

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Special Meeting
February 20, 2009

MEMBERS PRESENT: Mike Erickson, Steve Kaiser, Rolf Johnson

MEMBERS ABSENT: Chuck Bensen, Nate Zeeb

OTHERS PRESENT: Dave Osborn, Emily Arthur-Richardt, Adam Altman, John Aman, Rhea Ketterling

Chairman Erickson called the special meeting of the Aberdeen Regional Airport Board to order at 9:00am on Friday, February 20, 2009.

Osborn stated this meeting is basically regarding the request of Hangar 9. Osborn had met with Aman the day following the last Board meeting and talked about preliminaries such as fencing. A map was redistributed to the Board. What was done is that Osborn had talked to FAA about temporary fencing in order to get Hangar 9 going, opened up, and worked through these items. In doing this, we basically have with the addendum to the application and what was discussed (what they can and can't do, what are issues as far as funding and things that are out there) and had gone through all of this and the process. Osborn informed the Board that TSA reviewed the information on the fence and the comments were that they prefer to have a 6' temporary fence rather than 4'. TSA has taken pictures of the area and gone through it and had agreed with what the Airport had laid out. With this in mind, Osborn asked if Aman had anything more to add from the group.

Aman asked the Board if anyone present would put forth their money on public property without a written contract as far as improvements for reimbursements. Kaiser stated may be or maybe not as one's first inclination is not, but it depends on circumstances. Johnson stated depends on the opportunity set forth – depends on investment, return on investment based on operations and how long. No one can give Aman an answer as to how long Federal money will take to fund these projects. Aman stated the point that he is leaning to is the Airport is looking at strictly AIP dollars as far as the funding. There are other funding (non-AIP) through FAA for infrastructure improvements for enhancements for promoting General Aviation. Furthermore, Aman just printed off from AOPA States ready for GA projects with stimulus dollars, \$1.1 billion for GA Airports. These dollars are for General Aviation and reliever airports which exactly what Aberdeen is. Osborn stated we are a commercial airport who does GA. Aman stated we are commercial, but we are also a reliever, overflow and General Aviation and we do qualify for this money. Hangar 9 cannot apply for this money nor can they apply for infrastructure improvements funds. The only one that can do this is the City of Aberdeen and the Aberdeen Regional Airport Board which the City and the Board can't apply for unless Hangar 9 is approved even in a minimum status. Aman asked the Board to permit the expansion of the building to begin. And based on what Muntean from Helms and Associates had provided for cost estimates, this is a pretty much shovel ready project. We get the submission out for this and see if we can get funding for it. Johnson asked if Aman meant application. Aman stated application or request for funding for the addition. Johnson asked Aman what he had found that is applicable to such grant. Aman stated he just got this information this morning and had not had a chance to fully read the article. The previous article that was printed on the 15th of January spoke of the pending stimulus funds. There are other funds out there that are available, but they can't be applied for unless the additional FBO is approved. Johnson stated Aman can be in a situation where they don't want to commit to unless they receive an approval and the Board can't give them a commitment to help them financially. Osborn stated as far as the State of South Dakota, Osborn was in Pierre this week and while there he did stopped at the Office of Aeronautics. At this point in time, they do not have figures as to what the stimulus money is going to be. They are working on it now and they are trying to gather all the information. There are actually States that are turning back the stimulus money. One of the things they are doing right now is to find out where it is going to be. Osborn wants Aman to understand that anything that comes into this process from the addendum to the information from Helms and Associates, these are Airport Improvements dollars. Now applying for other dollars that Aman talks about is discretionary dollars. In order to get discretionary dollars we have to have it based on the priority of the airports and the FAA. Aman's priorities are not FAA priorities, they are FBO's. What Osborn is saying is that we will in good faith look at this. At this point in time safety and security will be done, they will put temporary fence and start work and we have no problem with this. If what have been laid out is followed and we are safe and secure, Osborn will recommend to the Board that he has no problem with it. Osborn wants Aman to understand that the City of Aberdeen is not going to fund a business because they had established this when the terminal building was built. Ron Erickson had a restaurant at the old terminal and Ron asked that City to sponsor them and they didn't. So Aman is being treated similar to one of the person who was here before. Osborn stated he will not speak for the Board, but for Osborn being the Airport Manager as long as the conditions are met he will recommend that Aman can be approved and that they also do the requirements of the standards that we have. Overall at this point in time from the Airport's standpoint, TSA likes the way this had been laid out they see the protection of the Airport. They see the safety issues disappear and they see the security issues disappear. This is where Osborn is

now that he will recommend to the Board as long as everything is in place. As for the funding aspect of it, things that Aman had asked about being reimbursed, these are only going to be reimbursed under AIP. Aman will not be eligible for the Airport to apply so Aman can have the funding through other source. Aman stated he is not talking about discretionary money. This is other development funds that are available over and above. Osborn stated developments fund comes out of the AIP funds, they do not come from another sources. There are no other sources that we can just dip into. We have to ask for these development funds from our annual meeting. If someone else knows of other funds that are out there, this is something Osborn does not know. Because this is not true, it has to come from AIP. We have to use our entitlement money to get the reimbursement; this is where it comes from. The only other fund that is out there is discretionary and this is congressionally appointed which is basically based on priority. If someone is telling Aman there are other funds this is not true. There maybe TSA money that come down for security purposes, but this does not follow the security guideline, not that we won't apply. Osborn had told Aman that we will do whatever we can to try to get some reimbursements, but the priority of the Airport has the to be the priority that we have to stick with like the Master Plan. Aman stated given this the Airport has an approved Master Plan. Osborn stated yes. Aman asked if Altman, City Attorney will write a contract for reimbursements for any funds that are spent as far as AIP dollars. Altman stated he will do whatever this Board tells him to do. If the Board indicates they are willing to enter into contractual relationship with Hangar 9 then Altman will write the contract. It is this Board's discretion whether they want to or not. Kaiser thinks that Aman should bring something in writing to the Board if he wants the Board to make any guarantee that we are going to reimburse them somehow. Kaiser stated all the City can do is to apply for the funding. Aman stated this is understandable and knows that there are different reasons or causes for other discretionary dollars. With an approved Master Plan Airport Layout that showing as future expansion it falls within the mean and no timeline having been set things can be brought from the bottom of the pile to the top of the pile. Osborn stated Aman has to remember there are priorities. Just because it is Aman's priority does not mean its FAA's priority or the Airport's. This had been said from the very start of this, all the different options, different costs, and probable funding were discussed. And it was put in probable to give Aman some light that there maybe some of it reimbursable and we will try to get whatever we can. Osborn does not want Aman to think like for the fencing the amount of money that he will put into this that we will not try to get some of it back. Aman will put in roughly \$36,000 for fencing and we know AIP from what had been discussed they appropriately said we expect \$14,500 could come back, but there is no fast and guaranteed numbers. Osborn stated he cannot ask Altman to write a contract on a probable number that Osborn does not have a guarantee from FAA. We still have to apply for it and it could be turned down as the priority is not that high. With Aman as a business to step in and say you want a contract is fine. Aman can asked for a contract, but the reality is that in all our communications and documentations with them, we had said that we will try to get some of the funding back. Johnson stated Aman can go ahead and get his approval from the Board as an FBO and then still pull up stake and not do it, as we still have not quite month until FAA budget is set for the year. Osborn stated it would be the end of March which is for our entitlement money where he will discuss our process. Johnson added he does not know how the stimulus money has change the timeline on AIP funding, if it has or hasn't but does not think it affects general fund. Osborn stated it does not affect general operating fund. At this point in time what they had talked about is that airport with ready made projects that had been previously reviewed and done will be on top of the priorities. What we are seeing is where we are right now with our EA some of our projects for the future cannot go or be let until our EA is done so there is a lot that we should get the EA this year. The stimulus money looks like a two year program. What had been discussed from the very start is the fact that there may not be a reimbursement to Hangar 9 right away which could come from AIP. This is the only funding source that Osborn is aware of and wherever measure Aman got beyond this, Osborn is not aware of. Osborn stated he does a lot of research on funding as he does a lot of grant for the City and knows that these type of things since they are usable part of the Airport it has to go through AIP. Johnson stated the reason for this is probably because they do not want to duplicate funding on certain project. Osborn stated or they don't want to discriminate against certain airport. This is suppose to be an easy process for everyone to understand where funding comes from and how to plan for these funding. Some of the newest fund that is coming out is TSA which is very hard to understand and to get them. We have been working with them on upgrading our process for screening people and baggage to be more automated. Aman stated when this hangar was built, this was built by Daryl Theobald and this was going to be an FBO for A&P. It wasn't until Caven found out that either Theobald works for Caven or work for himself which is when he sold it to Liebelt. Johnson asked approximately how long ago was this. This was about in the mid 80's. Osborn stated at that time Theobald was a City employee when he built this hangar. He was not an employee of Caven. He was a City employee who worked for the Airport and then shortly after this is when he went to work for Caven. Osborn stated this was built with intent of doing AP work way back then. There were issues and there is a file on this which we just found a few months ago. Aman stated back then there would have been some security issues, but again this was going to be as an A&P facility. Osborn stated this was pre 9-11 and 9-11 changed so many things. Kaiser stated he came today with the intent of making a motion which he is not making a motion now that Osborn and Aman work out in paper a timeline of all the safety and requirements that have to be met then the Board will give him approval. Kaiser asks what Aman is asking from this Board today. Aman stated what he would like from the Board is permission to proceed with the expansion of the hangar area 19 or hangar for Hangar 9 (or however the Board wants to declare this) so they do not loose any additional time. If the Board is not aware, this process actually started in December of 2006. Right now everything is being funded strictly by Dr. Wischmeier and Dr. Bormes. They have not gotten a loan nor do they need to right now. All this does is continue to cause them additional dollars and basically having the dog chase its tail around in a circle. Aman stated they would like in good faith to get permission to

start the construction as soon as the ground thaws. For this matter as far as concreting the current hangar floor (the maintenance area) this could start now. The construction vehicle could come in by way of the previous construction gate that was used by UPCI and the others. Johnson stated he does not care when things happen if he is to entertain a motion it would not have a timeline, it would say that here's the guideline that had been set forth by FAA and here are the things that you signed off to and agreed to and if they don't agree to them then we deal with the consequences which Johnson doesn't think is an issue with Aman. Johnson stated if Kaiser wants to see this in writing in detail, he does not think this would not be very accurate as construction issues, knowing what is going exactly. Kaiser stated he is not set on timeline. The only thing he wanted is what the Board expects that basically saying these are the things that they will do. Once we have this agreement that these are the requirements they are going to meet then Kaiser does not see a reason not to approve it. Osborn stated on our last meeting he was given direction to move forward to make sure that we can take care of safety and security. Prior to this we pretty much had established what they need to do. The information from Muntean, Helms and Associates which was approved by the Board actually told them what they have to have. It was discussed the addition to the bathroom, the possibility of relocating the building and everything else was listed so they know what they have to do. The problem was the safety and security. From this point in time, we discussed this with TSA and wrote down some of the specs Aman thought they were going to do and sent off the map. TSA came and photograph the area and done their due diligent. TSA approved the program for what they have. They see the safety and security and how it's laid out and there are no issues. Osborn stated at this point in time what we have told this Board what we are going to do is find out that there are no TSA issue which there is none. So if we follow the format that already been established and what already been agreed to with Helms and Associates, Osborn will recommend to this Board that they can approve this application as there are no other issues. Johnson stated except for the change in the height of the fence. Osborn stated the change on the height of the fence is the only thing and Aman has a copy of this. Osborn stated Aman had already been informed that they have to spend some money to make sure that we have the security and they can be in business, but they can't open until they have the temporary fence up. Chairman Erickson stated he thinks that the Board can approve the construction part of the project and the actual going into business is in lieu of the security issue being met. Aman agreed and this is basically what they are asking for in good faith. Aman stated obviously they can't start business until the addition is done (sewer, water, road and fencing). However, nobody in their right mind is going to do this without approval from the Board to proceed. Osborn stated he and Aman had one other discussion in the fact that once the temporary fencing is up and safety and security is taken care of, the only other issue they have to be in business is a bathroom. This will take awhile, but the terminal is here where people can use the restrooms which Osborn does not see a big issue. Osborn stated from their good faith effort Hangar 9 will spend their dollars that has been listed in the things from Helms and Associates cost estimates; they are not actual cost. We had asked them to work with Helms and Associates to make sure we have no problem on items that maybe AIP fundable are done properly so we can apply to get these funding and that they follow the recommendation for the option that they had chosen. Osborn stated as far as he is concern all the bases had been covered. Chairman Erickson thought with the sewer and water hook up it would be late summer until they get it all done. Osborn thought that temporary fencing could go up within a week as post can be set up and if they have this up they could be in business. The other thing as been discussed with the original application, we can agree to give them a year if they request it. The only thing that the Board will deny on the original application is the parking by the other side (Quest tool shed) as they will not have the safety and security. Osborn stated the Board can make a motion to accept the application with the following parameters that the safety and security fence is put in place prior to business starting up. Aman stated what he would asked as far as with temporary parking with Braun's (Quest) blessing if for no other reason being it Aman or Riggin if they are working versus having to park on the ramp side while construction is in progress, they as Hangar 9 employees be able to park and they know the consequences or ramification on going through the gate. Osborn stated both Aman and Riggin have gate cards and they know the requirements. If Braun has no problem with them parking over by the tool shed this is between them. Osborn's recommendation is to take their vehicle in; put it by the hangar they are at and work in this area. Johnson asked if there are any limitations on the use of the ramp area for construction vehicle. Osborn stated the purpose of the temporary fencing around the area, all the construction activity stays in this area. Johnson stated understood, but it will be a lot easier to put the snout of a cement truck in the hangar door than come through the back door. Osborn stated there are times that we will allow things like this. As they progress, if there are issues how they can get out there this was already discussed between Osborn, King, Muntean, and Aman that gate #1 can be use. Johnson asked after a vote of this Board is there any other stipulations that have to happen in Bismarck or any other location on the application besides the Board. Osborn stated Bismarck has nothing to do with an applicant on the property. The Board basically controls the business. Aman stated the only responsibility that Bismarck have as ADO is on the 7460-1 for the application for alterations for new construction and this is the only bearing. Between Bismarck and SDDOT, Jenny Clements had already done her work and done plotting and passed it back to Patty Dressler up in Bismarck. Osborn stated we do not have anything to response. We are held by our contract that we make it fair for all. As far as Bismarck saying yes or no for Hangar 9 being an FBO is not from their office. Their expansion had been discussed from the previous meeting and they had done the 7460 and was advised immediately just because they have to have Bismarck's approval to start construction. They can do fencing, but when they start building out this is where they have to make sure they get the approval from FAA to do the expansion. Johnson stated the building was built for an FBO, but does not meet for an FBO standards as of today, was there a change in Airport policies back in the 80's. Osborn stated the reason he knew that Theobald was a City employee at that time was that Theobald wanted to operate as an FBO at different hours of the day. Theobald asked to have his FBO

open from 5:00p to 10:00p and on weekends. The standards said that it has to be open so many hours a day which is actually the problem when he built the building. Johnson stated he just sees it that if the total square footage isn't adequate, what was the initial. Osborn stated he did not know what the standards then and these standards may have changed over the years as the Board reviews it. Kaiser stated the only question he has is the time table. Osborn stated to keep in mind that the application does have a one year timeframe that they will have everything in place. Kaiser stated knowing that we are dealing with people that have the substantial availability of funds to make it happen, he doesn't think this would be a problem. With just Riggins alone, we probably would have more worry about it being completed. Osborn stated the hardest part of this process is that we have an FBO asking to do work here post 9-11. Because of safety and security there are things that we are asking such as the fencing which keeps us protected from getting fine. We are actually doing this for their best interest. Then once they start as an FBO there are certain standards that TSA is going to require of them and it's going to be that they do take care of the safety and security of the field and this will be their responsibility. Once they do A&P work there are standards that they are going to have by FAA standards as far as doing work on planes. If there are complaints to us that they are not following any of the standards, we have to follow through this and Osborn does not know all the standards which he knows there's a lot to do an A&P. Johnson stated he's sure that Caven, AFS and Braun, Quest gets regular visits. Osborn stated the safety people from Rapid with FAA do come out and inspect that they are doing things right, that they have the right tools. They will be held responsible based on the requirements, these are beyond our control. Chairman Erickson asked Altman if these investors build the road and fence, who does it belong to. Is it their property until we pay them in the future, the maintenance and repair then another party wants to come in now they have the road built for them, part of the fence done and we have not reimbursed them? Chairman Erickson had experienced this with powerline and waterline and everybody else wants to hook on. Altman stated water and sewer are considered as service line. They would be the property of the owner that it serves and then the responsibility is theirs. If another FBO comes in they would not have the right to attach to Hangar 9 water and sewer system. They could negotiate an agreement where they would pay for part of the cost and then Hangar 9 would allow them to attach and as long as it meets the sewer/water requirement and assuming that the service line could handle an additional load then they can make this agreement between them. Aman states when he met with Osborn, King and Muntean in this regard, Osborn had offered that the Airport would pay for the increase in service line size from 4" to 6" for future expansion so they don't have to dig the main line out. Hangar 9 realizes that for the area that they are requesting not only the hangar but also for the addition 100x100 space for future expansion, they know this will be their property under the lease. Altman asked Osborn if we intend to oversize from 4" to a 6". Osborn stated this was one of the discussions early on in the process. Since that time Osborn had talked to our engineer and suggested that we would not. This was one of our initial discussion if look at future expansion it would be better if they have it open to go to a 6" line. We thought this economically and everything else. One of the things Osborn found out from the City was that if there was an issue with someone pouring something down the drain and we have a shared drain, who is responsible and because of this we thought we are better off not doing this. Johnson thought chances of needing a 6" line in the near future is very small. Chairman Erickson stated he is more concern about the road and the fence. Altman stated he does not have the answer to because it is going to be constructed on property as far as he can tell technically it leads to leased property, but it will be running along non-lease property. Osborn stated they have ownership right as far as drivability, but they don't own the land underneath as it is still federal land. Altman added we also have to figure out who maintains it as well for snow removal, sealing and whatever else needs to be done. The other thing that needs to be discussed is that we have to remember that they are currently not on an FBO lease; they are on a hangar lease. We need to redo this and this would be the time to spell this out. Altman stated he does not know enough about the operation to say who is going to be responsible. From the sound of it Hangar 9 will be asking for reimbursement, but Altman does not believe this would change the responsibility for maintenance of the said operation. The service line belongs to the owners of the facility and just because it goes under public property does not mean it is the responsibility of the owner. Even if Aman can find some money and it does get funded by federal dollar somehow, Altman does not think the Airport wants to take ownership of it because the Airport have to maintain it and we do not want to maintain a private line. As for fencing, Altman stated this is not something he deals with on a regular basis and does not know enough about the security regulation to say that the Airport can just claim the responsibility of course we have to keep some responsibility for it. This is some of the things that we have to deal with in the FBO lease which we have prepare before the next meeting. Altman stated he would have to sit down with Hangar 9 to spell out what the responsibility is both in the construction phase and the permanent phase. Kaiser stated his feeling is that we should certainly have responsibility for maintenance of the fence and the road in the future because we have every other fence and road in the facility and its one of a cheap requirement on running the Airport. Osborn stated this will not be any different with the other FBO's as we do assist them with their gates because of security. We assist them with their property as for taking ownership of it is like very much like the sewer line, we do not want to take ownership of it because it takes away their responsibility to keep up the security. Kaiser asked if the other gates and fence are owned. Osborn stated no and we do have an application to the State to get some electronic gates which is to take the old turnstile gate out. We did this with AIP funds so we do not have the expense. We try to assist when we can. Johnson stated with nature causing its issues right now, the gray area would be snow removal too. Osborn stated there will be certain area of responsibility that they have to keep track and take care of. It is not going to be any different from the other FBO's. They have a perimeter they have to take care of. As for the road itself, we can just make an agreement and we can assist them with snow removal as we are going to be doing this on the Airport anyway. It will just be how it will fall in the line and this is when we go back to FAA standards of what we have and where we flow

with it; it will change our flow of work. Osborn stated this is a tough issue as there really no ownership and they have to put the road down in order to do business. It's a catch 22 as you really never own it other than you put stuff down. If FAA comes in and takes over the whole Airport everything disappears. Chairman Erickson stated the road will not go anywhere except for their facility and should not have any traffic. Aman stated to start with and not to say after it's done the additional space where hangars are there it maybe where FedEx and UPS would want to put something in this corner as a base versus out of Quest gate. Chairman Erickson stated he had run into a problem when he put in a powerline in his facility and then shortly after somebody else wanted to hook on to it and basically Erickson said they had paid him back for the line immediately. Altman stated this is pretty common in development project to have the owner build it and dedicate it back to the City or the Airport, but also perhaps retain some of agreement that if someone does want to use it in the future that they can get reimbursed partially for it. This is all the stuff that could be worked out. Hangar 9 knows they have to install it and if there is some way that Hangar 9 should be legitimately reimbursed if somebody else wants to use it in the future then this can be discussed as we go. There will be fair amount of work on this FBO lease just because of the construction and the substantial amount of new improvements and we want to treat Hangar 9 fairly not have front all the money and have everybody else piggy back at no expense. This is not treating equal tenant fairly on the Airport. So Hangar 9 should be able to be reimbursed in the appropriate situation. Chairman Erickson asked if Aman's partners are having problem to put up the money to do this. Aman stated their biggest concern is without a contract putting forth dollars into other public areas with nothing in writing that they will be reimbursed. This falls into a gray area where he says, she said. Aman stated he himself, Erickson or anybody else isn't going to put up \$50,000 to \$60,000 on a word, not even a handshake let alone in writing for any form of reimbursement. It is not in any of our best interest. Osborn stated a lot of things that had been discussed as far as reimbursement for AIP dollars; we did not just pull a figure out in the air. We actually called Bismarck and talked to them what Aman is intending to do, sent them maps and drawings. So they actually got to see it. One thing we will not get from FAA is a guarantee that they will be reimbursed. There is a guarantee that we can apply for it and try to get them reimbursed. Osborn stated they need these things to be in business, we have arrangements that we already discussed with FAA that we will apply for reimbursement. Altman stated this will not be the same as the other FBO lease as it will have to have a section that deals with the interim period before they are up and running. What happens to temporary security and the installation of improvements will be a whole additional section that will be added to the lease. Altman does not see a reason why the issue of applying for but not guaranteeing reimbursement would not be address in the portion of the lease. Altman stated Hangar 9's application is to operate out of Aberdeen Regional Airport as a Limited Service FBO and this is what the Board needs to approve. Altman stated he will bring the lease to the Board in the next meeting and it will have all the conditions.

Johnson moved approval of Hangar 9 Limited Service application for FBO, approval of the changes agreed to from the addendum and further adjustment that were discussed from TSA's fencing requirements, and to delineate the request to lease on a temporary basis for parking the area from Quest tool shed, seconded by Kaiser. Motion carried.

Johnson moved to adjourn, seconded by Kaiser. The meeting adjourned at 9:58am.