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Honorable Members of the Board of Aldermen,

As you all are aware, on March 22, 2017, the City of St. Louis filed a preliminary application with the Federal Aviation Administration ("FAA") regarding Lambert International Airport pursuant to the FAA's Airport Investment Partnership Program ("AIPP"). The Airport Investment Partnership Program is a program approved by Congress that allows the FAA to permit airports to lease some or all facilities to private operators. The FAA approved the City's preliminary application in April of 2017 and the City of St. Louis' Board of Estimate and Apportionment ("E&A") subsequently engaged a group of advisors to study the issue of potential privatization of the airport under the program.

The City convened a City Airport Working Group which set out to analyze the specific matter of a potential St. Louis Lambert International Airport public/private partnership lease and to determine whether a transaction could be structured that met three primary goals of the city:

- 1) Improvement of the Airport for all stakeholders, including additional and incremental uses for the Airport's current excess capacity;
- 2) Net cash proceeds to the City upfront and/or over time that would be transformational in its impact; and
- 3) Advancement of community and economic development of the greater St. Louis region.

If the Working Group determined, after a due diligence period, that there was sufficient potential for achieving these three objectives, then a Request for Qualifications (RFQ) and subsequently if successful a Request for Proposals (RFP) would be prepared in order to seek qualified respondents to enter into a potential public/private partnership lease with the City for the airport's operation. This morning the Working Group concluded by vote of its voting members that there is such sufficient potential and will continue the AIPP process and have the City issue an RFQ inviting interested respondent teams to submit their qualifications. Additionally, the City is also announcing today that it has reached a preliminary framework with the major air carriers and air cargo carriers at St. Louis Lambert International Airport. Attached is a copy of the press release announcing these developments.

During this process, the City Airport Working Group was concerned with hearing input from all stakeholders who would be affected by the decision-making process as well as communicating with those stakeholders to maintain transparency and credibility. These stakeholders included airport employees, airlines, residents, regional business groups, and passengers. Initially, the Working Group gathered data from nearly 21,000 residents in face-to face interviews, 20 community outreach meetings, 1,200 resident phone interviews and over 6,000 airline passenger questionnaires. Additionally, there were ongoing updates to the members of the Board of Estimate and Apportionment and to the Transportation and Commerce Committee of the Board of Alderman.

The decision to move forward with issuing an RFQ was not one that was made with haste or with disregard for airport stakeholders. Instead, the decision-making process was thoughtful, diligent, and methodical. We are hopeful that at the end of this RFQ process, which should conclude in 45-60 days, there will be enough interest from qualified respondents that would induce the City to release a Request for Proposal.

Please be assured that if at any time during this RFQ/RFP process, the Working Group determines that it is not feasible to meet any one of the City's primary objectives, then it would recommend halting the process.

The City of St. Louis remains committed to communicating accurate, timely and relevant information to all the relevant stakeholders in accordance with its current mission and key objectives. Alderwoman Davis, Chairwoman of the Transportation and Commerce Committee, will invite all Aldermen to a committee meeting in the coming days and weeks to answer questions and give a detailed update. We hope that all members of the Board of Aldermen can attend.

The City values the process and maintaining the transparency and integrity of all the information gathered and disseminated in order to assure that the decision made by the City can be done in the best interests of the City and of all stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul W. Payne". The signature is fluid and cursive, with a large initial "P" and "W".

Paul W. Payne

Budget Director & Chair on behalf of Airport Working Group