UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
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PRE-SOLICITATION CONFERENCE
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CITY PAIR PROGRAM
+ + + + +
THURSDAY
FEBRUARY 3, 2011
+ + + + +

The conference was held at 2200 Crystal Drive, Arlington, Virginia, Kristen Jaremback, Contracting Officer, presiding.

PRESENT:
KRISTEN JAREMBACK, Contracting Officer, GSA
AMBER GRAY, Contract Specialist, GSA
JERRY W. ELLIS, Business Management Specialist, GSA
ERGENE LEE, Program Manager, GSA
VINCENT AQUILINO, Program Analyst, GSA
CURRY HELTON, ESQ., GSA
TIFFANY KO, GSA
ANNE SCOTT, GSA
KEVIN SASIEH, AMC
ANDREA CARLOCK, DoD
SHIRLEY HALL, DoD
HOWARD HICKS, DoD
JAY JOHNSON, DoD
KEVIN DEROU, DOJ
PAUL DVORAK, USSS
PRESENT: (cont'd)
ROBERT SMITH, DOI
DEBBIE VANSELOW, EPA
HERB WALKER, DOT
ANGIE MILLER, Treasury
SUSAN MONTENEGRO, DOI/NBC
LES WEISBECK, DOC
PERLA CORPUS, GSA OIG
CONTRACTORS PRESENT:
TOM BILLONE, United Airlines
SARA SISSON, Delta Airlines
JEFF HAAG, Southwest Airlines
DENNY CLIFFORD, Delta Airlines
MATTHEW KESSI, Alaska Airlines
GEORGE COYLE, American Airlines
DONNA CAVOS, Frontier Airlines
LINDA NELLIS, SunCountry
CHRIS GAMMON, US Airways
CLIFF SENTER, Hawaiian Airlines
MIKO SNYDER, Alaska Airlines
CAROLYN ALBERTS, JetBlue
DRISS BELMADANI JetBlue
TODD DUNYON, Alaska Airlines
TONY GOODMAN, Virgin America
KEVIN McMAHON, Airtran
JOSH JUNK, Airtran
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1              P-R-O-C-E-E-D-I-N-G-S
2                                                                   (1:36 p.m.)
3              MS. JAREMBACK:  Hello.  Hi.  We're going to get
4                                started.  I think everyone who is
5                                going to be here is here.  I know there are
6                                some folks on the phone, too, but first I
7                                would like to welcome everybody on behalf of
8                                the entire City Pair Team to the FY12 City
9                                Pair procurement pre-solicitation meeting.
10                           Before I introduce my team and
11                                make a -- do a roll call of everyone in
12                                attendance here and on the phone, I just want
13                                to make a few general comments.  Be mindful of
14                                the purpose of the meeting is to discuss the
15                                FY12 procurement, and any program issues
16                                related to future procurements from FY13 and
17                                beyond will be handled in another separate
18                                meeting.  So if you have any of those issues,
19                                we have our program office here.  We will be
20                                glad to take note of them, but we will wait
21                                for another meeting to take care of those.
22                           And also, as most of you all know
through coming to other meetings of this type, we have one microphone, apparently, here, so we'll be passing it around. Make sure that if you do speak to identify yourself before you speak. And also, make sure if you want to talk, have the microphone in your hand. We are recording this, so we want to make sure we have an accurate reflection of the meeting.

So with that said, welcome, and thank you again for coming. I am Kristen Jaremback. I'm the Contracting Officer for the City Pair Program, and now I'm going to let my team introduce themselves.

MS. GRAY: Good afternoon. My name is Amber Gray. I'm the Contract Specialist for the City Pair Program.

MR. ELLIS: Good afternoon. Jerry Ellis, Business Management Specialist for the City Pair Program.

MR. JOHNSON: Jay Johnson, Department of Defense, U.S. TRANSCOM.

MS. SCOTT: Annie Scott, GSA,
Audit Division.

MS. JACK: Donna Jack, GSA, Transportation Audits.

MS. HALL: Shirley Hall, Defense Travel Management Office.

MR. HICKS: Howard Hicks, Defense Travel Management Office.

MS. CARLOCK: Andrea Carlock, Defense Travel Management Office.

MR. CLIFFORD: Denny Clifford, Delta Airlines.

MS. SISSON: Sara Sisson, Delta Airlines.

MR. BILLONE: Tom Billone, United Continental Holdings.


MR. HELTON: Curry Helton, GSA Legal.

MR. HAAG: Jeff Haag, Southwest Airlines.

MS. CORPUS: Perla Corpus, GSA,
OIG.

MS. KO: Tiffany Ko, GSA IG.

MS. CHAPEL: Brittany Chapel. I'm an intern with GSA, Contract Specialist.

MR. AQUILINO: I'm Vince Aquilino.

I'm a Program Analyst for GSA.

MR. LEE: Hi, everybody. Gene Lee, GSA. I'm the Program Director for the City Pair Program. And a point of clarification, at the tail end of today's meeting, we will conclude the pre-solicitation conference at the end of whatever we need to cover, and then we have time for some -- several issues that relate to the Program Management Office. We can do the follow-on meeting as soon as -- immediately after this meeting.

So, thank you.

MR. DEROUM: Kevin Deroum, Department of Justice, Systems Accountant.

MR. SASIEH: Kevin Sasieh, Air Mobility Command.
MR. AQUILINO: Can we have people on the phone give their names, please? Somebody start off.

MR. SMITH: Robert Smith, Department of Interior.

MR. AQUILINO: Robert Smith, Department of Interior.

MR. KESSI: Matthew Kessi, Alaska Airlines.

MR. AQUILINO: Alaska Airlines. Say that again? Who is it?

MR. KESSI: Matthew Kessi, Alaska Airlines. --

MR. AQUILINO: Oh, Matthew. Yes, Matthew Kessi.

MR. COYLE: Yes. This is George Coyle with American Airlines.

MR. AQUILINO: George Coyle with American.

MS. CAVOS: Donna Cavos, Frontier.

MR. AQUILINO: Donna Cavos with Frontier.
MS. NELLIS: Linda Nellis with SunCountry.

MR. AQUILINO: Linda Nellis with SunCountry.


MS. VANSELOW: Debbie Vanselow, EPA.

MR. AQUILINO: Debbie Vanselow, EPA.

MR. WALKER: Herbert Walker, DOT.

MR. AQUILINO: Herb Walker, DOT.

MS. MILLER: Angie Miller, Department of Treasury.

MR. AQUILINO: Angie Miller, Department of Treasury.

Anyone else?

MR. SENTER: Cliff Senter, Hawaiian Airlines.

MR. AQUILINO: Clifford Senter,
Hawaiian Airlines.

MR. SENTER: Yes.

MR. AQUILINO: Thank you, Cliff.

MS. SNYDER: Miko Snyder from Alaska Airlines.

MR. AQUILINO: Miko Snyder from Alaska Airlines.

MS. ALBERTS: Carolyn Alberts, JetBlue Airways.

MR. AQUILINO: Yes. Carolyn Alberts, JetBlue.

MR. BELMADANI: This is Driss Belmadani, JetBlue.

MR. AQUILINO: Driss Belmadani, JetBlue.

MR. DUNYON: Todd Dunyon, Alaska Airlines.

MR. AQUILINO: Todd Dunyon, Alaska Airlines.

MR. GOODMANN: Tony Goodmann, Virgin America.

MR. AQUILINO: Tony Goodmann,
Virgin America.

MS. MONTENEGRO: Susan Montenegro, DOI/NBC.

MR. AQUILINO: Susan Montenegro, DOI/NBC.

That's it? Thanks very much.

Anybody else on the line that we didn't get?

MR. McMAHON: Yes. This is Kevin McMahon and Josh Junk with Airtran.

MR. AQUILINO: Kevin McMahon, Josh Junk, Airtran Airways.

Did someone just join us?

MR. WEISBECK: Yes. This is Less Weisbeck from Department of Commerce.

MR. AQUILINO: Les, what is your last name again, please?

MR. WEISBECK: Weisbeck.

MR. AQUILINO: Weisbeck. From Department of Commerce. Thank you.

MR. WEISBECK: Thank you.

MS. BENDER: This is Camille Bender from IRS.
MR. AQUILINO: Camille Bender, IRS. Thank you, Camille.

Okay. Anyone else?

(No response)

Thank you very much. Can somebody tell me how they are hearing people, hearing this conversation? Is it fine or speak up?

MS. ALBERTA: So far so good.

MR. AQUILINO: Good? Okay, great.

We have one of the microphones right near the speaker's lectern, and we'll make sure that people use the microphone in the room.

Thank you.

MS. GRAY: Okay. Good afternoon.

The City Pair conference [solicitation] will start off with the agenda. I'll go over some of the items that we are going to be covering this afternoon -- the review of the general requirements, changes to Section B, proposed change to service evaluation, Section B.36 review of activity reporting, FY12 market selection and market information, City Pair
Program website update, CPP points of contact and general inquiries, and then we will take questions. Following questions, we will have the Program Office go over some items from their office.

Attachment 1 of the proposal checklist does not contain any changes to date. All documents listed in Attachment 1 are to be completed, signed, and mailed or carried to our office. All paper submissions must be received by 3:00 p.m. Eastern Standard Time on March 24, 2011.

Please be sure to make sure you renew your information in the Central Contractor Registration, CCR, and your ORCA, Online Representations and Certifications Applications system.

For those unfamiliar with COPS, COPS is an online system for the City Pair Program which we utilize to provide the technical and price proposal from carriers. It requires a user name and password, which
will be created and used, issued to all
carriers via e-mail. An e-mail will be sent
out to all carriers the last week of February
of this year requesting the names of all users
requiring access to the COPS system.

The test application allows
carriers an opportunity to practice in COPS
and become familiar with the system before it
opens into live production. It is important
to note that the test application will be open
on Monday, February 28, 2011, and it will
close on Friday, March 4, 2011.

For Group 1 offer uploads, all
carriers are to submit their technical and
price proposals for Group 1 and extended
connect markets in the live production system.

Please note that COPS will open for live
production on Monday, March 7, 2011, and will
close on Thursday, March 24, 2011.

COPS Group 2 offer upload allows
carriers to submit their technical and price
proposals for Group 2 markets in the live
production. Please note that COPS will open
for live production for Group 2 on Monday,
March 28, 2011, and will close on Thursday,
April 14, 2011.

MR. ELLIS: I would just like to
make a comment regarding COPS and your upload
of COPS. Please do not wait until the last
day, the last minute, to upload your data,
especially if you are uploading a lot of
market information. We have had instances in
the past, especially on the last day, where we
have more than one airline or several airlines
trying to upload at the same time, and it
completely closes the system down.

So COPS will be open for a two-
week period, both for Group 1 and Group 2. We
would appreciate it if you would -- once you
are getting ready to upload, is upload as soon
as possible and please not wait until the last
minute, so you don't close our system down.

Thank you.

MS. GRAY: Thank you, Jerry.
Okay. Now we're going to go over the subcontracting plan. Basically, the commercial plans cover the offeror's fiscal year, and they are to be renewed within 30 working days prior to the end of the offeror's fiscal year.

The individual plans cover the entire contract period, including option periods, and must be renewed by April 13th. There are only two carriers who need to review their individual plans. I have pretty much spoken with everyone here regarding their commercial plans. Most of you have been pretty good with getting everything that I need back to me, so I appreciate that.

As far as the electronic subcontracting reporting system, this system allows offers who submit an individual plan that covers the contract and option periods to submit their ISR reports. And they are due twice a year, by April 30th and October 30th.
complete the SSR once a year. For SSR reports, all offers, regardless of the plan type, reports are due once a year by October 30th. If you have any reporting data for SSR, it is supposed to be reflective of the subcontracting accomplishments during the government's fiscal year and not the calendar year.

Changes to Section B -- there was language changes that has been added to Section B.4, B.21, and B.26 regarding the Native American Housing Assistance and Self-Determination Act. All of that has been updated in the contract.

And next we will have Jerry -- he is going to go over the proposed service evaluation changes.

Thank you.

MR. ELLIS: Thank you, Amber.

Jerry Ellis, GSA, Business Management Specialist. Our customers asked that we make a proposed change within the
service evaluation change for the Group 1 markets, that being to include regional jet in with the turboprop and prop as opposed to full or large jets. Reason being is because of the difference of the amount of passengers, but more especially the lack of cargo space on the regional jets.

So we were asked to award -- or make awards based also on points, full jets as opposed to regional type jets. So our proposal is to include regional jets in with the propeller and turboprop as opposed to full jets as an evaluation factor.

So I will show you our definition of RJs in the B.1 section definitions, change the subchapter 4 to include jet versus R jet, regional jets, propellers, and turboprops, and assign the appropriate points for full jets as opposed to RJs, and also in Section D.1 for the evaluation in Group 1.

Okay. So, in definition, a jet is defined -- means a jet-driven aircraft, not
including regional jets, propeller planes, or turboprops, and an aircraft with a total passenger capacity of 100 or more passengers.

Regional jets will be defined as a commuter-type jet aircraft with a total passenger capacity of 99 or fewer passengers.

So those -- if we have any comments on whether we are defining a regional jet as opposed to a full jet.

MR. BILLONE: Yes. This is Tom Billone, United --

MR. ELLIS: Wait a minute. Wait.

They will talk --

MR. BILLONE: You asked if there were any comments.

MR. ELLIS: Wait a minute. You have to have the microphone.

MR. BILLONE: I have to have the microphone. Okay.

MR. ELLIS: And you have to identify yourself.

MR. BILLONE: This is Tom Billone,
United Airlines. And I am trying to understand here. You are going to include regional jets in with -- that have 99 or fewer passengers. And with a turboprop or prop that has 29 passengers, you're going to evaluate them the same?

MR. ELLIS: Well, basically, what happens, if you remember, in the evaluation factor, you get a point for a full jet and zero points for any others. So basically it will be thrown into, you know --

MR. BILLONE: The jet.

MR. ELLIS: -- in the jet versus R jet factor.

MR. CLIFFORD: Denny Clifford, Delta Airlines. You mentioned earlier that the reason is mainly because of the cargo limitations on a regional jet?

MR. ELLIS: Yes.

MR. CLIFFORD: All right. Now, understandably, the regional jet carries less cargo than a full mainline jet, but it is a
lot more than it is on a commuter airline, the
turboprop for example.

So there is two issues I guess
that we would have from Delta. One, it is
really not a cargo issue. We don't have many
cargo issues on regional jets. Number two,
regional jets are the mainstay of the airline
in a lot of major carriers in here. We've got
hundreds of them. I think we got 700 at last
count. That is our bread and butter.

And you say a commuter-type
aircraft. A regional jet is not a commuter
aircraft. They fly long routes. Some fly
1,500-mile routes. So you are mixing up --
you are mixing apples and oranges here, and I
think you are putting a bias in the system in
the evaluation criteria when regional jets are
a mainstay of this entire contract as we fly
it.

So I think that's a disadvantage,
and we totally disagree with the proposal.

MR. ELLIS: Okay. Your comments
will be surely taken under consideration.

The one thing that we have is where we have 50- and 70-passenger RJs flying in and out of cities that are traditionally the gateway cities in and out of the military installations, the cargo pits get maxed out of B4 bags pretty rapidly.

And the problem is, when a person is going TDY or even PCSing or going to a duty station across the seas, and they have their B4 bags or their flight bags if they are aviation types or NBC bags if they are going over to an area of conflict, they have to have that go with them.

And our customers ask that we do put consideration or more consideration on full-type jets than regional-type jets that have a limited capacity in the cargo pit for their equipment.

MR. CLIFFORD: And just for the record -- Delta Airlines -- we used to have that problem about two years ago, specifically
in Norfolk. And I have not heard of one
problem with bags on regional jets in the last
two years. So I don't know where your
information or what basis it is coming from,
Jerry, but we have not seen that as any kind
of a problem. And we would have heard about
it operationally if we knew that, you know, if
it was happening.

MR. BILLONE: This is United
Airlines again. This proposal is not going to
change what servicing --

MR. ELLIS: No.

MR. BILLONE: -- an airplane. I
mean, if only regional jets are servicing an
airport, this really doesn't affect them.
What it does do is when there is a carrier
flying only mainline -- what we call mainline
jets into an area, this is going to bias your
program toward them. That is our position.

MR. ELLIS: Is there anybody from
DoD that would like to make a comment?

(No response)
Okay. Let's talk a little bit about the activity reporting -- in other words, the dual fare reporting. Just a few reminders. Most of you are doing a very good job about sending the reports in. Some of them are a little bit more timely than others, and we sincerely appreciate it, because it is showing the actual value of the dual fare program, both for the government passenger, but also for the airlines, where you are able to regulate and capacity control some of these contract fares.

One thing that I would like to advise everybody about -- we have had a few problems this year -- only include those markets in this report in which you have bid and won that market using dual fares. If you do it with markets where you have only been in the YCA level, obviously, it is going to be 100 percent YCA fare.

So it throws off our factors, and it throws off our calculate -- as we are doing
the final calculations on how much we are getting from capacity control fares and how much on YCA fares.

For the FY10 contract, we saw a 56 percent usage overall for domestic markets, which is up one percent over FY09, and international markets, 51 percent for international. It is down one percent, because we saw more usage on the YCA fares. However, as you see, both calculates are -- we're over 50 percent usage on our capacity control fare, and that is moving up year by year.

So our customers are becoming more comfortable with the capacity control fare, and the carriers are bidding this way, and, you know, able to control some of the capacity on their contract fares. So it's a win-win situation.

Moving on to the market selection for the FY12 contract -- again, we used two areas. We used -- actually, three areas. We
used SmartPay and ARC data, and this came back from -- we're always lagging by about a year or so. This is the data we used, and it came up from FY09. That is the historical data that went all through -- also through modified forms. We heard from our customers on the markets they require, and to come up with the market requirements for the FY12 contract.

So here is the final calculations on that. We are soliciting 3,977 Group 1 markets. Group 1 domestic is 2,822. Group 1 international is 643. Group 1 extended connection domestics are 102. Most of those are out of Hawaii and Alaska. Given the circumstances of the long haul, sometimes you need a double connection to get to the east coast. And then, a Group 1 extended connection international are 410.

Group 2 markets, 2,750 Domestic markets and Group 2 international markets are 970. So we have a total domestic markets of 4,704, total international 2,023, for a total
markets of 6,727.

                      Yes, Denny?

MR. CLIFFORD: Jerry, wasn't there 6,000 last year about?

MR. ELLIS: Last year it was 6,500. We are about 190 markets more than we solicited last year.

MR. CLIFFORD: And where did most of those come from, do you think?

MR. ELLIS: International, especially in the interior into Asia, Middle East, and Western Africa, and Middle Eastern countries quite a bit.

MR. CLIFFORD: EC markets?

MR. ELLIS: Yes. The extended connection markets actually jumped from like 283 to 410. I don't know whether you would like a breakdown of the A, B, C, D markets. I don't -- do you want to know how many A, B, and C, D markets there are? Yes? No?

MR. CLIFFORD: Only if there's a big difference in --
MR. ELLIS: No. It has stayed pretty steady. I think we see a lot more A markets this year. We have 57 A markets -- actually, 59 A markets this year, so we see the numbers steadily increasing year or year.

Tom? Hang on just a sec.

MR. BILLONE: Tom Billone from United. I want to -- I was looking through the solicitation, and I need to go back to your breakdown of 51 and 51 on domestic -- 51 percent, 51 percent.

One of the issues we brought up last year -- 56, 51 -- one of the issues we brought up last year was how you do the composite -- how you figure the composite fares, the price evaluations for Group 1 and Group 2. Okay? And when we gave you figures, it appears that in looking at the solicitation you didn't change any of the evaluation criteria of going on an international 64 percent, 34 percent, 36 percent.

But your own figures are showing
the by stated usage is in the fifties, which
is what we suggested you go back to, and you
evaluate evenly on the markets based on the
actual spread, not some theory that you've got
that this is most important, because obviously
the YCA on the international market isn't
being used 64 percent of the time.

I mean, so why was there no change
made in that composite figure? I'm curious,
especially when your own figures support what
we ask.

MR. ELLIS: The formula for the
calculate for the -- percentage for the
capacity control as opposed to the YCA fare
was never intended to be based on actual
usage, because that -- you know, as it started
out, you know, it was quite a bit of
difference.

And the one year that we did make
it closer, if you will, is that we saw some
airlines that would only bid a dollar
difference between their YCA and their
capacity control fare. And so it was -- the
determination was made that this should be a
reflection -- the difference of the amount,
the percentage, should be a reflection on
value to the government, what the value of
those seats are to the government.

And in this case, for domestic
markets, we placed more value on the capacity
control fare domestically, and in the
international markets we placed more value on
the less seat availability on international
flights.

MR. BILLONE: But then that -- the
revenue that you show --

MR. ELLIS: Wait a minute.
There's people who can't hear you.

MR. BILLONE: Oh.

MR. ELLIS: We have a lot of
people on the phone, and it's not fair to them
if you start --

MR. BILLONE: Well, what that for
the airlines is when you come out with the
results and you say, "X amount of awards in this market equals this value," and you come up with an estimated dollar figure, all right, that is never going to happen, because you are using an invalid set to come up with those figures.

You're using a composite based on the number of passengers. And if 64 percent of your passengers are not using the higher YCA fare, and you're evaluating that -- an award on that 64 percent, that award is not correct as far as the dollar value goes, as what the carriers were sort of looking at and saying, "Well, hey, we're expecting this kind of money."

So when they do their evaluation for the next year they go, "Well, gee, maybe I'll just do a YCA, because I'm going to get the same amount of money." And it ends up hurting you guys. That's all I have to say.

MR. ELLIS: Okay. Any more comments?
(No response)

Thank you very much.

Okay. Let's talk a little bit about the website. Our website is -- again, just to reiterate, is very proactive, as you can go out there and find the answers to your frequently asked questions. You can go out there and actually do a much better job of should cost estimate, because when you pull up a fare in the fare shop on our website you can then go out and click and see if there is a fuel surcharge from that airline, and also what the baggage charges are for the first bag, second bag, and additional bags. So you can do a much better job of your should cost estimate.

One thing that I want to bring to your attention that is a change on our website as far as the baggage goes, industry has made a recommendation, which we have followed. We have put a caveat in there, or a disclaimer if you will, about the military bag waiver.
Attention military members, the waiver of the baggage fee charges for military members, uniformed, may not be extended by the U.S. codeshare partners operated by a foreign flag carrier as the baggage rules of that codeshare partner will apply. Military members should ensure or be prepared to pay for their bags should they be going on a codeshare flight that is operated by a foreign flag carrier rather than the host carrier.

So we just have put that disclaimer in there just as a heads up to our military members, even though that the free baggage waiver allowance is not a City Pair issue, we certainly want to keep our customers as informed and intelligent as possible, so they can be prepared to pay if they have to.

Are there any questions on that?

(No response)

Okay. I will leave this up for a little while. These are your contacts with the City Pair Program and the Program Office.
You can jot those down. And the rest of the meeting will be conducted by our Program Office. Vince or Gene, do you want to facilitate the rest of this?

MR. LEE: Absolutely. Now --

MR. ELLIS: Wait for the microphone. Wait for the microphone.

MR. LEE: Oh.

MR. ELLIS: Introduce yourself and speak slowly.

MR. LEE: Hi, everybody. Thank you so much. Wonderful job. We really appreciate, always, your feedback.

A couple of issues that we wanted to talk to you about from a Program Office perspective. One had to do -- the airline carriers have recently received a letter from the Transportation Audits Division. We have invited Annie Scott to address that issue. It is not that big of a deal, but obviously I will let Annie speak to it.

So, Annie, if you could please?
Thank you.

MS. SCOTT: Hi. My name is Annie Scott, and I am the Branch Chief of the Accounts and Collection Branch for Transportation Audits. You did receive a letter from us, and basically it's just to inform you of some changes that we are going to be making with our collection procedures.

As you know, the majority of the airlines have 60 days to receive our notice of overcharge and respond to that notice of overcharge. And what we have been asking is that once you receive our notice of overcharge, and you review it, that if you agree that our notice of overcharge was correct you would pay us or you would protest it.

And we are finding that this is not happening. We have three years to collect our notices of overcharge. And if -- once they are not collected, we have to write them off.
So, basically, what we were wanting to let you know is that if you answer the letter, and you agree that you are willing to receive our notice of overcharge, we would continue to give you the 60 days to review the notice of overcharge, contact the TMCs or the agency, and then decide whether or not you wanted to pay it or you wanted to protest it.

If we do not receive a reply from you, basically we are going to put you back to the 30 days. So that after 30 days, if we have not received your protest on our notice of overcharge, we are going to try to start collecting that, because the limitation we have is that even after three years we cannot do an internal offset.

Yes?

MR. BILLONE: This is Tom Billone. Just a quick clarification on it, because this is confusing to me. You normally take the money out of the TICs, the TTUS. That's how my accounting people are telling me to do
it. We never send you a TIC.

    MS. SCOTT: Okay. Let me explain.

    When you were using a lot of GTRs -- but basically the GTRs have been restricted. So now there is no longer any funds out there for us to deduct from, and DFAS has not been doing any deduction from it.

    If you will check with your people to see, if you are not using GTRs, and DFAS is not collecting for us, then we are not getting any money. You are basically holding those overcharges that you know to be correct, and some airlines are not protesting those overcharges that they have question with.

    That is the problem is that we are no longer at this time able to collect through DFAS. We are working on it, but right now we have not been able, unless you are processing GTRs, and not too many airlines are really using GTRs anymore.

    MR. CLIFFORD: Just so you know,

    we had something like 500 to 1,000 GTRs a
month just out of Kuwait. I don't know if
you've got that problem, Tom, but that's one
-- the one place in the world that GTRs are
used more than anywhere. So would you -- if
that's the case, would you take the funds away
from those GTRs?

MR. AQUILINO: Folks on the phone,
can you hear this?

MS. SCOTT: This is Annie Scott.

MR. AQUILINO: Hold on, Annie,
just a sec. The airlines on the phone, can
you hear this conversation?

MR. COYLE: Yes.

MR. AQUILINO: Everybody good?

MR. COYLE: If everybody could put
their phone on mute when they're not talking,
because there is some background noise.

MR. AQUILINO: Thank you, George.

Thank you. If everyone would put their phone
on mute if they're not going to speak. If you
are going to speak, just let me know and I'll
let the folks here in the room know you plan
to ask a question, and we'll get those from you airlines on the phones.

Thanks.

MS. SCOTT: DFAS went over to a new system, and right now they are not able to do any deductions for us. So until we get -- and that is the problem. For the past couple of years we haven't -- they have not been able to do a deduction for us, so we are not getting any money.

So basically, yes, you are paying -- you know, we are being paid for GTRs, but we can't do any deductions. So that was the issue is that we can't get any money through GTRs right now.

MR. CLIFFORD: Now, if we wanted to protest, would we have to do it within the 60-day window?

MS. SCOTT: Yes.

MR. CLIFFORD: Has it always been that way?

MS. SCOTT: Yes.
MR. CLIFFORD: Okay.

MS. SCOTT: If an airline has a problem, you can always come into us, and we can discuss if you need additional time, and, you know, we are open to that as long as you agree that once we give you that additional time you are going to either pay us or you are going to protest it.

MR. CLIFFORD: Can you just tell us, industry wide, what your level of overcharges is versus, let's say, a year or two ago?

MS. SCOTT: Actually, right now that -- we changed it over to the new SmartPay card, and really we have not been -- we have not been able to get the data. The SmartPay banks have had a problem in providing us with that data, so you probably have not received a lot of overcharges from us, because we have not been able to get the data from them. So we are still working with them to provide us with that data, so we can get up and start
auditing again.

MR. CLIFFORD: That's okay.

MS. SCOTT: I know it's okay.

(Laughter)

MR. BILLONE: This is Tom again.

I want to thank you for clarifying that, because the memo I saw was very confusing. It basically said you have 30 days to respond, and if you didn't respond we were taking the money and we were going to collections and -- which kind of freaked out our Accounting Department.

So I appreciate your clarifying that. I really do. Thank you.

MS. SCOTT: Any other questions?

MR. AQUILINO: All right. George Coyle has a question. Go ahead, George.

MR. COYLE: Annie, is there a plan to go to an electronic format, or would these NOCs actually go out in U.S. mail, you know, hard copies?

MR. AQUILINO: Is there a plan to
go to an electronic format? Or will it still
go out in hard copy?

MR. COYLE: For NOCs.

MS. SCOTT: Right now, our notices
of overcharges are required to go by U.S.
mail. We are looking at some time in the
future -- I won't say near future, because
right now it is required that -- through Legal
that we do do it by U.S. mail. But, as you
know, you can protest via e-mail. We have an
e-mail box that you can send your protest in
to, and that makes it much easier for us to
handle and get it protested into the system.

MR. AQUILINO: George, did you
hear that?

MR. COYLE: Yes, I did.

MR. AQUILINO: All right. Thanks,
George.

Anyone else on the phone?

(No response)

Okay. Thank you.

MR. LEE: Okay. Well, the other
issue we wanted to raise from the Program Management Office was we are seeing that there are some problems when our military members check in at the kiosk, and I want to invite the Air Mobility Command to speak to that, if he will, please. Thank you. Kevin?

MR. SASIEH: This is Kevin Sasieh, Air Mobility Command. We've gotten some information that military members have gotten -- whatever airline that they're using, they're going to get the three bags. We understand that.

What is happening is, is that when they go to check in at a kiosk, they are -- you know, the kiosk asks them how many bags they want to check. And when they put in two or three or whatever it is, they wind up getting charged instead of getting the waiver that the airline is offering when they check in that way.

What we want to know from the carriers is, is there a way -- do the kiosks
out there have a way to identify whether or not the passengers are military beforehand, and what their procedures would be?

MR. AQUILINO: Any of the airlines want to take a shot at that? Tom, why don't you lead us off on that.

MR. BILLONE: Okay. This is Tom with United. I have talked to my airport operations people about this, and they say that there's no way we can do it at the kiosk unless we go through this massive reprogramming expense.

So, unfortunately, the members would have to go -- and they can, you know, go to the united.com check-in line where they can get their bags cleared rather than the check-in, because there is no way for us -- you could put in you are a military member, and -- but there's no way for us to track that.

So if someone says, "Oh, yes, I'm a military member," boom, and they get away, and they go and, you know, get away with free
bags. So, unfortunately --

    MR. CLIFFORD: Yes. Delta's kiosk -- we prompt them if you're military or not.

And if you check yes, then you have to go to the counter and get your clearance, and that's where it's authorized. That's our process.

    MR. AQUILINO: Anybody on the phone want to talk to the issue of military members going to the kiosk and not being recognized as having the three-bag capability? George, do you have anything you want to say on that?

    MR. COYLE: No. Actually, ours is very similar to the other legacies, in that they would show their active duty military card to get that waiver. So they would have to check in at the counter and show that ID.

    MR. AQUILINO: Okay. Thanks very much, George.

Anyone else out there that wants to discuss that, or have the capability to discriminate the customer at the kiosk?
MR. GAMMON: (Off mic comment.)

THE COURT REPORTER: I'm sorry. I can't hear him.

MR. ELLIS: That was US Airways.

MR. AQUILINO: All right, Chris. Thanks a lot. We appreciate it.

Anyone else?

(No response)

Thank you.

MR. LEE: Okay. Well, most importantly, we wanted to -- we want to thank our carriers for their comments. We appreciate our agencies and customers coming to assist us in these meetings. The carriers -- we certainly appreciate your participation and your continued partnership in this entire program. So we appreciate it.

With that, what we will do is we will open up the floor to any problems you want to discuss. And, obviously, this is opening the flood gate, but -- Tom?

MR. BILLONE: When will we get a
finalized copy?

MR. LEE: The transcript copy will be posted --

MR. BILLONE: No, not the transcript, but this -- when are we going to get the final solicitation?

MS. JAREMBACK: Within about three weeks.

MR. BILLONE: We need it way before three weeks, because I have to send it to my headquarters management people. There's a new evaluation that was included, and it may have --

MS. JAREMBACK: Is that on --

MR. BILLONE: I'm talking about the proposed language for the evaluation of the regional jets. I can't wait three weeks to get that. I need that like ASAP, because I have to send that to headquarters for review. It may -- I'm not saying it is, but it may have an impact on how we approach this whole thing.
MS. SISSON: Is there any changes on the markets from the draft to the final, or the markets are final?

MR. ELLIS: It's largely -- consider the markets are final.

MS. SISSON: Okay.

MR. AQUILINO: Did everyone hear that? As far as we are concerned, the markets are final.

MR. COYLE: Got it.

MR. AQUILINO: Okay. Does anybody on the phone have any questions?

MR. LEE: Questions from the phone.

MR. SENTER: This is Cliff from Hawaiian Airlines. Just a question based on Tom's comments earlier, the weighting used between a YCA and a Class 3 controlled fare. You know, at Hawaiian Airlines we are in agreement with the comment that Tom made, but do we foresee any changes in the weighting used based on the concerns that were brought
up on this call? Or are we going to keep them
the way they are in the draft that was sent
out?

MS. JAREMBACK: For FY12, they
will stay as they are in the draft. This is
something we can talk about in the future --
for future procurements. It could be an open
dialogue for a future meeting. Some of the
things that Gene is going to be talking about
happening in the future, you can probably --
you can bring them up at those situations, and
we will discuss them for future procurements.
But for this one, it will stay as stated in
the draft.

And just -- you know, as to what
Tom said about the draft being released in
three weeks, or the final, it probably still
will be three weeks. We have our own internal
reviews. I --

MR. BILLONE: Should I, then,
assume that that language is going to be
included in the final?
MS. JAREMBACK: Don't assume anything. We can have still -- we can have discussions. Whatever we talk about -- if you have concerns, anybody in the room, if you have concerns about the language, shoot us an e-mail, and then we will talk about it. We will put some more language together to see if we can come up with a mutually beneficial response, and it will go out to the entire airline community.

But this is -- it's proposed. That's why we have brought it up here. It's not -- I'm not saying that it's going to be in the final. It's just proposed, something we were thinking about and wanting to take your pulse on it and see what you thought about it.

Anybody else?

MR. CLIFFORD: Delta just has one issue -- ticket time limits. Shouldn't be any surprise to anybody. As background, I sent the GSA a letter with --

MR. LEE: Today.
MR. CLIFFORD: Today.

MR. LEE: Sent it today.

MR. CLIFFORD: Today. But you had the statistics back in, what, January 12th, okay? The stats that you have been asking for you had January 12th. Those statistics showed the percentages by day going out 180 days, or whatever, of when somebody cancels a trip from the time of booking. It also had a separate chart that basically said, for about the same period of time every day, what percentage of passengers cancel how many days out.

All right. With that data, we are suggesting that there be a -- definitely be a ticket time limit. We've got way too much spoilage, and we talked about this at the industry meeting in December. I think it was in December. And I think several people who are in this room today and on the phone were in support of the ticket time limit. We've got way too much spoilage. We're losing way too much revenue.
It seems to me that if the commercial business is like -- there is nothing like it. We have for our commercial customers a 24-hour ticket time limit. Okay? That covers the vast, vast majority of all of our commercial traffic. The only ones that aren't covered are the real high end, less seat availability, YO type fares. Okay?

So our proposal is this -- and the terms of this can change, you know, we can talk about it, whatever, but something along this construct -- that we are offering up and proposing that a 10-day ticket time limit from the time of booking until the time it is ticketed. You have to ticket within 10 days. If it's within seven days out from departure, you are on a 24-hour clock, because we can't sell them, we can't sell those seats.

And I'm not going to go to the stats. You have the stats. Some of that is proprietary information. You know what those numbers are, and that's what we're
recommending, that's what we're suggesting that we do.

We have got to somehow correlate this program to what we do for our commercial traffic, and that is with ticket time limits.

MR. LEE: As I pointed out, we just got the data this morning. I was not aware of it being submitted in December, to be honest with you. But --

MR. CLIFFORD: I'm sorry, January. January 12th.

MR. LEE: January 12th. And so far we have one carrier's statement. We need -- we will need more than that.

MR. CLIFFORD: Well, we've a few weeks -- three weeks. We'll look at it.

MR. LEE: We will look at it. We have never said that we will not look at it, but --

MR. CLIFFORD: Well, this was keyed up in December. Everybody knows that, right?
MR. HAAG: Jeff Haag with Southwest Airlines. I just want to agree with Denny. We are working on a similar analysis that we will forward on to you all when it's done. But ticketing time limits definitely, as they are outlined today, result in a loss of revenue for Southwest and probably all of the other carriers, and it's something that we feel pretty passionately about needing to change.

So we will forward the data to you, and hopefully we can continue our conversations for a change in the short term.

MR. CLIFFORD: Yes. I want to add one thing. You know, you looked at this two years ago. I think it was for FY09, maybe FY10. And you did the financial analysis, and the result came back that the GSA rejected this concept.

The difference between then and now, we've got the data, and it's very succinct, it's very accurate, and I think
knowing that you've got that data, the questions can't be asked any longer, "Well, give us the proof," because that is the proof. And hopefully other carriers can -- Jeff, thank you for your support, but hopefully other people will have, you know, similar data or at least their own data to be able to support this. But the bottom line is we need to have it.

MR. LEE: We appreciate your -- some of you did, obviously, but we need to --

MR. BILLONE: This is Tom Billone from United Airlines. Right now, our ability to get you that kind of data is very difficult, since we are merging systems with Continental Airlines. And I can't get reports myself, so it -- until we get all ironed out what we're going to do.

However, an issue came up today -- and Jerry Ellis is fully aware of it -- is all of our fares require a three-day advance purchase. All right? So all our fares are
somewhat restricted in that they require an advance purchase.

The contract states that if we have a similar fare, it needs to be lower than the commercial fare. We'll call it a non-restricted commercial fare. Well, all we have now are YCA fare being higher than a YUA, but the YUA has a three-day advance purchase on it.

So we are being told we have to lower our fare, but we -- but, really, we don't have the non-restricted fare to lower it to. So this is -- if you put an advance purchase requirement in there, then that levels the playing field, since all of our fares require advance purchase. All right?

It used to be the YUA fare would -- except for the F and the C fares are -- or the J fares, now the business class fares. So it kind of really -- without taking the time limit that we are using on all of our fares on the commercial side, it kind of rolls into
your contract, because there is no comparison
between what's a non-restricted fare and a
restricted fare, because we don't have the
restricted fares anymore. So how do we make
that market price comparison?

Did I confuse everybody? I hope
so. No.

(Laughter)

MR. AQUILINO: Does anybody on the
phone have a comment on restricted fares?

MR. COYLE: Yes. This is George
with American. It is something we are working
on as well. We just haven't been able to get
our arms around the data to share it. We have
always been in support of having a time limit.

MR. AQUILINO: Okay, George.

Anyone else?

MS. CAVOS: Frontier would support
a time limit of some sort as well.

MR. AQUILINO: Okay. Say that
again? I'm sorry.

MR. SENTER: This is Cliff with
Hawaiian Airlines. We would also support a
ticket time limit.

MR. AQUILINO: All right, Cliff.

Thanks very much.

MR. GAMMON: Me too, guys.

MR. AQUILINO: Chris, is that you
at US Airways? Okay. So you are going to
support -- you support a ticketing time limit.

MR. GAMMON: Yes.

MR. AQUILINO: Okay. Thanks.

Anyone else?

(No response)

Thanks very much.

MR. LEE: Okay. Well, the
carriers that have supported it, you know, we
appreciate your voicing your opinion. We need
your data, though. Give us the data, please.

MR. BILLONE: Well, your data
shows three days. That's your own data. So
why -- I mean, your own data shows that three
days is when you purchase your tickets. So I
don't know what the pushback is. We don't
know if there's pushback.

MR. AQUILINO: It's not necessarily pushback. We just need the data.

MR. BILLONE: You've got it.

You've got your own data.

MR. AQUILINO: I understand.

Okay. We have our own data. We have numbers of when we buy tickets.

MR. BILLONE: Right.

MR. AQUILINO: We understand that.

We have also heard in this forum that you are interested in ticketing time limits. Delta is interested, you're interested, and we heard from the other airlines. So it's something that now is on our radar screen, and we actually have to, once again, put together the impact to the government on advance tickets. Yes, we know we ticket, so we do our -- we are able to do that. I mean, that's what we want to do to cut down unused tickets.

And then, we had problems with unused tickets, because then they could be
cancelled and not be unused tickets, but just
a cancelled ticket. So there's implications
for that. So now we ticket 10 days after we
make the reservation, and the mission goes
away, and we have to cancel the ticket.

And how long does it take for us
to get a refund, and what the process is, and
how long it takes to get that money back into
the coffers, and we are talking about the
government, you know, lots of tickets, and
that adds to lots of money.

So that was one of the concerns we
had. That is what Jerry BrisTOW talked to
this forum about the last time ticketing time
limits came up, and what it would cost the
government in that study to do a seven-day
ticketing time limit.

So now I'm hearing from Delta a
10-day time limit from the date that I guess
you make the reservation -- I don't want to
misstate that -- or within seven days, a 24-
hour time period. And I'm hearing from United
a three-day -- a 72-hour ticketing time limit.

MR. BILLONE: Well, I'm going to say that there has got to be a compromise here somewhere. You know, it can't be just one way or the other.

MR. AQUILINO: And all I'm saying to you, Tom, is that, okay, now it's back on the table once again. We have data from Delta Airlines. We hear that others have a problem providing that data. We have our own internal data. We will once again look at that, look at the impact on the government, look at the impact on the airlines, and see if we can come to some sort of mutually agreeable solution.

Andrea?

MS. CARLOCK: Andrea Carlock, Defense Travel Management Office. I just have one request. While we're looking at this, we also need to have the airlines help support methods in order for us to process unused tickets for our carriers as well as on our carriers, because if we do impose ticketing
time limits, there will be an increase in
unused tickets, and we, for the DoD, are
trying to put processes in place to be able to
process unused tickets. And sometimes that is
a problem.

MR. AQUILINO: Thanks, Andrea.

MR. CLIFFORD: To your point,
Andrea -- and I think we were asked recently
by the government about, you know, unused
tickets. Our position is that that is not an
airline issue. We are not to build the
processes to keep track of and to basically
sit over the unused ticket issue. That is a
system that every passenger is responsible
for. So pushing those back on the airlines is
not going to work. That is an individual
decision.

Now, having said that, I have got
one question for everybody here in the room
and also on the phone. There are -- as I
reported, I think there is 11 airlines
represented, maybe a dozen, both here and in
Crystal City as well as --

MR. AQUILINO: There are 13 now.

MR. CLIFFORD: Thirteen airlines on the phone? Can I ask this question: does any airline not agree with some term that has ticket time limits in it, the concept of ticket time limits? Does any airline, of the 13 represented here, not want ticket time limits?

(No response)

Nobody in the room here has spoken up. I don't know if everybody on the phone -- I want to get a count here, of all 13 airlines, who disagrees with the concept of having ticket time limits? And I will wait for an answer.

MR. AQUILINO: Let's say internally, in the room, does anybody have any problem with that?

MR. CLIFFORD: We've got Southwest, we've got United, and Delta represented in the room, right? Did I miss
MR. AQUILINO: Anybody on the phone would have any objection to some language regarding time limits?

MR. McMAHON: This is Kevin McMahon, Airtran. I don't have an objection necessarily, but we would -- we really need to see what the -- and I think that if there is a ticketing time limit, it needs to be accompanied by a change in the evaluation criteria between that CA and the YCA fare, which is something that I already talked about today.

MR. AQUILINO: Okay. That was Airtran, and they were saying that they -- on the face of it -- on the face of it, they are saying that they don't have any -- they would like to see exactly what that language was with regard to the time limits. But they also wanted to ensure that there was some discussion about the breakdown of the fare, 75/25, and 66/34, along with that. So that
factor they would want to go over.

MR. LEE: I will address Tom's concern earlier that the government has data.

You said that if we booked 72 hours out, that's correct, but that is on the back end. What I believe Denny is requesting are the front end -- booking the ticket, correct?

MR. CLIFFORD: Well, we are willing to look at all of it. What we are trying to do is reduce spoilage. Tom's concept of advance ticketing, you know, the whole ticket time limit issue, we just need the parameters around which we reduce the spoilage. You can't have empty seats out there not being sold, and that's the whole issue.

You know, the details of how that would be put together, we can talk about that. That is all negotiable, and we can compromise and whatever.

Now, based on the straw mode here, you've got 13 airlines, with Airtran's caveat,
with what their representative just said, you've got 13 airlines that agreed to have ticket time limits. Why would the GSA not want to have some construct to do a ticket time limit in its FY12 contract?

The entire population of people that bid on this contract have said, "Yes, we need it." How can you say no? If this is a partnership.

MR. LEE: It is a partnership. We're not saying no. However, we need -- we need data, and you are the first that has provided us that data. You've got to give us time to process that data. And we have internal government data as well, but whatever data that can be provided, we will look into it, absolutely.

And, again, at this point, we'll address it, and I do believe that it has to be in conjunction -- we have to have a refund clause as well.

MR. CLIFFORD: All right, Gene,
but I've got to say this. And it applied two years ago when you guys looked at this. You wanted the data, you kept asking us for the data. We didn't have the systems last time to give you much data. Now, Delta at least has a system, Southwest has a system. Why do you have to have that data? What is it that you are missing that is going to enter into the analysis that you put forth to make the decision?

I mean, intuitively -- and we took -- we said this two years ago. Even if you didn't have any data, the rest of the world is on ticket time limits. Everybody, as I said, except that high end fare, which is a couple percent of our business. Okay? Everybody is on some kind of parameter of a ticket time limit or an advance purchase.

Why is the GSA so reluctant to go that route? Regardless of whether you have stats or not. What are the stats going to tell you? We can give you the detailed stats.
Maybe we can formulate some things. But the fact that other carriers don't give you statistics and the data, why is that going to change your decision? This is a yes or no kind of deal.

As far as the terms, we can figure out how that will work. But for the life of me, I still -- in the last two years I cannot figure out why the statistics that we are talking about here is so paramount to your decision when 13 carriers have said, "We need it."

MR. AQUILINO: Gene?

MR. LEE: Let Jerry go first, and the I will chip in as well.

MR. ELLIS: Your point is very well taken. Jerry Ellis, GSA. Your point is very well taken. But you have to remember that it's not just GSA. GSA is the contracting conduit for over 100 governmental agencies. We are representing the entire Federal Government. And for us to make a
fundamental change to this contract, we can't
do it in a vacuum. We can't do it
unilaterally.

We have to make a business case to
our senior management. Our senior management
has to make it to the senior management of
Department of Defense, Department of Commerce,
State Department, NASA, ad infinitum. And
just as we did with the fuel surcharges, which
we got excellent data from the carrier
industry, we were able to make a business
case.

Right now, we have one carrier
that is providing us with data. We did a
report that we did with data that showed
somewhat different. Now, if other carriers
and a multitude of the carriers can give us
data that we can build a business case, we
would probably support that. But we cannot do
it on hearsay, supposition, and, you know,
"The carriers want it," because we have over
100 agencies who said, "We don't want it."
So, again, it's not just GSA. We are representing the entire Federal Government here.

MR. LEE: What Jerry just said. I couldn't have said it better myself.

MR. BILLONE: This is Tom Billone.

Please don't take any inference from what I'm about to say. Who is going to get the blame when carriers pull out of this program? Is it going to be individual departments, or is it going to be GSA?

That's what you've got to start thinking about, because there are certain things that are coming down that I am looking at here that are like real scary for the airlines. And I could see multiple airlines saying, "We don't want to deal with this."

You know, we know -- this is a voluntary process. Every carrier is in this based on a voluntary participation in this program. They're not forced into it. Once you start putting things in here, like if you
put in requirements to track unused tickets
and automatically refund after a year and one
day, that's not going to happen. So if that's
part of the contract, I'll guarantee you every
carrier -- I won't get a fee, I'll just take a
statement. The carriers are going to tell
you, no, we don't want to do that. We can't
do it. There's no way we can do it.

So, and why does that happen? If
you put that in the contract, and it's
something that people can't do, they're not
going to participate. You really have to be
careful about what you're doing here, because
this program is starting to fall apart.

You can see it year by year, we
try to put bandaids on it, and try to do
different things, and you guys keep adding
things in there, and we're going to change the
evaluation criteria to RJs at 100 seats or
less, and now, you know, we're not going to
change the splits, even though we've shown the
splits to be what they are. Totally different
than what you have, and we requested that
eight months in a meeting after the last bid.

So, you know, this is -- it's like
we talk -- and we're going back to the days
where you're not listening anymore. You're
listening, but you're not doing anything. You
just disregard what we say. And this is the
way it was about four years ago where we had
real problems with this program, and every
time we mentioned something to GSA it was,
yeah, and it was specifically said to me,
"Well, we listened to you."

Yes, but you don't do anything.
You listen, but it's like, "Okay, we'll listen
to you and that's it." I've got news for you.
This is a different day and a different game
with these airlines -- with our airlines. And
our airlines are looking at this and
wondering, is this really something we want to
do?

I don't care if I make $700
million. If it's costing me $700 million to
participate in this program, then it's a wash.

So we really have to get together. This is supposed to be a partnership, and I'm not seeing the partnership, and I'm not feeling the love. That's it.

Thank you.

MR. LEE: What do I say to something like that? We will take all opinions under consideration.

MR. BILLONE: Okay. Well, just --

MR. LEE: I will reiterate that.

MR. BILLONE: We've heard that in the past.

MR. LEE: I will reiterate that GSA's job is to protect the entire government's business, and that is what we are charged with. So exactly what you're saying, we have to coordinate multiple interests. And it takes time.

But we have made tremendous progress in the spirit of partnership. You cannot deny that. Fuel surcharges, groups,
baggage fees -- we have --

MR. AQUILINO: Cost reimbursable contracts.

MR. LEE: There you go.

MR. BILLONE: Yes. How many years? Thirty years. Thirty years. You need a new program. I mean, that's it. This solicitation just doesn't work anymore.

MR. LEE: Duly noted. Okay. I appreciate what you're saying, trust me. And we don't just take these lightly, obviously. Again, as I said in my opening part, partnership, I mean your participation is critical, without your participation we would not have a program.

Any other comments?

MR. CLIFFORD: This is not so much a comment, but I notice the folks from the West Coast, right, that we talked about the phone, I think you approached all the other elements regarding changes to the contract. Is that -- I don't want to throw the agenda
off kilter here, but are you folks going to be presenting anything, or are you just here mainly to listen to the input that we are providing?

MS. CORPUS: We're here to observe.

MR. CLIFFORD: What time do we go to dinner?

(Laughter)

Was that for FY -- that was future -- is that FY12, or is that '13 or '18, or what were we talking about? Was that -- were the questions asked primarily for future beyond FY12, or FY12?

MR. CLIFFORD: Denny Clifford, to the OIG group here, GSA's OIG group, you may have had conversations with.

MR. CLIFFORD: This year for FY12, okay. Well, you've heard a lot today, but we can also sit down and talk. Okay. I just want to -- I just didn't know what the process was here as far as their input and where we go next.
MR. CLIFFORD: And since I have the mic, I might as well say this, because I was thinking about it. We have reduced capacity. The airline industry has reduced capacity for a number of reasons. Okay? But, collectively, we have pretty much reduced capacity, which means what? You are vying -- that military government passenger is vying for 30 other sectors of business for that same seat.

And tagging on to some of the things that Tom was saying, that is a main issue here that you need to consider in a big way, because you're not -- you know, we can make money by other avenues and other sectors. And is this business -- is this business consistent? Yes. But there are also a lot higher yielding businesses out there in the same sector vying for that same seat.

And when you are deliberating on whether we are going to have ticket time limits or not, you can't ignore that.
MR. LEE: We never do that, but we are still the single biggest buyer of your airline tickets. Even though we only amount for 2 percent, as a total corporation, it is still the biggest buyer of your airline tickets.

So now, again, having said that, any other comments, questions, from our industry customers?

MR. SASIEH: Kevin Sasieh again from AMC. One of the issues that was brought up was military working dogs, and I would just like to address this to the airlines. We are still seeing some issues with trying to get our military working dogs on the aircraft. They show up, and, for whatever reason, the passenger service agents won't allow the dog on. And I know this is something that was brought up to ATF as well back in November. We just like to know what we need to do to make sure we get these dogs moved.

MR. BILLONE: Kevin, in
particular, is there a problem with United?

MR. SASIEH: Yes, we have -- we have gotten a couple of stories from our Air Force military working dog functional manager at the Pentagon. He is reluctant to give specific airline names, of course, because of -- I can provide the stories, if you'd like.

MR. BILLONE: You've got to have a specific airline. Otherwise, we can't --

MR. SASIEH: Right.

MR. BILLONE: -- attack the problem.

MR. SASIEH: Right. I understand that.

MR. BILLONE: If we could get them, I'd appreciate it.

MR. SASIEH: Okay.

MR. BILLONE: Even if it's -- you know, if it's us, great. If it's Delta, that's even better.

(Laughter)

MR. SASIEH: Right. We'll just go
back, and I'll ask him to -- because I'm not
even sure he has it, you know, if we can find
out what that information is.

Thank you.

MR. JOHNSON: Actually, I have a
question I guess. Jay Johnson, U.S. TRANSCOM.
I guess this is to Kristen. Any idea on when
FY12 contract will actually be solicited and
awarded?

MS. JAREMBACK: Kristen Jaremback, GSA. The final solicitation should go out in
about three weeks, and I cannot comment on
award. We -- I can't say the exact time, the
exact timeframe, but before October 1st next
year.

MR. LEE: Any other issues?

MS. CARLOCK: I have a question.

Andrea Carlock, Defense Travel Management
Office. With the threat from some of the
airlines to not allow their inventory to be
displayed in the global distribution systems,
is GSA looking at making any changes to the
contract to accommodate that being a requirement, to be able to be displayed in the global distribution systems?

MR. AQUILINO: The contract currently states that we will -- that the airlines will publish their fares, and we will get those fares in whatever -- however they do it, whether they do it on their own website or they do it in a GDS, or what have you. So that's how the contract currently states.

Now, I think that we are going to -- the issue with the GDS is in American Airlines.

MS. CARLOCK: I didn't say --

MR. AQUILINO: I know, I am. I'm saying that. But currently we have that in the contract, and I think the CTO contracts say that you are to return the fares for the government, you'll return the fares. That means that the CTOs that have to go out and find those fares and return them, that's a requirement. They have the capability, the
technical capability to do that.

If they're on SABRE, well, they --

and the fares might not be in the SABRE, let's say, but in some other GDS, well, they can go and get that other GDS and return the fare.

Now, if that becomes an issue --
you're right, Andrea -- we need to look at having language in the contract that says, "Well, that we need to be in all GDSs," or something like that, so we are going to try to, you know, use our buying power to tell the airlines where they need to post their fares.

I don't know how far along we could get with that. I don't know if we have the power to tell the airlines where they need to put their fares.

So that's why we have it written the way we have it written.

MR. COYLE: Can I comment on that?

MR. HAAG: Jeff Haag from Southwest. I just --

MR. AQUILINO: Hold on. George
wanted to talk as well, so -- hold on, George.

MR. HAAG: You know, I just wanted
-- I mean, I think it's a great point. I just
-- Vince, if I could echo what you said in
caution to GSA on mandating/requiring any type
of participation in a global distribution
system by your airline partners. I think that
would be detrimental to the carriers that
participate in your program.

But I would encourage the GSA and
DoD to look at other alternatives to accept
our inventory, direct connect relationships,
or whatever it may be, that technology is
emerging very quickly. GSA, ETS, DTS, seems
to be a little bit behind the times in
allowing feeds from -- directly from a
respective carrier or vendor.

So in light of what is happening
in the industry as it relates to global
distribution systems, this is a great reminder
to ensure that the online booking tools of the
Federal Government are up with current times
and available to accept direct connect feeds from their respective carriers.

MR. LEE: Okay. George, microphone.

MR. AQUILINO: Okay. George, you're on.

MR. COYLE: I don't think I could say it any better than -- I'm not sure who spoke --

MR. AQUILINO: That was Jeff Haag from Southwest.

MR. COYLE: Oh, excellent. I think, you know, I've sent some information just so you know what was going on. There is a lot more hesitation it is really -- the current environment we are in with all of the GDS systems, whether they're on EDIFACT, which is a 30-, 35-year old technology, versus what we see today on the internet with XML. So it's about providing full content to the customers and recognizing their needs, and giving them the ability to bundle as needed.
So I would also echo the sentiments about cautioning you to force your vendors to do business a certain way. I don't think that's a win-win scenario.

MR. AQUILINO: Thank you, George.

MS. CARLOCK: Andrea Carlock, Defense Travel Management Office. I would just like to add, you know, with the American Airlines, since you did bring it up, if the change is made -- say, if it's the next month, DoD -- and I don't know about the other agencies -- we would need time in order to prepare our system and our processes to be able to accommodate those needs for the travelers to utilize American or Southwest.

This is not something that we can implement tomorrow and be able to support in a month or even two months. This is something that is going to take us -- and we are meeting with GSA, actually, next week to address this -- that this is something that is going to take some time for us to be able to look at
and to implement.

MR. AQUILINO: Annie?

MS. SCOTT: Annie Scott, GSA. And also, one thing as far as from an auditing point, right now we don't audit against tickets purchased on the internet or through the airline's private system. If we issue an overcharge against that, we allow those overcharges. So if that is going to take place, something has also to be extended to the fact that we can now audit those tickets, if they are going to be issued by the carrier's systems.

MR. AQUILINO: Thank you for that.

MR. BILLONE: This is Tom at United again. And Jerry may remember this, because it was before he was with GSA, so it was -- it was about 50 years ago, I think it was, but --

(Laughter)

-- we had a meeting in Tim Burke's office way back when when he was Program
Manager for ETS. And one of the main topics -- and this has got to be at least six years ago, maybe seven years ago. One of the main topics was moving towards a direct connect scenario.

And if we had -- or GSA had continued down that path, we would be there now. You know, because at that time it was the rage, all the new GDS standards were coming out. And I've forgotten what their names were, but they have come and gone.

But it was the scenario that was being seriously looked at, and it seems to have gone away. But I think the time has come where that might be something that needs to be looked at again and move forward on it.

But, you know, and somebody might want to talk to Tim about that, because that was quite some time ago. And that was his intent.

MR. HAAG: The time is here. We need to stop looking at it and talking about
it and do it. I mean, the technology is out there in the corporate environment. In the corporate world, direct connect functionality is available and being utilized today. So it's not something that we need to start looking at. It's there. It's something that we need to integrate into the online booking tools that are used by the Federal Government. Period.

It is more cost effective for you. It is more cost effective for us. It provides a more enhanced customer service experience. It improves the booking process. It increases the level of data that goes back to your agencies that utilize your program.

There is no reason not to embrace this technology and make it available today. Everybody wins. So just for what it's worth.

MR. AQUILINO: Okay. Vince Aquilino from GSA. I'm not so sure we haven't done that, we are not doing that. There is a new ETS2 coming out very shortly. And, you
know, although I am not privy to all the features and capabilities you may have, but this is definitely state-of-the-art types of online booking engine and all of the accoutrement that goes with that, the way it handles reservation.

So I'm not sure it wouldn't allow for that, but, you know, that's something that has to be put out, and it should come out soon. I don't know when they are going to be finished, but it --

MR. LEE: All I need is -- I'll call Frank Robinson. He is the new program manager.

MR. AQUILINO: Can you provide an update to us as to where we are --

MR. LEE: Yes.

MR. AQUILINO: -- with that functionality?

MR. LEE: Be glad to.

MR. CLIFFORD: Denny Clifford with Delta. Yes, Delta would be on board with
that. I think it's another option.

    I think the last time, if I remember right, one of the issues was about legitimacy and making sure that the parameters were there and the technology setup, so that there wasn't abuse in the system. And if that could be done away with, or not an issue, then, you know, we would be on board with that.

    And, obviously, it saves us a lot of GDS fees. We just have to construct it in a way that, you know, you don't have abuses.

    MR. LEE: Any comments on the phone?

    MS. CARLOCK: Andrea Carlock. I totally agree with you. I don't think we disagree. I think my comment and the point that I'm making is the GSA contract, the way it reads, because I have talked with Gene about this, doesn't allow us -- right now we can't support having the inventory provided to us any other way besides a GDS right now.
The way it is put in place right now, so if next month American Airlines decides to pull out of the GDS, we are going to have a problem. Right now, ETS or DTS or our CTO contracts don't support supporting that right now.

MR. LEE: We will work in partnership, Andrea. I know that.

MR. ELLIS: Vince? Jerry Ellis, GSA. Actually, as far as the booking and distribution, the GSA contract is somewhat -- we don't point that. Basically, the contract reads that the airlines will make their bookings and their fares through their normal distribution channels. That's how it is addressed.

So it is not addressed that you have to go through a GDS. It is not addressed that you can't use online booking. It just says that the fares and the schedules will be made to the government through your normal distribution channels.
MR. AQUILINO: Yes. And I think that's Andrea's point, that they are being used -- they are using GDSs -- DTS is set up to get the fares off the GDSs. And that if they were to be achieved in the industry, where these fares are no longer distributed -- I mean, GDS, that DTS and ETS would have an issue catching up to that right now.

And Tim Burke didn't sit on his hands for six years. He has worked on -- he has worked this issue, and ETS is an answer to that. All right? Keep light on their feet, being able to, you know, reflect the changes in the industry and the way distribution of fares are being done.

And so we owe you anything we can release with regard to ETS2 and its capabilities to gather fares, whether it's direct capability, direct connect capability, or some other way, through maybe third party integrators, information integrators, and that kind of thing. So that's possible. So we owe
you that, and we'll get that to you.

That was what he was talking about. It takes time. The industry didn't even have its capabilities to do that. The industry is moving. We understand that GDS distribution is a cost center for you, and that you are looking for ways to reduce costs of your distribution. We understand that, and we are chasing that.

Hold on.

MR. BILLONE: I don't need the microphone. If I gave the impression that I felt that Tim wasn't doing anything, I didn't mean to give that impression. Okay? I didn't know it went anywhere, didn't know it was years ago. And we had -- like it was a big thing, like a fire for a year, and then it went away. We haven't heard anything since, you know.

And I guess it's our position as carriers, if you're going to do something like this that is going to impact us, we would like
to have some input into how it's done. Because when we looked at the original ETS when it first came out, in the room, in the demonstration, we were horrified about what was happening with the demonstrations.

You know, ETS was the first one to give a demonstration, and we all had heart attacks because it was just a total mess. And it was like, "Oh, we didn't -- we have involved industry." And so obviously you did.

So what is the partnership in this? And sometimes it is going to affect how we sell our product to you, but it would be good if we all got together and said, "Okay. This is what we're looking for."

MR. AQUILINO: Okay. The RFP is out on the street. We have responses to it. We owe you what that means to you in terms of your distribution. We'll go back to the program manager and ask him what he can provide us with regard to that, and, specific, how we can gather your fares, you know,
however you are going to do it, what ETS will
bring to this, and let you know.

MR. BILLONE: No, I -- yes.

MR. AQUILINO: Do you understand?

MR. BILLONE: We've got to get our
people -- our ISD people, if necessary,
involved in the process, so they are ahead of
the curve also. They know what's coming down
the road, what we need to do, because we don't
want to here, "Oh, the new ETS2 was out on the
street," or EDO2, whatever. I could like
download that proposal. It is an impossible
thing to try to get down, though, so you can
understand it.

So, you know, we need to get
people on board, so they can say, "Okay, this
is what we can do, and this is what we can't
do." And when it hits the streets, when it's
time for it to come into play, we're all on
board and it goes smoothly.

MR. LEE: We'll relay that concern
to Frank Robinson.
MR. BILLONE: Appreciate it.

MR. AQUILINO: Anybody on the phone have a comment?

(No response)

Thank you.

MR. LEE: All right. Well, unless there are further concerns, thank you everybody for your time. We appreciate your partnership and your cooperation our agency partners and our carriers. Thank you so much.

Thanks, everybody. Thank you.

(Whereupon, at 3:02 p.m., the proceedings in the foregoing matter were concluded.)
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In the matter of: Pre-Solicitation

Before: General Services Administration

Date: 02-03-11

Place: Arlington, VA

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Court Reporter

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