         |
|                 | 300    | LOI Monday 3-2-                 |
|                 | 303    | AIP dis funds Total LOI         |
|                 | 306    | 47.5 mill 10yr term             |

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION          |
|---------------|--------|----------------------------------|
| Ron           | 313    | June or July time frame          |
|               | 324    | Passenger Facility Charges (PFC) |
|               | 328    | enacted in 1990 \$3 per pass.    |
|               | 340    | LBA Nov 1996                     |
|               | 347    | 1st PFC app from Juneau          |
|               | 353    | \$700 Ann 4.2 mill               |
|               | 357    | 288 airports have app PFC        |
|               | 361    | AKNS pricing New Lower 48        |
|               | 371    | Current AIP revised FY 98        |
| <del>GP</del> | 379    | Appreciate comment               |
|               | 382    | Feb 24 looking closer PFC        |
|               |        | \$5 mill - 6 mill give up?       |
| Ron           | 389    | Supplement AIP moderate red.     |
|               |        | m passenger entitlement          |
| GP            | 393    | \$1.3 mill                       |
|               | 395    | \$44.5 aircraft perm.            |
| Ron           | 398    | As I understand                  |
| P. Lunda      | 403    | \$2.7 to \$3.1 Net gain          |
|               |        | w loss 1.5 - 4-5 mill            |
|               |        | net gain will get figures        |
| JR            | 410    | FAA? yes - airport improv        |
|               |        | fund aviation fuel               |
| Ron           | 415    | yes currie trust fund            |
| GP            | 420    | Senator Stevens' precedence      |
| Ron           | 424    | PFC req prov for exam of         |
|               |        | classes less than 1% traffic     |
|               |        | (JR Blew his nose)               |
|               | 426    | adequate just -                  |
| Kurt          | 442    | we are talking w/FAA             |