

## Term Sheet for New Signatory Airline Use and Lease Agreement ("Term Sheet") Kansas City International Airport

<b>Project</b>	Terminal Modernization Program at Kansas City International Airport ("TMP" or "Program").
<b>Developer and Design/Build Contractor</b>	Edgemoor Infrastructure and Real Estate as Developer ("Developer").
<b>Lessor</b>	City of Kansas City ("City").
<b>Term</b>	The Date of Beneficial Occupancy ("DBO") through April 30, 2028.
<b>Development Agreement</b>	The agreement signed by City and Developer providing for the TMP implementation procedures and the business terms behind the scope, budget, timeline, and methodology to achieve a defined guaranteed maximum project cost.
<b>Program Scope</b>	The TMP will provide a new terminal on the existing Terminal A site with associated airside and landside improvements, including a new parking garage. Program scope is summarized in <u>Attachment A</u> .
<b>Total Program Costs</b>	The total cost of the Program consists of those costs associated with the Developer, Airline Consortium and City. The Program budget is summarized in <u>Attachment B</u> . The cost to complete the TMP will not exceed \$1.5 billion unless the increase is permitted by the Development Agreement ("Agreement") and approved by the Signatory Airlines as more further described in <u>Attachment C</u> .
<b>Program Implementation Management</b>	City will utilize the defined Program implementation process set forth in the Agreement. Summary of process is included as <u>Attachment C</u> .
<b>PFC Funding Commitment</b>	City will commit to setting the level of Passenger Facility Charges ("PFCs") committed to paying annual debt service equal to 90% of PFCs collected the year of TMP DBO provided that the amount committed cannot exceed the amount of debt service approved by the FAA in the Final Agency Decision ("Maximum Annual PFC Commitment"). City will commit the lesser of the Maximum Annual PFC Commitment or actual annual PFCs collected for each subsequent fiscal year to payment of debt service on bonds. In the event Congress approves an increase in the PFC level and the City applies for and receives approval from the FAA to increase the PFC level, the incremental increase in PFC revenues attributable to the higher collection level shall first be allocated to unfunded TMP PFC eligibility unless otherwise agreed upon by City and Signatory Airlines and remaining

PFCs shall be available for other PFC-approved projects identified by the City.

**Plan of Finance Assumptions** City will apply for the maximum amount of PFCs at the highest level allowable at the time of financial close on the first TMP revenue bond issuance. City and Airlines collectively will use reasonable efforts to pursue AIP and TSA grant funding for the TMP. City will work in cooperation with the designated Signatory Airline representative to provide the most optimal plan of finance for the TMP to minimize the amount of debt required to complete the Program and minimize the costs to the airlines to the extent practical. Debt service will be structured to provide level annual principal and interest payments.

**Airport System Residual Ratemaking Methodology** Airline rates and charges will be set annually using an Airport System residual methodology consisting of (1) a cost center residual for MCI airfield facilities, including the net cost of Downtown Airport, and (2) all other net costs to be recovered through terminal charges. The costs used in the derivation of the residual rates and charges include annual O&M expenses, expensed equipment and capital outlays, annual deposits to the Maintenance and Replacement Account, debt service, the Management Incentive Fee, bond deposit requirements pursuant to the Master Bond Ordinance and supplemental bond ordinances, and amounts to defend, settle, or satisfy any threatened litigation, assessment, judgment, settlement or charge payable to City relating directly to the Airport System or its operation to the extent such costs are not covered by insurance. Airport System revenues credited to the terminal residual calculation will exclude the Airport share of any tax revenues received from the Development District within the Community Improvement District and interest income earned in the Extension and Bond Retirement Account (including the Maintenance and Replacement Account). An illustrative calculation of the landing fee and average terminal rental rate projected is included in Attachment D.

**Common Use Baggage Handling Fees** The baggage handling facilities in the TMP will be designed for common use. The annual Common Use Baggage Requirement will be equal to the product of the amount of all inbound and outbound baggage square footage (excluding tug drive space used primarily for ingress and egress) and the terminal building rental rate per square foot. The Common Use Baggage Requirement will be allocated (1) 85% based upon the percentage share of the number of enplaned passengers of all airlines using such space and (2) 15% equally among all airlines using such space.

**Gate Use** At DBO, City will have control over no less than four (4) common use gates to accommodate charters, new entrants, etc. Signatory Airlines will have the opportunity to lease gates on a preferential basis. Airlines must maintain minimum use of gates or the City has the right, but not the obligation, to convert underutilized leased gates to common use or to lease

to another Signatory Airline requesting a gate that demonstrates scheduled service at a level to satisfy the minimum required gate use. Initial leasing of preferential gates at DBO by Signatory Airlines will be negotiated in the final agreement.

**Gate/Holdroom Fee** At DBO, a Signatory Airline that is leasing at least one gate will pay a fee for each gate leased that is calculated for each Fiscal Year in an amount that is equal to the sum of (1) the average square footage of a holdroom in the terminal multiplied by the terminal rental rate, (2) the annual loading bridge fee rate as calculated on Exhibit D-5, and (3) the annual terminal apron rate per gate as calculated on Exhibit D-4. However, the fee to be paid by a Signatory Airline for the first gate leased to each Signatory Airline will be discounted by 50% (i.e. 50% of the sum of (1), (2) and (3) above) and all other gates shall be subject to the full fee as set forth above.

**Maintenance and Replacement Deposit Requirement** The Maintenance and Replacement Deposit Requirement means, for any Fiscal Year commencing with the Fiscal Year in which DBO occurs, an amount equal to \$11,000,000 or the amount, if any, necessary to bring the unencumbered cash balance of the Maintenance and Replacement Account up to \$22,000,000, whichever is lesser; provided, however, that such specific dollar amounts set forth in this paragraph shall be adjusted annually after the date of beneficial occupancy of the new terminal by the lesser of 5% or change in CPI-U. Funds in the account will be used for the capital upkeep and repair of the Airport System infrastructure. The annual amount in the first Fiscal Year shall be proportioned based upon the number of remaining months in that first Fiscal Year.

**Management Incentive Fee** In addition to the Maintenance and Replacement Deposit Requirement, City will retain an annual Management Incentive Fee for any Airport System purpose equal to five percent (5%) of all Non-Airline Revenues derived by City during the then current Fiscal Year.

**Additional Capital Costs** All capital projects exceeding \$1,000,000 net of grants and PFCs (as adjusted annually by the lesser of 5% or the change in the CPI-U after January 1, 2019) will be subject to Signatory Airline Majority-In-Interest ("MII") disapproval except for projects:

- i. Funded through the Extension and Bond Retirement Account or the Maintenance and Replacement Account.
- ii. Necessary or prudent to ensure compliance with a rule, regulation, or order of any federal, State, or other governmental agency other than City.
- iii. Necessary to comply with the Master Bond Ordinance, FAA grant compliance, environmental remediation, or noise mitigation.
- iv. Necessary to comply with lawful orders issued by a court of competent jurisdiction requiring the acquisition by City of

additional lands or making of compensation to owners of adjoining lands for the taking thereof, or where a constructive taking has been found or threatened.

- v. Necessary to pay costs, expenses, damages, assessments, and judgments incurred by or imposed upon City by reason of the ownership, operation, maintenance or use of the Airport to the extent such costs, expenses, damages, assessments or judgments are not covered by insurance.
- vi. Necessary to pay costs for casualty damage requiring new capital expenditures to the extent such damage is not covered by insurance.
- vii. Necessary to relocate airlines to maximize the utilization of the terminal as reasonably determined by the City.
- viii. Expenditures of an emergency nature that, if not made, would result in the closing of any of the runways of the Airport System within forty-eight (48) hours
- ix. Special Facilities for which, in all cases, the tenant(s) or other user(s) thereof shall be required to pay directly or reimburse the City for all costs, including finance costs, associated with such facilities

If an MII of the Signatory Airlines does not provide its disapproval within 60 days of City's request, such project shall be deemed approved. MII will consist of 67% of Signatory Airlines who together paid more than 50% of Airline fees and charges for the previous fiscal year (including the fees paid by such Airlines Affiliates as defined in the current airline use and lease agreement). There will be a separate MII process for airfield projects and terminal projects such that only users of such cost center are included.

<b>Airline Consortium</b>	The Signatory Airlines may form a terminal consortium ("Airline Consortium") to procure and/or operate Airport services, equipment and systems that will be mutually acceptable to City and the Signatory Airlines.
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Each of the undersigned acknowledges that the foregoing Term Sheet reflects certain principal terms that the parties hereto will incorporate into a definitive 4<sup>th</sup> Master Amendment and Airline Use and Lease Agreement ("New UALA").

If on or before February 27, 2019, the City and ~~a Majority In Interest of~~ at least three (3) current Signatory Airlines who together comprise at least 60% of landed weight in fiscal year 2018 execute this Term Sheet ~~no later than February 27, 2019~~, it shall constitute a binding commitment of all signatory parties to this Term Sheet to the terms set forth herein, including, without limitation, to the scope and management of the TMP and the financial terms ~~concerning the Signatory Airlines' commitment to fund the TMP as well as a commitment to execute the 4<sup>th</sup> Master Amendment and New UALA, provided that both documents are consistent with the core terms set forth in this Term Sheet. Such~~ herein, and such execution of this Term Sheet ~~shall also constitute~~ constitutes Majority in Interest ~~("MI")~~ approval of the capital expenditures related to the TMP (the "TMP MII").

~~The signatory parties to~~

~~Further, such execution of this Term Sheet agree that in the event that shall constitute authorization for the City issues up to \$200 million of to obtain and/or issue short term debt obligations ("Short Term Debt") to fund working capital in connection with the TMP capital expenditures related to the TMP. The Short Term Debt is expected to be refunded with the proceeds of a long term financing for the TMP, but the signatory parties agree that in the event that a New UALA is not executed by such parties that effectuates the TMP as described herein at Attachment A and the related necessary financing of such project is not completed, the repayment of such Short Term Debt will be made solely via a surcharge on the terminal rental rate, notwithstanding that any provision of the current Airline Use and Lease agreement is a compensatory rate agreement, the full amount of debt service on such Short Term Debt may be included in the rates and charges of the airlines operating at the Airport Agreement.~~

~~Final~~

~~The final mutually agreeable form of the 4<sup>th</sup> Master Amendment and New UALA shall be negotiated and provided to the Airlines for execution on or before February 28 March 11, 2019. The Airlines shall use their commercially reasonable best efforts to execute such 4<sup>th</sup> Master Amendment and New UALA prior to May 30, 2019 and the Airlines both parties understand time is of the essence with respect to such execution.~~

[SIGNATURE PAGES FOLLOW]

**CITY**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**Approved as to form:**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**ALASKA AIRLINES, INC.**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**ALLEGiant AIR, LLC.**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**AMERICAN AIRLINES, INC.**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**DELTA AIR LINES, INC.**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**FEDERAL EXPRESS CORPORATION**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**FRONTIER AIRLINES, INC.**

By: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Title  
Date: \_\_\_\_\_

**SPIRIT AIRLINES, INC.**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

**SOUTHERN AIR, INC.**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

**SOUTHWEST AIRLINES CO.**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

**UNITED AIRLINES, INC.**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

**UNITED PARCEL SERVICE, CO.**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

## **ATTACHMENT A**

### **Terminal Modernization Program Scope**

The TMP shall substantially consist of the following project elements:

1. The airport roadway network will be modified to provide seamless access to the new terminal, parking garage, surface parking, and related airport facilities.
2. An elevated roadway structure will provide vehicular access to the Terminal Departures curb. An at-grade roadway will provide vehicular access to the lower level Arrivals curb. Both roadways will each contain four (4) lanes of traffic.
3. Approximate 1,093,500 square foot terminal facility to be constructed on the current Terminal A site, 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, with sufficient gates capable of accommodating 39 ADG III aircraft (including 4 City-controlled, internationally capable gates and associated US Customs & Border Protection facilities (Federal Inspection Services) which can also be used as domestic gates), with the ability to expand to 42 gates, and Airline operational support facilities incorporated to successfully operate and maintain terminal-related functions.
4. Terminal layout includes concourse set parallel to the headhouse. The outer concourse is dual-loaded with twenty-seven (27) contact gates. The inner concourse is single-loaded with twelve (12) contact gates. The concourses are connected by a pedestrian walkway with moving walks.
5. 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, virtual ramp control, and applicable tenant finishes.
6. Terminal aircraft apron and non-movement areas sized to accommodate aircraft fleet, dual taxilanes as appropriate, to accommodate Group III aircraft (B737 or A321), and three (3) connections to north/south Taxiway "B" and one (1) connections to east/west Taxiway "D."
7. Twenty-five (25) remain overnight aircraft parking positions are provided in proximity to the terminal.



8. Fifteen (15) deicing positions are located on the existing apron between Terminals B and C with the capacity to accommodate thirty-nine (39) deicing operations per hour.
9. Aircraft in-ground hydrant fueling system to service the 39 gates with a connection to the existing aviation fuel farm system. Fuel will be provided to the gates with a single line bi-directional, looped piping system.
10. Multi-level public parking structure with approximately 6,500 parking spaces adjacent to the terminal headhouse and connected to the terminal headhouse via roadway crosswalks at both the arrivals and departures levels. The arrivals level of the garage includes a covered commercial curb for hotel, parking, and rental car shuttles as well as connection capabilities to public transportation. Existing Terminal B Garage will access the new terminal via a covered pedestrian walkway.
11. Close-in public surface parking with approximately eight hundred eighty (880) parking spaces within walking distance of the terminal.
12. Associated site development, including relocation of pipelines, natural gas lines, communications facilities, and electronic transmission lines; demolition of Terminals A, B, and C; environmental mitigation (if any); site grading and drainage; fencing; construction access roads and staging areas, among other things. A new central utility plant providing chilled water and electrical service to the new terminal.

Plan will incorporate maintenance of traffic/operations during all phases to ensure complete passenger and airline operations of Terminals B & C during the construction of the new terminal.

# **ATTACHMENT B** **Terminal Modernization Program Budget**

<b><u>DEVELOPMENT COST</u></b>	
Site Construction	
Concrete	\$230,466,200
Masonry	\$150,962,200
Metals	\$12,353,050
Woods & Plastics	\$121,645,390
Thermal & Moisture Protection	\$31,475,730
Doors & Windows	\$37,895,051
Finishes	\$48,580,000
Specialties	\$77,782,650
Equipment	\$12,777,100
Furnishings	\$73,477,740
Conveying Systems	\$4,455,240
Mechanical	\$21,776,380
Electrical	\$145,845,380
Design	\$196,380,920
<b>SUBTOTAL</b>	<b>\$100,660,250</b>
	<b><u>\$1,266,533,281</u></b>
Misc. Consultants	\$5,408,000
Commissioning Consultants	\$2,000,000
Tests & Inspections	\$5,800,000
Legal/Accounting/Insurance Costs	\$1,700,000
SPV Budget	\$2,016,000
Predevelopment Financing	\$750,000
General & Administrative	\$6,815,560
Fixed Development Management Fee	\$22,000,000
Soft Cost Contingency	\$3,000,000
<b>SUBTOTAL</b>	<b><u>\$49,489,560</u></b>
<b>DEVELOPER TOTAL</b>	<b>\$1,316,022,841</b>
Owner Contingency	
Project Contingency	\$41,400,000
<b>DEVELOPER GMP</b>	<b><u><u>\$1,357,422,841</u></u></b>

<b><u>AIRLINE CONSORTIUM COSTS</u></b>	
Passenger Boarding Bridges	\$29,900,000
Deicing Equipment/Facility	\$5,336,000
Holdroom Furniture	\$2,300,000
Virtual Ramp Control	\$2,300,000
<b>SUBTOTAL</b>	<b>\$39,836,000</b>
Prior Costs	\$6,871,337
Reimbursement to FAA	\$920,000
Construction Permitting Fee	\$4,163,000
Utility Fees (Connection & CUP)	\$18,400,000
1% Art	\$5,765,022
Legal	\$276,000
Finance	\$920,000
Planning	\$289,800
Owner's Representative	\$43,792,000
Airline Technical Representative	\$2,944,000
Additional Costs (Extended Schedule)	\$18,400,000
<b>SUBTOTAL</b>	<b>\$102,741,159</b>
<b>TOTAL PROJECT BUDGET</b>	<b>\$1,500,000,000</b>

Excludes cost to finance

## **ATTACHMENT C**

### **Program Management Oversight**

Kansas City International Airport ("**Airport**"), Terminal Modernization Program ("**TMP**" or "**Program**") team shall incorporate established methods and techniques to control scope, schedule, budget, and quality at every level. The Program Management Oversight group is designed to focus responsibility on functional assignments that drive the Program forward and to streamline reporting to identify and isolate potential issues before they become problems.

#### **Program Management Committee**

The Program Management Committee ("**PMC**") shall provide the necessary overall management and coordination to execute the Program. The PMC reports to the Steering Committee ("**SC**") and has responsibility for the design, construction and completion of each project element in the Program. Ultimate decision-making for the Program lies with the SC, while the responsibility for implementing the Program lies with the PMC.

The PMC is a support function of the SC. It establishes the responsibilities and defines the requirements for all projects subject to review by the SC. It also provides the Program Developer ("**Developer**") the direction on how to prepare Program submittals to facilitate timely decision-making.

#### **PMC Members**

The PMC consists of three (3) members, comprised of a representative from each of the Kansas City Aviation Department ("**KCAD**"), Airlines, and Developer. This team supports the SC, acts as the technical representative of the Program, and meets on a regular basis.

##### **KCAD Representative**

The KCAD Representative, currently the KCAD Deputy Director, shall review, analyze and recommend approval/disapproval of all TMP elements that are presented to the SC.

##### **Airline Representative**

The Airlines Representative, currently the airline Technical Representative ("**ATR**"), shall review, analyze and recommend approval/disapproval of all TMP elements that are presented to the SC.

##### **Developer Representative**

The Developer Representative is currently the Vice President and Managing Director for the Program which will lead the development team through the construction of the Program.

#### **PMC Responsibilities**

Responsibilities of the PMC shall include:

1. Prepare and submit appropriate documents to the SC
2. Establish and review baselines, scope, cost estimates and schedules

3. Establish clear lines of responsibility, authority and communication and engender a spirit of teamwork among all stakeholders
4. Minimize Program impacts on Airport operations, operating airlines, and other tenants
5. Coordinate projects with other on-going projects in and around the Airport
6. Ensure proper review and approval by the SC, as appropriate, before contracts for services or construction are developed and executed
7. Review performance of consultant and construction contractors providing services to the Program and review quality standards
8. Coordinate both internal and external interfaces, identify any issues, and obtain resolution
9. Direct the value engineering exercises as necessary to satisfy the required function at the lowest cost consistent with performance, reliability and maintainability requirements
10. Review all significant deviations from the Program baseline as established
11. Review all packages of work
12. Approve all change orders that do not materially affect Airline operations, Program Schedule, or Program scope, or that affect the payments required of the Airlines under the Airline Use and Lease Agreement ("**Threshold Issues**")
13. Other duties as necessary and prudent

PMC will participate in the Program recommendations process, provided that the PMC may, in its discretion, invite the participation of additional participants as it deems necessary to obtain appropriate input on specific matters considered by the committee. Each PMC member will at all times have the authority to provide binding guidance and consents on behalf of the entity such representative has been appointed to represent.

#### **Supporting Team for PMC**

An integral part of the PMC is the Owner's Representative and the ATR; (collectively, "**Program Controls Group**"), shall collaborate to execute the planning and construction phases of the Program.

#### **Program Controls Group**

The Program Controls Group shall support the PMC to facilitate the review of issuance of contracts, agreements, and change orders. Services provided shall include, at a minimum:

1. Provide a process flowchart and schedule for each procurement package
2. Report and provide briefings to TMP key stakeholders on procurement progress
3. Review the RFPs, RFQs, quotations and bids including the issuance of addenda when needed

4. Monitor the preparation of contract documents
5. Monitor bid advertising, bid conferences, proponent interviews and bid evaluations
6. Coordinate recommendations to the PMC and SC
7. Monitor and analyze change orders for the PMC and SC
8. Review, comment on, and if warranted, require the Developer to investigate further, reject/rebid, or accept Program bid packages.
9. Monitor and review all work for Scope, Budget, Schedule variances
10. Facilitate collection of all communications and records
11. Facilitate collection of all contract documents
12. Review of contract changes to ensure compliance with overall guidelines and contract standards
13. Prepare and provide timely and accurate status reporting to the PMC
14. Maintain data and record keeping quality control and validation

### **Steering Committee**

SC will have regularly scheduled meetings to review and approve any changes to all Threshold Issues.

### **Steering Committee Members**

The SC consists of a two (2) members comprised of KCAD and AAAC Airlines representative.

#### **KCAD Representative**

The KCAD Representative, the KCAD Director of Aviation, shall review and approve/disapprove, in his/her capacity on the SC, all TMP projects that are presented to the SC.

#### **AAAC Airlines Representative**

The AAAC Airlines Representative, the Airline-Airport Affairs Committee Chairperson, shall review and approve/disapprove, in his/her capacity on the SC, all TMP projects that are presented to the SC. Approval/disapproval votes by the AAAC Airlines Representative require MII approval of the Signatory Passenger Airlines for all matters affecting the Project budget by more than 5%, as calculated from the initial GMP, or materially affecting TMP scope. The initial GMP (\$1.5 billion) is summarized in Attachment B. MII will consist of 67% of Signatory Passenger Airlines that have executed the New UALA who together paid more than 50% of the airline fees and charges for the previous Fiscal Year by such airlines (including the fees paid by such airlines Affiliates as defined in the current airline use and lease agreement). If an MII of the Signatory Passenger Airlines does not provide its disapproval within 10 days of City's request, such project, budget increase, or scope alteration shall be deemed approved.

## **SC Responsibilities**

Responsibilities of the SC shall include:

1. Set Program Policy and provide Program oversight
2. Review and resolve issues to maintain forward progress in achieving Program goals
3. The SC is responsible for the following:
  - a. Overall Program review and approval
  - b. Decision making authority within the Program for all procurements
  - c. Review and approval of all TMP's scope, cost and schedule
  - d. Use best efforts to manage the Program such that the total costs do not exceed \$1.5 billion.
  - e. Review Bid Packages before released for bidding
  - f. Review and advise bid awards
  - g. Review weekly, monthly and quarterly reports
  - h. Review financial controls recommendations and reports
4. The SC shall review any part of the Program that has deviated from its SC approved baseline scope, budget or schedule. Developer shall recommend subsequent corrective actions based on the following criteria:
  - a. Scope Changes
  - b. Schedule delays over the baseline
  - c. Budget variances over or under the baseline

## **Airline and KCAD Control of Contingencies**

1. The budget includes various contingencies, including a Soft Cost Contingency, Escalation Contingency, Design Evolution Contingency, Construction Contingency, Program Contingency, and Owner's Contingency as more clearly defined within Attachment B.
2. The Program Contingency is funded from the remaining balance from the Soft Cost Contingency, Trade Package Buy-out Gain, Design Evolution and Escalation Contingency.
3. The SC approves scope, schedule, and budget for both Program and Owner Contingencies.

With respect to such contingencies:

1. The Developer must inform the PMC, SC, and City as to its use of the Contractor Contingency and Escalation Contingency.
2. The City will consult with and obtain the approval of the PMC and, as appropriate, the SC prior to approving use of the Design Contingency.
3. The City will consult with and obtain the approval of the SC prior to approving use of the Owner Contingency and Project Contingency.

In addition, the Airlines through its Airline Representative plus the PMC and/or the SC will have the ability to review, comment on, and if warranted, require the Developer to investigate further, reject/rebid, or accept Project bid packages.

## **Guaranteed Maximum Price**

This Term Sheet states the guaranteed maximum price (“**GMP**”) for the Developer portion of the Program as described in Attachment B. In order to provide KCAD and the Airlines an opportunity to drive the Program forward while controlling scope, budget, and operational requirements in a collaborate and fiduciary manner, this Program will have the ability to revisit the guaranteed maximum price that the Developer must provide along with the associated scope on three (3) occasions; (1) this Term Sheet GMP, (2) Revised GMP; and (3) Final GMP. The purpose and intent of the three reviews is to allow KCAD and the Airlines to benefit in any cost savings to the Program that materializes throughout the design and bidding process.

### **Revised GMP**

It is contemplated that six (6) months after Notice to Proceed (“**NTP**”) from City to Developer, design documents will be mutually agreed to be adequately complete to procure lump sum bids from the major trade contractors. Those trade packages that are procured prior to that time shall be procured in an effort to facilitate the Program schedule. Trade packages procured prior to the Revised GMP are contemplated to be the parking garage structure, enclosure, mechanical electrical and plumbing, baggage handling, and site/civil work. The schedule will also be updated, if needed, to reflect and accommodate (1) design evolution; (2) estimated impacts of identified exposures; (3) progress update of activities to date and; (4) activity adjustment required as a result of trade package purchasing negotiations.

### **Budget Evaluation**

If the Revised GMP amount or schedule is greater than the GMP in this Term Sheet then, one of the following shall occur:

1. SC shall direct the Developer to revise the design or reduce the scope of the Program to cause the Revised GMP amount or schedule to be equal to or less than the GMP  
OR
2. SC shall increase the GMP amount and/or schedule by Change Order to equal the Revised GMP.

### **Final GMP**

It is contemplated that twelve (12) months following NTP, the overall design will be sufficient to issue for construction a set of documents mutually agreed to be substantially complete as necessary to procure lump sum bids from trade contractors for the majority of the Program scopes for the remaining unpurchased trade packages. The remaining unpurchased trade packages are contemplated to be drywall and ceilings, miscellaneous metals, applied finishes, flooring, landscaping, signage, etc. It is expected that a few packages will remain unpurchased until such time as the Developer considers it prudent to procure, such as: final cleaning, etc. The schedule shall be updated, if needed, to reflect and accommodate (1) design evolution; (2) estimated impacts of identified exposures; (3) progress update of activities to date and; (4) activity adjustment required as a result of trade package purchasing negotiations.

### **Budget Evaluation**



If the Final GMP amount or schedule is greater than the Revised GMP then, one of the following shall occur:

1. SC shall direct the Developer to revise the design or reduce the scope of the Program to cause the Final GMP amount or schedule to be equal to or less than the Revised GMP  
OR
2. SC shall increase the Final GMP amount and/or schedule by Change Order to equal the Final GMP.

**ATTACHMENT D**  
**Illustrative Calculation of Airline Rates and Charges**

**Exhibit D-1**

**Management Incentive Fee and Maintenance & Replacement Deposit Requirement**

**Kansas City International Airport**

(for the 12 months ending April 30; numbers in thousands except rates)

		DBO 2024
<b>Management Incentive Fee</b>		
Variable Amount		
Nonairline Revenues <sup>1</sup>		\$ 113,073
Downtown Airport Revenues		<u>5,318</u>
		\$ 118,391
KCAD Share of Nonairline Revenues		5%
Management Incentive Fee	[A]	5,920
Airfield	25%	1,480
Terminal	75%	<u>4,440</u>
		5,920
<b>Maintenance and Replacement Deposit Requirement</b>	[B]	\$ 11,000
Allocation of Maintenance and Replacement Deposit Requirement		
Airfield	50%	5,500
Terminal	50%	<u>5,500</u>
		11,000

1. Nonairline Revenues exclude KCAD's share of any tax revenues or user fees received from the Development District within the Community Improvement District and interest earnings on the Extension and Bond Retirement Account.

2. Cap escalates with the CPI-U as of DBO from initial \$22 million.

**Exhibit D-2****Landing Fee Rate****Kansas City International Airport****(for the 12 months ending April 30; numbers in thousands except rates)**

	2024
<b>AIRFIELD AREA COST</b>	
O&M Expenses	\$ 17,776
Debt Service	4,157
Debt Service Coverage	-
Less:PFCs Allocable to Debt Service	(1,054)
Rate Stabilization Fund	
Amortization Charges	-
Depreciation Charges	-
Expensed Equipment & Capital Outlays	1,047
Maintenance and Replacement Account	5,500
Management Incentive Fee	1,480
O&M Reserve	57
<b>Airfield Area Cost</b>	<b>\$ 28,964</b>
Downtown Airport Loss (Surplus)	507
Non-Signatory Airline Landing Fees	(617)
General Aviation Fuel Flowage Fees	(315)
<b>Net Airfield Area Cost</b>	<b>\$ 28,540</b>
Signatory Airline Landing Weight	8,268
<b>Signatory Airline Landing Fee Rate per 1,000 pound units</b>	<b>\$ 3.45</b>
<b>Non-Signatory Airline Landing Fee Rate per 1,000 pound units</b>	<b>\$ 4.31</b>
 <b>Signatory Landing Fee Revenues</b>	
Passenger	\$ 26,543
Cargo	\$ 1,997
 <b>Non-Signatory Landing Fee Revenues</b>	
Passenger	496
Cargo	121

### Exhibit D-3

#### Terminal Rental Rate

#### Kansas City International Airport

(for the 12 months ending April 30; numbers in thousands except rat

	<u>2024</u>
<b>TERMINAL BUILDING REQUIREMENT</b>	
O&M Expenses	
Terminal Apron	\$ 2,001
Terminal	30,718
Loading Bridges	1,125
Nonairline	49,738
Debt Service <sup>1</sup>	106,900
Less: PFCs Allocable to Debt Service	(23,183)
Debt Service Coverage	-
Amortization of Charges	-
Depreciation Charges	-
Expensed Equipment & Capital Outlays	3,656
Maintenance and Replacement Account	5,500
Management Incentive Fee	4,440
Interest in Extension and Bond Retirement Account	3,749
Development Subaccount	145
O&M Reserve	212
Subtotal	<u>\$ 185,001</u>
Less:	
Terminal Apron Fees	(9,447)
Loading Bridge Fees	(1,134)
Non-Signatory Airline and Other Nonairline Revenues	<u>(121,293)</u>
Net Terminal Buildings Area Cost	\$ 53,127
Signatory airline rented space	308
Terminal Buildings Rental Rate	<b>\$ 172.49</b>
Effective rental rate per square foot of leased space	\$ 172.49
Airline Rented Space	<u>308</u>
Airline Terminal Rental	<u>\$ 53,127</u>

<sup>1</sup> Includes Debt Service allocable to the Terminal, Terminal Apron, Loading Bridge, and Nonairline Cost Centers

**Exhibit D-4****Terminal Apron Area Requirement****Kansas City International Airport****(for the 12 months ending April 30; numbers in thousands of)**

	2024
<b>TERMINAL APRON REQUIREMENT</b>	
O&M Expenses	\$ 2,001
Debt Service	12,472
Debt Service Coverage	-
Less:PFCs Allocable to Debt Service	(3,161)
Amortization Charges	-
Depreciation Charges	-
Expensed Equipment & Capital Outlays	68
Annual Major Maintenance Surcharge Requirement	-
Fund Deposit Requirements	6
<b>Terminal Apron Area Requirement</b>	<b>\$ 11,386</b>
Number of Holdrooms/Gates	39.0
<b>Subtotal Terminal Apron Rate</b>	<b>\$ 291.94</b>
<b>Tug Drive Space</b>	<b>44.8</b>
Rate per square foot	\$ 20.00
	\$ 895
Number of Holdrooms/Gates	39.0
Rate per Gate for Tug Drive Space	\$ 23.0
Total Apron Rate per Gate	\$ 314.9
Rented Holdrooms/Gates	30.0
<b>Terminal Apron Revenues</b>	<b>\$ 9,447</b>

**Exhibit D-5****Loading Bridge Requirement****Kansas City International Airport****(for the 12 months ending April 30; numbers in thousands except**

	2024
<b>LOADING BRIDGE REQUIREMENT</b>	
<b>Allocable Portion of Loading Bridge Costs</b>	
O&M Expenses	\$ 1,125
Debt Service	-
Debt Service Coverage	-
Less:PFCs Allocable to Debt Service	-
Amortization	-
Expensed Equipment & Capital Outlays	-
Fund Deposit Requirements	9
<b>Loading Bridge Requirement</b>	<b>\$ 1,134</b>
Rented Holdrooms/Gates	30.0
<b>Loading Bridge Fee Rate</b>	<b>\$ 37.79</b>
<b>Loading Bridge Fees</b>	<b>\$ 1,134</b>

## Exhibit D-6

### Application of Revenues

#### Kansas City International Airport

(for the 12 months ending April 30; numbers in thousands except rat

	2024
<b>REVENUES</b>	
Signatory Airline Revenues	\$ 92,248
Non-Signatory Airline Revenues	1,726
Nonairline Revenues	113,073
Downtown Airport Revenues	5,318
Non-operating Revenues	7,425
<b>Revenues</b>	<b>\$ 219,790</b>
<b>APPLICATION OF REVENUES</b>	
O&M Expenses	\$ 106,535
Senior Lien Debt Service (non-PFC)	111,057
Less: PFC Revenues for Debt Service	(24,237)
Senior Lien Reserve Accounts	
O&M Reserve	3,447
Subordinate Lien Debt Service	-
Maintenance and Replacement Account	11,000
Rolling Coverage Account	-
Extension and Bond Retirement Account	
Capital Outlays	5,335
Cash Fund O&M Reserve	(3,161)
Annual Major Maintenance Surcharge Requirement	-
Development Subaccount	145
Interest Earnings in Extension & Bond Retirement Act	3,749
Advance Debt Service Funding (if no Add'l Cap i)	-
Management Incentive Fee	5,920
<b>Total Application of Revenues</b>	<b>\$ 219,790</b>