

Dallas/Fort Worth International Airport
 Small & Emerging Business Department
 Winter 2006

Economic Impact Study Shows \$431 Million Generated by Minority- and Women-Owned Concessionaires



DFW Sets Standard for Minority Retailers; Over Half of Airport's \$763 Million in Retail and Restaurant Revenues Generated by MWBE Firms

DFW International Airport's nationally-recognized Minority and Women-owned Business Enterprise (MWBE) program generated more than \$431 million in retail business over the past three years, which accounts for over half of the Airport's total revenues for concessions in that time period. The results were part of a study of the economic and fiscal impact of DFW's concessionaires presented by the Center for Economic Development and Research from the University of North Texas, and announced during the 12th Annual Airports Economic Forum held at DFW's Grand Hyatt Hotel.

Bernard L. Weinstein, co-author of the study. "By ensuring that vendor and concessionaire opportunities are available to businesses that reflect the cultural and ethnic diversity of North Texas, DFW strengthens the region's capacity to grow and maintain its competitiveness in a global marketplace. A critical component of DFW International Airport becoming what many consider to be the 'economic engine' of North Texas is a commitment to support small businesses."

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Chip Barclay, President of AAAE; Don O'Bannon, DFW Vice President of Small & Emerging Business; Lowell Pratte, AAAE Chairman; Congresswoman Eddie Bernice Johnson; William H. Swift, AMAC Chairman; Jeff Fegan, CEO; Ben Muro, DFW Board Member. (left to right)

"The Airport's level of MWBE participation offers further proof that DFW has one of the most successful small business programs in the country," said Dr.



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“As I See It”



By Don O'Bannon

The recent changes to the federal regulations governing concessions at airports illustrates the compelling need for the D/MWBE business community to remain vigilant in advocating for sound public policy supporting the continued economic development of D/MWBE businesses.

As many of you are aware, the Department of Transportation's ("DOT") newly promulgated airport concession regulations, 49 C.F.R Part 23, establish a personal net worth ("PNW") requirement of \$750,000. Under the new rule, any individual who has a PNW exceeding this amount is deemed not to be "socially and economically" disadvantaged and ineligible for the DBE concessions program.

Unfortunately, the PNW requirement is an artificial barrier to participation that is not grounded in the economic reality of operating concession services in the nation's airports.

The Airport Minority Advisory Council ("AMAC") recently filed a petition with DOT making just that argument. AMAC asserts that contract bidding, build out, working capital, insurance, bonding and similar costs are often considerable. There is no indication in the rule's

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Airport Celebrates 1st Annual Diversity Awards Recognizing North Texas Businesses

Local Minority and Women-Owned Firms Honored for Successful Completion of Skylink, International Terminal D – “National Standard in Excellence”

After awarding more than \$565 million to minority and women-owned businesses (MWBE) during the \$2.7 billion Capital Development Program, DFW International Airport honored 14 North Texas businesses and leaders for their commitment to MWBE efforts during the first Commitment to Excellence in Diversity Awards, Thursday, Sept. 8.

The awards presentation, held at DFW's new Grand Hyatt Hotel, highlighted the critical contributions by Minority and Women Business Enterprises (MWBE) during the construction of International Terminal D, Skylink and the Grand Hyatt.

More than 220 minority and women-owned firms have participated in the construction of Terminal D, Skylink and Grand Hyatt and have earned more than \$565 million in revenue and make up more than 30 percent of the overall contracting dollars spent.

International Terminal D, Skylink and the Grand Hyatt comprise the largest portion of the Airport's \$2.7 billion Capital Development Program and all opened to the public this summer. The event was hosted by the Airport's Small and Emerging Business Department, which recruited and cultivated hundreds of MWBE contractors over the course of the project.

"The Capital Development Program has been a huge success by a variety of measures, and our MWBE program is

truly one of the highlights that is setting a national standard for excellence," says Jeff Fegan, CEO of DFW International Airport. "Our Airport and our Board has made our MWBE program a strategic priority in building Skylink, International Terminal D and the Grand Hyatt, and the hundreds of millions of dollars earned by minority and women-owned businesses in North Texas have built world-class international air facilities that will serve our region for decades to come. This



Linda Valdez Thompson, executive vice president of Administration & Diversity, DFW International Airport; Clay Paslay, executive vice president of Airport Development, DFW International Airport; Don O'Bannon, vice president of Small & Emerging Business, DFW International Airport; Luis Spinola, Azteca Enterprises, Inc., winner of the CEO Award and Leadership Award; Jeff Fegan, Chief Executive Officer, DFW International Airport.

expansion truly represents the diversity of our region."

"The success of the MWBE program cannot be accurately measured by looking solely at statistics and numbers," said Don T. O'Bannon, Vice-president of Small & Emerging Business at DFW Airport. "The Airport recognizes that the most significant element of our MWBE program is the impact the program has had upon the development of a strong pool of minority and women-owned businesses. This event highlights more than the millions of dollars spent with

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1st Annual Diversity Awards

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MWBE firms, but is a tribute to the contractors and consultants that truly embraced diversity and inclusiveness and the individual minority and women-owned firms that took advantage of the opportunity and excelled.”

“International Terminal D and the Skylink automated people mover system relied heavily on MWBE participation,” said Clay Paslay, DFW Executive Vice President of Airport Development. “In addition to its strong MWBE record, DFW is proud of our excellent safety program and our ability to stay on budget and on schedule.”

The awards ceremony included a special recognition in honor of the late artist Arthello Beck Jr. He was a renowned Dallas-based African American artist whose work is displayed in the new International Terminal D. A 10-piece

collection of his artwork was exhibited during this special event. Beck’s wife, Mae, was present to accept the award in honor of her husband.

“Our company is most proud of our employees and the growth we’ve experienced while working with DFW since 1986,” said Luis Spinola of Azteca Enterprises Inc., winner of the CEO Award and Leadership Award. “The Airport has been our mentor over the years, and this award is a tremendous encouragement for us to continue doing good work.”

“We are excited and grateful to be part of DFW Airport and its commitment to excellence and knowing that, together, we share in that commitment,” said Nancy Sanders of Economy Signs & Banners Inc., winner of the Excellence Award.



Front row: Luis Spinola, Azteca Enterprises, Inc; Lourdes Spinola, Azteca Enterprises, Inc.; Mae Beck, Arthello Beck Gallery; Jan Moye, Moye I.T. Consulting, Inc.; Kathleen Lyons, Kellogg Brown & Root, Inc.; Nancy Sanders, Economy Signs & Banners, Inc.; Telina Johnson, Phenixx Marketing, LLC; Eugene Walker, Austin Construction; William Correa, Paragon Project Resources, Inc. Back row: Tony Morrow, Morning Associates, Inc.; James Peel, Terra Mar, Inc.; David Nicholas, Kellogg Brown & Root, Inc.; Rick Lee, HKS; Cathleen Baulisch, DFW International Airport; David Casselman, Lea + Elliott; Andy Bell, Kellogg Brown & Root, Inc.

“As I See It”

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commentary that the PNW standard was in fact based on a body of information gathered by DOT pertinent to those economic realities.

The critical question for the concessionaires, who are impacted by this rule, is what studies, surveys, questionnaires or statistical data was analyzed by DOT to determine the PNW requirement. To the extent that the new PNW standard is not in fact based upon current and thorough empirical assessment of the capital requirements for performing concession contracts at airports, AMAC’s position is that the rule should be abandoned.

I urge the D/MWBE business community to weigh in on this issue and support AMAC’s effort to suspend implementation of the new personal net worth requirements. I also urge the business community to take the time to contact Secretary of Transportation Norman Mineta and your local congressman to urge reconsideration of the rule.

DFW's Grounds May Fuel Airport Revenues

DFW International Airport, the world's third-busiest, looks to Airport Board member Mayor Mike Moncrief and Fort Worth's Spinks Airport to gauge value of pumping natural resources from the ground.

DFW is in a never-ending quest to find new non-airline streams of revenue to support the now vastly expanded Airport and its numerous airlines. Fort Worth Spinks Airport, at just 5 percent of DFW's size, recently signed an impressive deal for use of its 822 acres for natural-gas drilling. It includes a \$3 million one-time bonus payment and about \$1.7 million in annual royalties for the airport.

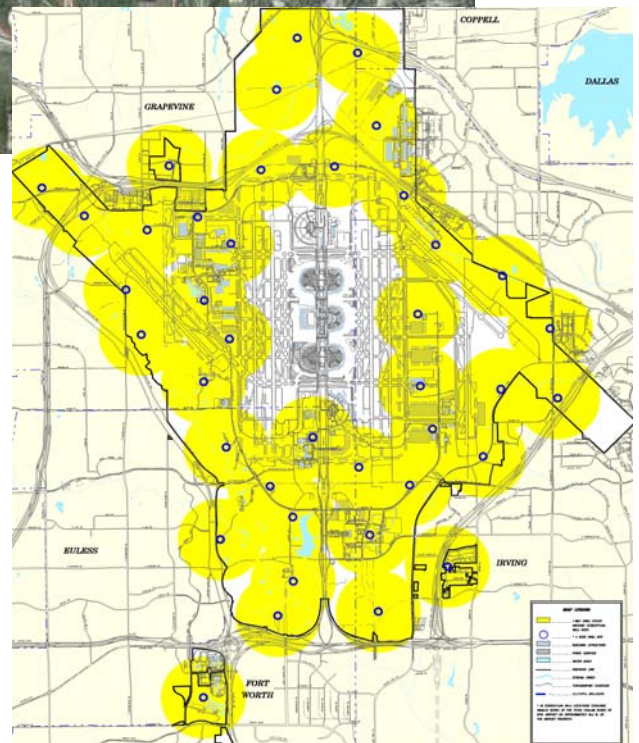
DFW executives are excitedly optimistic. With 18,076 acres under foot, the Airport has a substantial land resource and hopes this translates to significant income from natural gas drilling in North Texas Barnett Shale natural-gas formation.

"We have huge expectations," said John Terrell, DFW's vice president of commercial development, who's methodically leading the airport's charge into the gas-drilling business. "We have 18,000 acres under our control. It is rare



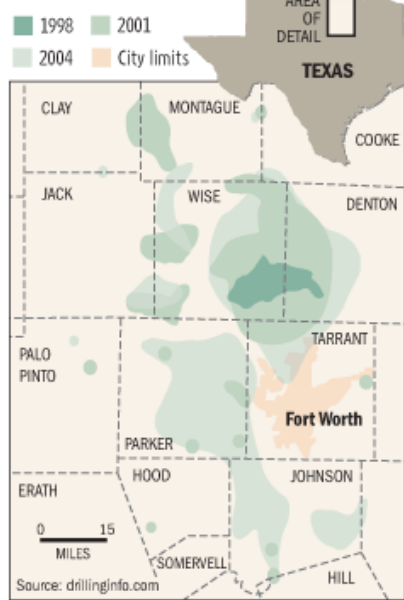
Dallas Fort Worth International Airport
Potential Area of Exploration

Natural Gas Exploration
Conceptual Well Coverage



Beyond the Shale

Growth in drilling to extract natural gas from the Barnett Shale.



to find that throughout the rest of the Barnett Shale. The amount of contiguous acreage at DFW and its strategic location has been a significant enticement to the major international players."

The Barnett Shale is an important source of natural gas for not only Texas but the entire nation as well. It is estimated to have about 26 trillion cubic feet of natural gas. Of that, only 1.6 trillion cubic feet has been tapped since 1993. One in six oil and gas rigs in the state is drilling in the Barnett Shale. About two percent of the nation's natural gas – 368 billion cubic feet a year – comes from the Barnett Shale.

Drilling in the Barnett Shale has spread into 14 North Texas counties. DFW is split between Tarrant and Dallas counties. To date there is no evidence that Dallas County has any natural gas resources, according to experts. If successful, and DFW is able to get the kind of deal Spinks signed, its land tract could yield a one-time cash bonus of \$72 million. With 120 to 150 wells, the airport could fetch \$27 million to \$34 million a year in royalties when it reaches full production, Terrell said, pointing to the Spinks deal for his projections.

That would rank natural-gas drilling as one of the top revenue generators at DFW. Concession sales revenue, the Airports third-largest category brings the Airport \$35.6 million. The Airport generated \$475 million in revenue over the last fiscal year ending September 2005.

DFW's Small & Emerging Business Department has set a 20 percent aspirational level for subcontracting and equity participation.

DFW has modeled Spinks' minimum-bid requirement of a 25 percent take on all gas royalties for the Airport. In addition, DFW set a one-time cash bonus of at least \$2,000 per acre. The winning Spinks bid, by Fort Worth producer Four Sevens, included a 27.5 percent cut and a \$4,000-per-acre bonus for the right to drill there.

"The gas market is doing so well that when Fort Worth put Spinks out to bid, the winner came in with a bonus at over double the minimum bid requirements per acre," Terrell said. DFW plans to put out its request for proposals to selected candidates by April, Terrell said. He hopes to award the deal to a drilling company by midsummer.

"While we are moving forward at a steady pace, we are not doing it hastily," Terrell said. "We are doing it thoughtfully."

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Over the course of the three-year study period, retail sales at DFW generated a total of \$763 million in regional economic activity – boosting salaries, wages and benefits by more than \$283 million. DFW retailers produced \$85.6 million in revenue for state and local taxing entities and supported more than 3,800 North Texas jobs.

The study shows DFW's concessions business has strengthened despite the many challenges and disruptions Airport concessionaires faced during the last year, including Delta Air Lines' reduction of service. Remarkably, overall revenue sales increased \$2 million compared to a similar period in 2003 to 2004.

However, the focal point of study highlighted concessions revenue earned by minority- and women-owned business enterprises. MWBE businesses generated more than half of the total Airport retail revenue – bringing in more than \$287 million and supporting more than 2,200 Metroplex jobs. During the study period, MWBE concessionaires generated \$431 million in regional economic activity, adding \$157 million to regional labor income.

DFW's proven track record of developing and assisting MWBE firms was highlighted by U.S. Rep. Eddie Bernice Johnson (D-Dallas) in her keynote address at the Airports Economic Forum, themed "Airports: Developing Today's Businesses and Tomorrow's Future."

"As a senior member of the House Aviation Subcommittee, I have long advocated that the inclusion of minority- and women-owned businesses in airport contracting not only makes good business sense, but also serves as a catalyst in ensuring our nation's airports are reflective of the communities they service," said Rep. Johnson. "I am delighted to take part in the 12th Annual Airports Economic Forum sponsored by the Airport Minority Advisory Council (AMAC). For nearly two decades the Airport Minority Advisory Council has been at the forefront of national policy initiatives that impact MWBEs in airport contracting."

This year's Forum brought together Airport executives, large and small

Airport Hosts 12th Annual AMAC Conference

business owners and legal and financial experts from across the nation to discuss, share and explore the latest initiatives in economic planning, airport safety/management, legislation and recent regulatory changes.

"AMAC is one of the leading advocacy organizations on issues of concern to



Don O'Bannon, DFW Vice President of Small & Emerging Business; Colleen Dziuban, DFW Vice President of Government & Stakeholder Affairs; Congresswoman Eddie Bernice Johnson; Jeff Fegan, DFW CEO

minority and women entrepreneurs, and this conference provides a forum for the organization to update the membership on national, legislative and administrative regulations impacting MWBE business owners," said Don O'Bannon, vice president of small and emerging business for DFW International Airport. "Our airports across the country play a key role as economic engines for our regions, and AMAC will continue to play a significant role in advocacy and support of MWBE businesses so that our airports truly reflect the values, diversity and culture of our communities."

The Airports Economic Forum ran from December 4 through 6 at the Grand Hyatt DFW. The Forum was organized by the Airport Minority Advisory Council and the American Association of Airport Executives (AAAE). For more information on AMAC, visit www.amac-org.com.



Felix Galan, DFW MWBE Liason; Ben Muro, DFW Board Member, Suzanne Cruz-Sewell, DFW Assistant Vice President of Small & Emerging Business; Julian T. Martinez, President of America's Sweet Tooth/BWI; William Correa, President/CEO of Paragon Project Resources, Inc. (left to right)

1st Annual Diversity Awards



Luis Spinola accepts the CEO Award for his company Azteca Enterprises, Inc from DFW's Don O'Bannon.



Mae Beck, widow of renowned Dallas-based African American artist Arthello Beck, Jr., accepts an award of recognition on behalf of her late husband. Beck's artwork is displayed in International Terminal D.



DFW's Don O'Bannon presents Telina Johnson of Phenixx Marketing, LLC with an award. Phenixx won the Excellence Award for Goods & Services in the subcontractor division.

Commitment to Excellence in Diversity Award Winners:

Excellence Award, Construction Prime
Hensel-Phelps Construction Co.

Large Subcontractor
ATS Drilling LP

Small Subcontractor
Economy Signs & Banners Inc.

MWBE Advocate Award Construction
Simeon Terry

Construction
Eugene Walker

Leadership Award Construction – Mentor
Azteca Enterprises Inc.

Excellence Award, Professional Services Prime
Kellogg Brown & Root Inc.

Large Subconsultant
Morning Associates Inc.

Small Subconsultant
Moye I.T. Consulting Inc.

MWBE Advocate Award Professional Services
Rick Lee

Leadership Award Professional Services Mentor
Lea + Elliott

Leadership Award Professional Services Mentor
Paragon Project Resources Inc.

Excellence Award, Goods & Services Prime
Terra Mar Inc.

Subcontractor,
Phenixx Marketing LLC

Minerva Hernandez-Hinkle "MVP" Award Airport Board MWBE Advocate
Cathleen Baulisch

CEO Award
Azteca Enterprises Inc.

Upcoming Business Outreach Events

- Feb. 21 - DFW Airport/Office Max M/WBE Vendor Fair 972 574 8799
- Mar. 7 - "Doing Business With DFW Airport" for Human Resources Contracts 972 574 8150
- Mar. 14 - DFW Airport/QUOIN - Small Contractors Development Program Series 972 647 0697
- March 2006 (Date to be determined) - "Doing Business with DFW Airport" for Information Technology (IT) Contracts 972 574 8150

Upcoming Bids/Proposals

- Pavement Evaluation Services
- Rehabilitate Airfield Pavements FY 06
- Rehabilitate Parking Aprons FY 06
- Rehabilitate Airfield Lighting Systems FY 06
- Perimeter Taxiway Extensions - SE Quadrant
- Replace Terminal E Jetbridges FY 06
- MEPS Maintenance @ Terminal E
- Natural Gas Lease FY06

Subcontracting Opportunities

- Azteca Enterprises, Inc., Indefinite Delivery for Construction Services, 214 905 0612
- Centennial Contractors Enterprise Inc., Job Order Contracting Program, 972 906 9180
- Ed A. Wilson, Inc., Indefinite Delivery for Construction Services, 817 926 0231
- Kwame Building Group, Small G-Max Construction Services, 214 459 8311
- LEMCO Construction Svcs., LP , Indefinite Delivery for Construction Services, 214 637 4222
- North American Information Systems, Inc., Indefinite Delivery for Construction Services, 214 327 8545
- Rayco Construction Inc., Small G-Max Construction Services, 972 641 2266
- Robinson Industries, Small G-Max Construction Services, 972 574 1565
- Vestal Builders Inc., Indefinite Delivery for Construction Services, 972 641 7789

For information contact SEBD at 972 574 8008 or visit www.dfwairport.com

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OPPORTUNITIES **8**



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