

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
May 5, 2005

MEMBERS PRESENT: Chuck Bensen, Jim Krueger, Dr. Kennon Broadhurst, Rolf Johnson, Steve Kaiser

MEMBERS ABSENT: None

OTHERS PRESENT: Dave Osborn, Jim Beckrich, Bob King, Mark Caven, Mike Corpus, Terry Helms, Comm. Jacki Omland, Rhea Ketterling

Chairman Bensen called the regular meeting of the Aberdeen Regional Airport Board to order at 11:30am on Thursday, May 5, 2005.

Krueger moved approval of the minutes for the regular meeting held on April 7, 2005. Seconded by Kaiser. Motion carried.

Old Business: (Air Show) Osborn reported there will be another meeting tomorrow, May 6th at 10:00am. (FAA Inspection) Osborn stated it was reported last month Birke Rhodes, FAA Inspector will be here on the 25th and 26th, these dates had changed to 23rd and 24th and Rhodes will be having someone with him who is a trainee to do the inspection this year. (TV) Osborn reported the remote had been placed on a cable by the TV and have not had any complaints and it's been very calm. Kaiser asked if there is a default channel or can it be turned on in the morning on a non-political base channel. Osborn stated the morning maintenance person turns the TV on and Chairman Bensen added this should just be left as is. (Morris Riggan) Osborn stated Riggan is reviewing the Minimum Standards that was given to him last month and will be sending the Board a letter. (Northern Electric) Osborn stated he reviewed the rural electric bill and had contacted them – the \$48 is the demand/minimum charge. (Pond) Osborn reported there is still smell on the pond if one gets close. There had been a number of meetings with the Mayor, Pete Hesla, Robin Bobzien, Terry Helms and himself and are looking at two issues 1) to continue to turn over the pond and 2) long term as to how glycol will be handled. Osborn stated we are also working with Terry Helms to look at storage unit for the glycol and actually disposing it a little at a time. Dr. Broadhurst asked if we had further checked on an Aeration system. Osborn reported on last Monday's Commission meeting he had a request to purchase a windmill for \$7,000 which would aerate the pond at all time, but it was put on hold because of a meeting set-up for Wednesday morning. Osborn added he also has to check other references which the State is one who use theirs down by the interstate. Osborn reported the pond was tested again recently and had found algae build-up. Kaiser thought from the last meeting that if glycol would be removed from the pond we would not have a problem. Osborn stated there would still be problem since now there is some algae build up which probably one of the element that causes the smell. One of the biggest thing with the by products that is use for spraying the plane is the chemical reactions that gives off methane gas so by eliminating this and putting it someplace else would take care of the majority of the problem. There were a number of options that were discussed last month and we are still trying to put a timetable. Osborn stated the most recent discussion with the Mayor is a drying bed system to put glycol products in which would cost \$70,000-\$80,000 and we are still trying to determine what is the most economical. Osborn added it was also discussed if large expenditures would be involve it could possibly be put in AIP Projects and also if this something that has to be done immediately, short or long term is what Osborn stated the group is working on. Caven, AFS asked if the glycol product is biodegradable, why can't it be put in the wastewater sewer. Osborn stated it was discussed to put a line directly to the City sewer, but with the BOD/oxygen level it robs it would affect the Water Treatment Plant and the level is so high from when it robs that it will put them out of compliance under the Federal regulation and it could also possibly affect their Class 5 injection. Comm. Omland added it maybe biodegradable, but it does not mean that it doesn't process the nature balance with aerobe and non-aerobe bacteria and when it reaches the Plant, the level is too high for the Plant to handle. Osborn stated it is in the winter that is when glycol are used and the Plant has a 1M sewer tank that is not utilized in the winter so the blending and mixing is not the viable option as we are not going to have enough to mix and break it down and this is what the Plant is worried about. Beckrich, Mesaba's Station Manager stated they are running into their tank 50/50 concentrate and asked what level the Plant is concern about millibar per gallon. Osborn thought it was 10,000 parts per million and he had taken the new glycol product sample to be tested on Wednesday as it had change since Helms had a sample tested. It would take about a week to get the BOD result. Beckrich asked if Osborn had talked to DOW as he is not convinced that the glycol is the cause of the odor, but if DOW had an exposure to it at one time or another they would probably have a method on reducing the odor. Osborn stated there is a lot of people working on this and looking at the future on a solution on putting it somewhere else, moving it a bit at a time, or putting it in a storage tank and releasing it slowly in the spring. Beckrich stated another option is reclamation as this is how it's done in Minneapolis. Helms stated his understanding on reclamation is that it can get really expensive. (Beadle's) Osborn reported Beadle's had completed their project and had done a good job.

Dr. Broadhurst asked about the garbage service as it had gone up about 30%. Osborn reported the service was increased because of the Café as we now have pick-up on MWF compare to twice a week. Krueger asked about the push button locks. Osborn reported these were for the door at Mesaba that lock was broken and the other would be for the door in the jet bridge when it gets replaced. Dr. Broadhurst also asked about the safety reverse with reflectors from Overhead Door if this was what the Board had asked for and was the damage done on a door by Mesaba been paid for. Osborn stated the reflectors are for the garage doors and payment was received for the door that was damaged. The Board commented on the cost of the electricity bill. Osborn stated the old terminal electricity had gone down and the cost is mainly for the new building which depending on the room temperature heating and cooling can run at the same time and Johnson added there are also all the lights on the grounds and the wattage its used. Additional bills were presented for payment from Beadle's Floral for landscaping, \$10,611, Hase Plumbing for labor due frozen sprinkler lines \$260 and SkyBar Café for monthly Board lunch \$14.30. Kaiser moved approval of the bills for the month with the additional bills presented. Seconded by Krueger. Motion carried. Note: The bill from Hase is a re-billing from a bill that had been outstanding for a few months which the architect had been involved.

Osborn reported the Northwest Airlines account will have an outstanding balance of \$5,457.57 until the investigation of forgery gets cleared. Osborn stated a check was written to City of Aberdeen, but the endorsement on the check was not the City's endorsement. Osborn added on

May 2nd a check in the amount of \$3,315.63 from Quest Aviation and \$1,918.03 from Staubach Portfolio was received. Dr. Broadhurst questioned in the month of December there were no payment received from Northwest/Mesaba. It was found the contract for the new terminal space was still in the process of negotiation and once the contract was executed in late December then in January the outstanding balance was paid in full. Osborn stated since then we have not had a problem with Northwest/Mesaba. Dr. Broadhurst stated his concern is they have a contract and they should follow through on the due date. Osborn stated he understands Dr. Broadhurst concern and we do follow-up and they had paid on time and it also depends on when our office receive the landing report when the billing is sent out. Kaiser moved approval of the April financial report. Seconded by Johnson. Motion carried.

The Board received a copy of the 2005 Small Community Air Service Grant Application report. Krueger moved to place on file the 2005 SCASG application. Seconded by Kaiser. Motion carried.

Osborn reported there were four applicants (two from in-town, one from Rapid City and one from Wyoming) to run the Bar and Grill. Osborn stated Chairman Bensen, Kaiser and himself were the group who did the interview. There was one on Wednesday, another on Friday and the two from out of town were contacted but had no response. Osborn stated from the two who had an interview, their background had been reviewed and as of Monday Tony Martinez was awarded to run the Bar and Grill. Osborn reported Martinez had worked at NSU foodservice and for the last two years had done food and bar work and also has a current Department of Health license for food service. Osborn stated Martinez will be working for Sandvig starting tomorrow to fulfill Sandvig's contract until the 10th of the month. Osborn and Martinez will meet with HRS tomorrow to discuss the menu for breakfast and lunch. Osborn stated it was also discussed with Martinez to give discount to staff and the agreement the Mayor and the City Attorney had discussed was there will be no rent, but will allow the operator a short-term contract to see if this is profitable and set-up the stock supplies of \$4,000 (which will come from the sale of the cappuccino machine). Johnson asked if the free-rent violates any FAA rules. Osborn stated it has to be fair marketable rent; we could show the previous operator was not profitable and added the funding for the space was 100% provided by the City. Krueger stated there is still misunderstanding in the town as to the size of the food area because it is not a full service restaurant. Krueger stated during the design stage of the building this was discussed and since any revenue producing area will have to be 100% funded by the City this limited the café area. Comm. Omland added if a full service was put in instead of the space we have now, who would have rented the entire space for what we had to have. Kaiser asked if there were any other changes in the contract besides rent-free to the agreement that was signed with Sandvig. Osborn stated the City Attorney will work on the contract as he had meetings with the Mayor and knows what the Mayor wants out of the Bar and Grill. As for the term it was discussed with Martinez that it could be two to three years moving up to five years. A meeting was also set for Monday for Martinez and Osborn to meet with the City Attorney regarding the contract. Kaiser stated he is a little concern as there is no agreement in place where the terms are spelled out for both sides. Osborn stated most of the terms will be similar to Sandvig's contract with the biggest difference of the inventory will have to be replenished when Martinez leaves. Kaiser asked if video lottery is being considered. Osborn stated this would be Martinez's responsibility and will not be done immediately.

Osborn stated Vector Aviation had asked to put the transfer of lease on hold as they have not received the Bill of Sale from Neal McDonald but Osborn had talked to McDonald this morning who said that he has the Bill of Sale in the mail. Osborn stated as far as McDonald is concern the hangar is sold. Krueger moved approval of the lease transfer from Neal McDonald to Vector Aviation (Lease #4, Hangar #6) pending receipt of the Bill of Sale. Seconded by Kaiser. Motion carried.

Dr. Broadhurst stated there was a discrepancy on the square footage on the lease compare to the drawing on the Beving Aerial lease. Dr. Broadhurst asked about the loading area and if Terry Helms is aware of who paid for the paved area. Osborn stated the loading area is gravel where it's a place for Mr. Beving to load his chemicals. As for the paved area, Helms stated he does not recall where the funding came from. Dr. Broadhurst stated it would be nice to know who paved the area as we have to be careful of exclusive type contract - if this was done for Mr. Beving or Oleson then we would have to do the same for the next operator who would come in as we have to be fair. Dr. Broadhurst stated there must have been a reason why Oleson (who had the operation before Beving) was move to its current location and by moving to this area the Airport must have done something to help establish the area for loading. Caven, AFS stated the Board at that time did not want any chemical that Oleson had in an area that is close to a runway and what the Board said and did at that time is they would find a place for Oleson to operate. Dr. Broadhurst stated he also has concern on Item VI on the contract where it required 5ft allowance from buildings and sidewalks as the hangar owners did not have a say on this years ago which is also part of Beving's contract. Dr. Broadhurst thought that 2ft allowance would suffice. Osborn stated this was before his time and thought this was done because of liability during snow removal and King, Maintenance Foreman added that 10ft would be better. Caven stated the issue with this was awhile back the hangar owners came and asked to have a hearing and they were told they could bring anybody they want, but at the meeting were told by the Board this is the way it would be done and the hangar owners had no say about it. Dr. Broadhurst moved to table the Beving Aerial lease renewal due to the square footage discrepancy and the issue on Item VI. Krueger suggested discussing the 5ft allowance on a later date and Osborn added if this is an issue later on a codicil could be done on any lease. Dr. Broadhurst withdrew his motion and Krueger moved approval of the lease renewal for Beving Aerial with the addition of word changes on the lease for the square footage to reflect "more or less". Seconded by Kaiser. Motion carried.

Terry Helms, Helms & Associates apologized to the Board for not getting the soil boring information to them sooner. Helms stated they went out to three different companies to get a quote for the soil boring for the SRE building and in order to get the project along Helms had asked Osborn if Braun Intertec can do the soil boring based on the prices as they have the lowest quote. Dr. Broadhurst asked about the \$150 additional cost from Braun. Helms stated this is if the architects would need additional testing done. Kaiser asked if this is really needed to be done as this is in an area that has a building already situated. Helms stated this is a required testing. Krueger moved accepting Braun Intertec low quote of \$1,935 plus \$150 for possible additional testing. Seconded by Dr. Broadhurst. Motion carried.

Osborn stated two years ago in July a phone system was discussed to make the building more complete. Osborn stated there is \$5,000 in the budget this year to replace the phone system. There were three quotes received for the same products (Avaya), they were from Jungle Logic \$3,737.96, NVC \$3,384 and TelServ \$3,322.13. Osborn recommended accepting NVC's quote for the reason it would save time to only make one call if problem arises to determine whether it is the phone system or the line. Comm. Omland asked if the Finance Officer was contacted if the lowest bid had to be awarded. Osborn stated for the amount we are looking at bidding was not even required and he had only

taken three quotes as a standard for the City. Caven, AFS stated before the new terminal was built, all of us at the Airport wanted to get a better internet service and no one wanted to come out and do this, but NVC came in and provided the service and put the lines in. Chairman Bensen asked if this new system solves the paging problem. Osborn stated it will and everyone's phone will have a button to page even the Car Rental tenants. Osborn added the quote also includes a phone for the new SRE building. Dr. Broadhurst asked if any of the vendors provided their annual maintenance fees. Osborn stated they did not and Johnson added this could be purchased directly from Avaya. Kaiser moved accepting NVC quote for the telephone system. Seconded by Krueger. Motion carried.

Osborn reported the Board should have received in their packet the newest listing for Permitted and Prohibited items from TSA. Osborn informed the Board this will be posted in the website directly as a readable item for the public, but the public also have to be aware of the disclaimer. Dr. Broadhurst requested the list be posted on a more readable format. No action is needed from the Board.

Osborn stated with the new form of government coming up in a few months, the budgeting process had started early for the next year. Osborn stated the process was that everyone was sent a spreadsheet to start with. In the month of May there will be a meeting with the Mayor to do the outline for individual budget, in June the budget books will be prepared, in July the budget books will be presented to the Council and in August the Council will meet with the Mayor and outside entities. Osborn stated hopefully by next month he will have some information as to where the Airport would be in our budget and welcomes any input from the Board. Osborn stated to keep in mind that last year the City had \$1.6M in revenue that were used to balance the budget, this year the City is looking at \$900,000 cut to make the balance budget. No action is needed from the Board.

Osborn reminded the Board the City Auction is scheduled for tomorrow May 6th at 5:30pm.

Osborn reported last time the PFC was done for the Airport, an outside firm (KLJ) was hired. Osborn added the Airport's PFC is coming due next year. Osborn stated there are changes on the PFC that is coming in the month of May and FAA will be doing some training which will allow us to do our own application and not have to hire an outside firm. Osborn reported last time the Airport spent around \$9,000 to have the PFC application done. Osborn added he had discussed with Tom Schauer, FAA what the City had contributed in the terminal for the revenue generating area which is about \$1.23M of which \$869,000 is eligible to go into the PFC funds which eventually we could get the money back to the City for their contribution for the new building. The PFC training date for Airports to do their paperwork has not been set.

Terry Helms, Helms and Associates asked the Board's permission to Advertise for Bid for the SRE building with opening date of June 23rd at 10:00am and asked for a special Board meeting for the same day at noon to review Helms recommendations. Kaiser asked about the design of the building. Osborn stated there were a couple of changes; the major changes will be in the radio room where there is a requirement of the 20' tower antenna which might penetrate certain areas. Osborn stated they are actually looking at building the rooms for the radios in the old maintenance building. As for TSA room requirement we are not building based on TSA specs, we are building the space based on the square footage they need and they are fine with this. The security issues like doorways that would lead to the airfield has also been resolved with a cipher lock. Kaiser asked about funding obligations. Osborn stated the Mayor already received the entitlement letter so we know we have a \$1M for our projects this year. Helms stated the grant will then be issued after the bid letting so FAA knows what dollars are involve and does not anticipate spending the \$1M. Helms added we have four years to spend the \$1M entitlement dollar so if they are not spent this year then it carries over. Kaiser asked what the projected cost for the project this year. Osborn thought the SRE project is estimated at \$677,000, there is also a plan to purchase a 20' snow plow to go into the new building and updating the master plan. Krueger moved approval to advertise for bid for the SRE building. Seconded by Johnson. Motion carried.

Kaiser asked if we received a confirmation letter from Northwest Airlines regarding the SCAS grant. Osborn stated the letter was not included in the application that Sixel submitted, but Sixel did discuss it in the application. Osborn stated the agreement with NWA is based upon getting the grant.

Krueger announced he is taking full retirement from NSU and his wife and himself has extensive travel plans for a couple of years that he will be missing half of the Board meeting which will not be considered full Board membership. Krueger stated he will be taking his resignation letter from the Board to the Mayor after the meeting today, but he will be at the June meeting. Krueger added he came into the Board five years ago to be a part of the new terminal building and give his input. Kaiser said thank you and Chairman Bensen added that Krueger will be missed and that his input had been very valuable to the City of Aberdeen and he had been very helpful to the Airport Board on getting the work done. Johnson added he too will not be returning after the June meeting. Johnson stated he had talked to the Mayor last week as to who the Mayor had given some thought to for Johnson's replacement since his term ends in June. Johnson stated the Mayor has one person who has express an interest. Johnson stated with the new members not starting till July he will be at the Special Meeting to be held on June 23rd where Krueger stated he will already be out of town. Johnson added he will continue to be part of the Air Show committee.

There being no other business brought before the Board Dr. Broadhurst moved to adjourn, seconded by Kaiser. The meeting adjourned at 1:15pm.