

A QUICK READ OF TODAY'S NEWSPAPER.



**BRAVE NEW WORLD:** Philbrook exhibit focuses on "the Stieglitz circle" of artists with American-style vision. **H-3**



Kelley Scott, 22, of Owasso is crowned Miss Oklahoma 2003 by Casey Preslar, Miss Oklahoma 2002.

**A CLOSER LOOK:** Forty-five contestants line the stage for the Miss Oklahoma pageant beginning Wednesday. **C-10**



**USA WEEKEND:** Actor Vin Diesel puts his imagination to use in the sci-fi extravaganza, "The Chronicles of Riddick." **INSIDE**



**LEFT BEHIND:** For a child entering foster care, separation from siblings can be the greatest loss. **D-1**

**FRET WORK:** Custom guitarmaker Gerry Reno has Route 66 on a string. **H-1**



**PARTLY CLOUDY**

High of 85; low of 70.  
**Weather B-12**

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**LOTTERIES**

**SATURDAY RESULTS**

**Missouri**  
Lotto: 1-16-27-28-33-37.  
Pick 3: 3-3-4.  
Pick 4: 8-3-4-1.  
ShowMe: 18-24-28-32-33.

**Kansas**  
Pick 3: 0-9-5.  
Super Cash: 6-9-18-19-32; Super Cashball: 17.

**Texas**  
Cash 5: 2-22-23-31-36.  
Lotto: 25-28-37-43-44; Bonus Ball: 18.  
Pick 3: 3-3-2.

**Iowa**  
Powerball: 5-26-39-41-42; Powerball: 39.

## NEWS

**QUESTIONABLE TIMING:** After recent resignations within the CIA and a threatened terrorist attack this summer, should Americans worry? **A-9**

**VIOLENCE IN IRAQ:** Two U.S. soldiers die in a roadside bomb attack. **A-10**

**BULLDOZER RAMPAGE:** The driver of a self-made armored vehicle is found dead after nine buildings are damaged or leveled. **A-14**

**EPISCOPALS ENDURE:** The election of a gay bishop one year ago splintered but didn't split the denomination. **A-15**

**WAR ON TERROR:** The United States and its allies may be losing the broader struggle against Islamic extremism that is terrorism's source, Defense Secretary Donald H. Rumsfeld says. **A-16**

**POLITICAL OPPORTUNITIES:** Term limits will introduce many newcomers to the scene. **A-19**

**AFGHAN MAIL:** Members of Sand Springs' 841st Adjutant General Postal Company are in Afghanistan delivering news from home. **A-21**

## SPORTS

**A FIRST:** Anastasia Myskina wins the French Open Saturday, becoming the first Russian woman to claim a Grand Slam title. **B-2**

**ELIMINATED:** Oklahoma is routed by UCLA 17-7 and eliminated from the Oklahoma City Regional baseball tournament. **B-6**

## SCENE

**POWER TRIP:** A Tulsa father and son and their rebuilt Bronco are part of the national HOT ROD tour. **D-1**

## SCENE 2

**DREAM ON:** Chautauqua 2004 investigates the rich theme of the American dream. **H-1**

**SALUTE TO D-DAY:** TV marks the 60th anniversary of "The Longest Day" with specials and documentaries. **H-2**

**IT'LL PUT A SPELL ON YOU:** A new director takes Pottermania to new highs in "Harry Potter 3: The Prisoner of Azkaban." **H-4**

## BUSINESS

**EAT, BUY, FLY:** During the next 17 months, more than a dozen restaurants and retail shops will open in a remodeled area at Tulsa International Airport. **E-1**

**GIFT OF LIFE:** Columnist Harvey Mackay encourages readers to donate blood this summer. **E-7**

# AIRPORT:

In the end, the FAA did not buy the airport's explanation.

FROM A-1

transaction from the Tulsa airport.

Three months later, even though Tulsa officials obviously knew of the ongoing federal investigation, the airport submitted what should have been a routine application to the FAA on several projects and the collection of passenger fees.

That application, however, included the suspect land transaction.

Recalling that the land in question had been given to the city by the U.S. Air Force several years earlier, the FAA asked for additional information on the proposed purchase of land that presumably already was owned by the city.

In the end, the FAA did not buy the airport's explanation.

"Due to several issues, we were unable to determine the land acquisition eligible under (the FAA's Airport Improvement Program)," the FAA states in a December 2003 letter to the Airports Director Brent Kitchen.

"As a result, we have not approved the land portion of the runway extension project."

Documents indicate the exchange of information between the FAA and the airport about the land was limited and appears to be pro forma, even though it involved an important project.

In its initial report to U.S. Sen. Jim Inhofe, R-Okla., who requested the investigation in early 2003 along with Tulsa Mayor Bill LaFortune, the inspector general of the U.S. Department of Transportation said it was continuing to pursue the airport's involvement in what it called the "convoluted" transaction benefiting Great Plains and the airport's application to the FAA for the collection of the passenger fees.

Millions generated by those fees were to pay for a number of airport projects, including the runway extension and the land acquisition.

Kitchen declined to comment on the claims made so far by the inspector general because of the ongoing investigation.

He and other airport officials, however, appear to be baffled by some of the investigators' conclusions.

Richard Studenny, the airport's attorney, pointed to a paper trail stretching back decades that repeatedly cites the need for the airport to take in more land.

Studenny specifically cited documents generated in 1983 and 1988, adding that they indicate the need for the land had nothing to do with Great Plains since the airline had not even been heard of at that time.

"A 1996 master plan update also talks about the property," he said, adding that the need for more land was linked to work on different runways and taxiways.

Studenny said the information was available for the inspector general to review.

"I honestly don't know," he said when asked how the investigators could have missed or misunderstood so many documents.

"All I can say is that the documents were furnished to the OIG."

As part of the ongoing investigation, the inspector general several weeks ago issued subpoenas to Kitchen, the Tulsa Airports Improvement Trust and the Tulsa Industrial Authority for documents pertaining to the airport application to the FAA, the proposed land purchase, a loan agreement with the Bank of Oklahoma and other areas.

The documents obtained from the airport indicate investigators were extremely suspicious about the real purpose of the land transaction.

They repeatedly have cited a six-page memo by Studenny outlining the legal barriers against direct subsidies to airlines as well as advice on how to avoid federal scrutiny of the "support" transaction by turning it into a land deal and making it as small as possible.

In a report to the FAA, the inspector general also points to three other documents to bolster the case against the airport.

► The airport's five-year improvement plan through 2008 states land would be needed for the runway extension project.

That plan was approved in April 2003 and put the project's cost at \$16.8 million.

► A draft version of that improvement plan, provided just a month earlier, does not mention the need for the land.

► An improvement plan approved in a prior year included the runway extension project but again did not indicate the need for more land. In that version, the cost of the project was \$10.6 million lower.

"Therefore, it appears to us that the (improvement plan) costs were increased to justify the collection of (passenger fees) to purchase the land and to offset the cost of the loan after it became apparent that Great Plains might default," the report to the FAA states.

"Further, given that correspondence from Great Plains indicated that the collateral (originally the entire 344 acres of Air Force Plant No. 3), might be worth about \$3 million, we question whether the \$9.1 million of (passenger fee) funds the airport requested to pay for the 30 acres represents its fair market value."

The inspector general repeatedly has pointed out the amount the airport agreed to pay for the property if Great Plains defaulted was never based on an actual appraisal.

In other words, the officials agreed to the land deal without bothering to find out how much the land was actually worth.

That led the inspector general to question "whether the airport has a valid need for the 30 acres."

Such a conclusion again puzzled airport officials.

"Airport management is not aware of any requirement for an appraisal prior to project approval," Studenny said.

"When projects are approved, then you have to go and appraise the property."

The airport's application to the FAA states the land purchase would meet all federal regulations.

"Since the use of the property as right of way for a taxiway/runway project does not qualify as an economic development project, the Tulsa Industrial Authority can only convey the property to the airport under an arms-length, market-based trans-

action," the application states.

However, if Great Plains had been able to meet its financial obligation, the TIA presumably would have given the remaining land back to the city just as it did the other 300-plus acres covered by the initial loan agreement.

Documents also indicate airport officials provided conflicting information about plans for the land.

In response to the FAA's 2003 request for additional explanation about land purchase, Studenny prepared a three-page memo covering the history of Air Force Plant No. 3 and the land as well as the way it was transferred to the Tulsa Industrial Authority and then back to the city except for 25 acres.

Studenny does not mention the link to Great Plains.

He said his memo was based on a request by the airport, and that it was not meant to cover anything else but Air Force Plant No. 3 and the Tulsa Industrial Authority.

In late 2002, Studenny responded to questions from airports trust officials who were being asked to amend the agreement to purchase the land.

Clearly, by this time, LaFortune and others were growing more concerned about the health of Great Plains and the impact the firm's inability to pay off the debt would have on the airport and the land.

No mention was made of using passenger fees to buy land and use it for the runway extension.

"The property would be developed and leased to provide revenue to repay any remaining debt which might occur from a default in the financing," states the minutes of a airports trust meeting.

Studenny does not believe that explanation is inconsistent with what was later proposed with the runway project.

A portion of the land would be needed for the runway project, he said, while the remaining land could be used for another purpose.

Only 15 acres covered by the controversial loan transaction is part of the runway project, Studenny said.

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# Officials react to airport probe

► Tulsa Mayor Bill LaFortune defends his administration's actions while Rep. Ernest Istook notes there are unanswered questions.

By Jim Myers  
World Washington Bureau

WASHINGTON — When Tulsa Mayor Bill LaFortune joined in seeking a federal investigation into local airport operations in early 2003, he clearly was not thinking the probe would end up focusing on a potentially unlawful use of funds. LaFortune even conceded shortly after joining U.S. Sen. Jim Inhofe, R-Okla., in seeking the investigation that concerns prompting it might prove baseless.

Now, with the investigation into its second year, the inspector general of the U.S. Department of Transportation continues to look into a loan guarantee made by airport officials and whether that "convoluted" transaction constitutes an unlawful subsidy of the now-bankrupt Great Plains Airlines.

"I absolutely had no notice until the inspector general's report came out," LaFortune said, referring to the initial report released by investigators last month.

LaFortune was not mayor when the Tulsa Airports Improvement Trust entered into the questionable loan activity.

"I was in no way privy to the details," he said.

LaFortune has attempted to limit his reaction to the investigation, and Inhofe, who chairs a major Senate committee with oversight of transportation issues, has declined to comment at all.

The mayor said he wanted to wait until the final report is issued to comment further, but he recently defended his administration's actions so far in dealing with other matters cited by investigators ranging from conflicts of interest in awarding contracts, poor record keeping and failure to follow federal requirements.

Several employees no longer work at the airport as a result of the probe, and some expect more personnel changes.

Members of the inspector general's staff have briefed U.S. Rep. Ernest Istook, R-Okla., who chairs a key House subcommittee on transportation spending.

So far, Istook said, it appears no federal funds have been misused. He said, however, several questions remain unanswered when it comes to the financial benefits Great Plains received from the state of Oklahoma.

"Where was the due diligence?" Istook asked. "What homework wasn't done in advance that should have been done in advance?"

As a federal agency, the inspector general's focus will be on activities involving federal funds, not state funds.

Istook suggested that state officials were more interested in "throwing money" at Great Plains than making sure the airline qualified for such help.

Specifically, Istook cited the millions that Great Plains received through tax credit legislation passed by the state Legislature as a way to help the airline, which was promising service from Tulsa to both coasts.

"Who has accepted responsibility for the loss of all the taxpayer money?" Istook asked.