

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
June 7, 2007

MEMBERS PRESENT: Dr. Kennon Broadhurst, Steve Kaiser, Tom Scheid, Mike Erickson, Patrick Schloss

MEMBERS ABSENT:

OTHERS PRESENT: Dave Osborn, Terry Helms, Sam Muntean, Kevin Braun, Jackie Burke, Mark Caven, Lt. Lynn Hovel, Curtis Phillips, Comm. Mike Wiese, Adam Altman, Rhea Ketterling

Chairman Broadhurst called the scheduled regular meeting of the Aberdeen Regional Airport Board to order at 11:30am on Thursday, June 7, 2007.

Kaiser moved approval of the minutes from May 3, 2007, seconded by Erickson. Motion carried.

Erickson moved approval of the minutes from the special meeting held on May 24, 2007, seconded by Scheid. Motion carried.

Old Business: (NVC & GLA signs) Osborn stated last month the signs for NVC was discussed. As of now this is waiting final approval from NVC staff. The Great Lakes sign is up on the entrance sign. (Planters) These have been placed by the entrance and are being cared for by the janitorial staff 5 out 7 days. (Homeland Security Grant) Last time this was discussed it was reported we did receive the grant and gone forward and added cameras. At the end of the meeting we will give a demonstration. Osborn added in the grant we requested zoom cameras and by having the adjustability we found that one camera will work on the air carrier ramp. One of the problems that we had in the past is that passengers had complained about TSA or airline about inspecting their bags that things are missing. What's been done is we took the old camera from the air carrier ramp area and brought this inside to show the area where TSA inspects the bags to get a little protection for the staff and also give some information for people to see what happens with their baggage. Osborn stated he had discussed the cost for installing this and since Dakota Electronics had done this the same time the new cameras were installed the price was \$ 650. Osborn stated this is a separate cost from the grant that will come out of our budget. Scheid asked had there been a lot of complain. Osborn stated we still do, but a lot have found after they came back that the missing items were not packed. (FBO rates) Osborn stated since King is on vacation he would like to review this next month. No action is needed at this time.

Scheid moved approval to pay the bills for the month, seconded by Kaiser. Kaiser asked about the Midwest Alarm for fire alarm monitoring. Osborn explained they monitor the fire alarm system for the terminal building and the new SRE building. This ties into the fire department and the alarm program; if something would happen since they monitor the line Osborn is contacted. Just last month we had an alarm that tripped over at the new SRE building because of the moisture problem and Midwest Alarm contacted Osborn who then contacted the maintenance staff on duty that morning and we reported back to the Fire Department that there was not a fire. Osborn stated this bill is paid every year and we just added the new SRE. The previous company name was A&M Radio. Kaiser asked the difference between this and the alarm that goes to the Fire Department. Osborn stated now a day they all go through a monitoring system. Lt. Hovel from the Fire Department added there are still a few that goes through the Department. Osborn added this is a lottery system as well so if there is a fire it will be indicated to the Fire Department, but Osborn will also be notified. Chairman Broadhurst stated we pay Qwest \$40.79 for the line at the baggage claim area every month and his feeling is that since NVC is providing the terminal a wireless internet service for free why should we paying somebody who has not given the Airport anything. Osborn stated he has no problem if Broadhurst wants to suggest looking at switching the Qwest line to NVC line as they do offer governmental rate. Kaiser asked if the other phone lines are NVC. Osborn stated they are and at the time these were moved over we were still in discussion as to the other public phone because Qwest did not want to move over the payphone and they told us what it would cost and we decided not to. Kaiser stated this is a direct dial line and wonder if it would cost more to put this type of system in. Chairman Broadhurst asked what the rest of the members think. Kaiser stated he thinks we should check with NVC and see what they are willing to do. Chairman Broadhurst stated with all facts being we could have, can we look at NVC providing the service. The rest of the members agreed. Osborn will check what NVC can do with the phone line. Motion to pay the bills for the month was carried.

Erickson moved approval of the financial report for the month, seconded by Kaiser. Osborn stated Business Aviation had been called and the NWA/Mesaba invoice was re-issued. Osborn added he received a letter regarding NWA/Mesaba's settlement and had not had a chance to review this and will report back next month. Motion to approve the financial report for the month was carried.

Scheid moved approval to pay Helms & Associates in the amount of \$2,642.32 pay estimate #8 for Construction Administration and Engineering Services for AIP Project #3-46-0001-27-2006 Hangar Taxilane Improvements. Seconded by Erickson. Motion carried.

Kaiser moved approval to pay Helms & Associates in the amount of \$11,100.03 pay estimate #1 AIP Project 3-46-0001-28-2007 Reconstruction of Taxiway 'D', seconded by Scheid. Terry Helms, Helms & Associates stated this is for the redesign process of Taxiway 'D' the parallel taxiway on 13/31. Helms stated Taxiway 'D' is what they are doing the planning and specifications for an anticipation of discretionary funding to the Airport come later this summer. Motion to pay Helms & Associates was carried.

Osborn stated an email was sent to everyone on the information on HNTB which shows their cost of \$204,308, in addition Helms will also be doing work on the Airport Layout Plan and the Master Plan and will be have a separate cost on this. Helms stated the scoping meeting was held and the Board should have a copy of the ten page summary. As we go through the activities HNTB had outlined their cost and as they go through the process Helms will be assisting them throughout, then when a concept is selected we also have to readdress the Airport

Layout Plan because if it not on this plan we are not allowed to use AIP funding for those project. This will be a 12 to 14 months process and will take a considerable amount of time from the Airport Board as we go through the process. Six to eight meetings had been scheduled and will need input from the Airport Board, Airport users, land owners surrounding the Airport, and City Hall. This had been a long overdue process that the Airport needs to do as there are many issues that the Airport needs to address. The last one was done in 1995 was just too focus on an issue. Kaiser questioned the cost and would there have been difference in cost between the other consultants. Helms stated the cost is certainly not at the low end, but Helms thinks its time to address all issues. The Airport Board can delete anything to lower the cost, but Helms thinks this would be foolish to do. As for the other consultant's cost, Helms thought the cost would not very far apart. Helms stated Brooking started their Master Plan about 2 years ago and their cost is about \$215,000. Helms stated the plan is a comprehensive look at this Airport and what it should be like for the next 20 years. Osborn stated to keep in mind the Master Plan update was developed by us on May 24th when we had the scoping meeting. These are the things that we decided we are going to do so these dollars are based on these things that we said we are going to do. As Helms has stated throughout the process there might be other things that would be brought up that may be additional cost. Osborn stated PFC funds will be used to pay for this and this will also be presented to the City and then get the reimbursement from future PFC. The turn around on these dollars may start coming in shortly after this project is completed. Erickson asked if this will be billed as pay as you go and if Helms will review the pay estimate. Helms stated they would and Muntean will be involved in every step of the project from day one, but wants the Airport Board's input to make this work, also input from the landowners and tenants during the planning process to make this a doable Master Plan. Chairman Broadhurst asked for those who want to give input where should this be directed to. Helms stated on each and every one of the public meeting and it also can be channeled through their office and they would also make internet access available through HNTB. Helms added we would have the direct email address for HNTB's representatives. Osborn stated he actually received a number of calls and talked about what they would like to see in the future at the Airport. Osborn had informed them that we will be having public meetings and to make sure they watch for this as the process goes along. Osborn added he wanted to make sure they will have a chance to give their input and there was actually a request for a grass runway. Helms stated when we went through the scoping meeting we had discussed getting local communication so they would know when the meeting is and it will be out 30 days before the meeting and as always public or written comments would be taken at the meeting. Chairman Broadhurst stated with HNTB's introduction they talked about they will provide as a sub-consultant to Helms so it sounds that all the direction will be to Helms and from Helms to HNTB. Helms stated the Board will be directing HNTB, but Helms will be the contracting agent for the Airport. Helms added once this is up and running do not hesitate to contact HNTB directly. Erickson asked for explanation on direct labor costs and labor overhead costs. Helms stated direct labor costs are social security, health insurance premium, etc. The indirect costs would be the overhead cost, insurance for the corporation, building rent, vehicle use, etc. These costs are audited on an annual basis by SDDOT. Kaiser stated the Chamber had talked to him when they heard that we were doing the Master Plan and they feel that the Airport has not done anything for economic development and asked if this would be included as an item. Kaiser had informed them that there would be a number of public forums that they could make presentations at and they could make it included as an item to review. Kaiser added he had informed them with TSA attitudes towards putting anything extraneous on the airfield is tough unless it has direct connection to aviation. Helms stated development in and around the Airport is part of land usage study of the Master Plan. Helms stated he is not sure if the Chamber is talking about the economic development inside the structure or by Butler. Osborn stated one of the things that the State had talked about during the Spring meeting is they wanted to get involve in getting an idea of what kind of economic base group that might come into the community. Osborn added the State is looking at this as a statewide review. Kaiser stated he thinks people want to see concerted effort in the plan to some degree to address development. Muntean stated in HNTB's scope 5.8 talks about identifying potential uses of airport land. Erickson asked how much dollar is in the PFC fund. Osborn stated last time he had checked it was about \$670,000 and the Master Plan cost should be covered. Chairman Broadhurst asked if the amount submitted at \$268,862.53 (Helms cost included) is the final amount. Helms stated there would not be a change order unless the Board changes the Scope of Services. Chairman Broadhurst asked if the Board has the Scope where they wanted. Scheid stated we cannot really answer this until we get the public's input. Erickson added we would find out more as we go along what is in or out. Kaiser added it is a dynamic agreement and it is not a fixed cost and is likely to go down because something is taken out. Helms stated that if the Board takes something out of the Scope of Services it should go down, but does not think the Board should do this as this was the problem 10-12 years ago, they took some things out that they shouldn't have taken out. Kaiser moved to accept the Master Plan compensation as submitted, seconded by Erickson. Motion carried.

Osborn stated in preparing the budget for 2008 what we did is review each line item and review what the needs are for the Airport. Osborn added the budget report looks like a large book because certain items like repair and fuel we take every item into account. What the Board received is a copy of the base line of the budget for 2008. The projected revenue is \$2,068,590 and the projected expense is \$2,616,745. There is a shortfall of about \$500,000 which we will be asking the City to contribute to the Airport. Some of the things that are in the budget that are not finalized are things like discretionary dollars. When discretionary dollars come in, are there are a match to this which we will not know until this fall which Osborn had discussed with the Finance Officer. All the Board will see under the capital projects under "Other" is AIP project for next year which is Taxiway Delta which is AIP approved for the amount stated on the sheet that had been distributed. Whether the discretionary funds come in, this amount will be added to the AIP approved dollar. Kaiser asked if the revenue for this project is included. Osborn stated he has this under revenue under Federal/State grants. Erickson asked when is the budget hearing and when the budget needs to be turned into the City. Osborn stated this has to be turned in Friday, June 8th and they will have meeting set in July. Chairman Broadhurst stated the Boards obligation is to approve the proposed budget. Erickson moved to proceed with the proposed budget, seconded by Kaiser. Kaiser stated he does not recall the Airport having a deficit of \$500,000 last year. Osborn stated normally the basis for AIP is \$1M and this time we are \$1.8M and there is additional cost that goes with this, so we are adding cost on the City side when we start going to put dollar on our involvement. The other thing that is added is that we have been informed that the ratio is going back to pre 9-11 which is 90% Federal, 4% State and 6% City. Osborn stated there are also protected tax revenue which in the past we had gone back to history what has been transferred in and out which is the hardest thing to understand as we have no idea what we get for state taxes and other fees. During those time frames he had talked to the Finance Officer what revenues are coming in and how the City is being reimbursed and these dollars had gone down, but our cost has not. Osborn stated the costs that the Board has now are not cost that have been approved by the City at this time. Some of these costs maybe reduce once the City reviews it. Erickson asked if Osborn can give the Board a copy of the proposed budget in its entirety. Braun from Quest asked who puts the budget together. Osborn stated he works with King and Ketterling and go through item by item and looks at the income and if there are other issues, we work with the Finance Officer. Motion to proceed to submit the proposed budget was carried. Osborn will send to the Board the proposed budget in its entirety via email.

Osborn stated the Air Show committee had a meeting recently and talked about contract which Caven brought one in this morning. The group will have Jim Pietz do his show again and there are two other performers that they are looking at. The group is now in the process of trying to raise funds and last year the group had asked the Airport for \$2,000 which the Board approved and it came out of the marketing fund. This year the group is asking for \$3,000 if it is available in our marketing fund which Osborn stated is available. Osborn added that biggest complain last year was speakers and volume control. One of the things they are adding knowing that this event will be a continuous program are stadium speakers which King had done some work with Dakota Electronics and the speakers can be purchased at about \$5,000. Schloss asked if rental option is available. Osborn stated there is none available in town and the speakers we got last year did not take care of the area. Kaiser suggested contacting and talking to the Fair Board to possibly use their sound system. Erickson asked about the call-a-thon. Osborn stated there were not a lot of people who showed up, but for the people who did not make it they will get a list and a timeframe to finish. Kaiser moved to use the marketing fund and give \$3,000 for the Air Show, seconded by Erickson. Motion carried.

Osborn stated with the new security camera we needed a new monitoring station. With TSA having their desk in our office for a while and have not used it, we ask them if they would donate this and they did. Osborn stated he just wanted to say "Thank you" to TSA for donating the desk.

Osborn stated King had ordered and received the rail for the City hangar door. When King get backs from vacation he will talk to Braun from Quest on the concrete requirement and work on the dates when we can get things scheduled so this project will be completed yet this summer.

Osborn stated we will take a couple of minutes after the meeting to show the Board what the new camera systems capabilities are.

Kaiser stated if you try to eat out in the café area there are no plates, no napkins, and no utensils of any kind for passengers to use and thinks this has to be taken care of if we are going to be accommodating to our passengers. Kaiser added he is not sure if this is the vendor's responsibility. Osborn stated the vendor's responsibility is to provide condiments and will follow through. Kaiser stated condiments is one thing, but he is not sure about the paper products and he would rather trade the income for servicing and making sure there are products out there for passengers to use. Kaiser asked how often the vending vendor comes in. Osborn stated it is serviced once a week on Mondays. Kaiser stated we will have to put staff on a daily basis to check if there are products out. Kaiser added we are trying to encourage passengers to eat here and our vendor to succeed and thinks the paper products are needed. Chairman Broadhurst stated he seldom goes in this area and thinks it's a wonderful idea and thanked Kaiser for noticing it.

Lt. Hovel from the City Fire Department reported he will taking over the ARFF Airport Fire Station training. Lt. Hovel distributed a proposal which had been approved by the Fire Chief for the FOB's and Airlines. In the future Lt. Hovel stated that he will go through the same format, which he will go through the Fire Chief first and then bring it to the Board. Lt. Hovel stated he's been with the department for 11 years of which 8 years is over at the Airport Fire Station and is also a military security police officer out of Fargo and been deployed to several airports in the country and out of the country and also worked in Baghdad. Lt. Hovel asked if there were any questions from the Board relating security or fire related issues that he can address and there were none. Osborn stated what's on the proposal is basically a project within the Airport Improvement future planning to look at the area. Lt. Hovel stated the proposal does not need immediate action from the Board at this time.

For information, Kaiser stated the Blue Angels will be in Fargo on June 16th and 17th to do an Air Show.

Osborn stated being the 4th of July is on a Wednesday and the next meeting is the following day, would there be a conflict on any of the Board member's schedule. Besides from Erickson, the other members did not have a conflict at this time.

Kaiser asked about Great Lakes changing plane. Osborn stated what the Board received in their packet was a flight schedule for Great Lakes that starts June 1st and effective July 1st there is a possibility of a change to a 19 pax plane. Osborn immediately contacted Howell, GLA CEO and asked for his comments, but Osborn has not received a call back. Osborn stated he also talked to Huron and based upon their EAS contract it allows them to have 18 seats a day. Osborn introduced Curtis Phillips the new GLA Station Manager. Kaiser asked if Phillips has any comments and at this time Phillips had none on behalf of the corporation.

Osborn stated the new hangar on property belongs to the Weisbeck's and we have not billed them at this time as we are waiting for a hangar contract which Altman, City Attorney is working on. At this time we want to go forward and get this contract completed and done. Kaiser moved approval of the lease agreement for Kevin and Kurt Weisbeck, Hangar #30 seconded by Scheid. Kaiser asked if this is the new hangar contract that had been discussed. Osborn stated whatever contract we receive from the City Attorney is the contract we will utilize. Scheid asked what verbiage has been added to the hangar contract. Altman stated he is not sure if the Board had determined how they wanted to do this. Chairman Broadhurst stated they had discussed with Altman that there are some of the leases that were alike and Altman was to review this and informed the Board what Altman had done to it. Chairman Broadhurst added there is a motion on the floor and he just can't see how a motion can be made when there is nothing before the Board to approve. Kaiser asked there is no lease for the Weisbeck's yet. Altman stated we do not have a standard lease because the new standard lease would have the language regarding the rate escalation. Kaiser withdrew his motion until the new standard lease is established. Osborn recommended going into executive session to work out the verbiage and then come back to approve the leases. Chairman Broadhurst asked if this would be in writing as if it is not he is not willing to be a signatory on it. Osborn stated the verbiage is what we need to have. Chairman Broadhurst stated this is why they want to see this in writing to get the verbiage first. Kaiser stated it would be a lot easier if Altman and Osborn would give the Board the verbiage. Altman stated it is permissible to go into executive session, but it's not required as there is nothing sensitive about this. Altman stated he did review the FBO leases and the private hangars and the most interesting thing he found was the oldest hangar lease did in fact have a specific paragraph that dealt with escalation clause which is from 1994; "Lease rate for commercial operations and private operations will be as set by the Aberdeen Airport Board and subject to yearly review". Altman stated it looked like at some point the Airport Board just a set a date every year and incorporated it to the lease. Kaiser asked if this is in all current leases. Altman stated it is not and not sure when it went away; it looks like it went away around the year 2000. The later leases which most of them at this time is being charge .075/sq.ft do not have

the escalation clause. Altman added the clause came from a larger document and made part of the lease agreement. Kaiser suggested grandfathering the old leases to the end date and if this would satisfy FAA; if we need to buy out old leases and establish new ones as part of the grandfather and only if we need to do this. Chairman Broadhurst stated this again will give us two different rate structures. Osborn agrees as if the Board reviews the rate yearly there might have been four or five rate increase. Schloss stated we should not force contact holder to get out of their contract. Altman stated the approximate buy out cost will be about \$12,000 - \$13,000. There is no real value to a lease, it is strictly a financial agreement; as an example a lease for 5 years at \$100 and after the first year it was change to \$200 for the next four years. Altman stated this can be done, but the lessee is entitled to additional money. Schloss asked if this is allowed by FAA. Altman stated this is basic contract law, as for FAA his understanding is that FAA wants us to be uniform and kind of indicated that we are under charging. Schloss asked if it specifically states that we cannot grandfather continually enforceable lease until they are up. Osborn stated we are being more held accountable for fair market value which is within the contract we sign with our AIP funding we are saying that we do treat everyone equally and fairly. Osborn added that it only takes one comment and it could affect our AIP funding for the Airport. Schloss stated there is nothing fair on renegotiating on a contract. Scheid stated we are not forcing the lessees; what we want to do is to do an offer and asked if this is something they are willing to do. At the same time Osborn added it may also be just a review of how many people had a 1994 and has the statement in the contract. Altman stated there is about six that has the language and there is about fifteen that we need to change. Comm. Wiese asked if FAA has a problem with taking the leases off on attrition basis if the lease is five years or less. Altman and Osborn stated they are not sure. Osborn added FAA requires that we have fair rate. Erickson stated the other issue was that we had the 5' perimeter around the building which the lessees were paying for and now we are taking it away and the rate per square foot is going to change. Altman stated this is intended to be done with attrition and any future leases we will not include the 5'. Schloss stated if we do it this way we are breaking the lease. Osborn stated it is done this way because we are changing how we figure the rates. Comm. Wiese stated we do not have to have the 5'; we can make an offer to any outstanding contract about renegotiating their lease. Chairman Broadhurst asked if there can be a temporary lease to take care of the leases that are due now and will come due by the end of the year and beginning of next year we can look at these leases again. Kaiser stated what Wiese is saying is to we make an offer now as it will be to lessees benefit. Chairman Broadhurst stated this might be fine, but as he remembers Kevin from Quest had said that Quest lease went up. Kevin added some went up and some down. Schloss stated we should draw up a lease that we will use from this day and as leases expires we use the same lease and if FAA complains then we will deal with the complain. Kaiser asked has FAA complained or are we just doing this to make sure we are in compliance. Osborn stated we are doing it for two reasons: (1) the newer contract does not have the availability of doing an increase and (2) to make sure that we are in compliance with FAA. Osborn added FAA has not written us an order, but every meeting that he had gone to FAA reminds airports to have a fair market. Osborn asked Altman if we add the verbiage from the 1994 contract to the contract we have now, would this be something Altman would approve of or is there something else he would add. Altman stated the contract we are using since 2000 is all right with him, he was just waiting for the Board on how they want to handle the escalation. The lease had been working fine and we have not had any problems. Erickson asked if we are doing any ground maintenance within 5' of the hangars. Osborn stated we had always done it from snow removal and lawn mowing in these areas. Braun disagreed. Osborn stated last fall during the hangar owner meeting it was requested that we get closer to the hangars. Braun stated this is after the 5' was taken out, but prior to this he disagrees as he remembers moving snow on a lot of the hangars within 5' himself. Erickson stated the reason this was put in is because of an incident where a hangar was damaged and it cost the City. Kaiser moved approval of adding to the lease the language that "Lease rate for commercial operations and private operations will be as set by the Aberdeen Airport Board and subject to yearly review" and it will be reviewed at the November Board meeting, seconded by Schloss. Motion carried. Osborn stated with the new contract we need to establish what rate we will use. The rate and the set back were approved back in May. Schloss moved with new leases that came up between May and November meeting will have the rate that have been approved in May, seconded by Kaiser. Motion carried. Schloss added anyone wishing to renegotiate their leases may do so and does not think a motion is needed. Osborn stated he will work with Altman to get a letter together to send to all the hangar owners who has existing lease to address this. Braun asked if the 5' is in or out. Osborn stated for leases after May 11th, the 5' comes out with the rate new rate of \$.11. Braun stated for maintenance purposes how the Airport would keep track of who has the 5' and who does not and thought that the 5' was taken out two, three months ago. Kaiser stated for those who had an existing lease they can come and renegotiate their lease. Erickson moved approval to rewrite leases for hangar 30 (Weisbeck), 11 (Quest Av), 9 (Theobald), 6 (Vector Aviation) and 8 (Huber) under the new terms agreed upon today, seconded by Scheid. Motion carried.

Chairman Broadhurst stated we do have an item that is not on the agenda, the addendum to Quest lease for the City Hangar. Braun from Quest stated that his attorney did not have the document as of 11:00a yesterday. Altman stated he had sent it to Quest's attorney and it was just a one page document.

There being no other business brought before the Board, Erickson moved to adjourn, seconded by Scheid. The meeting adjourned at 1:05pm.