

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
October 3, 2011

MEMBERS PRESENT: Mike Erickson, Nate Zeeb, Dr. Kennon Broadhurst

MEMBERS ABSENT: Steve Kaiser, Rolf Johnson

OTHERS PRESENT: Mike Wilson, Bob King, John Aman, Darryl Shook, Gary Dahlerup, Kevin Braun,
Terry Helms, Mark Caven, Jeff Williams, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:36 am on Monday, October 3, 2011.

Item #2 – Broadhurst moved approval of the minutes from the September 8, 2011 meeting, seconded by Zeeb. **MOTION CARRIED.**

Item #3 – Broadhurst moved adoption of the agenda, seconded by Zeeb. Wilson stated he would like to switch the order of the two items on item 9. **MOTION CARRIED** adopting the agenda with minor change.

Item #4 – The next meeting is scheduled for Monday, November 7th at 11:30am. Wilson stated they are going to Chicago for the FAA Great Lakes Conference the week previous. The meeting place will be at Hangar 9, Inc.

Old Business: None

New Business:

Item #5 – Bills – Zeeb moved approval of the bills for the month of September, seconded by Broadhurst. **MOTION CARRIED.**

Item #6 – Financial Report – Zeeb moved approval of the financial report for September, seconded by Broadhurst. Broadhurst asked when we send bills out. The bills are usually sent out the 1st of the month if it falls on a work day. Zeeb asked about Delta. It was reported that a payment should be coming. Broadhurst asked about the negative balance being gone. It was reported that this was taken care of the 2nd half of the lessee's land billing. **MOTION CARRIED** approving the September financial report.

Item #7 – Helms and Associates pay request for Bidding Services for AIP Project #3-46-0001-31-2011 Ag Sprayer Taxilane in the amount of \$4,705.11 – Broadhurst moved approval to pay, seconded by Zeeb. **MOTION CARRIED.**

Item #8 – Hangar 9, Inc. Access Road Improvement:

8a: Request approval of CO #3 a decrease in contract amount by \$13,951.50 – Broadhurst moved approval, seconded by Zeeb. Wilson stated the decrease is for under running quantities in the project. **MOTION CARRIED.**

8b: Request approval of Final payment, PE #6 to Lien Transportation in the amount of \$14,989.64 – Zeeb moved approval to pay, seconded by Broadhurst. Wilson stated this was for the retainage. We had done our final inspection and they have fixed all their punchlist items. Braun from Quest asked what the total cost for this project was. Wilson stated the project was for \$222,467. Braun asked will this be reimbursed with a grant. Wilson stated this will be on next year's grant at 98% funding, 95% Federal and 3% State. **MOTION CARRIED** approving the Final payment, PE #6 to Lien Transportation

Item #9 – Requests from Hangar 9, Inc.:

9a: Request variance from ABR Minimum Standards Section 2, subsection 2.06 –B.3 Charter Service (Part 135 Certificate) and B.5 Commercial Fuel Sales/Line Services – Zeeb moved to discuss, seconded by Broadhurst. Wilson stated Hangar 9 approached him as they had changed Managers. The person that was working on getting their Part 135 certificate is no longer with them. It's about a 6 month process to get the new 135 certificate. Wilson stated we can put the requirement and give them an extension of 6 months to operate as a Full Service FBO without being Part 135; they can't do Charter service. The other item that is in our Minimum Standards it calls that they must have one truck available to carry 750 gallons of Av Gas and one truck that can carry 3,000 gallons of jet fuel. They were wondering about one truck that carries Av Gas and jet fuel rather than two separate trucks. Wilson stated he does not see this as an issue, if they have a vehicle that can carry the fuel. Wilson added it is up to the Board if they want to give variances for these. Shook, Hangar 9 Inc Manager asked why they have to have a 3,000 gallon fuel truck. They would like to be exempt from this and make it 1,000 jet fuel and 750 AV gas. To have 3,000 gallon jet fuel running up and down the ramp to put 300 gallons on a plane is not practical. If they can get smaller tanks, he can have both

types of fuel in one truck versus two trucks which just makes sense. Zeeb stated not being a pilot, is there a reason we have a requirement to have two trucks. Wilson stated he was not here when the quantities were established. Wilson asked Caven from Aberdeen Flying Service and Braun from Quest if these are what they have. Braun stated he has 3,000 gallons so he does not have to fill his truck as often. Wilson asked would they care if it is a 1,000 gallon. Braun stated if you want to fill more often, it is your choice. Broadhurst stated the minimum requirements were set by somebody and he remembers it from times back when he was on the Board. Broadhurst asked was this something brought from the FAA or how did this come about. Wilson stated this is a local item and FAA does not have requirements for minimum standards. Wilson stated back in 1983 the book we have is pretty much our certification manual and everything dealing with the Airport. It also had minimum standards in it. In those minimum standards there is nothing dealing with differentiating a full service from a single service. It had multi services, but Wilson does not believe it called out any requirements on what the truck is capable of. It called for a building, personnel, and two aircraft under direct control and based on the lessee's leasehold, hours of operation and insurance coverage, but one can just pick and choose what services they wanted. In 1994, it looks like it was updated again and it did not really call out a lot of the items either. It was pretty much the same thing. Then it changed in 2005 to the commercial minimum standards that went to the Board and they had used the information from 1983, but updated this a little bit. The update called out for Single Service Operator and Full Service FBO. In this it was set up that they must meet so many items to be considered a Full Service FBO and be allowed to sell fuel. This is what they went through and figured out what items were needed to be considered a Full Service FBO and what the requirements were. As far as the trucks goes, some airports would actually differentiate between a commercial FBO and a General Aviation FBO and they will make one provide jet fuel and the other would just do Av gas. We have it where they have to have both. Wilson does not think there is a need for 3,000 gallons on a truck and does not think it matters that you have one truck providing both. Their other request is a change. It would be an extension of 6 months to let them operate as a Full Service FBO without having a charter service. Wilson asked Quest if they contract for flight training. Does the Board want to give one business an exemption for 6 months or not? Broadhurst asked what the other businesses use for trucks. Wilson stated probably two and has at least 3,000 gallon truck. Like Braun had stated they do not have to fill as much. Broadhurst asked Caven, Aberdeen Flying Service what his business has. Caven stated they have a 2,000 gallon truck. Wilson stated Caven is not meeting the requirement either. Caven stated they might have been grandfathered in. Zeeb stated not being a pilot, if there is no reason to have 3,000 gallon minimum he does not know why we have it in the policy to start with. Wilson stated he does not think there is a reason for it. If they would have went of what we have on the Airport, Wilson thinks that they would have gone with Caven's 2,000 gallon and made this the minimum. Even with 2,000 would Shook be able to get this on one truck. Broadhurst stated these are things that were known about many months ago. Why is it that it just now coming up to a point that they don't have the 3,000 gallon truck, so change the rule to satisfy the requirement. The rules were made, the rules were established and these are the rules. Chairman Erickson asked for clarification if Hangar 9 does not have the Part 135 certificate, what can they do and what they can't do. Wilson stated they can't do charters. They have their flight training, a qualified mechanic, line service, aircraft repair and maintenance services, pilot training, aircraft rental, and tie down services. Chairman Erickson asked about someone being certified on the fueling. Wilson stated they still have to meet this. The FAA rule is that in order for Wilson to allow them to do fueling they have to be enrolled in a course within the next 90 days and have proof of this, then they can start the operation. Aman, Hangar 9 stated under the old management the fuel training and everything had been done, but since management changed that partnership dissolved as well. The individual is not willing to work with the new management, so they are starting over with the master trainer. Wilson stated the Minimum Standard is up to the Board and the supervisor training for the FBO is an FAA requirement. Wilson will not allow them to do fueling if they don't have this booked and ready to go within 90 days. The other requirements are local and are up to the Board. At some airports they have to meet so many items and some have requirements like we do where there are a set number of items. They are asking for 6 months extension on this and this is not an FAA requirements. Wilson does not have a say on this. It is up to the Board. Chairman Erickson stated lets work on the fuel request first. Wilson stated his initial thought on the fuel is at least drop the requirement to 2,000 gallon if this is what is currently on the Airport. Wilson does not know why it was set at 3,000 gallon and this is up to the Board. Zeeb asked if we drop it to 2,000 gallon would they meet this. Wilson stated at least this is where they would go. They do not have a truck yet. They are still working on getting one and if its less they can build one truck that has both, AV gas and jet fuel. AFS and Quest both have single axle trucks. Chairman Erickson stated he did not hear any opposition on changing or allowing a different size truck even though we set this at one time. Zeeb asked do we have to make exception or do we do a change. Wilson stated he thinks that this would be a change to the rules and regulations if the Board would like to do it this way. The other request would be more of a variance. Wilson added he thinks that we need to go through the rules and regulations. Wilson will be going through this and will be updating a lot with other items as we do not have anything for the private hangar in the Minimum Standards. They use to be in the rules, but now it's only commercial service. Wilson will be doing some changes. Zeeb asked if the Board can just approve the variances for all the FBO's until we address the rules. Wilson stated Aberdeen Flying Service and Quest are most likely grandfathered in as they have this prior to 2005. Wilson is not sure why the standard was set higher for everyone else, if there is no real reason to. Zeeb moved approval to grant variance on the minimum requirement for fuel for FBO's in general. Motion died due to lack of second. Broadhurst asked would Braun or Caven be happy with a 2,000 gallon or 3,000 gallon truck. Braun stated with the location of their fuel farm and the location of his business is the reason he went with 3,000 gallon truck. They used to have a 2,000 gallon truck. Unlike Caven, he has a more user friendly environment to reload his fuel truck. Caven has his next to his building. Caven stated they have had the 2,000 gallon since 1985. Broadhurst stated then change the rule to 2,000 gallon. Chairman Erickson asked is it 2,000 overall as the rule now is 3,000 jet, 750 AV gas, and two trucks. Wilson stated a plane that takes Av gas will take a lot less fuel. A plane the takes jet fuel

will take more that is why the rule said 750 Av gas, 3,000 jet fuel. One thing that Hangar 9 mentioned to Wilson is that they will be dealing a lot more with Av gas than they are with jet. They would prefer not to have jet in their discussion before, but since it is a requirement they are doing this. Aircraft that are stored in Hangar 9 all run off Av gas. Chairman Erickson asked how many tanks Braun or Caven has on their truck. Braun stated one truck, one tank. Caven stated he has a separate truck for separate fuel. Zeeb asked how big of a truck Hangar 9 is going to have. Shook stated 1,000 gallon each depending on what comes out today. Shook stated what he is struggling with is why the Airport Board is telling the FBO's what size truck he has to have. We are telling him that he has to provide the service, what size truck and how many gallons do not make sense to him. Zeeb stated the thought is we do not want someone driving in with a pick-up with a ten gallon jug of fuel and say here you go. Zeeb added that he sees Shook's point. It's not really up to the Board to legislate business. Shook stated they still have to provide the same service, what difference does it make whether it is 500 gallon or 5,000 gallon. Wilson stated we have to have a minimum. Braun suggested if they do not want to sell jet fuel give them a variance on not selling jet fuel and then their tank size for AV gas will be a lot smaller. Shook stated eventually they are going to have jet fuel. Dahlerup stated from a pilot standpoint he is not crazy about having two kinds of fuel on one truck. He has not seen this anywhere. Williams another pilot agrees. There is too much cross contamination. Dahlerup stated it is pretty serious if they get mixed. Chairman Erickson stated this is more of a safety issue. Wilson stated this is another item the Board needs looking at. Is one truck acceptable or do they need two. Shook stated it would be two separate tanks. Dahlerup stated he does not know if there is anything that says they can't do it, but it is not common practice. Wilson stated the other option is revisit this, but with hunting season they would want to be up and running. Chairman Erickson stated they do not have anybody qualified to fuel yet. Wilson asked if Shook is enrolled in a course or not. Shook stated he will be as soon as we get done here today. What the Board decides is going to make the decision for Shook. Zeeb asked does the Airport has any liability if they run both fuel off one truck and put the wrong fuel. Wilson stated the FBO has their own insurance and own liability which is also in the Minimum Standards of what they have to have. Zeeb added he was just thinking if we foster an environment where we would allow an unsafe practice, if the industry's standard is two trucks. This is a question to the City Attorney. Chairman Erickson agrees. Wilson stated this is a good point. The Minimum Standards are set to keep us out of trouble with our Grant Assurances; to make sure we are not doing what we should not be doing. Chairman Erickson stated they need a variance for the jet fuel and Wilson added also for the requirement for two separate trucks. Chairman Erickson stated from what he is hearing they will need two separate trucks. Shook stated if we are requiring two separate trucks, Shook is asking for variance of 1,000 gallon jet fuel. Wilson stated for the gallons he does not see as an issue. As for the two trucks we have to clearly establish. Wilson asked if Shook is planning to get two trucks at one time. Shook stated the Av gas is what they are really interested in. Obviously they have to get a jet fuel truck and if they have to have two trucks then Shook would get an AV truck and later on get the second truck if we are requiring having two trucks. Shook still does not see any reason for it to be a large truck. They have no intentions of selling Quest's fuel. They are not here to put anybody out of business. 1,000 gallons is more than adequate for what they are going to do. Shook does not see a reason to have any heart burn over this. Wilson stated his recommendation to the Board is two trucks, 1,000 jet fuel, and 750 Av gas. Zeeb moved approval of the change as recommended by Wilson, seconded by Broadhurst. **MOTION CARRIED.** Wilson stated with the Part 135 request for variance, Hangar 9 had issues with the changeover. They were in the process of getting their certificate and now they are set back 6 months. This is required of the other FBO's so Wilson is not sure if they would have issues allowing exemptions for a while or not. Zeeb stated he understands that there is a change in management, but Hangar 9 had been progressing and it's operating for two years now. Broadhurst stated longer than this. Their attorney brought all of their paperwork and had gone through everything that is on the Minimum Standards. If Aman or Shook does not know, their attorney knows what is required. Zeeb stated if we do not grant this they are operating as a Limited FBO. Wilson stated yes until they get their Part 135. Zeeb asked when will the Part 135 be completed. Shook stated their plan is 6 months. This is entirely up to the FAA. Zeeb asked has it been submitted. Shook stated it has been resubmitted; they are starting over. Aman stated the Part 135 is a multi-step process. All the process had been completed and signed by Riggin which as soon as management changed they basically denied it and said start over. Zeeb asked so if there is a management change again in the future, do they have to reapply? Braun asked do they have a charter certificate in place now. Aman stated no. Have they ever had? Aman stated no. Wilson thinks the certificate goes to the business. Zeeb asked when did the management changed and when was the Part 135 resubmitted. Shook stated a couple of months ago and the Part 135 was resubmitted last week. Broadhurst asked what if at the end of 6 months they still do not have it, what do we do then, another variance? Wilson stated another variance or make them stop selling fuel. Chairman Erickson stated it would be pretty hard to quit once you get going. Zeeb asked Wilson for his recommendation. Wilson stated if the Board is to act on this, he suggested not making it a variance, that it be a change to the rules. But on the other hand, both Aberdeen Flying Service and Quest are meeting this requirement. Wilson stated this is really up to the Board. Chairman Erickson stated he would like the whole Board here to make the decision like this. Zeeb asked if the Board is to change the rules that they do not have to have the 135 would they still get it. Shook stated that they would. Wilson asked Braun and Caven what percent of their business is charter. Braun, Quest stated they do offer charter but maintenance is what they do quite a bit of. Caven, AFS stated they do much of everything. Caven asked why we establish rules if all one have to do is get a variance on everything. Why did we write a requirement to be an FBO or a Limited FBO? If all he has to do is come in and established and get a variance, why have any rules at all. Zeeb stated he had said this before in prior meetings that his concern is that as a Board they established a course of dealing where they continually making exceptions to the rules and it becomes difficult to enforce the rules. Broadhurst moved to table the request for variance on Subsection 2.06-B-3 Charter Service (Part 135 Certificate) from ABR Minimum Standards, seconded by Zeeb. **MOTION CARRIED.** Zeeb asked for a copy of Hangar 9 Part 135 application for next month's meeting.

9b: Request approval of Addendum to Lease #71 changing from Limited FBO to Full Service FBO - Broadhurst moved to table the request for approval of Addendum to Lease #71, seconded by Zeeb. **MOTION CARRIED.**

Item #10 – Request approval of Lease Renewal:

10a: Darrell Hillestad, Lease #19 – Zeeb moved approval, seconded by Broadhurst. Wilson stated this is a standard lease renewal. Broadhurst asked if we have a signed copy from the lessee. It was explained that the lease gets presented to the Board for approval first then Chairman and the Secretary of the Board signs. Broadhurst asked what if the person is not interested on renewing their lease. Wilson stated then we would make them remove the structure off Airport property. **MOTION CARRIED** approving renewal of Lease #19.

10b: Wade Outka, Lease #29 – Broadhurst moved approval, seconded by Zeeb. **MOTION CARRIED.**

Item #11 – Request approval to use \$50,000 of Fuel Tax Funds for GA Apron Improvements – Wilson distributed a layout of how the GA road is going to be. Wilson did make a request to the State to use \$50,000 of Fuel Tax Funds. It will be 100% grant, no local match for it. The plan is to write out a spec and bid it out later this year. The curb and gutter from the old terminal is going away today. Minor improvements have been made for the winter. The plan is to move the road making it a single roadway going out and making everything else green space. Wilson thinks this will clean the area up a lot. We still have to decide what we will be doing for curb and gutter in the entire area. We will probably be putting a lot of valley gutter to get some clean edges on the sides of the pavement and some curb near our shop. Chairman Erickson asked about storm sewers. King stated we had replaced some of this already. Wilson added there were a lot of them collapsing. We had two inlets that were collapsed which were removed and we just put straight pipes underneath because they were not really needed anymore. Chairman Erickson asked how much do we have in our Fuel Tax Fund. Wilson stated about \$170,000. Zeeb asked is this after the \$50,000. Wilson stated no, it's before. Broadhurst asked what this fund can be used for. Wilson stated pretty much anything that promotes aviation. The GA area needs some clean up. This is one of the first things Wilson noticed getting up here, how bad this area looked. The Aeronautics Commission already approved this, and then it goes to this Board, then to the City Council. Chairman Erickson asked do we have to meet the City standard that if we build something we have to have the green area. Wilson stated no, but had this been done when the terminal building was built, it would have been paid for on an FAA grant. If they had written this space as green space, this could all have been covered. Wilson does not know what all happened in the past, but this was brought up to him by FAA when Wilson showed them what he was planning on doing in this area. Chairman Erickson asked how wide will the road be. Wilson stated the existing concrete road down by Aberdeen Flying Service and Quest is 24' and this is what the new road will be; 24' roadway with valley gutter on each side. King added the guard rail had been removed and last Friday the City crew milled down the big bumps. Braun stated to be fair to all operators this is for \$50,000 and we spent \$222,000 on the other road so they have a ways to go. Zeeb moved approval to use \$50,000 of the Fuel Tax Funds for GA Road Improvements, seconded by Broadhurst. **MOTION CARRIED.** Wilson stated we would have had the City do everything, but curb and gutter is contracted out, and they are waiting on 4 other projects to be done. There is no way they can get them in here this year to do this. This is why we are planning to bid the whole thing out. This way we can get a company and tie an end date to it so we know exactly when it will be done.

Item #12 - Airport Manager's Report:

12a: Travel to Rosemont, IL for the 27th Annual Great Lakes Region Airport Conference November 1st – 3rd – Wilson stated he and King are going to Chicago for the FAA Great Lakes Region Conference. There are about 4 items at a time at this conference so it is good to have multiple people there. Terry Helms, Helms and Associates have not decided if he is making the trip or not. Helms stated this conference is worth the time. Wilson added he had attended this the last two years and it's a really good conference.

12b: Possible Terminal Remodel – The Board received a copy of the proposed terminal layout. Wilson stated the current terminal has the Observation Room in the middle. The proposed remodel this room will be part hold room, part baggage claim. The FAA will fund this and Wilson had talked with them already. The FAA does not see a lot of need for the Bar and Snack area and it is not being used. Wilson does not think it will ever be used. FAA will fund it at a normal 95%. We can get a better baggage claim area as right now 50 people in 300 square feet is not ideal. Then when people come to pick up passengers, then it gets extremely crowded. The Hold room, when Wilson started here there were 34 seats. We had added seats to get it up to 39 seats and we are completely out of space because TSA equipment takes up too much room and this was never really planned for when this building was designed. Wilson is looking at switching this around. The FAA says if we are doing this, do it right, go big, make it so it will work for the future. With the remodel, Wilson thinks we can get at least 70 seats. Wilson thinks it will be better for people as it will not be as cramped. Chairman Erickson asked what is on the east end of the baggage claim. Wilson stated the airlines tug has to hit walls everywhere; it has to hit the baggage claim and the concrete pillars as the room is tight. We are looking at moving the wall out which will be an option as Wilson thinks this will be costly. Broadhurst asked if we can put the vending someplace else rather than right at the front door. Wilson thought that we would put it some place that is convenient for people to find the vending machines. Broadhurst asked if we can put it in an inconspicuous place rather than right up front. Wilson stated we could put it in the baggage claim too. This is not the final design. Wilson thinks the whole vending

area looks horrible as this area was not set up for this. The snack bar and equipment would all have to go. Wilson thinks that Parks and Rec or the Golf course would get some use of these. Chairman Erickson asked what our next step is. Wilson stated start working with Helms and Associates and get a contract for it. Wilson added Muntean does not want to do granite in the baggage claim because it was a problem to work with. For the aesthetic, Wilson thinks the Board will more likely want this. Wilson stated the Board should have their ideas ready for when we start having more meetings on the remodel.

12c: Marketing - Wilson stated Dr. Smith from NSU did a couple of radio ads and this should be starting today. We are running the ads for 5 weeks on Hub City radio. There will be another general ad that talks about all jet service that will run in Jamestown. Wilson added the Chamber will also run this ad in Yankton. There is a station that catches a lot of the State; Pierre and Watertown. It captures a pretty big audience. The Chamber runs this ad for us for free. We also received a call from someone from North Dakota that heard we have free parking on the radio. They decided to come down here since we have free parking rather than going to Fargo. Wilson stated somewhat the advertising is working. We also had someone from Oneida because Pierre is losing Delta they did not want to risk flying out of there. They called and asked if we are keeping Delta. We are getting some people from other areas coming up here.

12d: Final inspection for the GA Apron Expansion - Wilson stated we had the final inspection for the GA Apron project. We have a couple of minor issues. Some spots on the concrete that need to be filled, ruts or high spots on the grass that need to be trimmed down and we are waiting on seeding.

OTHER: None.

Broadhurst moved to adjourn. The meeting adjourned at 12:47pm.