

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
November 7, 2011

MEMBERS PRESENT: Mike Erickson, Rolf Johnson, Steve Kaiser, Nate Zeeb, Dr. Kennon Broadhurst

MEMBERS ABSENT:

OTHERS PRESENT: Mike Wilson, Dean Knie, John Aman, Gary Dahlerup, Kevin Braun, Sam Muntean, Mark Caven, Julie Johnson, Jeff Mitchell, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:32 am on Monday, November 7, 2011.

Item #2 – Zeeb moved approval of the minutes from the October 3, 2011 meeting, seconded by Broadhurst. **MOTION CARRIED.**

Item #3 – Zeeb moved the adoption of the agenda, seconded by Broadhurst. **MOTION CARRIED.**

Item #4 – The next meeting is scheduled for Thursday, December 8th at 11:30am. The Board will meet in a Special Meeting with the City Council Monday, November 28th at 4:00pm. Wilson stated this meeting will be about what the role of the Airport Board is and the State laws governing Airport Boards.

Old Business:

Item #5 – Possible modification to the Aberdeen Regional Airport Minimum Standards – Section 2.06.B.5 – Change Jet Fuel Truck tank size to 2,000 gallons – Wilson stated last meeting we decided to change the jet fuel truck size to 1,000 gallons. It was in the Minimum Standards as 3,000 gallons. Looking back through the old Minimum Standards it was decided that it was an error. After finding this, Wilson's recommendation is to change it back to 2,000 where it used to be. Zeeb moved approval to change Section 2.06.B.5 to 2,000 gallon, seconded by Kaiser. **MOTION CARRIED.**

Item #6 – Continued Requests from Hangar 9, Inc.:

6a: Request variance from ABR Minimum Standards Section 2 Aeronautical Services, Subsection 2.06-B.3 Charter Service (Part 135 Certificate) – Wilson stated last month this item was tabled due to too many questions and wanting the entire Board to be here. Hangar 9 is requesting a variance from the Minimum Standards so they can operate as a Full Service FBO and have the right to sell fuel without having the Part 135 Certificate for Charters. They said it would take about 6 months to get the certificate due to a change in management. After Wilson read the Minimum Standards Advisory Circular which stated do not make exceptions, keep things the same for everybody, Wilson's recommendation to the Board is that Hangar 9 adhere to the Minimum Standards. Hangar 9 is allowed to contract with a charter company until they get their certificate. Chairman Erickson stated the Advisory Circular on Minimum Standards was emailed to the Board. Kaiser asked does this move Hangar 9 in the same status as the other two FBO's. Wilson stated Hangar 9 is already in the same status as the other two FBO's. This was approved June 2010. Wilson stated this is asking for them to exercise those rights. There are still other items they have to meet. Having a Part 135 Certificate is one of those items and they had asked for a variance from this requirement for a short time. Wilson's recommendation is not to give the variance on this item. Kaiser moved approval of the variance, seconded by Zeeb. Wilson stated in the red binder that was distributed to the Board is a copy of Airport policies and a copy of the Minimum Standards. Braun asked can someone explain page 16, B1 a-d of the Minimum Standards. Wilson stated a Full Service FBO has to be an FAA approved repair facility servicing jet aircraft, twin engine and single engine aircrafts. Wilson asked Aman if they had been approved for this. Aman stated they are for single and twin engine. Wilson asked if they have plans to service jets. Aman stated he is assuming they are. Wilson stated this is another item they would have to meet before they are allowed to fuel. The Board approved Hangar 9 to be a Full Service FBO last year. Just because they are approved to be a Full Service FBO does not mean they are going to be one, until they meet all the requirements. After taking a vote on the motion approving the variance, the Board unanimously denied the request for a variance from the Minimum Standards. **MOTION DENIED.**

6b: Request approval of Addendum to Lease #71 changing from Limited FBO to Full Service FBO – Wilson stated that the Board voted last year to allow Hangar 9 to be a Full Service FBO. The addendum to the lease is adding in the sections from the Limited Service FBO to the Full Service FBO. They still have to meet the requirements and cannot operate as a Full Service FBO until they meet all the requirements. Right now they are not meeting the maintenance and repair services, the Charter services, and they are in the process of ordering fuel trucks. Zeeb moved approval of the addendum to Lease #71, seconded by Johnson. Wilson stated he does not think this would hinder Hangar 9's operation if the Board waits to approve the addendum until Hangar 9 meets all the criteria of the Full Service FBO. Hangar 9 is still acting as a Limited Service FBO and they are not able to act as a Full Service FBO until they meet all the requirements. The only way it will slow anything up is that if they meet a requirement in a week then we have to wait until the next Board meeting or we have to call a Special Meeting for it. Johnson asked does Wilson feel the addendum is ready. Wilson stated the addendum is correct, but Broadhurst feels that Hangar 9 does not currently meet the requirements of a Full Service FBO. Councilman Mitchell asked does the addendum change anything for them. Wilson stated the addendum allows them to sell fuel and it gives them the rights of the Full Service FBO, but we still have the Minimum Standards that have to be met to be able to exercise those rights. Zeeb stated at this point its moot because if they are not meeting the Minimum Standards why put them on a Full Service Lease if they are not going to be operating as a Full Service FBO. Wilson stated once they meet the Minimum Standards if they need to and want to be operating quickly, we could call a Special Meeting. Chairman Erickson asked what recourse they have if they start doing something that is not approved without meeting the Minimum Standards. Wilson stated the City Attorney would take legal action. Zeeb added page 19 of the Minimum Standards explains this. After taking a vote on the motion approving the addendum, the Board unanimously voted to deny the addendum to Lease #71. **MOTION DENIED.**

New Business:

Item #7 – Approval of the Aberdeen Regional Airport Minimum Standards for Operators of Commercial Activities – Wilson stated we have this in place, but would like it re-approved saying it replaces all previous versions. The statement was added in on page 25. The title was also changed as before it only says Minimum Standards, but we can have all sorts of Minimum Standards. Wilson had been working on Hangar Standards also. We have this in place currently through some old Standards that need to be updated and revised. The other item is there was an Exhibit A to the Minimum Standards and this has been added in the red book for the Board. The only changes that Wilson had made were typographical, placed a current picture of the Airport, changed a reference of an Advisory Circular that is outdated, the 2,000 gallon fuel truck size and added on page 25 that this replaces all previous versions. Since then one of the members of the Board contacted Wilson with some other issues found throughout the document. On page 20, Rental Cars Section 3.01.3 the language is extremely confusing what age the rental cars have to be so Wilson added in that the cars must be less than 6 years old. Page 21, Section 2 was also changed. Page 24 said ARA which was supposed to mean Aberdeen Regional Airport but nowhere else in the document or in any other airport document do we call it ARA. It's always ABR so this was changed to Aberdeen Regional Airport. Wilson stated Braun from Quest also talked to him earlier. There are a lot of variations on different things where for one service it requires 800 sq. ft. of hangar space, one is 900 sq. ft., and one is 2000 sq. ft. Braun is thinking there should be a standard for all of them and should be the same. The issue with 800 sq. ft. hangar for an aircraft rental is they can have a 40'x20' hangar which is not going to keep much for aircraft and have office space and such. The way Wilson had seen this on other airports is that they have a minimum requirement for office space and they have the requirement to have a hangar and we would not approve a hangar that would not fit an aircraft in it. There is more work that is needed on the Minimum Standards. Wilson asked if the Board would want Wilson to make the changes that are needed and bring this back next month. Broadhurst asked what about page 8 – 2.03 referencing 2.10. Wilson stated this is something he has to clean up also. Chairman Erickson asked when the last time this Minimum Standards was done. Wilson stated this was brought to the Board in 2005 and the other version is from 1995 and 1983-84. Broadhurst asked if a change is made is there something that would affect Hangar 9. Wilson stated he does not think we are changing any requirements that would affect them. From what Wilson understands there is something from Hangar 9 stating how they will meet the requirements and they went through the Minimum Standards and detailed how they will meet these requirements. Aman agreed. Broadhurst moved to table the approval of the ABR Minimum Standards for Operators of Commercial Activities, seconded by Zeeb. **MOTION CARRIED.**

Item #8 – Bills – Broadhurst moved approval of the bills for the month of October, seconded by Zeeb. Kaiser asked about the sand purchased. Wilson stated this is used for snow removal. **MOTION CARRIED.**

Item #9 – Financial Report – Zeeb moved approval of the financial report for October, seconded by Broadhurst.

MOTION CARRIED.

Item #10 – Helms and Associates pay requests:

10a: For Construction Administration/Resident Engineering Services for AIP Project #3-46-0001-30-2010 GA Apron Expansion PE#9 in the amount of \$2,710.58 – Broadhurst moved approval to pay, seconded by Kaiser.
MOTION CARRIED.

10b: For Construction Administration/Resident Engineering Services for AIP Project #3-46-0001-31-2011 Ag Sprayer Taxilane PE #5 in the amount of \$3,978.65 – Broadhurst moved approval to pay, seconded by Zeeb. Wilson stated the contractor is starting work today. Broadhurst asked if they can get account summary on this project even though it is not paying everything in full. **MOTION CARRIED.**

Item #11 – Possible recommendation of selecting SkyWest Airlines d/b/a Delta Connection to serve Aberdeen through the Essential Air Service program – Wilson stated the DOT requested the City to make their selection for a carrier. Even though we only had one carrier put in a proposal for Aberdeen, we still have to go through the process. Wilson stated it would be a recommendation to select SkyWest as the carrier for serving Aberdeen through the EAS program. This is also on the agenda for the City Council meeting tonight. The Mayor will put together a letter and hopefully in this letter will include that the Airport Board also recommended selection of SkyWest as a carrier for us. We will send this on electronically so we can get it in the docket as soon as possible. The DOT gave us through November 21st to make our recommendation and the sooner we get this done the sooner this process can move forward and we can have SkyWest officially selected to serve us. It would be about a 90 day transition period that the DOT would typically give SkyWest to start operating here. Julie Johnson, Absolutely Aberdeen stated that Absolutely Aberdeen has been one of the facilitators of the Air Service taskforce the last couple of years as they work on these issues together and across the community. They had gathered some feedback regarding the SkyWest bid. A letter of Recommendations to SkyWest EAS bid was distributed to the Board. Julie Johnson stated Wilson helped to answer many of their questions. In the filing they would make, whether it is included in the Airport Board's recommendations or not, they would cover some thoughts regarding a possible 3rd flight, flight times, fares, high-volume seasons, and marketing. This is essentially recommendations asking SkyWest to keep lines of communications open at Aberdeen. As we do try to increase ridership we could eventually work towards a 3rd flight, we could have some negotiating room regarding flight times, and some ability to work with them on marketing to meet our joint purposes and some of those issues. Chairman Erickson said thank you to Julie Johnson for all her work in promoting Aberdeen. Wilson stated on the 4th of November there was an order extending the service obligation because there's not going to be an order selecting SkyWest as the carrier by November 21st. They had to keep in and hold in Mesaba and Pinnacle here. Mesaba and Pinnacle are held in for another 30 days and then once we make our selection they will hold them in again until the replacement carrier is here. EAS is still a hot topic right now. The newest proposed House version of the FAA reauthorization would not allow us to be eligible for EAS. They put in there specifically that you would have to be part of the subsidized EAS program as of October 1st 2011 to be eligible for service. There are still planning on cutting the entire program except for Alaska and Hawaii within 4 years. In the Senate version, they are still fighting for us. They put in language that you have to have subsidized EAS October 1st 2011 or have received notice of termination in 2011 to be eligible for the program. The Senate is keeping us in their version of the bill. The House is cutting us out so we need to contact our House Representative and let them know how important EAS is to us. It's unfortunate that we only have one House Representative, especially for a Rural Air Service issue. Kaiser asked is Jamestown currently picking up EAS service. Wilson stated Jamestown currently has it. If the House version of the bill gets passed everyone in the continental 48 would lose service in 3 years. For those 3 years, Jamestown, Watertown, and Huron would have service but we would not; A City with 25,000 annual enplanements not having air service when the ones with 2,000 to 5,000 do. Johnson stated in the Mayor's letter is Wilson also recommending that we include some contact with Congresswoman Noem. Wilson stated that we should do this in a separate letter; write to Congresswoman Noem and to the Senate. Johnson asked if this is something the Mayor would do or Wilson would do. Wilson stated the more letter the better. Julie Johnson stated Congresswoman Noem will be in town on Wednesday and Julie will add this as one of her talking points. Wilson stated he will contact Congresswoman Noem's office. Johnson asked does Delta or Pinnacle have equipment here that we will lose in the conversion. Regional Elite is not affiliated with Pinnacle or Mesaba. They are the ground handlers here. SkyWest had sent an email to Wilson stating they plan to keep the same ground handlers that are currently here. They don't have to, they could bring their own people in and they could still come in and change their mind. Wilson stated SkyWest did tell him that they would keep the same people though. Hopefully, they will keep with this as Wilson would hate to see all those people out of jobs too. SkyWest also had told Wilson that they are willing to work with us on addition flights as long as we have historical data showing the need. They are also willing to work with us during Hunting Season. If we are going to get the planes, they want to

have those planes making money. As far as the 3rd flight, they said 80% is their threshold for load factor before they would bring in a 3rd flight. Currently we are close to 65% to 70%. Wilson thinks we were at 65% in September. For October it would be better because of Hunting Season. Johnson stated they would probably want at least 6 month trend on this. Wilson stated they do not have any data so they are coming in here fresh. They do not get Delta's data so they have to have some historical records themselves. Wilson stated we have Delta's data on load factors that we can send SkyWest. Kaiser asked do we know any difference at all between Pinnacle and SkyWest. Wilson stated their ground handling is different. There are 8 subsidiaries that operate as Delta Connection and SkyWest is the only one that has their own ground handling requirements; the way they load and their documentation is different. Kaiser asked if SkyWest owns their aircraft. Each of the companies does. Delta does not own the aircraft. It's Pinnacle and Mesaba that owns the current aircraft and they work for Delta. It would be the same thing; SkyWest owns the aircraft and will operate as Delta Connection. Johnson moved to accept the proposal by SkyWest Airline DBA Delta Connection for our service to Aberdeen through the Essential Air Service program, seconded by Zeeb. **MOTION CARRIED.**

Item #12 - Airport Manager's Report:

12a: Update on the 27th Annual Great Lakes Region Airport Conference November 1st – 3rd – Wilson and King left last week to attend the Annual FAA Conference in Chicago. Overall it was a good conference. Wilson attended the FAA Headquarters Financial update. In these uncertain times dealing with all the reauthorization and continuing resolutions. One big thing they said is that we might run into funding issues because typically they've had \$300m in carryover in entitlements each year. This is where we get our \$1m each year. We could say we are going to bank it and we will use it next year for a project. We can store up to three years before we have to spend or lose the money. Typically they have \$300m carryover, but due to all the short term extensions they had \$639m carried over last year. What they will do with this money is issue it as discretionary, so this year they have to short airports \$639m. They said they had not run into any issues where everyone wants to spend their money at once, but they could run into issues with it. This was the worst thing that Wilson heard during the presentation. They said we need to have flexibility in planning and funding. Wilson stated that Aberdeen does. They want a lot of airports now to front end some of the costs, so there is not multiple grants and they can try to keep their cost down, which is also what we have been seeing with our ADO. They also said that their funding priorities may change based on new conditions and new standards. Councilman Mitchell asked with this many million dollars sitting there, could this become a target for somebody who is looking for money. Wilson stated it does not sit there. What they do is they will change it from entitlement funding to discretionary funding and they will issue it out to airports. This is where we run into issues, if they issue out \$639m last year in discretionary then we have to make room for this money this year. If everyone comes and say they want to spend their money now, we might not have all the money to distribute to all the projects. King went to Ops Safety on Airports during Construction and Runway Incurion Prevention and Thermoplastic Markings. Wilson also went to Airport Compliance 101 Getting to know your Grants and Grant Assurances. It was an overview of the Grant Assurances that we have and just reminding us that we have a lot of ties to the money that we received and what the terms are on it. They went to Human Factors and DNA of Airport Safety. This was presented by an Air Traffic Control Specialist, an excellent speaker. He covered anything that can happen, how people get complacent, and what problems can go on at an airport. A lot of it dealt with towered airports, but it was good to see a fresh take on runway safety different from an Airport Operator standpoint. There were a lot of good topics that they went to and one of the big ones was Safety Management Systems at Airports. This one Wilson is not thrilled with and sure Muntean is not either. We will need to start having Safety Risk Management in all of our projects and this can put a kink in the time of a project. They will not allow any variances. Like if we have objects in our RPZ that had previously been there we have obstructions, if the taxiway is too close they are not going to let anyone get a variance. They are going to make us figure out a way to fix all design/standards problems. In the past we could get a variance for it, but through Safety Risk Management we have to figure out how to fix the issues.

Update on SDML Conference – Wilson distributed a copy of the minutes from the SD Airport Management Association meeting. They had a presentation from the State on the Economic Impact Study that they did. The information for Aberdeen was attached to the SDAMA minutes. This report had been distributed to the Board before. The State had stated that they would go to any community if they are thinking about closing the airport because a lot of small airports do not see the benefit to having their airport. The State is willing to come around and talk to any Council meeting and explain the benefits of having an airport to that Council or the Airport Board. So if this Board would like to hear from the State why our Airport is beneficial they will be more than willing to come in and talk to the Board. They also had Tina Fricke from KLJ who talked about wildlife and different things that will be happening about wildlife studies. Helms and Associates talked about protection of your Airport through Grant Assurances and leases. As for other business they discussed the topic of PPR (Prior Permission Required) which was

big last year and it is going to be big again this year. Sioux Falls is trying to figure out how they can do this when they have 3 or 4 hours that the tower is closed. They are considering using PPR, but they are not sure what to do with it. Rapid City uses the 15min PPR NOTAM. They had a lot of discussion on PPR at this meeting. Sioux Falls also used to talk to MSP Center directly, so they would know if someone was coming in on an ILS approach. MSP Center apparently had told Sioux Falls they do not want them to contact them directly anymore. So now Sioux Falls is not allowed to talk to MSP Center to update them on their snow removal during the time their tower is closed. They also went over lease agreements and emailed them out to other Airport Managers just to make sure that their leases were keeping them safe and out of trouble. A lot of airports used to not have it, where they would adjust rates annually in the lease. If the Airport Board made an adjustment to the lease rates, it might not have been adjusted for 5 years. Our new leases do have this provision, but we do have some old ones that are still at a lower rate because it did not have the provision in the lease where we can adjust it annually. There were some issues with Army National Guard being on airport property and having 50 year leases for a penny a year. If the Army National Guard is there and is not for Aeronautical use then they have to get fair market value for that property. Broadhurst asked was there anything on handling snow at this meeting. Wilson stated they did not really get into this subject. They just went over the PPR and what NOTAM's are issued. Broadhurst asked what rent do we get from the Guards. It was reported we have to look at their lease. Johnson asked how often the SDAMA meet. Wilson (President of SDAMA) stated they meet annually and throughout the year if things come up they communicate through email. Wilson stated he had written Letter of Recommendations for different things. They supported the General Aviation Day that the Governor had back in June. Then last year SDAMA and NDAMA wrote a letter together asking the FAA for another Program Manager in Bismarck at the ADO. The FAA did hire another Program Manager. NDAMA pretty much pushed this and SDAMA supported it. They still could use another person at the ADO to help review projects.

12b: AG Sprayer Taxiway – The work started today. They are not going to get a lot of work done this fall, but they should be able to get some dirt work done. We are also not going to the taxiway object free area. This way we do not have to worry about giving them driver's training.

Item #13 – Annual review of private hangar rate and FBO rates – Wilson distributed the Airport fees comparing Aberdeen rates to Watertown and Pierre. We are pretty much in line with each other. It's just different ways of getting in line with each other. Wilson does not think we have to change this. Wilson asked the Board why the FBO hangar rate is lower than the private hangar rate. Broadhurst stated because we want to keep them in business. Wilson stated one issue the FAA has with this is that an FBO being on an apron, what is to stop someone from wanting to put a building out there if they are getting that apron space for the exact same amount that everyone else is getting a taxilane. This is something that we'll need to have more discussion in the future. A month ago, the FAA had told Wilson that we should not have FBO's that have solely hangar storage on the apron. If there is, it should be charged more so that a group of people does not get together and have a long term storage on the apron, so they can just pull their aircraft right onto the nice big apron that the FAA paid for. Wilson asked the Board what their thoughts are on the fees. Wilson thinks the rates for the FBO's should be moved to the \$0.11 in line with the private hangar. The rates for the FBO's were set 10 years ago. Broadhurst stated we had satisfied the requirement of the FAA on reviewing the rates. Wilson stated he would like to see the rate for the FBO aircraft storage is raised to \$0.11; the same as the private hangar rate. Kaiser moved approval to keep the rates the same with the exceptions of the FBO hangar and Cold Storage rate to raise to \$0.11/sq. ft. starting January 1st 2012, seconded by Broadhurst.
MOTION CARRIED with Zeeb opposing.

Item # 14 - OTHER:

Baggage area and concession area change –Johnson asked if there was any more update on this. Wilson stated we are waiting for our 2012 CIP (Capital Improvement Plan) validated first to find out what projects we are going to get and what amount of money it will take. Helms and Associates will then find the architect and start doing some design for the building. We will probably start this project before we get the funding. Just because funding will be complicated again this year until the FAA gets their reauthorization completed. Nothing had been done on this yet. Once we get an architect on board, they will look at the building and figure out what they can do and how we can make everything work. Coming back from Chicago on Friday during Hunting Season there were five people bumped from MSP and Wilson had to stand in the baggage area to wait for his bag. People are crammed into that baggage area. Wilson would love to see both areas bigger. It would be a huge improvement for the Airport. Kaiser asked are we going to grow big enough that we need the space to make a restaurant. Wilson stated the FAA had said the only reason that space is there is because nobody could believe that we could not have a restaurant on the Airport. FAA would love to see this area go and be used for baggage and holding room. Kaiser asked would we have concession left anywhere. Wilson stated we will still have vending. Broadhurst asked if he remembers correctly FAA did not

allow certain amount of money because this area was going to be used for restaurant. Can we go back and get the money that they did not allow before. Wilson stated they will pay their 95% to make the area usable now. As for repaying us, FAA will not go back because we changed our mind.

A tour of the Hangar 9 facility is offered.

The meeting adjourned at 12:49pm.