

**REQUEST FOR QUALIFICATIONS/PROPOSALS  
FOR DESIGN, CONSTRUCT AND PRIVATE FINANCING OF KCI  
REQUEST NUMBER 062017  
CITY OF KANSAS CITY, MISSOURI**

**1. Purpose.** This is a Request for Qualifications/Proposals (“**RFQ/P**”) issued by the City of Kansas City, Missouri (“**City**”) soliciting qualified firm(s) to provide the design, construction and private financing for a new single terminal and ancillary facilities (“**new terminal, or terminal**”), at Kansas City International Airport. Owning, operating and/or maintaining the new terminal once constructed is not an option to pursue. It is the intention of the City to have such firm(s) respond to this RFP/Q based upon similar terms and conditions detailed within the pre-existing and agreed upon confines of Exhibit L, previously negotiated between the City and the Airlines. The main difference between this RFQ/P response and Exhibit L negotiation is the use of **private financing** over the use of General Airport Revenue Bonds to finance this Project.

City retains all rights to review and exclude all investors in the Project or in the subsequent sale or transfer of financing in the Project subject to all "good character" provisions.

Developer and not the City shall be responsible for all Project costs and any and all cost overruns or change orders not previously agreed to in advance with the City and Airlines shall be the sole responsibility of the developer.

**2. Definition of Request for Qualifications/Proposals.** This RFQ/P is an invitation by the City to Proposers to submit their qualifications and all other required submissions as part of their proposal for performing the services specified in this RFQ/P. Selection will be based upon the judgment of the City in obtaining a Proposer that will be in the best interests of the City. This RFQ/P is not a request for a competitive bid. Proposer’s submittal of a proposal in response to this RFQ/P does not create any right in or expectation to a contract with the City.

**3. Due Date.** Sealed Proposals are due by June 20, 2017 at 4:00 pm Central. Proposals shall be sent to Cedric Rowan, Contract Administrator at Procurement Services, General Services Department, 414 East 12th Street, City Hall 1<sup>st</sup> Floor, Kansas City, MO 64106. Proposers should submit 25 copies of their Proposals. All proposals must be submitted in a sealed envelope or box and shall not be opened until after the due date. The City reserves the right at any time to change or extend the due date and time for any reason.

**4. Formal Presentations.** It is the intention of the City that all Proposers should be available for formal presentations to the selection committee in Kansas City, Missouri starting at 9:00 a.m. and will continue throughout the day on Thursday, June 22, 2017. Additional specific details shall be provided on or before June 21, 2017.

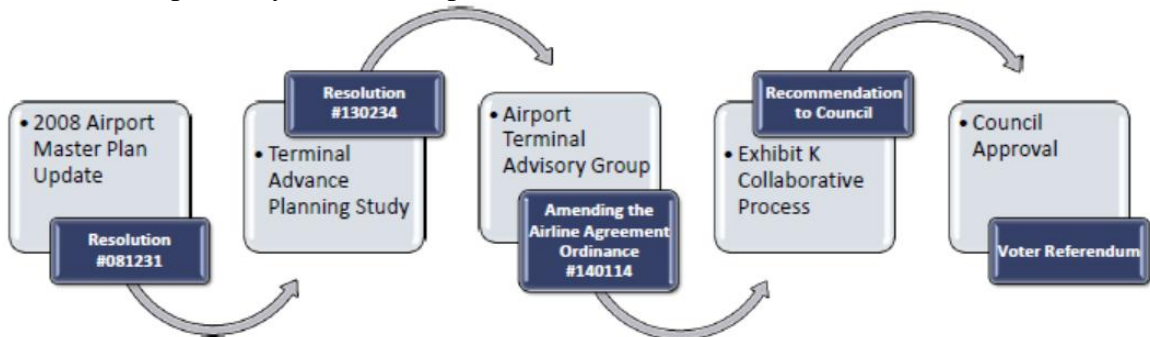
**5. Project Background.** The existing Terminals A, B and C were designed in the late 1960s to serve the needs of air travelers in the Midwest. The terminals were built by the City and completed in 1972. With more than 10,000 acres, the Kansas City International Airport, commonly referred to as KCI, is one of the largest U.S. commercial passenger airports.

**a. KCI Terminal Planning Process**

Beginning in 1995, the City initiated a variety of planning efforts to address the planning of terminal facilities such as an airport master plan and the terminal improvement program.

The 1995 Kansas City International Airport Master Plan and FAR Part 150 Noise Compatibility Studies identified facility improvements in 20-year projected levels and were adopted by the City of Kansas City, Missouri City Council (“**City Council**”) as the official guides. In 1995, the Terminal Improvement Project (“**TIP**”) planned a phased terminal renovation project for all three KCI terminals. After 2001, compliance with the Department of Homeland Security Guidelines was added to the TIP project.

The 2008 KCI Master Plan Study Update provided a vision for the growth and development of KCI facilities and land use decisions. City Council adopted the 2008 Master Plan as the official guide for development of KCI and as a guide for maintaining land use compatibility near the Airport (Resolution #081231).



In 2011 the Advance Terminal Planning Study (“**ATP**”), initiated research and analysis that produced the Program Criteria Document (“**PCD**”) and the Terminal Area Master Plan (“**TAMP**”) for the Federal Aviation Administration (“**FAA**”) which recommended a new terminal complex to replace the three existing terminals with one consolidated state-of-the-art facility. City Council endorsed and adopted the New Terminal Advance Planning Study as an amendment to the 2008 Airport Master Plan and directed the City Manager to implement the recommendations of the study (Resolution #130234).

Following the release of the PCD and TAMP, the Mayor of Kansas City, Missouri formed the Airport Terminal Advisory Group (“**ATAG**”) in July 2013 and tasked the Group with recommending an optimal configuration of the terminal. In the ATAG’s May 2014 Final Report it recommended that, “Subject to final cost estimates, Terminal Concept Alternative 3 (a new single terminal) was found to be the best for Kansas City.”

After the release of the ATP PCD/TAMP reports and the ATAG’s Final Report, the airlines serving KCI, led by the Airport’s major market share carrier, Southwest Airlines, were still not convinced that building a new terminal would be less expensive than

renovating the existing terminal facilities. To address the airlines' concerns, the Kansas City Aviation Department ("KCAD") and the Signatory Airlines initiated the Exhibit K Agreement that defined a process to more fully explore major renovations of the existing terminals and revisit new terminal concepts.

**b. Exhibit K Agreement**

City Council approved Ordinance #140114 amending the Airline Use and Lease Agreement to include the addition of Exhibit K which detailed a unique collaborative process involving a working partnership between the airlines serving KCI and KCAD with the goal of defining a preferred alternative by examining both the possibility of a Major Renovation ("MR") of KCI's existing terminals or building a completely New Terminal ("NT") complex. The stakeholders primarily involved directly with the Exhibit K process were key KCAD management personnel and representatives from all the airlines serving KCI led by management staff from Southwest Airlines since Southwest Airlines is the current KCI market share leader. Other indirect participants included City Council, Airport & Airline Affairs Committee ("AAAC"), Aviation Committee and the Transportation & Infrastructure Committee.

The Exhibit K process was directed by the Leadership Committee ("LC") comprised of key management staff from KCAD and Southwest Airlines supported by the Airlines Technical Representative ("ATR") and Terminal Planning Team ("TPT") consisting of aviation planning and architectural expertise performing technical planning and conceptual design services under the Terminal Development Program ("TDP").

The LC and its supporting consultant team prepared the Exhibit K goals and evaluation criteria to guide the development of alternatives to be affordable with a focus toward customer convenience and access to state-of-the-art technology, address improving air service efficiencies, ensure flexibility for future growth, provide right-sized facilities to accommodate the KCI forecast of aviation activity, and constructed with minimal disruption to passenger services and airline operations.

The TDP defined a planning process in support of Exhibit K that updated the forecasts, revised the terminal requirements, guided development of potential renovation and new terminal alternatives, short-listed alternatives and selected a preferred terminal complex alternative for subsequent architectural design and bond approval. The Exhibit K agreement concluded in April 2016. A subsequent step would be City Council's approval of new terminal recommendation for a public referendum to obtain voter approval of the bond financing.



**c. Demand Forecast and Facility Requirements**

The forecasts developed for this process considered key issues and trends affecting future aviation demand following a multi-tiered approach and bottom-up analysis of city-pair markets to prepare both annual, peak period, and future design day flight schedules for 2025 and 2030.

The number of seats in the future schedules reflected an increase in the average size of passenger airline aircraft at KCI (or “up-gauging”) based on airline input as well as airline fleets and aircraft orders. Using this forecast data, the analysis determined that over the planning period through 2030, the forecast required 35 gates, with terminal core systems sized for future expansion to include seven additional gates for a total of 42 gates beyond 2030.

The size of the future terminal for the 2025 forecast was determined to require 752,960 sq.ft. which is nearly 21,000 sq.ft. less than the size of existing Terminals B & C combined.

The landside requirements analysis based on the revised forecast determined that the inbound and outbound terminal roadways require a minimum of two lanes in each direction; additional curbside length needed by 2030 of 190 linear feet for departures and 230 linear feet for private vehicle arrivals and 255 linear feet for commercial vehicle arrivals; and public parking will need to increase by approximately 40 percent by 2030.

**d. Development and Evaluation of the MR and NT Alternatives**

The planning approach to develop the MR Alternatives was to reuse and repurpose wherever possible any of the existing apron, terminal and landside facilities that could be adapted to provide adequate facilities to meet future airport operational standards. All MR Alternative site and building plans needed to provide appropriately sized and reconfigured functional areas to meet the 2025 forecast demands and meet Exhibit K goals while also providing the flexibility to meet future capacity expansion needs. For developing the NT Alternatives, the approach was to use the vacant Terminal A site to provide new apron, terminal and landside facilities to meet future airport operational standards while also meeting the Exhibit K programmatic requirements and performance goals.

A number of design charrettes were conducted with the LC, the ATR and TPT to broadly review all options and to group the options into MR and NT “families” and select the two best alternatives from each family. The evaluation criteria, based on the Exhibit K goals, identified four short-listed alternatives that once selected were renamed MR A, MR B, NT A and NT B.

These final four alternatives were then evaluated against the Exhibit K goals. The conceptual terminal designs were further refined and cost estimates were reassessed in order to bring the capital costs into the affordability target range. An independent review by a second estimator, requested by the ATR, confirmed that the MR alternatives were actually higher in cost than the NT alternatives. Also, a financial model analysis indicated that the MR alternatives were not only significantly more expensive from a

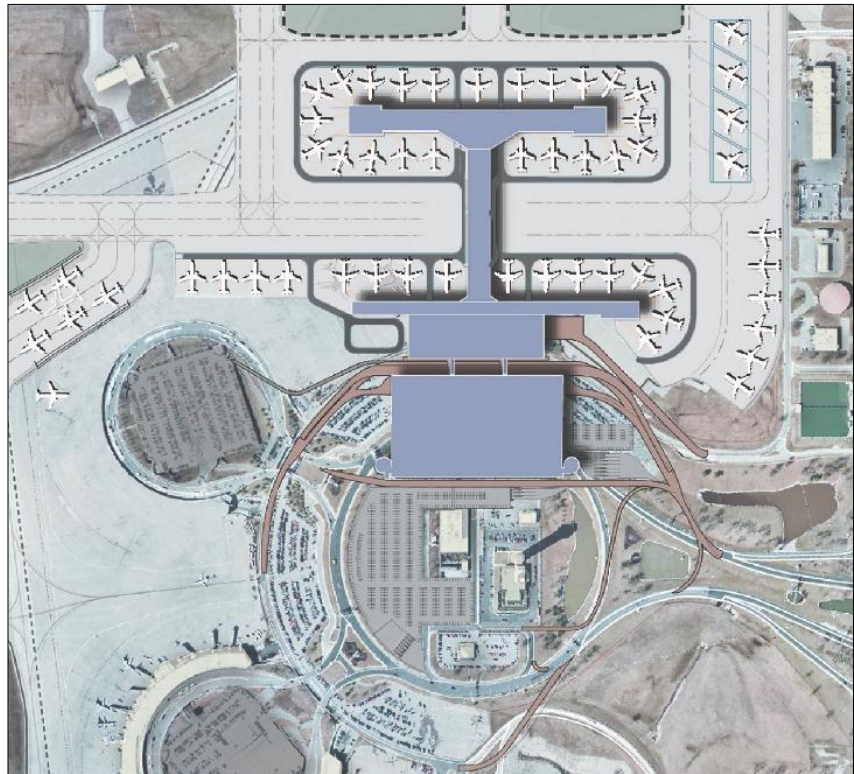
capital cost perspective, but also significantly higher on a rates and charges basis (charges accessed to the airlines) when compared to the NT alternatives.

Based on these financial findings and the evaluation process, it was the unanimous consensus of the LC and all participating airlines to withhold further analysis of the two MR alternatives and to focus solely on refining the two NT alternatives. The landside, terminal, airside, and construction phasing elements of the two shortlisted NT alternatives were further refined and re-evaluated using a more detailed evaluation matrix and an additional iteration of cost estimates.

After these refinements to both NT alternatives, it was the conclusion of the LC and all participating airlines that NT-A outperformed NT-B based on the Exhibit K goals and could be constructed for less of a capital investment.

- e. **Preferred Alternative – NT-A** Alternative NT-A will provide the traveling public with a new, single, consolidated terminal complex with the latest in passenger conveniences and amenities. Compared to today’s existing terminals, the new KCI terminal will create

separate arrivals and departure roadways with covered private and commercial vehicle curbs, a new 6,500 stall public parking garage immediately across from terminal, new expedited check-in processes, the latest in passenger and carryon baggage security screening to minimize wait times, ample public circulation with moving walkways, a wide variety of food and retail concessions situated throughout the



terminal, and larger gate departure areas with conveniently located restrooms. Additionally, behind the scenes to the general public, major improvements to the airlines operating infrastructure including dual taxilanes to all aircraft gate positions and baggage handling systems will assist in improving on-time flight performance and faster baggage delivery.

f. **Final Recommendation**

The Airlines have agreed to the Exhibit K recommendation of designing and building a new single, consolidated terminal complex based on the NT A Alternative.

**g. Exhibit L**

The Airport and the Airlines serving Kansas City have also reached agreement on a Memorandum of Understanding (“**Exhibit L**”) which describes certain business terms and conditions as a framework for a new long-term Use and Lease Agreement to support the new single, consolidated terminal complex. As a part of this agreement the Airlines will back the General Airport Revenue Bonds for the new terminal program and as a result no City tax revenues will be used or be at risk. The Airlines do not support any other terminal alternative and had requested an August 2016 referendum.

- h. Additional information detailing the deliberative process regarding this Project can be obtained through [www.FlyKCI.com](http://www.FlyKCI.com).

**6. Request for Qualifications/Proposals.** This Request for Qualifications/Proposals contains the following:

- a. This Request of Qualifications/Proposals;
- b. Exhibit L – Memorandum of Understanding, Terminal Modernization Program

**7. Proposal Requirements.** Your proposal should include the following:

- a. Experience and responsibility summary.
- b. List and description of key team members’ professional experience. For project team responsibilities, list the approximate percentage of the project for each team member.
- c. Describe your history with projects in the Kansas City market including:
  - (1) Any prior work that you have performed for the City and/or KCI;
  - (2) Specific local subcontractor relationships;
  - (3) Relationships and existing engagement with local labor organizations;
  - (4) Relationships and existing engagement with Kansas City minority and women owned business community, and prior work within Kansas City, Missouri to achieve workforce diversity goals; and
  - (5) Describe in detail any innovative programs that you have created or implemented in any market that have resulted in enhancing the community’s ability to achieve sustainable improvements in Minority Business Enterprises (“**MBE**”), Women Business Enterprises (“**WBE**”), Disadvantaged Business Enterprises (“**DBE**”) and Small Local Business Enterprise (“**SLBE**”) participation and workforce diversity goals.
    - (i) If you have created or implemented any such innovative programs, describe any ongoing involvement that you have had in those programs after your project is completed; and
    - (ii) If you have created or implemented any such programs, describe any ongoing monitoring efforts that you have undertaken in any community after you project is completed.
- d. Detailed description of Project approach.
  - (1) Include a detailed description of any relevant private/public partnerships previously partaken;

- (2) Include a detailed description of any relevant airport projects previously partaken;
  - (3) Include a description of experience in meeting ADA standards and conforming to LEED Gold standards;
  - (4) Include a description of experience in meeting a 1% for Art Program;
  - (5) Include a description of anticipated utilization of MBE, WBE, DBE and SLBE Programs for this Project;
  - (6) Include a description of the utilization of a Community Benefit Agreement Guarantee for this Project; and
  - (7) Include a description of the use of a competitive process in awarding construction and other Project partners.
- e. Detailed description of the positives/negatives using a private/public partnership to finance and construct this Project.
- f. Detailed description of financial approach to include:
- (1) Any and all private equity partners and anticipated financial institutions;
  - (2) Anticipated Rate of Return for private financing and for any and all private equity utilized for this Project;
  - (3) Detail the use of private equity and amounts anticipated; and
  - (4) Describe your understanding of the revenue streams available to support debt repayment under the City's Master Bond Ordinance.
- g. Description of the Quality Assurance Plan ensuring that the City and its Airline Partners and other valuable stakeholders receives a quality efficient structure that is affordable, convenient and sustainable at a reasonable cost going forward.
- h. Provide a time line for:
- (1) Providing the proposed design for the proposed new terminal;
  - (2) Providing a guaranteed maximum price for the construction of the proposed new terminal;
  - (3) Assuming a successful election on November 7, 2017, your anticipated timing for the completion of negotiation of financing and transaction documents and commencement of construction;
  - (4) Your current anticipation for the funding sources for the private financing of the terminal; and
  - (5) The anticipated timing for, and the specific expected date of, the delivery of the proposed new terminal to the City.
- i. Provide any and all relevant additional information that Proposer deems important and necessary for the City to understand, evaluate and consider.
- j. Proposals should be limited to one hundred (100) pages in 12 point Font on (8-1/2" x 11") paper using one side of the page and numbered. Covers, Tables of Contents, and divider tabs will not count as pages, provided no additional information is included on those pages.

- k. Any supplemental information or documents (i.e., not required by this RFQ/P) that are included in the proposal should be marked as an Attachment and clearly identified in the Table of Contents.

**8. Sustainability.** The City has adopted an overall policy supporting a greater use of “green solutions” or enhanced sustainability measures that considers environmental quality, social equity and economic vitality. Include a concise summary of your company’s policies, strategies, and actions that demonstrate your philosophy and commitment to sustainability. In order to minimize waste, enhance efficiencies, and achieve multiple benefits and project synergies, all City projects must identify opportunities for sustainability improvements and implement those improvements when financially reasonable and operationally practical.

- a. Describe how your proposal will address the established City policies referenced in this RFP specific to the project or service on which you are proposing.
- b. In order to incorporate, sustainability and efficiency throughout the planning, design, construction, operation and maintenance of the project, highlight each component of the project that you feel deserves consideration in this context and demonstrate how these components are efficiently integrated into the project.
- c. Use of Alternates. If sustainability opportunities are identified that are outside the exact scope of this RFP, the City will consider alternates that accomplish the overall intent of the project in more efficient and sustainable ways, provided their initial cost premium is no greater than 10 percent and their demonstrated rate of return on the investment is not greater than 10 years. The City reserves the right to modify these criteria depending on intangible benefits that are difficult to quantify and based on information submitted by the Proposer and additional research as necessary.
- d. If it is not possible to comprehensively integrate significant sustainability measures, then highlight elements you feel deserve consideration in this context.

**9. Prohibited activities by former City employees and officials.** Section 2-2044 of the City’s Code prohibits former elected City officials and former executive or administrative employees of the City from trying to influence a decision of the City on behalf of an employer or client for one year after that former employee or official leaves the City’s employ. By submitting a proposal, Proposer affirms that Proposer and its team members and employees are in compliance with the requirements of Section 2-2044. Failure to comply with the requirements of Section 2-1018 may cause the Proposal to be rejected.

**10. Change in RFQ/P, Contract and Additional Work.** The City reserves the right to add to, delete, modify or enlarge this RFQ/P, including any specifications and/or statement of work, the proposed contract, the terms and conditions, and any subsequently executed contract. The City reserves the right to award additional contracts for related work or subsequent Project phases to the selected Proposer.

**11. Late Proposals.** Proposals and modifications of proposals received after the exact hour and date specified for receipt will not be considered unless: (1) they are sent via the U.S. Postal Service, common carrier or contract carrier, by a delivery method that guarantees the proposal will be delivered to the City prior to the submission deadline; or (2) if submitted by mail, common carrier or contract carrier it is determined by the City that the late receipt was due solely to an error by the U.S Postal Service, common carrier or contract carrier; or (3) the proposal is



timely delivered to the City, but is at a different City location than that specified in this RFQ/P; or (4) the City extends the time after the deadline for a force majeure event that could potentially affect any or all Proposers meeting the deadline.

**12. Interviews, Discussions and Negotiations with Proposers.** The Proposer's proposal, including any proposed personnel and any other required proposal documents may be subject to negotiation by the City at any time. The City may interview none, one, some or all of the Proposers that submit proposals. Proposals may be evaluated and award made with or without, discussions and/or negotiations with Proposers. The City reserves the right to request additional information from any or all Proposers. Negotiations by the City will not be deemed a counter offer or a rejection of any original Proposal.

**13. Rejection of Proposals.** The City reserves the right to reject any and all Proposals and to award one or more Contracts for all or any portion of the Project.

**14. Best and Final Offers ("BAFOs").** The City reserves the right to request one or more best and final offers.

**15. Waivers.** The City Manager or his delegate at any time may waive any requirements imposed in this RFQ/P or by any City regulation when the requirement waived would be waived for all Proposers for this RFQ/P and it is in the best interest of the City to grant the waiver. The City Council at any time may waive any requirements imposed in this RFQ/P by the City's code of ordinances when the waived requirement would be waived for all Proposers for this RFQ/P and it is in the best interest of the City to grant the waiver. The City reserves the right to waive any irregularities and/or formalities as deemed appropriate. The City Council may waive any and all MBE/WBE/DBE requirements imposed by any Proposal document or the MBE/WBE Ordinance and award the Contract to the most qualified Proposers if the City Council determines a waiver is in the best interests of the City.

**16. Closed Records.** All Proposals and documents and meetings relating thereto may remain closed records or meetings under the Missouri Sunshine Act until a contract is executed or until all Proposals are rejected.

**17. Disclosure of Proprietary Information.** A Proposers may restrict the disclosure of scientific and technological innovations in which it has a proprietary interest, or other information that is protected from public disclosure by law, which is contained in the Proposal by:

- a. marking each page of each such document prominently in at least 16 point font with the words "Proprietary Information";
- b. printing each page of each such document on a different color paper than the paper on which the remainder of the proposal is printed; and
- c. segregating each page of each such document in a sealed envelope, which shall prominently display, on the outside, the words "Proprietary Information" in at least 16-point font, along with the name and address of the Proposer.
- d. After either a contract is executed pursuant to the RFQ/P, or all submittals are rejected, if access to documents marked "Proprietary Information", as provided above, is requested under the Missouri Sunshine Law, the City will notify the Proposer of the request, and it

shall be the burden of the Proposer to establish that such documents are exempt from disclosure under the law.

**18. Evaluation Criteria/Rankings.** Any evaluation criteria, weighing of criteria or ranking is used by the City only as a tool to assist the City in selecting the most qualified Proposer for this Project. The City may change criteria, criteria weights and rankings at any time. Evaluation scores or ranks do not create any right in or expectation to a contract regardless of any score or ranking given to any Proposer.

**19. Affirmative Action.** It is the policy of the City that any person or entity entering into a contract with the City, will employ applicants and treat employees equally without regard to their race, color, sex, religion, national origin or ancestry, disability, sexual orientation, gender identity or age. The City's Affirmative Action ordinance requires that any person or entity who employs fifty (50) or more persons and is awarded a contract from the City totaling more than \$300,000.00 must:

- a. Execute and submit an affidavit, in a form prescribed by the City, warranting that the contractor has an affirmative action program in place and will maintain the affirmative action program in place for the duration of the contract.
- b. Submit, in print or electronic format, a copy of the contractor's current certificate of compliance to the City's Human Relations Department ("**HRD**") prior to receiving the first payment under the contract, unless a copy has already been submitted to HRD at any point within the previous two calendar years. If, and only if, contractor does not possess a current certification of compliance, contractor shall submit, in print or electronic format, a copy of its affirmative action program to HRD prior to receiving the first payment under the contract, unless a copy has already been submitted to HRD at any point within the previous two calendar years.
- c. Require any subcontractor awarded a subcontract exceeding \$300,000.00 to affirm that subcontractor has an affirmative action program in place and will maintain the affirmative action program in place for the duration of the subcontract.
- d. Obtain from any subcontractor awarded a subcontract exceeding \$300,000.00 a copy of the subcontractor's current certificate of compliance and tender a copy of the same, in print or electronic format, to HRD within thirty (30) days from the date the subcontract is executed. If, and only if, subcontractor does not possess a current certificate of compliance, contractor shall obtain a copy of the subcontractor's affirmative action program and tender a copy of the same, in print or electronic format, to HRD within thirty (30) days from the date the subcontract is executed.
- e. If you have any questions regarding the City's Affirmative Action requirements, please contact HRD at (816) 513-1836 or visit the City's website at [www.KCMO.org](http://www.KCMO.org).

**20. Minority/Women Business Enterprise Program.** The City of Kansas City, Missouri desires that Minority Business Enterprises ("**MBE**") and Women's Business Enterprises ("**WBE**") have a maximum opportunity to participate in the performance of City contracts.

**21. ADA Standards.** It is the policy of the City and required by law that any new or renovated facility meet the scoping and technical requirements of the 2010 ADA Standards for newly designed and constructed or altered local government facilities, public accommodations, and facilities. The selected Proposer shall design the project so it conforms to the 2010 ADA Standards, as applicable and as amended from time to time, and is readily accessible to and usable by individuals with disabilities. The City will make available to the selected Proposer the City's ADA Compliance Manager, who can facilitate interaction with advocates in the disability community.

**22. Leadership in Energy and Environmental Design ("LEED").** It is the policy of the City that the design, construction, and operation of new facilities of any size and renovations in which the facility affected has at least 5,000 square feet of space, for which the city issues a request for qualifications for design services or conducts such services itself, shall conform to the Gold rating or higher of the most recent version of the U.S. Green Building Council ("USGBC") LEED Green Building Rating System. The selected Proposer shall design the Project so it conforms to the LEED Gold Standard desired by the City and shall submit any necessary documentation to the USGBC for its independent third-party review process and certification.

**23. Questions.** Forward all questions in writing to the following Project Manager and Contract Administrator. Questions received less than ten (10) calendar days prior to the Submittal Date may not be answered. Interpretations or clarifications considered necessary by the Project Manager in response to such questions will be issued by Addenda to all Proposers. Oral or other interpretations or clarifications shall be without legal effect.

David Graham Long, Project Manager  
Kansas City Aviation Department  
601 Brasilia Ave  
Kansas City, MO 64153  
(816) 243-3027 Phone  
(816) 243-3070 Fax  
Email: David.Long@KCMO.org

Cedric Rowan, Contract Administrator  
Procurement Services, General Services Department  
414 East 12th Street, City Hall 1<sup>st</sup> Floor  
Kansas City, MO 64106  
(816) 513-0814 Phone  
(816) 513-2812 Fax  
Email: Cedric.Rowan@KCMO.org



*For persons with disabilities needing reasonable accommodations please contact the City's ADA Specialist at 816-513-6589. If you need to use the Relay Service, dial*

## EXHIBIT L

### MEMORANDUM OF UNDERSTANDING

#### TERMINAL MODERNIZATION PROGRAM

##### **1. Purpose and Predicated Conditions to Fulfill MOU**

- A. This Memorandum of Understanding (“**MOU**”) describes certain business terms and conditions as a framework for the preparation of a definitive agreement between the City of Kansas City, Missouri (“**City**”) and airlines signatory to the existing Use and Lease Agreement (“**Airlines**”) covering the design, financing, construction, and operation of the Terminal Modernization Program (“**TMP**”) at the Kansas City International Airport (“**Airport**”) as further defined below.
- B. It is the intention of the parties to this MOU to engage in good faith negotiations leading to execution of such definitive agreement (“**Final Agreement**”) between City and Airlines consistent with this MOU.
- C. This Final Agreement will be predicated upon the approval of:
  - 1. City of Kansas City, Missouri City Council (“**Council**”), and;
  - 2. Voter referendum for the sale of Airport Revenue Bonds by the citizens of Kansas City, Missouri.
- D. It is the collective recommendation of the Airlines that a new single terminal, and associated improvements, be constructed in substantial form and function as depicted by New Terminal-A concept (“**NT-A**”), as further described below.

The Airlines, along with the Airport, have to date, invested considerable time, effort and money in evaluating and recommending the most cost-efficient, customer friendly, future oriented Airport concept feasible for the passengers and Airlines of Kansas City. It is with this industry expertise that the NT-A concept has been arrived at without disagreement among the Airlines and Leadership Committee as specified in Exhibit K under the 2014 Master Amendment to the Use and Lease Agreement. The Airlines are willing to invest in this concept and do not support other alternatives that are not substantially similar to NT-A. Therefore, in the event that Council and/or voter referendum does not agree to the new single terminal concept, as recommended by the Airlines, then this MOU shall cease and be null and void of any implementation.

##### **2. Exhibit K Process Results**

The planning results of Exhibit K to the Use and Lease Agreement require the Aviation Department and the Airlines to make two recommendations to the Mayor and City Council: (1) a recommended terminal modernization concept, and (2) a proposed implementation plan, defined scope, schedule, budget, and financial plan, including a Target Total Annual Airline Requirement projected over the first 5 (five) years after the date of beneficial occupancy

(“**DBO**”) of the improved terminal facilities and Maximum Program Construction Cost. The results of this process are described in Sections A. and B. below.

#### **A. General Description of TMP**

The TMP shall be substantially in concept and configuration as depicted in NT-A (see **Attachment A, NT-A Concept**) and meet the facility requirements as established through the Use and Lease Agreement, Exhibit K process. The TMP shall substantially consist of the following project elements:

- A. Terminal access will be provided from the existing airport roadway system.
- B. A two-level terminal roadway serving arriving and departing passengers achieving required curb length. Separate commercial curbs will be provided to serve courtesy shuttle services, rental car buses, public buses and other commercial ground transportation requirements.
- C. Approximate 750,000 square foot terminal facility, including curbside, ticketing lobby, TSA compliant security screening checkpoint, TSA compliant in-line Checked Baggage Inspection System and associated support areas, baggage claim areas, and associated support functions. Facility to include secure concourses providing concessions and customer amenities, capable of providing 35 ADG III aircraft (including 4 City-controlled, internationally capable gates and associated Federal Inspection Services (“**FIS**”)) with expansion option to 42 gates and Airline operational support facilities incorporated to successfully operate and maintain terminal-related functions.
- D. Airline equipment to address air carrier operations in the terminal, including passenger boarding bridges, aircraft support systems (e.g., pre-conditioned air, ground power, potable water, etc.), communications infrastructure, common use communications system for City-controlled gates, information display systems (e.g., flight information display systems, baggage information display systems, etc.), inbound and outbound baggage handling systems, and applicable tenant finishes.
- E. Terminal aircraft apron and non-movement areas sized to accommodate aircraft fleet, dual taxilanes as appropriate, to accommodate B757 aircraft, connections to taxiways, adequate remaining overnight (“**RON**”) aircraft parking positions, and approximately eight (8) common use deicing pads and associated collection system.
- F. Aircraft in-ground hydrant fueling system to service the 35 gates with a connection to the existing aviation fuel farm system. New system will include piping, isolation valves, fuel pits, emergency shut-offs and meet current environmental requirements.
- G. Multi-level public parking structure with approximately 6,500 parking spaces adjacent to the terminal, and connected to the landside terminal via pedestrian walkways and a pedestrian tunnel. Covered pedestrian walkway from Terminal B garage to terminal.
- H. Close-in public surface parking with approximately 2,000 parking spaces within walking distance of the terminal.
- I. Associated site development, including relocation of pipelines, natural gas lines, communications facilities, and electronic transmission lines; demolition of Terminal

- A; environmental mitigation (if any); site grading and drainage; fencing; construction access roads and staging areas, among other things.
- J. Plan will incorporate maintenance of operations and phasing plan to ensure operations in Terminals B & C are maintained during construction.

**B. Exhibit K Financial Feasibility – Target Total Annual Airline Requirement**

The Target Total Annual Airline Requirement required by Exhibit K to be jointly agreed upon by the City and the Airlines is estimated to be approximately \$69.33 million (in 2022 dollars) excluding amounts related to providing a rolling coverage account. This target shall be revised and finalized jointly by the City and the Airlines as part of the Final Agreement, including a mechanism to adjust such amount based on agreed-upon scope and budget changes.

**3. Final Agreement**

The parties commit to completing negotiations of a Final Agreement no later than April 30, 2017. For an agreement to be presented to Council authorizing the Director of Aviation to execute the Final Agreement, a Majority in Interest of Airlines (“**Final Agreement MII**”) must agree to execute the Final Agreement. Such Final Agreement MII shall consist of at least 50% of the Airlines (in number) that collectively account for at least 50% of rates, fees and charges paid by Airlines during the previous twelve (12) months ending December 31, 2016.

The Final Agreement shall consist of the following elements, which are outlined below and more fully described in the following sections:

- A. A residual rate-making methodology.
- B. Airline approval rights over additional capital expenditures not included as part of the TMP.
- C. A jointly agreed upon scope, schedule and budget for the TMP.
- D. A jointly agreed upon financing plan to support implementation of the TMP.
- E. TMP implementation cost controls and oversight.
- F. A consolidated airline tenant improvement program to be managed and implemented by the Airlines.
- G. An Annual Renewal and Replacement Fund to insure airport facilities remain in operation during the term of revenue bonds issued to finance the Airport.

**4. Term of Final Agreement**

The term (“**Term**”) of the Final Agreement is anticipated to begin on or about May 1, 2017 and extend through the first four (4) full Fiscal Years beyond the first full Fiscal Year after the DBO of the TMP. There shall be an option to extend the Term of the Final Agreement by two (2), two (2) Fiscal Year periods with mutual consent of City and Airlines. The Final Agreement will provide Airlines with the opportunity to adjust terminal leased premises after the 3<sup>rd</sup> anniversary, at DBO, at the 8<sup>th</sup> anniversary of the Term and upon execution of each exercised renewal period.

## **5. Conditions of Final Agreement**

- A. The Final Agreement’s business arrangement shall provide for an Airport System residual-cost ratemaking methodology as part of a new long-term Use and Lease Agreement. The Airport System consists of the Airport and Kansas City Charles B. Wheeler Downtown Airport (identified as Exhibit “H” in the current Use and Lease Agreement). The City intends to cap the amount of net expenses attributed to the operation, maintenance, and development of Kansas City Charles B. Wheeler Downtown Airport as recovered from Airlines at the Airport, which amount shall be indexed for inflation. Under this residual-cost ratemaking approach, the Airlines collectively agree to assume significant financial risk. The Airlines shall keep the Airport System financially self-sustaining by making up any deficit, the residual cost, remaining after the costs identified for all airport users have been offset by nonairline sources of revenue, and to further insure that Airport System revenues are sufficient to be in compliance with the rate covenant of the General Airport System Revenue Bonds Master Bond Ordinance.
- B. Prior to DBO, Airlines, through their Airport rates and charges, may provide incremental funds totaling approximately \$40 million that will be segregated by the City in the Extension and Bond Retirement Account (“**Pre-DBO Funds**”) and held for specific purposes as shall be determined by a majority in interest of Airlines, which may include, among other things, extinguish the General Airport Revenue Bond Series 2013A (Non-PFC Portion) subsequent to their call date of September 1, 2021, provide liquidity to potentially delay borrowing, provide contingency funding (if needed), reduce borrowing for the TMP, fund the Coverage Deposit Account, and/or fund the cost of tenant improvements. The rates and charges of any airline that commences service to the Airport after the collection of Pre-DBO Funds commences shall be subject to an annual surcharge on its post DBO rates equal to the amount of Pre-DBO Funds collected as of the point in time such airline commences service amortized over a five (5) year period.
- C. The City will include \$5.9 million in funding for an Airline consolidated tenant improvement (“**CTI**”) program so the costs of finishing Airline spaces, exclusive, preferential and common, will be included in the cost of the TMP and recovered from each Airline based on a measure of each individual Airline’s use of CTI program funding.
- D. The Revenue Bonds shall not be or constitute a general indebtedness of the City. Neither the general faith nor taxing power (including ad valorem taxes) are pledged to the payment of the Revenue Bonds and the City shall not be under any obligation to pay the principal or interest except from revenues of the Airport System as pledged to the payment of the bonds.

## **6. Cost of the TMP**

The total cost to construct NT-A is estimated to be approximately \$950M in 2015 dollars (“**Base TMP Cost**”). **Attachment B, TMP Cost Estimate** details the NT-A cost estimate. The parties agree to authorize an amount not to exceed \$975M in 2015 dollars (“**NTE TMP Cost**”). In

order to exceed the Base TMP Cost, certain project controls and oversight must be accomplished and maintained. TMP controls and oversight is further described below. In order to surpass the NTE TMP Cost, a majority in interest of Airlines must be obtained. The Base TMP Cost and NTE TMP Cost shall be calculated from time-to-time over the course of the design and construction period on the basis of the then-current cost estimate and an index to reset such cost to 2015 dollars. In the event that a TMP majority in interest of Airlines agrees to scope changes that increase or decrease project costs, the Base TMP and NTE TMP Cost shall be adjusted upward or downward accordingly.

## **7. Financing of the TMP**

- A. The TMP may be financed with a combination of Federal Aviation Administration (“**FAA**”) Airport Improvement Program (“**AIP**”) grants-in-aid, Transportation Security Administration (“**TSA**”) grants, Passenger Facility Charge (“**PFC**”) pay-as-you-go revenues, Revenue Bonds (including those backed by PFCs), and if applicable pay-as-you-go advance funding by the Airlines.
- B. The City shall seek authorization to apply for PFC funding at the highest PFC level generally allowable (i.e., excluding pilot programs) during the financing of the TMP. The City agrees to optimize PFC pay-as-you-go and leveraging for the TMP to achieve the most advantageous outcome and to use reasonable efforts in its debt financing to achieve level overall debt service both during and beyond the term of the Final Agreement.
- C. Airlines agree to support the City’s efforts to pursue an AIP Letter of Intent (“**LOI**”) and TSA grant funding for the TMP, if such option is available.

## **8. TMP Cost Controls and Oversight**

- A. The parties agree to review and thoroughly analyze the suitable project delivery method(s) for each specific TMP project element (Terminal, Parking, Airside Civil, Landside Civil, Aircraft Hydrant Fueling, Environmental De-Icing requirement, Airline Equipment (passenger loading bridges, baggage systems, common use kiosks on City gates and ticket counters), Airline consolidated tenant improvements, etc.) which are lawful and permitted within City ordinances and FAA rules and regulations, including the rules related to use of AIP grants and PFCs. Project delivery method(s) may include design-bid-build (“**DBB**”), design-build (“**DB**”), Construction Manager at Risk with a Guaranteed Maximum Price (“**CMR/GMP**”) or any other delivery method(s) that are deemed appropriate and provide the maximum economic benefit to the TMP.
- B. City, working through its Aviation Department, shall hire a Program Manager (“**PM**”) that reports directly to the Deputy Director of Aviation – Planning & Engineering who is responsible for assisting the Aviation Department in managing design and construction contracts, preparing cost estimates, budgeting and monitoring, construction phasing, preparing quarterly reports to monitor the status of design and construction contracts and associated cost estimates, among other things, to provide for a complete facility (to meet all essential Airline, other tenant(s) and airport operational requirements upon



occupancy), and other activities as are deemed necessary to maintain TMP schedule and budget.

- C. Airline shall procure an Airline Technical Representative (“**ATR**”) to be integrated as part of the overall TMP team and serve as the single point of reference to coordinate with the Airlines and collectively represent the Airlines during the TMP. The ATR may potentially manage TMP project elements as mutually agreed upon by the Aviation Department and Airlines. The ATR will serve in this role until the earlier of (1) the time at which a simple majority of Airlines agree to replace the ATR; (2) the time at which a simple majority of Airlines agree these services are no longer needed; or (3) the TMP is complete.
- D. There shall be two (2) organized committees; (1) Steering Committee (“**SC**”), and; (2) Program Management Committee (“**PMC**”). The SC will be an extension of the current Leadership Committee consisting of four Airline representatives (the AAAC Chair and three additional Airline representatives), Deputy Director of Aviation – Finance, Deputy Director of Aviation – Properties & Commercial Development, and Deputy Director of Aviation – Planning & Engineering. The Airline representatives of the SC may be rotated as the AAAC Chair and other Airlines deem appropriate. For all SC issues requiring a decision, the Airlines will have one vote (based on a simple majority of the four Airline representatives) and the City will have one vote (based on a simple majority of the three City representatives), however any decision arriving out of the SC must be unanimous.
- E. The SC will (1) provide general oversight to the PMC; (2) meet on a regular basis not less than monthly to review the progress of the TMP with respect to scope, schedule, budget and financial plan; (3) review a monthly schedule and cost report prepared by the PMC; (4) vote on TMP change orders that increase the TMP by some mutually agreeable threshold or result in a change in scope that has a material impact to airline operations; (5) review and work to resolve issues to assure the schedule for the TMP is maintained.
- F. The PMC consists of the Deputy Director of Aviation - Planning & Engineering, PM, and the ATR who will meet at least weekly to coordinate its efforts and to provide the SC with its requested information necessary to make educated decisions during the TMP. The PMC shall have the approval capacities, within agreed to time limitations, to approve individual change orders or scope alterations up to an agreed to dollar amount. Those items and/or scope changes that exceed the agreed to threshold of the PMC shall be referred to the SC.
- G. There shall also be formalized policies and procedures documents to be followed in implementing the TMP, including but not limited to:
  - 1. Organizational structure and key personnel
  - 2. Roles, responsibilities, and procedures of the SC
  - 3. Roles, responsibilities, and procedures of the PMC
  - 4. Project budget procedures and reporting system

5. Project scheduling procedures and reporting system
6. Design coordination and control procedures
7. Program documentation and filing procedures
8. Tenant coordination procedures
9. Permitting procedures/construction site access
10. Procurement procedures and status reporting system
11. Accident reporting procedures
12. Field inspection and quality control procedures
13. Progress payments procedures
14. Change Order procedures
15. Other procedures as deemed necessary

#### **9. Capital Improvement Program Not Including TMP**

As part of the Final Agreement there shall be an approved Capital Improvement Program (“CIP”) for other relevant and necessary capital projects that do not involve the TMP. As projects are completed, needs change and additional projects are warranted, City shall present a Revised CIP at least annually. In the event that the Airlines do not agree with the City requested revisions, City may request a majority in interest be obtained from the Airlines in order for the Revised CIP be approved and authorized. Certain capital expenditures shall be permitted to be undertaken by City at any time and shall not be subject to consideration or disapproval by Airlines as is customary for such, including but not limited to, projects that have been pre-approved in the Final Agreement, that are necessary or prudent to ensure compliance with a rule, regulation, or order of any federal, state, or other governmental agency and projects that would not impact the calculation of airline rates and charges.

#### **10. Annual Renewal and Replacement Fund**

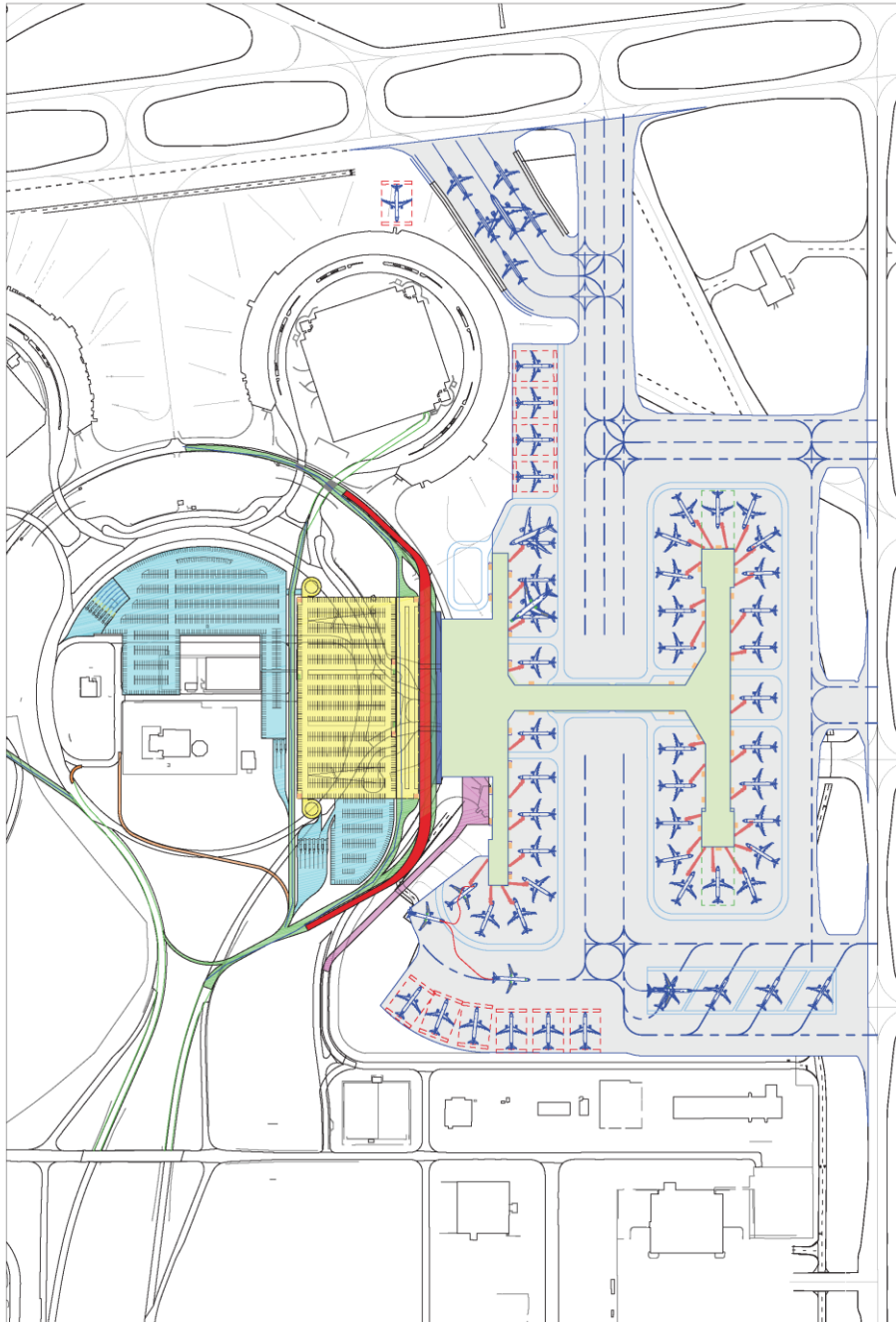
As part of the Final Agreement there shall be an established Annual Renewal and Replacement Fund (“R&R Fund”) which shall be used to pay for (1) renewals, reconstruction and replacement of any facilities and other reasonable expenses (engineering) incurred in connection therewith, (2) acquiring and installing or replacing equipment, (3) unusual or extraordinary maintenance or repairs, (4) and premiums on insurance carried under the provisions of the Final Agreement.

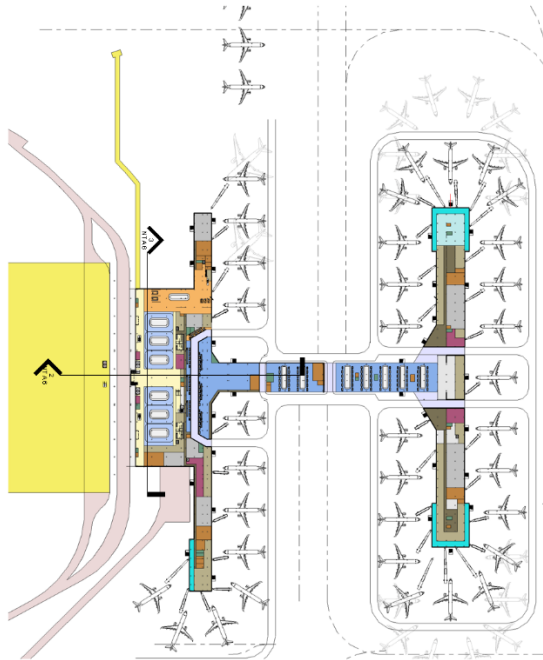
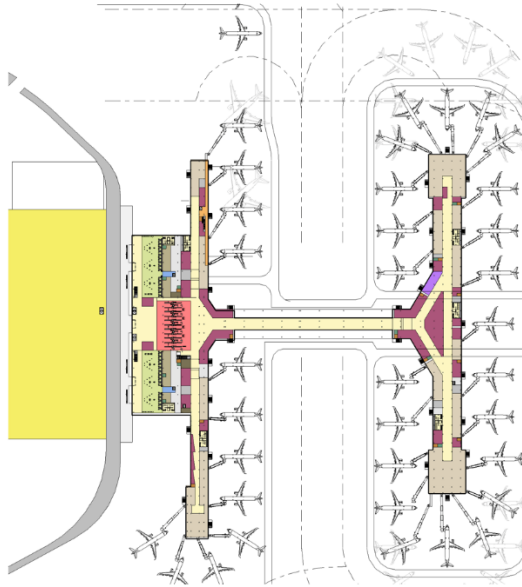
#### **11. Consensus in Principle**

The above terms and conditions are provided to document consensus in principle reached in the course of verbal negotiation and represent only the parties’ intent as to these business terms for purposes of initiating a process to negotiate in good faith the specific terms and conditions of the Final Agreement. The provisions of this MOU are not legally enforceable until such time as they are incorporated into a duly approved and executed Final Agreement making this MOU a non-binding agreement between the City and the Airlines.

**ATTACHMENT A**

**NT-A CONCEPT**





**ATTACHMENT B  
TMP COST ESTIMATE  
(2015 DOLLARS)**

Civil Airside	\$	72,025,348
Landside	\$	25,670,538
Parking Garage & Related Work	\$	114,303,426
Terminal	\$	286,092,743
Passenger Boarding Bridges	\$	28,185,000
Baggage Handling System	\$	43,250,000
MEP	\$	17,597,552
Deicing System	\$	1,304,787
Hydrant Fueling System	\$	12,000,000
Airline Tenant Improvement Fit-Out	\$	4,000,000
Pedestrian Tunnel w/Service Corridor	\$	4,655,643
<b>Sub-Total (2015 dollars)</b>		<b>\$ 609,085,036</b>
Gen Req't, Phasing & Temp Constr	\$	16,728,898
General Conditions	\$	50,065,115
Contractor OHP	\$	20,276,371
Design Evolution	\$	65,186,807
Insurance	\$	15,226,845
Performance Bonds	\$	7,765,691
LEED Gold	\$	5,196,720
<b>Sub-Total (2015 dollars)</b>		<b>\$ 180,446,447</b>
<b>Sub-Total (2015 dollars)</b>		<b>\$ 789,531,483</b>
Program Management	\$	30,744,545
Design & Constr Administration	\$	61,022,514
Permit/Testing/Insp/Commissioning	\$	11,842,972
Public Art (Terminal Only)	\$	5,027,295
<b>Sub-Total (2015 dollars)</b>		<b>\$ 108,637,327</b>
<b>Sub-Total (2015 dollars)</b>		<b>\$ 898,168,810</b>
Owner's Construction Contingency	\$	65,831,190
<b>Sub-Total (2015 dollars)</b>		<b>\$ 65,831,190</b>
<b>Total (2015 dollars)</b>		<b>\$ 964,000,000</b>