

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD

Regular Meeting

June 3, 2010

MEMBERS PRESENT: Mike Erickson, Chuck Bensen, Rolf Johnson, Steve Kaiser

MEMBERS ABSENT: Nate Zeeb

OTHERS PRESENT: Dave Osborn, Bob King, John Aman, Gary Dahlerup, Brenda Riggin, Kevin Braun, Walt Bauer, Lynn Lander, Reed Rasmussen, Sam Muntean, Darrell Hillestad, Julie Johnson, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:30am on Thursday, June 3, 2010.

Bensen moved approval of the minutes from May 6, 2010 meeting, seconded by Johnson. Motion carried.

Old Business: (Statewide Aviation Survey) We received five boxes with General Aviation surveys as well as Commercial surveys. Osborn stated we had placed a box in each of the three FBO's so we can gather data to get more on the economics and the usage of the airport. There are two boxes placed in the lobby for commercial service. We are one of the airports that the State is looking at to keep the survey a little longer. Originally they looked at from June through August to collect data, but for us it may go through the Pheasant season. (Hillestad Hangar) Muntean stated he did look at the hangar area. The big concern of Hillestad was the taxiway was originally designed before we reconstructed it that it was slopped in the center, so that all the water slopped into the center and they were V'd. When we reconstructed it, we put a center crown in it so it ran the water off the side, valley gutters along the edges. The main concern was going through the dip in the valley gutter which has about a 2" dip. Hillestad had his plane rolled out. Both Muntean and Hillestad pushed the plane back in even with the front flat tire. They were able to do it without a lot of effort. Muntean told Hillestad that he would look at the plan. It does not appear that at the edges of the valley gutter we change the elevation from what it was previous to this, but there is that dip of the valley gutter. Muntean explained to Hillestad that the reason it's there is so that we can get the water running off the taxiway and running in that concrete valley gutter. One of the reasons the last pavement did not last as long as it should is because by running all the water to the center of the concrete and the joint, as the joint seal wears it allowed the water to get down underneath and we got the heaving and the cracking. That is why we tried to move it to the side. Is there a dip, yes. Is it somewhat inconvenience, yes. Muntean cannot disagree with this. With all the constraint in this area, Muntean does not see a better way to do this; what we can do to change it without causing problem with the water. Hillestad did express also that in the winter the valley gutter gets snow, ice and slush too which Muntean suggested just like the old taxiway had the problem in the center because the way it was V'd. We could not plow it clear either. Muntean stated this is where it is left. (Spalling) Braun from Quest stated he had noticed on the taxiway a lot of cement on the east side. Muntean had addressed this with the contractor who needs to come back and address this. Muntean would like to meet with the contractor before we finalize exactly what he has to do to repair this, whether they do a limited depth spall repair or they have to remove the piece and do a full depth concrete. A letter had been sent on this and Muntean is waiting for the contractor's response. Braun wonders why it is just on this one side. Muntean stated they looked at the rest of them and there is nothing anywhere else. Osborn added it just seems to be in this one area. Muntean stated this leads them to believe it is construction related because it did not happen anywhere else and everything else is design the same, but it did not happen on the other side of the same pour. Typically spalling like this is because the valley gutter and the concrete are moving when it is catching at the end and chipping it off. Braun stated we might want to monitor the looseness that is coming up. Osborn agreed, and this is something they had talked to before that we get it cleaned up and is not an issue with the prop. Muntean added the project had not been finalized and payment had not been made. Johnson asked for clarification of the location. Osborn stated from the Quest hangar area on, it would be taxilane #2 back by the farthest hangar on this side. It comes about to a 250' area that there is a spalling. Muntean stated it is limited in size to 6"x6" up to 1' to 1 1/2'. (FAA Funding) Osborn stated we have heard from FAA and Helms & Associates that plans are due to be in June 14th to get 75% funding. With some information that is being requested today, this will probably not happen. We are expecting that by July 3rd that funding will go to 100% on the EAS, so we are planning to be ready to do something at that time. (Painting) King stated the white and black paint on Rwy 13/31 is complete. We are working on the lead in lines and the edge lines today and tomorrow. If everything goes good, we should be done Friday with the main runway, lead in lines and edge lines. This year we did something different. We did a PPR on our NOTAM's. When we did the thresholds on 13/17 with safety concerns, we would have to close the Airport down entirely. We did something that we would probably do in the winter time which is PPR (Prior Permission Request). We issued a NOTAM saying that the pilot had to call the

CTAF or a cell phone 15 minutes prior to landing. This allowed us enough time to get the paint truck and the crew off when they needed to land or take off. We were good in this aspect, but it slowed down the work. In one day there were 36 planes that took off and landed. Braun asked if we could adjust our work schedule and do this early evening when there is not a lot of traffic. King stated possibly. It's kind of hard to do as it does take a full crew and it has to do with weather conditions. Dahlerup, a local pilot, stated it looks like that we had lost a lot of time starting and stopping. King stated this was the first time on trying this and we kept the Airport open. Hillestad, a local pilot, asked if we could do displaced threshold like a lot of other airports. King stated we still have to paint and mark it when we do this and it affects both runways the way they cross. In a year or two, when we get to move the runways we will eliminate this problem which is a safety concern. Hopefully, by the next time we have to paint, this will be all corrected. Johnson asked how long had it been since last time we painted. Osborn stated we rotate every four years. We usually do a taxiway or runway. On this we had the junction and it makes it more difficult because we are affecting two runways at once when we are in this area. Not all of it, basically in the junction area. By FAA standards we should close them, but we talked about doing a PPR so we would not close anything. It did cost benefits, but it actually had the benefit that we were open. King added we did do the threshold on 17, so that in two years when we do 17 we do not have to do the PPR. It will be pass the safety area and we can just close this runway and do it all at one time. We did some extra work this year in anticipation that in two years we do not have to do it again. Johnson asked how long have we had the X's. This came with the taxiway Delta project which was two years ago. (Drainage Meeting) There were a number of people that attend the evening meeting mostly a lot of the farmers from around the area to understand the drainage and other things. There was one request to use the 2001 survey that was done by the City rather than utilizing the numbers that were there. The gentleman from HDR who was doing the program explained to the crowd we really can't because ours was a very extensive survey taking a format of radius and is very specific, where the one that was done for the City in 2001 was very generic. They wanted to make sure people understood that there was reason why we have a purpose to the Drainage Study being very specific. Other than this, the meeting was pretty well attended. We had County Commissioners here as well as City Officials. Kaiser asked if we got any comments from the housing development. Osborn stated we had people from Brown County Drainage and they made comments afterwards as far as information. They know that water is one of those difficult issues that does not make good neighbors anywhere, but it help gave them some idea being very specific where knowing that there were problem with a couple of culverts that were in the area that they did the survey with. They know they have some things they have to look at too, but if they adjust those that would affect those culverts too. Chairman Erickson stated it was more so from the Ag land to the east of there. (ARFF Furnace) Chairman Erickson asked the status of the furnace. Osborn stated he has not heard back from the Fire Chief if they received this. As we know at this time it is still outstanding and not complete.

Johnson moved approval of the bills for the month of May, seconded by Bensen. Motion carried.

Bensen moved approval of the May financial report, seconded by Johnson. Motion carried.

With the packet the Board received a copy of the Leakage Study that was done by Sixel Consulting Group. Osborn stated 83% of all people that flies out of Aberdeen according to the ticket sales that they were able to review used Aberdeen, Minneapolis, or Sioux Falls. There was a comment on page 3, item #4 that talked about two destinations come July of this year. Osborn and Bauer, ABR Station Manager, had a conversation this morning and they are not sure about the second destination. It sounds like it would be Pierre. We have nothing from the airline. Osborn does not know where this came from. Osborn wrote to Sixel and asked specifically what this meant. Sixel had responded that technically Pierre is in the schedule as a non-stop flight. Osborn had gone in and tried to put up some tickets from ABR to PIR or vice versa and they don't show up for July, August or September. Osborn does not know what this item meant and a little confused and will try to get more information on this. Basically Aberdeen has a potential based on the numbers of having 84,850 passengers that can either enplane or deplane based on the 2009 numbers. This is at 100% based on ticket sales. We have the potential for about 48% more people that are using the Airport now. There are items that we have to look at. From this there is 51.9% that used Aberdeen out of the 84 thousand. Aberdeen generates about \$19.2 million in revenue for the airline with those people that use Aberdeen. The top five markets that are listed in the study are Washington, Minneapolis, Phoenix, Los Angeles and Cancun. The study also talks about the population within a 60 miles radius of the Aberdeen Airport. There are about 46,909 people that could use the Airport. If we go out to 120 miles radius, there are 179,764 people that could use this Airport. The study also talked about the number of departures and destinations. This is part of where we have the problem with the two destinations in July. But out of Minneapolis, there are 138 destinations with 300 departures a day which is capable of having about 30,000 seats per day. It also shows the top 15 market. If one would look at the map that was provided, it is surprising to see that about half of them are east coast and half are west coast. It's about 7 to 8 split more towards the west side than east. Kaiser asked if the \$19.2 million revenue is for the all the airlines or just Delta. Osborn stated this would just be for Delta who serves Aberdeen. Osborn added that they will be working more with the marketing people. Julie Johnson is present from the group who actually helped sponsor when we lost the third flight. We want to thank Julie for all the work that she did in getting the attention with Delta. They had done some marketing items like the sign by the Interstate. There is also a sign on the overhead that kind of give you some information about our marketing. Rolf Johnson asked if they draw any comparisons to another market of similar demographics like some place in Kansas. Osborn stated there were really not a lot of adjustments to that. Our next step is obviously to look at what is going on. If anyone watched the news within the last week, Pierre made a comment on Kelo Land. One of their City Commissioners made a comment that they have struck up an agreement

with Delta that they would have their ticket sales based on within \$20 of any Sioux Falls ticket. Osborn had talked to the Pierre Airport Manager about this and said how they come about this because when we did the study we were told they could not do rate agreements because it was illegal. What Pierre did is used a study similar to the Leakage Study and they found that they were losing almost 60% of their passengers to either Rapid City or Sioux Falls. In reviewing this they said that there was a market loss to the Rapid City area. From this they worked with a consultant who did a fare review with Delta and they came up with this process. Osborn stated when he goes to Denver this month, one of the things he will talk to Sixel about is doing a fare review. What we have to do to make this market study and to work on tickets. Obviously this is one of the biggest hold out that people have said they use. One of the surprises with our study is the fact that Rapid City was even brought in with 4% that actually used the Rapid City airport. This surprised Osborn. Johnson stated this is not necessarily Aberdeen people; it could be Mobridge that tipped from the market. Kaiser asked if Sixel did the fare study for Pierre. Osborn stated according to the Pierre Airport Manager it was done by Mead and Hunt and it was not an expensive study to do. Osborn added he knows this is one of the things that we had talked about in the Small Community Grant when we did the contract, was to talk about working with Delta to work on pricing. Johnson asked if there were any markets covered out of Rapid City that are not covered out of Sioux Falls, Fargo or Bismarck. Osborn stated Rapid City has Frontier that goes straight to Denver. This is probably one of the big markets they wanted to make sure they cover and by making those prices compatible to Sioux Falls. Kaiser asked if Bauer has any comments on the study. Bauer stated he has no comments. Chairman Erickson asked did they attribute more of the leakage to the fare structure or flight schedules or connecting flights from the other airports. Osborn thinks that pricing is the number one item that we are going to see, but we have to actually show the market and what actually happens in that market. Any time we go to an airline and talk about fare structure, we can actually say we are losing certain percent here and what it is based on; it is based on fares. This is one of the comments they received from the ticket sales. Bensen thought it was interesting looking at the Phoenix area that 1,280 people flew out of Aberdeen out of a total of 4,200 from Aberdeen that went to this area. So, pricing is very definitely a huge part as a lot of them go to Sioux Falls or Fargo to catch Allegiant. Bensen understands that we cannot compete with Allegiant, but there is 1,110 almost the same number that went to Minneapolis to fly to Phoenix. Kaiser stated he sees that Sixel disagree with the idea of doing an in focus group of some kind to find out reasons. Looking at the study, Kaiser is not sure it is necessary either. It would be nice in Kaiser's opinion to have people's honest opinion about the Aberdeen Airport. Osborn stated he does not think that Sixel disagree with it. What Sixel was saying was that it was not done in this type of study. We are looking at leakage. We can't have a focal group to try to figure out why that leakage is there. But in order to do the leakage that is reviewed by the airlines, this is the data they utilize; they do not use the focus group. Bensen stated he does not know if we can ever tell how many people are driving instead of flying because of the cost. Johnson added or less travel at all. Osborn stated this would be a lot harder information to get. Kaiser stated we might be able to get some of this information on the focus group. Julie Johnson from Absolutely Aberdeen wanted to say thank you to those who she got to worked with and allowing the Leakage Study to be done. Julie thinks that this is important legacy we acquired for our entire community and we will all continue to learn from it. The Board also said thank you to Julie for all the work she did.

A reminder that the Air Show is on June 24th through June 26th from 10:00am to 6:00pm daily.

Osborn stated June 11th is the deadline to put our budget together for the City of Aberdeen. Osborn had given the Board tentative numbers. As Osborn goes through the budget he wanted the Board to have some kind of figure of what we are looking at doing. One of the items we are going to put under Capital that Osborn thinks needed to be address is airport seating out in the front lobby. We brought the seats over from the old terminal. We are seeing that a number of them are starting to get tattered and looking like they had seen better days. Osborn was shocked at the price of seating. To do 70 seats that we have in the front lobby is roughly \$25,000. One of the things that we are looking at is the Prison System in the State of South Dakota does make furniture. We are actually looking at what's called Pheasant Line Industries to look at comparable chair. They fabricate metal, they do wood work. One of the things we are going to do is look at this. This is one of the Capital items as the Board starts to review the budget. Dollar wise Osborn stated Lynn Lander probably could answer this better than Osborn. A lot of our ability to have this Airport goes as it does is based on Tax Revenue. Tax Revenue is not growing by leaps and bounds, so there are going to be a lot of restrictions of things we can change or cannot change. The information Osborn gave the Board is actual expenses for the last three years and the 2010 budget and filled in our request for 2011. We are not going to see a lot of increases for request. There are a couple of items that would need to be discussed with the City and those are going to be some that are affected by fuel and some affected by repairs based on equipment and lighting in some of the structures. We are going to do our best to keep those costs down, but there are some budgetary items we have to review. Bensen asked are we expecting a lot of repairs and maintenance as he had noticed that the budget request is a lot higher than the previous years. Osborn stated what we try to do is look at in repairs, item for item for every building and every piece of equipment. We review it and look at what the needs are. The Board has to understand that the Fire truck is our responsibility. We have some major repairs on both Fire trucks. They are aging. It's hard to get parts for them. The pumps are very expensive. On Rescue 6, we are expecting to spend \$6,000 just to update a few things. Aman stated Aberdeen Rural Fire just ordered their second truck which cost \$175,000 which is a basic Fire Truck. Osborn stated when we look at pierce metal and to go in and spray a plane down to save lives, \$750,000 is not out of range for an Airport Fire Truck. There are certain standards by FAA as to how often you can replace equipment. The Fire Truck has a very limited time, but if you can show you can't get a replacement part or there are problems with the particular truck (if it is like a lemon) you may be able to replace it within 20 years, but 10 years minimum is FAA requested usage. To be honest 5 or 6 years old Fire Trucks

parts are hard to find. There is a turret on the old truck which our guys had manufactured by hand because we can't find parts for it. Kaiser asked how old are the trucks we have. Osborn stated we have a 1998 and 1983. By FAA Standard, we are only allowed one. We have a second one because the City of Aberdeen kept this on line and we been keeping it going because based on the type of planes coming in would be based on what fire status it would be. Kaiser asked how many trucks are based in the Airport Fire Station that would serve the rest of the City. Osborn stated there are two ARFF (Airport) trucks and two for the east side. Kaiser stated the other two trucks can certainly serve a fire here. Osborn stated they can manipulate this because they may put an ambulance and a fire truck. They can manipulate these numbers based on what they need for the east side. We basically have a 50/50 agreement with them. King added that on all the fire trucks manufactured in the United States only two percent are certified for ARFF. Osborn asked the Board's recommendation to the City of the 2011 Budget. Kaiser moved, seconded by Bensen. Motion carried.

Osborn stated Mike Harmon had told him he may not be here today. Harmon operates his Ag Spraying business out of Mansfield. Harmon, like a lot of other people is having issues with the areas they are operating out of. Harmon has a problem with his runway that he has a wash out and is distracting him from working off the airport. Harmon wanted to know if the Board would allow him to use this Airport on an emergency basis. Osborn had given Harmon a copy of the standards and is not sure if Harmon had talked to Mr. Beving as his letter stated. This is not any different than when Jon Swenson wanted to do business here. A question on 137 requirement was asked. Osborn stated if Mr. Beving took Harmon in that Mr. Beving will be responsible for him. Braun stated that Harmon is unable to operate where he is at now. The Board had questions and needed more information regarding the request. If an emergency meeting is needed, the Board will have one. Bensen moved to table the request until next month to get more specifics, seconded by Kaiser. Motion carried.

Hangar 9 requests:

Request 1 - Aman stated Hangar 9 wishes to construct a 30 deep by 18 wide carport in the front of the main entrance of the FBO and to move the electrical cable that feed to the airfield lights in conjunction with the ramp reconstruction project. Kaiser moved approval, seconded by Johnson. Aman stated if he remembers correctly the cost to Hangar 9 for moving the electrical cable is \$2,800. Muntean stated this is an estimated amount. A question was asked as to the height of the carport. Aman stated the height will not be higher than the size of the building sidewall which is 20'. It would be 11' to the underside and not exceeding 13' to the top. Height wise can we get through with our snow removal equipment. King stated on the carport part what he is concern about before was the home run and not enough room. Our big tuck will not fit under the carport and their too big to be close to the building and what they have proposed would be skid steer work. Aman stated the big trucks will fit between the existing building and the support columns of the carport. Aman added some of the area will be their responsibility for snow removal to get it away from the building. Kaiser asked if the canopy would be on stands to hold it up. Aman stated yes. Kaiser thought that this would be a hazard. Osborn stated to keep in mind this is a separate item from their 7460. They have to reapply for this and FAA will approve it based on height and other issues. Aman stated the 7460 had been applied for. Kaiser is still worried about cars hitting the post. Aman stated the support columns will be probably 3' off the ground, 24" in diameter concrete and then the structural steel would extend beyond this to the structural beams. Bensen asked if there would be requirements for emergency vehicle access. Aman stated he does not know and before they set a finite elevation for the canopy they will make sure an ambulance or something like this can pass underneath. Osborn stated the thing that happen when they do a 7460 and a building permit, the canopy would be an addition to it. They have to put this in and the City does a review to make sure there is not an issue with height or vehicles themselves. One of the issues they would look at is maybe with the Fire Department. The City will make their comment at the time as it is part of the building permit that has to be done. The request to construct the carport and to move the electrical cable is carried.

Request 2 - Hangar 9 desires to lease additional space immediately adjacent to the FBO. Aman stated this goes back to their request originally submitted in April acted on in May meeting and a Special Meeting. Hangar 9 is looking at the future and does not want to become land lock. Since the Board and the City cannot grant the Right of First Refusal, Hangar 9 is requesting to physically lease the space that was originally requested on the Right of First Refusal. This will allow them for future expansion. Johnson moved for discussion, seconded by Kaiser. Chairman Erickson asked if Aman is asking for the same amount of space. Aman stated yes. Osborn stated one of the items that need to be discussed is when he, the City Attorney, Aman and his attorney met. They talked about when we come to the point that we will have to decouple the runways, we will have some issues. Osborn wanted to make sure this Board is up to date on some of those issues that will come about. When we decouple the end of 13/17, we are going to see that Taxiway 'B' goes away. By allowing Hangar 9 to have additional land in the area requested, one of Osborn's concerns is the fact that we have not received information from FAA of what we can do when we decouple the runways. If we have Taxiway 'B' goes away, Aberdeen Flying Service (Caven) has no access for people to come to his area. Muntean and Osborn are working to talk to FAA about this; if can we reproduce Taxiway 'B' at an angle to go as an off shoot and follow the area, so Caven has customers coming to him also. If we take away the area and don't provide access to Caven's business, there may be an issue with this. What does this mean? Caven has a couple of choices. Caven has a possibility of himself moving to where there maybe business and this is probably part of the land that Aman is talking about. Do we have the availability this time to make this decision? Osborn prefers that the Board not make the decision at this time for the fact that we do not know for the 2012 what is going to happen in this area. There is a very limited amount of land. Is it true that they can build over on the other side of the terminal, yes. But, we still have not gotten the permit to fill land so we can have other areas. We have a very limited

space. Osborn's request to the Board is to think about the 2012 project. We do not have a definite answer for Taxiway 'B' and if it does affect Caven we truly could be responsible for restricting his business which could put us in a situation that we may have to come up with land. Osborn did tell Aman and his attorney that he will bring this up to the Board base on this information. Johnson stated he does not see the restriction. Obviously, Caven is the farthest one north, but you have the apron as a taxiway. Osborn stated there is a taxiway that comes in this area, but when Taxiway 'B' disappears people are not coming towards the end of the runway. Johnson stated they do not necessarily come to Caven, but they have to make a larger effort. Osborn stated this is correct. By taking this away we do restrict the flow of traffic to this FBO operator. Keep in mind of what FAA says to us under our Grant, we have to keep it fair to all people involved. We are taking something away that does have flow on access and then it's not there. By decoupling the runways, we could be held responsible. Johnson asked if the Board table this request, does this also indicate that we would table a request from Aberdeen Flying Service for the same lease. Osborn stated this would be correct. At this point in time there would probably be no other options until we get some answers from FAA. Osborn does not think Muntean had heard anything. They had talked about it in discussion to try to make sure if you have an access area that could go around so a person could choose. They can rename it Taxiway 'B', they could use this taxiway and go in and it does not restrict the flow and this would not be a problem then land could be leased. Osborn's worry is that we have less and less land in this area. We are going to have more restrictions on tail heights and even the plane Caven is going to park will be affected. Osborn prefers that at this time we not do a land lease because we do not have answers to some of the questions. Kaiser asked how many feet do we have in the total area from where the hangar of Hangar 9 starts on the west and continues to the end of what we consider an FBO area. Osborn thought there is about 480' left. Kaiser stated as he recalls as this was discussed two meetings ago, we talked about there was room for two others between their new hangar and the fence on this side. They are requesting 200', but how much are we working with there. Osborn stated to keep in mind also the fact that if the case is there is a situation where we deprive them and this person is to move, Caven will move his main office and two other hangars. So we are just not looking at a 200' area, it would be more. Muntean stated the asphalt pad that we are looking at putting a storage building without going into this; we only have 350' left after Hangar 9 put in their new building. Osborn stated we are not turning down rent, we are thinking of what will happen in 2012. Aman stated certainly if this is not going to be granted with a lease or table that they have consideration at the same time as obviously they do not want to become land lock as well. This is only fair for Aman to ask or maybe the Board grants another 100x100 would still leaves 250' from the edge of this building to work with. Obviously if Caven has to move he may not choose to move all his buildings. It is no different than Quest Aviation having to go around to the other taxiways to get airplanes off of the back line. Certainly, Hangar 9 will also be looking at smaller hangars to purchase as well for additional storage for smaller airplanes. The larger hangar is where they would be able to store the bigger aircrafts and this is what they are looking at. Osborn stated Aman's argument would probably not be any different than Braun from Quest who is now land lock because he is in the middle of two FBO's who may have the same request. Braun might also want a hangar in this area. We have to keep it open and treat all of them fairly and it makes it very difficult with three people and also knowing what is going on in the plan. All Osborn is trying to do at this point in time because we do not have some of the answers from FAA; he would request that the request is denied. Chairman Erickson stated he is not sure how we fairly allocate who gets this. We could get a realtor and could just sell it to the higher bidder and this would solve the question. Johnson stated this is a matter of timing that this had come down to. When we want to release it and who wants to make a lease offer. Osborn stated he would offer an option. The option would be if they want to lease it without a building allowance for the next year and a half. To Osborn, it's better off saying probably not at this time. Let's make sure we get a finalized plan because if FAA says go ahead and take and rename Taxiway 'B' and have this area and it does not have an affect on Caven then this may all go away and it could happen right away. Aman stated another option would be a clause through the City Attorney that if it at such time it becomes necessary and some construction has not been done on it, the lease can be rewritten with less amount of square footage in order to work Caven in, if he so chooses to move. A clause where a thirty days written notice through both parties. Osborn stated the only thing that he prefer not to do when we talk about option like you can't build is, this almost giving Aman second right even though you are in there for option to rent; you know you are looking at a proposal of building. FAA would say that we cannot do an option like this. Osborn would not put the City in this position, but it is an option that we can talk to the City Attorney. Chairman Erickson stated he does not think that we can lease land without some intent of something going up on it other than for Ag use. This would not be any different if Aman is Caven wanting to come lease all the rest of the land so he could not build anymore. Osborn stated if they would use it for over flow parking or things like this, they could use it for this, in this content. The Board voted to deny Hangar 9's request #2 to lease additional space adjacent to the FBO. Motion carried.

Request 3 – Hangar 9 desires to change its designation from a Limited Service FBO to a Full Service FBO. Johnson moved approval, seconded by Kaiser. Osborn stated part of the minimum standards allow that an FBO can change their status from Limited Service to Full Service FBO. There are standards that they have to follow. Those standards have to be based on the building size. Section 2.05 through 2.06 on the Minimum Standards talks about all the items that are needed for Commercial fuel sales and other things. One of the items in the Standards that is probably an item that need to be discuss is the fact that it does states within the Standard that anybody that is doing fuel sales that they have to have 5 years experience in a similar situation. We just have the original information. We do not have a lot of the specifics. We talked a little bit about it over with Aman. Some of the things we were worried about were in doing the apron, whether it would be an underground service or tanks and brought in. We got some of these questions answered. Some of those items affected how we do our application with FAA. If they are going to do an underground system it makes a lot different item to the apron coordinating some of the items and things like this. As Aman described to us they will be looking at tanks above ground and Osborn thinks that this has not change since they talked.

Aman stated this is correct. Osborn stated so a lot of this does make some of it go away. Osborn's only concern is the status within the Standards that does say they have to have 5 years experience at a similar size airport. Kaiser asked does Riggins have 5 years, did he not work in Milbank or some place selling fuel. Aman stated Riggins did work in Milbank. If you apply a little common sense into this, if you have been an FBO at a like size airport for 5 years or greater what is the likelihood of one (unless you purchase) that the said facility are going to relocate from that facility to Aberdeen. Aman does know if Thorson was selling fuel before it was purchased by Rivett (Quest) or not, but again they did not have 5 years experience selling fuel in a like size facility such as Aberdeen before granted permission. Quest Aviation was Thorson Aviation prior to, so the Board had set precedence. Osborn stated he does not know if there was staff from Thorson that stayed on that had the 5 years experience. Aman stated he does not know either. In flying terms Aman is new to Aviation. He had only been doing this since 2003 and could not even tell when Rivett purchased Thorson and made Quest Aviation. Johnson stated this Board cannot verify this either. Kaiser stated what is relevant is whoever they hire has to have 5 years experience before they start selling under FAA rules. Osborn stated the Airport Standards says they have to have 5 years experience. Aman stated as far as the FAA is concern they have to have all the necessary certification before they can sell fuel showing that they can demonstrate to fuel safely. Beyond this the tank apparatus has to meet with the Fire Marshall's approval before it can be filled and certified. Osborn stated this is correct and they will have FAA standards. They have a recommended training that both Quest and Aberdeen Flying Service have experience with and is required prior to them pumping fuel, but the Airport does have standards that states 5 years experience. Chairman Erickson asked if this is more with intent that just fueling their own planes. Is this the main reason behind this? Aman stated initially fueling of their own planes and as they get the ramp and everything else going hopefully get charter service in and out and being able to sell fuel to others who are coming and going and whatever plane they are storing in house. At the time it takes to purchase all of the equipment and get all the certification and everything done they certainly going to continue to purchase the fuel as they are. Hillestad stated that Riggins had been pumping fuel since he was 15 years old and had been pumping gas longer than anybody at this Airport. Osborn stated all we ask of them is to show that it is a similar airport and they can show this proof. It is one of the standards which Aman and Osborn had discussed. Osborn does not want this as a stumbling block and wanted to make sure that this is one of the standards that they fulfill. The way it is written is "a similar size airport". Chairman Erickson asked when was the standards written. Osborn stated this is the standards that were approved roughly a year and a half ago by this Board. Bensen stated he thinks the standards were redone ten to twelve years ago. The Board voted to approve the request of Hangar 9 to change its designation from a Limited FBO to a Full Service FBO. Bensen abstained.

Our normal meeting date would be July 8th next month. Osborn has a required DOT meeting in Pierre and will not be able to be here. Osborn asked the Board to adjust the date of the meeting. Bensen suggested meeting on Tuesday, July 6th. The July meeting is set for Tuesday, July 6th at 11:30am.

Osborn stated that we will have a Letter of Correction (LOC) for the Airport. Some of the standards that are required is once a year we do an emergency review of the Airport Emergency Plan. Due to the flooding situation and all the time it had rained, we are having an issue with trying to get the Emergency Management to be a part of this. The Emergency Management Manager has to be part of this review. Osborn had asked FAA if we can extend it as we were due to be done by the end of May. We've rescheduled it to June 8th. FAA had done a LOC. They cannot just allow someone. We are 6 or 7 days outside of the year. It is outside the certification. The Certification Officer had sent Osborn the LOC. Once we do this, we will be back in compliance. It's an unfortunate year. Before we did this in June and then we moved it up to May because of someone else's schedule. Now it had to be 12 months from this date which is the end of May.

Aman stated with the utilities down running across the vacant lot right now (which is running at an angle up towards the terminal). Aman had asked for Northern Valley Communications (NVC) and NorthWestern Energy to be here. They are going to have to be relocated outside of the building as well as the water main which Aman believes within 3' or 4' from the corner of the building. Not seeing anything that was designated as utility easement and kind of running a straight line across the land towards the terminal. On the Master Plan this area also identified as Jet Hangar space. Aman has not seen a Jet Hangar space less than 100' as it is pretty tough to fit them in. Aman is asking the Board and or the City to move said utilities. NVC had called Aman just prior to 11:00am. They had planned on being able to attend, but was unable to get out of their commitment. Aman is not sure where Mike Williams or their engineer as they were made aware of the meeting time as well. Johnson asked if they are part of this utility easement vacated area. Johnson stated this is another separate easement. Aman stated this is correct. Kaiser asked where do these run now. Aman stated NVC has a pedestal on the back side of the hangar between the hangar and the taxiway and it goes to the inner ducts that come over to the terminal. The gas line comes across the taxiway which Aman believes is a 2" high pressure gas main that comes over and feeds the natural gas to the terminal and the water main is an 8" main. Osborn stated it's an 8" out to the terminal then it goes to a 6". Johnson asked how many utilities are we talking about. Aman stated there are three different utilities. One of the things Osborn would like the Board to recognize is the fact that from square one we have known that those utilities were there. We had shown Aman that they were there. They rearrange the side of the one building that they are in now and redid some of this because they did not want to have that issue before. When they put this building together, they also knew that water line was there because we reminded them at that time. We have gone as far as getting information from the City Fire Marshall about what would have to be done to make the move. Aman had the knowledge that they cannot have it underneath the building since day one. They are doing it for their business and Osborn would expect them to make changes to make sure they can

do business. Kaiser stated but we have an area there that we identified as future expansion of them, did we also plan when those lines went in. Osborn stated only the lines when the terminal building came in. Kaiser stated this is understood. Kaiser asked at the time when they ran the lines in, they just made the assumptions that that area whoever goes in that they are going to move the lines. Is this the feeling at the time? Osborn stated or you structure your structure around it. The City does not allow easements to have underneath buildings anywhere. Anybody that does do work like this throughout the City of Aberdeen has either has it as their expense or they don't make the change to include that. This is not any different throughout the City of Aberdeen anywhere that Osborn knows of. Kaiser asked did the topic ever come up when we plan this building. Bensen stated not that he is aware. Osborn asked the topic of. Bensen stated jet hangar being a 100' deep and that it would have to be moved at that time. Osborn stated no, but to also keep in mind that the plan that was put out did not have Hangar 9 in this area also. We did not have an application when we were finishing up the Master Plan. Johnson stated he is not sure that the Master Plan was updated until the building was complete. Kaiser stated we updated the Master Plan about 2 years ago and this building was long since we did the Master Plan. We never consider that at that time either. Bensen asked how the City pays for this when they don't pay for any other City issues that come up. How do we justify this? Aman stated he is not sure. Having talked with NVC, they are trying to do this as inexpensively as possible. They did say that they will trench beyond where the current perimeter fence is. Aman had expressed that they can place a pedestal on the side of their building to minimize it. Certainly, if Hangar 9 would relocate just for their purpose then even if they don't build we have to move Aberdeen Flying Service down there then the lines would have to be moved in the future. Johnson asked if the lines are in conduit as he assumes it is and the water line is not. Aman stated the water line is not, the two telephone lines are and the gas line is the yellow poly line. When Aman contacted NVC he was told that NVC were told just to run it across, it will never be developed. Aman stated this is hear say and wished that NVC were able to be here to verify this. Osborn stated these utilities have been discussed from day one with construction of Hangar 9. Chairman Erickson stated NVC would just have to cut and drop a new line. The other ones are going to be the problem. Aman stated from talking to Mike Williams and Randy their engineer it sounds that though that they will expose it similarly to how NVC is going to and move it out beyond 110' which it would put it more in line with what could be deemed utility easement out in the public right of way (access road or it could be future parking) and be accessible and not have to be moved multiple times. Johnson asked what is the depth of Quest's building. Braun stated its 80'. Kaiser stated it certainly make more sense to move it so it is out of everybody's way when it's moved, rather than them moving it enough so they can build their building. Move it so if anyone else is going in there, it's moved. This is the only kind of sympathy that Kaiser have at all for their request and then it is ready for everybody else. It probably should have been done that way to begin with. Do we know what the cost would be? Johnson stated we are talking about a gas main and a water line. Osborn stated we did have the Fire Marshall look at this for Hangar 9 and one of the things the Fire Marshall did say was to actually use 2 - 45's to come out on each end to move it around the building site rather than 90's as it would restrict the flow. The problem we have is that if we restrict the flow, it would affect the fire ability of this building and that is why we got involved with this, in the fact what would happen. From this Osborn does not know if there had been a cost estimate. As Osborn had said this is kind of a standard throughout Aberdeen that there are pipes underneath and you can't build over them and they have to make changes. This would not be any different. Aman stated he had talked with NVC and had assure him that they are trying to make it as cheaply done as possible and maintain the service other than when they make the cut over. Truly whether they would bill for any of this at all, they may not. Aman stated he has great working relationships with NVC and NorthWestern Energy. It is very possible that NorthWestern Energy will no charge this as well. Aman can't say this for sure. Aman had hoped that NorthWestern Energy would have been here also, but again they are asking Aman where they should put it. Aman had basically told them if it was him, he would move it out and not have to move it again. Kaiser asked what the Standard Operating Procedure of utility companies when they are called to move things. Johnson stated he does not understand if they would offer anything other than full rate. Muntean stated typically if they have an easement then it is whoever is affecting them cost. If they are in a public right of way which they very seldom do without prior permission then it is at their cost. Kaiser stated this does not fit here. Muntean stated no, but typically whoever wants to move it, it's their cost. Kaiser asked does Muntean have any idea on the cost. Muntean stated if we want to relocate a whole water line right next to the access road and be completely out of the area, this is probably about 500' at \$20 per foot, \$10,000. Just to relocate around the building, probably a few thousand. Muntean can't guess on the telephone and gas line. Aman stated what they are talking just to minimize to the landscape they are going bore from the current perimeter fence up to the pedestal to bring the new line in and put the inner duct in and they will trench from the fence over and around the building and have the line basically laid back and then after excavation and back filling they will hook the pedestal up and make the connections. Certainly they can excavate underneath and leave pore in those areas until the utilities are moved because they are in the depth they have to dig. The water main would be below their footings and foundation would be. Osborn stated he has to protect the Board. This is not an agenda item at this time. Osborn would like to ask to table this until Aman can do a formal introduction and it will give Aman time to come up with some cost. Osborn does not want the Board to act or vote on something that we don't have as an item because we could have a meeting problem. Bensen stated he does want to raise this concern. It is not timely brought before the Board. It was not put on notice that this was an issue. Bensen moved to table this until such time is properly notice and the Board get the information they need. If a special meeting is needed then they can call a special meeting. Kaiser stated we do not need a motion as it is not an item to begin with. Chairman Erickson asked how much room does Aman has to go in the other direction, can they move the building. Aman stated no as this make a real headache for Muntean on the ramp.

Muntean wanted to update the Board as it is part of the Airport that the project for the access road and permanent fencing for the FBO area for where Hangar 9 is will be bid next week, June 9th at 2:00pm. We will have better idea of where those costs will be. The contract will be in Hangar 9's name and then they are turning around and ask for reimbursement from the City for the work. Johnson asked about Aman mentioning the turnstile gates on a previous grant that were originally approved, but yet not all purchased. How do we go back and open up a grant. Muntean stated it is still an open grant and these were allowed in. Osborn stated we are able to go back to this grant and if we have not spent all the dollars on that grant those could be purchased. It has to be specific to the grant.

Chairman Erickson asked for an update on the new Ag sprayer (Swenson). Osborn stated we had a couple of issues with the Ag Sprayer that just started as his plane has a little wider width at the bottom and with all the soft ground. The road that used to be the old Brown County 14, we had to go out and widen it and put some chips down because he actually got into a soft spot and had an issue with his plane. They had a couple of other issues. Like everybody else whenever we start with someone there are always issues. We'd talked about security and talked about issues. Someone was at it, opened the gate thinking some dirt was being driven in and they were over mowing a little bit away from it. Osborn received a call from Martin Beving about this. Osborn sent King over to talk to them about it. They were told that they have to be right at the gate watching security. This is with everybody we worked with we have these issues. We talk about security and sometimes we just have to prove how tough this is. The other day Osborn had a discussion with Swenson about another issue with security. They happen. People just don't think of security the way we do. We will continually go back and talk to people about TSA enforcers that come from Sioux Falls and watch the gate and the area. If we can continually train with people and work with people and try to protect them from fines, we will certainly do this. They were actually operating yesterday. They had other issues because of the softness on the ground. They had actual mud out there and had a tough time going. They had a couple of issues with the Fire Marshall based on the type tank that they have. They had a single wall tank and it should be a double wall and they had to put a berm up. They had a number of issues to get going. The toughest part about anything we do here is that it is just not City rules, its State rules and this or that. Someone called Osborn and asked about the portable area that they have for containment. We had to learn a little bit more from them about this. At the same time Osborn wrote to the State to get the rules on containment that has to be out there. We are not going to know everything about their operation and what they do. We are going to learn a little bit more all the time. It's like anybody else that ever started working or doing something. There are issues hopefully we can work through them and not have a lot of problems. Osborn knows that there are a lot of concerns from other people that do this business. Morris Riggan called Osborn the other day and told Osborn that he was not being fair. Osborn asked why it is not fair. Riggan stated that Swenson does not have a building. Osborn informed Riggan that he did not have a building either and he had up to a year. Brenda Riggan stated that Morris had an agreement with Mark Caven. Osborn stated Morris did not in the very beginning. Brenda Riggan stated yes. Osborn stated we have letters on file that Morris did not response to where he had it. Brenda Riggan stated Caven had signed the letter. Osborn stated we have a letter from Morris that actually talked about what day he finally talked to Caven. It was well after the year. Osborn stated he has a lot of information about this. Osborn is not trying to pick on anybody or to say did do or did not do. This Board agreed to give Swenson a year to put a building up on the property. They have the ability to do this. They are working with their contract. They put a space in the drawing where this building would be. We got some challenges of people doing business. We are not trying to make it hard for anybody. We are trying to make sure that everybody is following the safety and security. Aman asked the lease with Swenson is with Performance Ag or Pro Ag Services doing business as Performance Aerial. Osborn stated this is correct. Aman stated Swenson does not have a Part 137. Osborn stated there is a 137 that they have with Performance Ag and with Agrimax. These two going into business together. Osborn had checked their 137 and had called the SD Department of Agriculture, reviewed the employees that they have and who are licensed. Aman stated he knows that Agrimax has a Part 137. Osborn stated we found out that one of the three guys actually had his testing time expired and he did not even know this. We alerted them that they have to get this up to date and they could not operate off of here until Osborn see that this is current. The Department of Ag had since let us know that this is current. We do a lot of background check with them because we want to make sure that people that they have, have the 137. We also want to know what the State feels about that company that had done that work. They've done other work in the State. Aman stated so there is a partnership agreement between Agrimax and Swenson. Osborn stated they are business partners. One of the comments that probably would come up from this as Osborn had heard a number of people say there is not a local 137. Osborn stated there is no such thing. It is FAA 137. There is not local entity that gives out 137. There is a State entity that reviews. Iowa is probably one of the States that had issue with Ag sprayer that comes and go and some of the problems that they caused. South Dakota by us staying within our standards we are going to review that 137. We review that they had not had incident within the State anywhere. If they had incidents then we talk it over with them. We also talk about who they have licensed under that 137.

Bensen moved to adjourn. The meeting adjourned at 1:15pm.