

**Minutes of the Meeting of the
Air Transportation Stabilization Board
October 17, 2002**

The meeting of the Air Transportation Stabilization Board (“Board”) was held in the offices of the Board of Governors of the Federal Reserve System at 20th Street and Constitution Avenue, Washington, D.C., on Thursday October 17, 2002.

The following people were present at the meeting:

Board

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board
Peter R. Fisher, Voting Member of the Board, and Under Secretary for Domestic Finance,
Department of the Treasury
Kirk K. Van Tine, Voting Member of the Board, and General Counsel, Department of
Transportation

Board Staff

Daniel Montgomery, Executive Director
Cameron Fleming, Senior Vice President
Michael Kestenbaum, Senior Financial Analyst
James Levine, Chief Legal Counsel
Jaydeep Borwankar, Financial Analyst

Federal Reserve Board

J. Virgil Mattingly, General Counsel
Daniel E. Sichel, Senior Economist
Christopher W. Clubb, Senior Counsel

Department of the Treasury

Roger E. Kodat, Deputy Assistant Secretary for Government Financial Policy
Michael D. Scott, Senior Advisor to the Deputy Assistant Secretary for Government Financial
Policy
Brad S. Lerner, Attorney

Department of Transportation

Terence W. Carlson, Attorney, Office of General Counsel
Nancy Kessler, Attorney, Office of General Counsel
Regis Milan, Associate Director, Office of Aviation Analysis
Suzanne Shaps, Office of Inspector General
Bernard Fishman, Office of Inspector General

GAO did not attend this meeting.

Gov. Gramlich called the meeting to order at 2:22 p.m.

The meeting commenced with a discussion about MEDjet, an applicant for a Federal loan guarantee. The Executive Director described MEDjet's application, including the reduced loan request, the indicative credit rating from the Board's financial consultant and certain aspects of MEDjet's anticipated cashflow. The Executive Director discussed the availability of credit to the applicant, the expectation of repayment and whether the Federal guarantee was necessary to maintain a safe, efficient and viable commercial aviation system in the United States. The Executive Director then discussed conversations held with MEDjet and MEDjet's inquiry about withdrawing their application.

The Executive Director next discussed developments in the application of Gemini Air Cargo. He stated that the company had requested a short deferral in the Board's consideration of their application in order to address issues raised in a recent meeting with staff and the agency Working Group. The Board agreed to give Gemini a short deferral.

The Executive Director next discussed developments in the application of Evergreen International Airlines. The Executive Director, Mr. Van Tine, Mr. Fisher and Chairman Gramlich expressed concern about the loan amount requested and the revised borrowing structure.

The Executive Director next gave a brief overview of the application of Great Plains Airlines.

The Executive Director next discussed the request for reconsideration by Spirit Airlines. Mr. Fleming described Spirit's initiatives since the Board's August 14th decision and discussed communications between the staff and Spirit since the prior Board action. Mr. Fleming presented his assessment of the materiality of Spirit's initiatives. He discussed the impact of Spirit's initiatives and the basis for his assessment that the initiatives were immaterial from the perspective of equity and liquidity position, projected financial performance and probability of default. Mr. Van Tine asked Mr. Fleming if the July 23 ATSB staff memo recommended conditional approval for the Spirit application. Mr. Fleming replied that the memo did recommend conditional approval. Mr. Van Tine asked Mr. Fleming if Spirit has achieved improvements in its application since the July 23 ATSB staff memo. Mr. Fleming replied that Spirit has achieved improvements. After a discussion of Spirit's reconsideration request, neither Chairman Gramlich nor Mr. Fisher determined that the information recently submitted altered in a material manner the rationale underlying their August 14th decision, and, accordingly voted to affirm their earlier votes of denial. Mr. Van Tine voted to affirm his earlier vote in favor of the Spirit application.

The Executive Director next presented and discussed a timeline for the consideration for all pending and remaining applications.

The Board members and staff discussed the confidentiality issue that had been discussed previously. The Chairman distributed and discussed a memo outlining a proposed review process for requests for reconsideration and instructed all staffs to continue working on a list of topics that ATSB staff proposes should only be discussed with applicants by the ATSB staff itself, a list of topics that would be accorded confidential treatment and the reconsideration proposal.

The Board members and staff discussed minutes of previous Board meetings. Mr. Fisher requested that the Board be notified whenever any meeting minutes could not be presented to the Board for approval within 30 days of the relevant meeting date.

The meeting adjourned at 3:41 p.m.