

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting

July 6, 2010

MEMBERS PRESENT: Mike Erickson, Rolf Johnson, Steve Kaiser, Nate Zeeb

MEMBERS ABSENT:

OTHERS PRESENT: Dave Osborn, John Aman, Gary Dahlerup, Kevin Braun, Rod Tobin, Sam Muntean, Darrell Hillestad

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:30am on Tuesday, July 6, 2010.

Johnson moved to reappoint Erickson as Chairman, seconded by Kaiser. Motion carried. Kaiser moved to appoint Johnson as Vice Chair, seconded by Zeeb. Motion carried. Zeeb moved to reappoint Kaiser as Secretary, seconded by Johnson, Motion carried.

Zeeb moved approval of the minutes from the June 3, 2010 meeting, seconded by Kaiser. Motion carried.

Old Business: (Meeting in Denver) Osborn stated there were 25 airports that were represented at the meeting. There were three airlines. The airports visited with all of them, but we had formal meeting with two airlines to talk about Aberdeen. The airlines that Osborn talked with are Sky West and Frontier. Sky West is affiliated with United Airlines. Osborn talked to them about our west bound passengers because of the market that they show. Osborn looked at what their flight schedules and flight connections and talked about this. We did a presentation to these two airlines. The third airline that was there was Great Lakes. Osborn did meet with them, but did not do a formal meeting. Osborn shared with the Board the packet that was put together that was presented to the two airlines. What we will see nowadays is that Frontier is a low cost airline and is a driver that moves pricing down. Being a low cost airline they tend to challenge any commercial airline one has in their community. What we see at this point in time with low cost carriers, they are not going to be risk takers. If we are going to bring them in, it is going to be trying to find a grant to give them some guarantees. They do have markets close within the region where they have been doing a little bit of marketing themselves. As for Sky West, they are doing a lot of business with United. About 84% of what they do is under contract with United. They do not do a lot on their own, but they do go out and do marketing. Overall, it was a good meeting and Osborn received a lot of information. Osborn found out with the Essential Air Service (EAS) money that is out there, there's a big worry on how many small communities that is going to have issues and having to see this kind of service started or continued. One of the biggest problems that the air industry is going to have is the small providers like Sky West and Great Lakes is that they have planes that are probably half way through their life cycle. There is no one out there to produce these kinds of aircraft to replace them. Right now these guys want an order of 3,000 planes and Great Lakes only have 65 planes in their fleet. They are a little concern of what is going to happen even to the EAS market once these planes reach their lifetime. Someone was talking about that they have a life cycle that they can do, but if they can show that they keep it up maybe FAA would grant an extension to that life cycle to be a little longer. There is a lot of worry in the next five or six years of what is going to happen. Osborn talked with a number of people from Sixel if this would ever happen (that they could not get replacements) what would it do to the market here. Obviously small communities that have EAS like Huron, what would they do for service. This is something that we will continue to look at and build upon for the future. Chairman Erickson asked what effect the sale of Mesaba would have. Osborn stated the sale of Mesaba to Pinnacle should not make any difference. What was interesting to Osborn is the fact that most of the airplanes like with Delta when they picked up Mesaba, the SAAB 340's, they were on rentals for \$60,000 a month through SAAB. (Hangar 9) Included in the packet is a copy of a letter that went out to Hangar 9 to let them know that the Board did offer them the opportunity to be a full service FBO, but they still have to follow the standards. Osborn had asked a couple of items from Hangar 9 to make sure they were inform that we are following the standards as we said we would do. As Osborn had said in the letter, Osborn is not going to address the contract until some of the issues are addressed as FAA holds us responsible for fueling. In that each FBO that does fueling has to go through the Federal requirements. They have to have the training, they have to have the person who is the trainer, and the trainer has to be certified every two years. Braun from Quest and Caven from Aberdeen Flying Service send packet to us when our Certification Officer is here to show that this is current and up to date. The Certification Officer also come to the FBO's and talk to them, to see their records to make sure if you say you have a trainer and see who that trainer is and that you have records that you actually trained somebody. What did you do as far as fire safety codes for fueling? These are the things that Osborn had required in the letter. Aman, Hangar 9 stated he received the letter late last

week. Aman's response is that 1.) Hangar 9 has hired Mr. Arnold Johnson of Mina formerly of Sitka, Alaska to assist in meeting the requirements of item E-1 on page 4 of the Minimum Standards booklet. Mr. Johnson prior to retirement had been the FBO manager for a period of thirty years in Sitka, Alaska. Sitka's size and population are larger than that of Aberdeen and was responsible for all day to day operations including refueling of the commercial and general aviation flights into and out of Sitka. 2.) Mr. Johnson will be the primary trainer of all refueling personnel working for Hangar 9. The two qualified individuals at this time for Hangar 9 are Mr. Arnold Johnson and Mr. Morris Riffin. Hangar 9 will not begin dispensing to any aircraft other than their own until such time that all dispensing equipment and storage equipment are in place and certified by the local Fire Marshall and all certifications have been updated and all other personnel have been properly trained in dispensing flammable materials. Osborn's comment is that Hangar 9 cannot do their own fueling. They have to be certified before they can do any fueling. They have to go through schooling. Aman stated this is understood. (FAA – AIP) Osborn stated the Senate did pass a one month FAA extension for AIP. They still did not have a bill written and they are expecting to get it done by August 1st. This is a concern for us. The money did not increase. They did not go to full AIP so it is still at \$3.51 billion that could be an issue. Muntean and Osborn had talked and they will continue to get together the things we need for the apron. Whether we have bidding and other things done in a timely matter to get this done this year is yet to be seen. A lot will depend what is out there for the bidding process. Kaiser asked what the impact with the one month funding is. If they continue to do one month funding, can we do the project. Osborn believes that we can bid the project right now as 75% of the AIP funding is eligible. What we will see now is that there is a push that is getting lagged out. The FAA has to have all of the funding disperse in a certain amount of time. There maybe people that say that they will not do a project. What we are going to be doing is looking at if we can get our things ready, get it ready for bid, get it bid because if extra money comes in we maybe able to get all our entitlement even though it is only 75% funding because someone else may turn it back and we can grab this. Muntean stated the last conversation he had with Dave Anderson with FAA which was Thursday or Friday last week was that the way this extension was put together and worded, the FAA will not be able to write any grants on construction project in this thirty day extension because there is not enough time to get the programming updated and Congressional announcements out and then the grants written. However, they are still facing the fact that by the time we get to September 30th, they are going to have all their funds obligated. This means the rest of the entitlement funds or discretionary funds and so forth have all have to be obligated to a project by September 30th under grant. Come September timeframe there will be a crunch to get everything out. They are anticipating that money will be available at that time for a lot of different projects. Right now they are saying go ahead and get the project ready for bid, but wait don't bid anything yet. Johnson asked what does this do to the engineering cost, can we pay the engineering cost if it does not go to bid this fall. Osborn stated we can always contract with them to do engineering drawings, designs and things like this. Muntean stated these are costs that are reimbursable. Osborn stated the City can pay for this up front if this would be the case. We do have money set aside every year under a grant if some of the drawings get utilized. We do not want to stop the process. We want to make sure we get it ready, so it is ready to go to be bid once they say it is a go. We are not the only airport going through this, all the airports are. (Concrete Spalling) Chairman Erickson asked Muntean if there was any update on the concrete that were spalling. Muntean stated he is waiting for the contractor to give him a time as to when the contractor is going to come back in and do spall repair. Kaiser stated so we basically accepts the responsibility for it. Braun from Quest asked how long is this going to take. Muntean stated he does not know as he is still waiting to hear back from the contractor. Muntean thought that this should not take long; it may be a one to two days process as we are not taking the full panel out. Is this taxiway going to be usable? Muntean stated it should be as we should be able to work it in sections. We are not going to shut anybody down. (Flowers) Kaiser said thank you for planting the flowers.

Osborn stated the additional bill for the month are for NorthWestern Energy for the amount \$6,058.54 and NVC for \$60.40. This brings the total from \$15, 288.35 to \$21,407.29. Johnson moved approval of the bills for the month of June, seconded by Zeeb. Johnson asked what kind of age we got out of the Kenwood radios. Osborn stated one of the problems we are having with these is the fact that if they aren't three channel radios there is a change in FCC next year. They are adjusting some bands. We have some radios that will not work. We bought the Kenwood radios as a budgeted item this year. We are replacing the one channel radios. Johnson asked what happens when we put this in the City surplus and say that they sell it, does the money comes back to the Airport. Osborn stated that anything sold in the City surplus goes into the General Funds. Chairman Erickson asked if the radios can be reprogrammed. Osborn stated his understanding is that once the banding takes place the one channel radios will not work. Motion approving the bills for the month is carried.

Johnson moved approval of the June financial report, seconded by Zeeb. Johnson asked about the Swenson's billing. Osborn stated their contract is for the year. This is for the annual billing. Motion approving the June financial report is carried.

Osborn stated part of the marketing is his trip to Denver and meeting with the airlines that were there. Also, an update with the Air Show which was a three day event. We had approximately 2,940 people that walked through the gate during the three days. Thursday was a quiet day and we started late because of the weather. Overall Osborn thinks that this is probably the Air Show that actually had more people more involved with the pilots or the owner of the planes. They had more time to sit and talk about the planes rather than watching a program per se. A lot of people had said they really like this Air Show and this set up. One of the reasons that this came about in the past was the fact that we were trying to do an Air Show every year and we had always asked for

fuel sponsors and other things. For Braun from Quest and Caven from Aberdeen Flying Service it always had been kind of a challenge to try to have fuel every year. We kind of went to this type of program every other year to try to do some historical or some informational thing for the public and then an Air Show in the alternate year. It worked out very well. The Barnstormer staff that came were very pleasant, they did a great job. Osborn was surprised of how many people did take rides. Friday and Saturday the planes were just going. They had six out in one time. Most times they had five planes going giving people rides. Minimum of two people per plane and it went over well. There were a lot of people that did come and go. People were not here that long, so Osborn does not know if this had affected the Lion's Club food sales as people were not here for 3 or 4 hour stretch. We did not have a parking problem. We never really had an overflow parking problem at all. We had a bus in case we did, but we didn't. There was one incident from the Air Show. We had a lady that did fall. She had some damage to her face, hands and knees. She actually caught a piece of concrete that was a little bit up in the air and tripped on this. We are working with our insurance company and her insurance company right now. Kaiser asked where this accident was. Osborn stated in the Old Terminal parking lot.

Osborn stated with the Farmer's contract, we are going to have a problem getting hay off the land. The water that is out there and the rain that came this week there is an issue. There is an area they normally get, even coming in to do the haying themselves; they did a great job haying. They were out last week Tuesday and by Thursday afternoon they were done bailing. The problem they have even the road they use in is so slimy. They will not be able to put any weight on it. With the rain we got this weekend, we are going to have issues. They got everything away from the safety areas. We want to make sure if anybody from the FBO's or anybody out there flying and sees something that look like that it maybe in the safety areas to let Osborn know. The farmers are willing to work with us. Their worry is they do not want to stack them because they are going to sink in the ground, so they will leave them where they are for awhile. We are watching this. We are probably going to have a perching area which means that there maybe more birds in the area than normal. If you put them together it's kind of like a lunch table for them also, so it's one or the other. Kaiser asked if there is a FAA regulation of what this can grow up to. Osborn stated the regulation talks about the safety areas and everything is moved out of this area right now. There is not an issue with this, but Osborn has not been out there. If someone sees that a bale looks like it is too close to the end of the runway they just have to let us know. The farmers know approximately what we have for the safety area as we mow the safety area. As long as they have it outside the mowed area they don't usually have a problem. Kaiser asked what about length in general. Osborn stated length in general we take care of this through our Wildlife Plan. What we work on for one type of wildlife has an affect on other wildlife. We try to take the least hazardous of all. Kaiser asked there is no FAA stipulation on length. Osborn stated not stipulation on grass. FAA has been reviewing it and they are looking what other airports are doing, but they don't really say that the grass has to be this long. They leave this to your wildlife person. A lot of times a lot of airports use US Fish and Wildlife to do this. They have some different feelings, but they are all working together. FAA has requirements for people that review wildlife as to what their degree and experience must be in; this is as far as FAA goes. Chairman Erickson stated in the farmer's contract it did say when they have to have the bales out. Our contract with them does say two weeks and this is why Osborn brought it up as it is not going to happen. Zeeb asked if we have to grant them a written approval to leave bales out there. Osborn stated he would not want to put a timeframe on this as he does not know how fast it will dry up. If we get rain again today, it will make it worst. Johnson stated they are willing to work with us. Osborn stated they are. We will keep our eye on the land and the water and a lot of it depends upon how soon we can take a stack of 28 bales out, which is a lot of weight.

Muntean stated the contract is a standard State DOT contract that they put together for airports. The hours have been reviewed by Andy Vandell at the State Office of Aeronautics and had given approval on them. Osborn added not only the State reviewed the hours but also the total cost, so if the State Aeronautics Commission has an issue with cost it's already been reviewed. It follows certain standards. We just have to get this Board's approval after the State had already reviewed it. Zeeb moved approval of Helms and Associates Agreement for Professional Services for the GA Apron Rehabilitation and Expansion, AIP Project #3-46-0001-30-2010, seconded by Johnson. Johnson asked why the Professional Services contract is just for the GA Apron Rehabilitation and Expansion. Is it necessary to have one for every AIP project? Osborn stated it is part of the review process so State knows how many hours you are putting into certain projects and what kind of cost you are going to have. Muntean added yes it is per grant. It has to be individualized for each grant. Motion approving Helms and Associates Agreement for Professional Services is carried.

Johnson moved approval of Dakota Contracting Corporation Change Order #3, seconded by Kaiser. Osborn stated the Change Order is increasing the contract by \$9,915 and also giving an extension of time because this is a Change Order by us to fulfill FAA requirement this year. We have to have those red items marked out this year. By giving them the extension it gives them time to get it done. Muntean added this does not have anything to do with the Hangar Taxilane project. The FAA changed the marking requirements on airports which states that a hold line is suppose to have a hold sign painted on the surface. At every hold line out there we have to paint a big red square with the number of the runway on them. This is an FAA mandate, so therefore since we have money left in this grant we could go ahead and change order it into this project. By doing this we did not have to go through bid process. The time extension is to allow them to get it painted this summer. The FAA requires that these be marked by December 31, 2010. Osborn stated this will then be a maintenance cost after this time because it is unfunded mandate. It will be

one of those things we have to keep up every year. Dahlerup, a local pilot stated what this is for is for low visibility taxi when you can't see the sign. Most of the big airports already have this done. This was because of runway incursions. Dahlerup added that in July, they change taxi instruction also. We don't have it here because we don't have a tower, but you can no longer cross a runway anymore until you have explicit instructions from the tower. Motion approving Dakota Contracting Change Order #3 is carried.

Osborn stated he personally had not heard from Harmon, but Harmon did call when Osborn was in Denver and talked to King. We did send a letter to Harmon to let him know that the Board considers his application, but would like to talk to him and if he needed an emergency meeting one would be called. Osborn had not heard from Harmon yet as to what his situation is or where he's at. Osborn asked the Board at this time to keep this as a continuation that if Harmon wants to bring it back or to talk we would consider bringing this back.

Osborn stated in the Board packet is a letter from Tonner, Tobin and King concerning Aberdeen Flying Service. This is not anything that we were not expecting or things we have constantly talked about in these meetings, land items and as far as making things the same for all FBO's. This group was going to try to meet with us later today, but there had been a change in their timeframe. They are not able to meet. As of 1:00pm this afternoon it is going to change. We have to set up another meeting. We had asked the City Manager and the Chairman to sit on this meeting. The conversation is to talk about if runways are moved what affect that would have on Aberdeen Flying Service. Osborn and Muntean had worked on a lot on different options to present to FAA. But again its options we present, there are no guarantees. We certainly go out there and present items that could be done so the business doesn't stop for one FBO because we affect the change. At this time, Osborn does not have a reschedule timeframe. Kaiser asked if there are any procedures in Federal operations for doing what we are doing, providing money for them to move. Osborn stated to keep in mind that under a program like this we go through the process with the EA (Environmental Assessment). From the EA, FAA had their review of what their suggestions and they give their comments. We have not even received the EA back. We are still waiting to make sure whether we can take care of the water areas that we have and we don't have this yet. One has to proceed the other and without one we can't move forward. We need to make sure this group understands where that process is and how the process will work and go forward from there. Muntean added it's actually a good time with the EA as this is an item that can be discussed as part of the EA; to look at the impact of the project. It is a good time also as the EA becomes an FAA document. If they want to discuss mitigation and part of that mitigation is possibly moving a building or an entity and the funding mechanisms discussed then the FAA accepts those. If they say yes it would be eligible and they state this in the EA. Chairman Erickson asked is there another option of brining a diagonal taxiway off at the end. Muntean stated this is some of the things that he and Osborn had talked about as possibility. The FAA had been informed informally about the letter and we have been notifying them.

Osborn stated he put the bid for the Access Road Improvement for Hangar 9 to understand the process with FAA funding. The portion of what we are working with the third FBO and trying to get some of the funds reimbursable. When we normally have an AIP project we have a procedure of how we go about things. The bids are actually accepted by the Board and it moves forward. This being Hangar 9's project at this time, Osborn would still want to follow some of the procedures so that we do not have problems in the future, if we go get the reimbursement for them. That our Board did look at the bid and have an idea about it, our engineering firm did review the cost and approved those cost, approved that they were correct in their tally. Osborn asked the Board to review the bid, but not to accept it per se but to agree to the bid portion. Zeeb moved concurrence on the bid received for Hangar 9, seconded by Johnson. Motion carried. Osborn stated this would make it a lot faster if the funding does comes through we can get more reimbursement for them. The Board had recognized the bid and knows of the expenditure. Chairman Erickson asked about the road project. Aman, Hangar 9 stated that he left Dr. Bormes a message and a note along with the documents that said that it needed to be signed to get back to Muntean by Thursday this week. Muntean stated because we know we are planning our future reimbursement from an FAA grant, we are following basically the exact same process just with Hangar 9 being the contracting sponsor of the project. The bid followed all the same documents (notice of award, the contract, insurance payment and form of bonds) all of these are exactly the same so the FAA would be looking at the same forms they always would in the future. The reimbursement then in the future should be fairly straight forward and simple. Osborn asked if the signature will affect the 30 day bid requirement. Aman stated no. The 30 days contract award would be Friday that is why he told Dr. Bormes he has to have them by Thursday to return to Muntean. Muntean stated ultimately if they are going to push the 30days, Aman should talk to Lien Transportation if they are going beyond the 30 days. As long as the contractor is aware, there should not be a problem.

Osborn stated item 12 is a request which talked about relocating the utilities that are currently located SE of the developed hangar. As discussed before, Muntean and Osborn had worked on this to see if FAA would possibly incur the cost. At this point in time Osborn or Muntean had not received an answer back if this would be allowed. Aman himself knows that we will continue to pursue this. It is still Osborn's understanding and the understanding of the City that they do not pay for any easements or allowances under property. They don't allow it. You have to have it then you have to pay for it as a developer. This out here is a little different in the fact that we maybe eligible to get the money back for them under AIP in the future, but this is not a guarantee. We will certainly try to attempt to help them, but the standard is still the same of the City that the developers are responsible for any of the movement. Muntean stated he certainly did not formally request from FAA on the ruling on this and just asked them

informally as Muntean wanted to get their feelings on this. FAA's only thought was is the fence line and the road is what are eligible and are public use. They said if either one of these was affecting the utilities then it would probably be eligible, but if it is the building or private construction that is affecting the utilities then it would probably not be eligible. Osborn stated digging down the road bed for the parking area; this would be in this area. Muntean stated to keep in mind the parking lot is not eligible. The road is and the road doesn't affect it at this time. When we get into construction we may find that it does not run exactly what we were thinking and this had happened in past projects. Aman stated since the last meeting, he had talked with Northern Valley Communications and because of other easement dealings with the City on other projects they've agreed to move the cables at their expense. No expense to Hangar 9 or to the City. The two areas that raised concern right now are the gas main and the water main. Currently the 2" high pressure gas main passes 55' from the front of the building. Unless Aman has a 55' deep hangar there, it would be impossible to do. Aman added in talking with Mike Williams who is the Branch Manager at NorthWestern Energy, they are going to come in and relocate the gas main back into what would be the public access area and they will find the funds within their organization to eat a lot of the cost. What they are looking at is the 100' that pass Hangar 9. They would still like reimbursement for moving the gas main in that 100' area where Hangar 9 hangar is going to be. This would be the portion along with the water main that Aman is asking that the City pay for moving of the utilities due to the Master Plan as stated as Jet Hangar space or Future Jet Hangar space and was never actually designated as a utility easement per se. Had it been one would be tighter together. The amount to move the 100' gas line Aman does not know the cost. Aman stopped Thursday afternoon at NorthWestern and still does not have an answer from them. Muntean stated on the water main if it is the whole line he estimates it to be \$10,000. Osborn stated Mike Thompson, Fire Marshall did review this because of the water that is needed in the terminal just in the event there is a fire that we would not have a flow problem. Thompson had given us a letter and a letter was also given to Aman that they could go with two 45s not 90s. Aman stated what he is asking the Board is to consider rather than just moving it for Hangar 9's benefit, to consider it for future development which we know is going to happen whether it be for Hangar 9 or somebody else. Just take the whole line out and designate that space as utility easement. If somebody wants to go in with a deeper hangar by all means they are responsible for moving it. It really does not make any sense for Hangar 9 to put 4 - 45s in it to get around the back of the hangar which is 3' or 4' and then if we have to move Caven down we are doing it again. Aman still believes do it once and do it right the first time and be done with it. At least we hope it is done right the first time. Chairman Erickson asked if this is an immediate need. Aman stated the water main will not affect him getting the footings and foundation in because this should be down 6'. Aman is only going down through a depth of about 3 1/2' to 4' because they have to move up a 1 1/2' in elevation. By winter time this could become a factor or getting the water service into the building at some point for the site development and getting the curb stop. This will not hold that project up anymore. NorthWestern Energy weather permitting is looking at the end of this week or even next week for moving the gas main and Northern Valley is relocating for moving the phone cables right now. Johnson stated he does not want to second guess Aman's engineering, but 3 1/2' does this satisfy a third floor on the depth of the foundation. Aman stated because of the increase in elevation, they have to bring fill in. Aman says 3 1/2' to 4', he is not exactly sure what it is. They have to go where the transit and the elevation stakes are. Chairman Erickson asked about the NVC line. Aman (looking out at the flags) stated that NVC would be the left hand set of white flags running back towards the fence. The longer set of white flags is somewhat the route that Northwestern Energy is going to pick up and bring the gas main in. Once they get up towards where the fence comes back to the north, they will go back out and tie into the existing main, so it frees it up all the way for any future construction. Zeeb asked if Muntean has a guess on the cost for the gas line. Muntean stated he would not know. Chairman Erickson asked where the road is. Osborn stated it would be where the fence is open. Muntean stated it would be what he calls the east edge of the new road lines up with the east edge of the existing hangar road on the other side and is not as wide as this. This is why Muntean was looking at the white flags. Aman stated what the white flags kind of end up in the gray area where you can be through the curb and gutter area. It could actually go diagonal or herringbone style parking. Aman thinks its 23' to 30' from the curb and gutter to the back of the hangar or something along this line. It might be more than this. Muntean stated we have marked stakes on the center line road so we can check that they are outside the curb and gutter. This would be the big thing when they start construction of the road. Hillestad, a local pilot asked when Caven move down this way and Hangar 9 is here, if the road is going to be two way traffic from the gate or is everybody going to have to go by the terminal. Osborn stated it would still be one way from the curb over. There are some warning signs because people do not read the do not enter and they go off the opposite side. Hillestad stated with two FBO's by here, everybody have to go by the terminal. Osborn stated right now it is set this way. This is something they would want to discuss because we work with the staff here when they try to leave the lot and go off the other side. Rather than having confusion and have an accident, we had put up one way signs. This may be something we work with the FBO's, actually showing a one way sign to continue the flow. It's got the width, but it does not have the striping. We either have to stripe it to be a two way street at the area or designate it with one way signs. Chairman Erickson asked what the Board's suggestion on this. Johnson stated we have to get figures before the Board can vote on anything. Osborn stated as he had stated to the Board before, the City of Aberdeen had not got involved with utility easement cost for private developers. It is not a process that they normally get into. Osborn and Muntean are going to continue to work with FAA to see if we can get these cost realign. Osborn's suggestion to the Board this time is that he hopes that Hangar 9 understands that we are going to continue to try to get FAA funding to take care of these things, but it has to be entitle funding. We do not have an answer as to definitely if they will pay for this or not. In the past, we've had people that do development that certain cost is going to be theirs. If we go back to when we built this building, there wasn't in the Master Plan that even showed this. It's one of those things that they developed. During this time they actually had some lines that they hit and they moved stuff over. They had to readjust some things because of the electrical line that they hit, part of Osborn coming here, so they move stuff down farther when they did

this. So there was not development plan for anything at that time. There was not a Master Plan when they put that all together. It's one of those things; it's nice to see development, but for the City's standpoint Osborn's comment is that the City does not do it now, the developer does this. Rob Tobin, Attorney for Hangar 9 asked the Board to look at this like an arterial street. If you are building a residential street special assessed to all the residents, but an arterial street that cost is born by the public because it serves the public more than it does the individual homeowners that benefit that border that individual street. Moving the line to make Hangar 9 just move it around their property does not make any sense because it still going to be a problem for everybody else. Do we really want a water line and a gas line that is going to kink around every building? From this standpoint this is more of an arterial service. This is something that benefits not just Hangar 9, but it benefits future development that may take place. These are all leased lots and the City owns the property. Tobin added that they don't have numbers today, but thinks that can leave the discussion where it is at. For this standpoint, Tobin would like to have the Board in their mind that it is just not a benefit to Hangar 9. It is a benefit long term for this entire strip of ground. Osborn stated to make sure he understands; in the past he had seen it done with the City, they take the property owners that are involved and they pay for the project upfront. Tobin stated Osborn is correct, if it was just a residential City street like a cul-de-sac. Each homeowner would pay a certain portion. But, if you are going to do streets like Kline Street or Third Avenue, where it is arterial streets then often times the City do (Tobin does not profess to understand exactly what Aberdeen had done in the past). Where 6th Avenue which is a State highway, there are residents on 6th Avenue. If there is a road project they do not get special assessed because it is a project that benefits travel through, ingress and egress. It is really a public transportation corridor more than a residential street. If this was just something to accommodate Hangar 9, Tobin would say Hangar 9 would not have much of an argument because that's what always been done in the past. But in this case, it's really something that was not foreseen in the past. Probably when it was all laid out, but now there is a comprehensive plan and it does not make any sense to have the utility lines run through there. It does make sense in Tobin's perspective to have the City to take part in the moving of that, so it can benefit all of the City property not just Hangar 9. It would be just cheaper for them probably just to go around their building, but then we are still left with Caven's project. Osborn stated he would like to make sure when he looks at the options that are out there. We certainly would want to do what we can to try to assist them, but Osborn looks at like the road that is back by Bethesda. This Osborn believes that all the residents took part in and paid for the portion that has to be paid. This was assessed to their property and each year they do a percentage of what was actually paid for by the City upfront and then re-assessed to their property. Johnson stated for awhile this was not even a City street. Osborn stated he believes so. Osborn added this would be another option where there maybe a portion that maybe assess under as an option. Tobin stated it may be an option. The City can look at this from anyway. Tobin is just asking Osborn to look at it. For instance when they construct 15th, when they finally get it from over by Roncalli all the way through Roosevelt. When they put this in, they are not going to assess Rod Fouberg on the North and who ever owns the South for the road because this is design to open up this area and to serve this area. When they branch the street off, the developers will pay for those side streets to develop those individual houses. 15th is an artery. 15th is a transportation corridor and this is what Tobin view this line as. Tobin stated they would fully expect to pay for their hook-up off the line and give the future property (Caven or whoever else) will pay for a hook-up off that line. In order to make this property into what it really needs to be now, we have to move the line out of there completely. Osborn stated the City has done development throughout the community in many different ways and would like to suggest to this Board to maybe say let's take it to the City to ask what they want to do to this development. It is a City property, but for the Board just to say that they do not have the experience with the development. To Osborn it make more sense to say let's just move this along and the Board agrees it needs to look at development and ask that the City make their decision on how they want to do it, if it involves City money. Johnson asked if Tobin or Aman would put a written request. Tobin stated they could do what the Board think is the right thing to do. Tobin does not disagree that the City may be the right thing and hoping the dollar amounts when they come back are going to be small enough that maybe it does not rise to that level, maybe this Board can. Tobin hopes at least that the Board, if we do want to take this to the full Council, that they due approved recommendation from this Board that it does makes sense without authorizing the expenditure at this level. Osborn stated the biggest thing is the cost is understood by everybody. Whether this Board or the City, having the cost upfront make the difference of what one will do, but the development for Osborn because it is City property, Osborn is not sure that this Board wants to confirm that this is what we are going to do. Osborn thinks because there might not be AIP money involve, it is a little different. Maybe we need to handle this a little different. This is Osborn's suggestion to the Board and the Board can do what they want. Osborn is thinking that because of the development the way it is coming about, it may be easier to take this back to the City and say once we have dollars, here's the suggestion and what it would be. Johnson stated he thinks the City's with a formal request will take their legal counsel and they are going to review of what options they have and look at precedence and then make a ruling. Like Tobin had said, if the Board give a due approve recommendation it would go a long way. Osborn asked Aman maybe we can push Northwestern to get cost together before the next meeting and maybe just propose to this Board and have these cost. Aman stated the biggest cost honestly will be the water main and Muntean can get this. Aman can go back and push on Northwestern on the cost from them. They already indicated to Aman that they're going to eat a large share of moving the 2" gas main which obviously benefits not only Hangar 9, but anybody on either side of that access road. Johnson stated he thinks Aman can get this number faster. Kaiser asked who is getting the bill if we are having Northwestern come in and move the gas line. Kaiser assumes that the City will get the water bill. When we get done with this project are we billing them, the City and is Northwestern billing them or are they billing us and to recover. Aman stated right now for the gas line if Aman understood Northwestern right, they would attach the portion they want Hangar 9 to pay onto their utility bill. Kaiser stated so right now, Northwestern is expecting to bill Aman. Aman stated yes. Osborn stated this is like any construction project we do with Northwestern, if we need power we're the customer at that time.

They are doing that adjustment for that customer. This is probably very similar. What we are trying to do is to get the main focus of who will ultimately be responsible for the total bill when it is all done. To Osborn, we do not have the experience in dealing with some of these guys, but the City does. If they had Northwestern move a line because there is a problem and they do it on NorthWestern's expense, the City has the experience and we don't. The intent is get the City involved and then at that point in time, if the City accepts that responsibility as a Council then it is paid for by the City. Kaiser stated he wanted to clarify; we would not have this bill coming to us at all for either of this if we were not putting in at least one hangar in there. Osborn stated the 100' hangar from the very first discussion, we talked about the line back there that it would be a problem if they went to 100' building. This is what their needs were. Aman stated he does not recall ever discussing the utilities as far as 100' deep hangar. The only utility discussion they had was on the initial option 1 or option 2 with Muntean for the existing hangar space for adding square footage for meeting the minimum space requirements. Osborn stated he does not think Aman was involved at that time. The first application that Riggin did, we actually showed the drawing from the very second month that there would be a problem with that line. It was taken to this Board and was shown kind of a perspective of where that line were, that there will be some problems with this. Tobin stated he thinks what we are looking at this that everybody would agree that the best thing for the City would be to have all that space leased out at some point in time in the future. Hangar 9 would not want to be penalized because they are first. That line needs to be moved in order for that space to be fully utilized. Tobin stated they view it as an infrastructure cost from many future users of which we are going to have one right away. Kaiser stated Tobin says many, but do we have more than one other that might go in there. Could we get two in there? Muntean stated there would probably be spots for two more buildings, the size of Hangar 9's. Kaiser stated so we could have three different tenants. Osborn stated it would depend on how big the buildings are. Aman thinks from the edge of Hangar 9's new building to the edge of the fence is something along the line of 285' to 300'. 200' of this is what Hangar 9 had requested for which was denied last month pending the unknown between now and 2012 with the runway move. Kaiser asked is there any use for this property in our plans other than FBO's. Johnson stated no. Aman stated according to the Master Plan it also shows an air freight or freight hub. Osborn stated there are no private usages on the front line. Basically it would be a FBO or a freighter. This is what the plan shows. Johnson stated we had marketed this to FedEx. We even marketed the old terminal and there were no takers. Chairman Erickson stated he thinks we concur that the lines should be moved along with the road project in the right of way or off the right of way, but who pays for it. Braun from Quest asked has someone determine the size of the existing lines. Are they going to be adequate to serve this property if they are all filled? Muntean stated the water line is an 8" water line so it would be adequate to serve. Braun asked all the future development including theirs. Osborn stated this is where Thompson was involved if there was future development will it affect our emergency water supply in an event of a fire. Braun asked what about the gas line. Muntean stated he does not have any information on the gas line. Braun stated if we are going through all this work, we would want to size it so it will serve all this potential. Muntean stated this would be up to the utility companies. Dahlerup stated it wasn't that long ago that nothing was coming down here, pretty soon we will have somebody on the other side. Osborn asked Braun when they put heat in the City hangar did they resize the line because of their need. Braun stated no, it was border line and it was okay at that time. Braun stated what he is saying is that everybody keeps adding on. Aman stated the 2" high pressure main is a lot of gas. Chairman Erickson asked what the Board's wishes are. Kaiser stated we do not have numbers. Johnson stated he thinks if we can refer to counsel with formal letter of cost. All we can do is ask for a letter of cost. Zeeb stated our leases are all done per square foot or per size. So our goal is really to maximize the amount of usable space at the least costs. Osborn stated this is correct. Zeeb stated he concur that we get the cost. Osborn asked if this should be table for another month to get cost. Aman stated the only one that is up in the air is NorthWestern. Northern Valley already agreed to move their lines out beyond the 100' depth which frees up all the way across. Johnson asked will this be ready by next week's Council meeting. Osborn stated he does not know. Basically what Osborn's thought is if the Board wants to see the cost again, do they want to offer an emergency meeting just to talk over those cost before they make a decision on which way we go. Zeeb offered to do it offer the phone. Kaiser stated this would be a good idea. Osborn stated if it is only \$2,000 it may not be worth it to go to the City. Osborn asked until we have the cost, if the Board wants to table this until cost is received and then we can act on it. Chairman Erickson stated his guess on the water line is that they will lay a new line and leave the old one there. Muntean stated they could leave it live until they are ready and be down half a day. The only other issue with the water line is that the other utility work would be done by the utility owner like NorthWestern or NVC. With water line, Muntean does not believe the City put up water main that much. This would probably have to be done by a private contractor. Muntean thoughts are if the City agrees that it is a reimbursable cost and they will cover the cost for the water line, it maybe less expensive and quicker to have Hangar 9 actually hire a contractor, have it done and just submit the bill to the City. If the City does it, they will have to get quotes. Osborn asked in the current bid, was there anything that would follow this. Muntean stated no. Ultimately the other question is we need to have costs so we can submit all of these items to the FAA to get their formal decision on whether they will be eligible or not. Kaiser stated this is a reason he is reluctant to take it to the City, we do not know if FAA would approve it or not. We really do not need to involve downtown if we don't have to. Chairman Erickson stated the immediate need is the gas line. The water line should not be a problem as we have some timeframe to work with. Tobin stated they would probably need the water line numbers too as if what Muntean says, the City will not do their own work, then Hangar 9 would probably need the contractor's cost for this move as well. Hillestad asked why does the water line have to be moved, why can't it be underneath the building. Osborn stated the City does not give easements for any water or electrical under a building. When we did the Fire Station, they actually have to pull some stuff out that was there or shut it off. This was a requirement we had to do. They do not even do it to their own building. Aman asked once he gets the number, will it be a phone meeting. Osborn stated the only thing he has to do is to make sure we have a quorum. Tobin asked if any of the Board members know if they could be

available this week. A week from today is July 13th and as long as we have a quorum. Kaiser stated he is available 7th through the 9th, 14th through the 16th. Osborn stated we will take July 14th as the tentative date at 10:00am. We will make the phone call and we will try to make sure we have quorum. If the Board cannot make this date, email Osborn. If Aman does not have the numbers at that time, we will do an email and will let everybody know.

Osborn stated we had an issue with TSA's FTE's that are going on throughout the year. Most of the Board probably did not realize, but as the plane numbers were changing, TSA was dwindling their FTE numbers. Osborn wrote a letter to the District person to talk a little bit about it. Osborn wanted to make sure that passengers here are not slowed down because there is less staff working. Our FTE's have gone from anywhere from 10.8 down to 6.5. They just fluctuated and there were no rhyme or reason. Osborn wrote and asked if there was a standard from State to State or based on airport, so we could ask for at least an established FTE to make sure that people here are taken care of without a possibility of a plane being late. The response that Osborn did get from them is that they would guarantee a 7.5 FTE which is more than what we have now. We do have them understand that we worked well together, we haven't had issues, but we have had in the past where they have a fluctuating number and unfortunately a lot of things when they are written whether it is FAA or TSA they are written for big airports. When our staff come and go, we want to make sure we have some sort of a guarantee. The reason for this, Osborn is looking at down the road the possibility of the X-ray equipment that they adequately staff it.

The Letter of Correction from FAA because we did have to do our Disaster Drill seven days out of our one year timeframe, we sent back and they had sent a letter back that this is taken care of and it's been corrected and there is not a problem. FAA will be doing a review of the Airport August 9th and the 10th. Our certification officer will be here. For the FBO's look at your fuel records again and get this ready. The evening of the 9th, the inspector will be doing a nightly check and will probably be at the FBO's on the 10th.

Osborn stated Delta had changed our contact person. Our contact was Karen Zachary, it is now Anthony Canitano. Osborn had written to them about a couple of items. Osborn does not know how many people heard it on the news that eastbound Pierre passengers were trying to get price guarantees. There was an agreement according to a Council person in Pierre who said that Delta agreed that they would give them the same price or within \$20 of Sioux Falls prices. Osborn had asked them to please respond and this is when he found out that we have a new contact person. Osborn talked to the gentleman on Thursday of last week and did not have knowledge of it and will look into it and get back to us. Sioux Falls also had an article in the Argus Leader last week and they were talking about Sioux Falls and Omaha. It is a constant struggle, everybody is looking at it and everybody would like the price looked at. Sioux Falls gets advantage prices because they get the Allegiant and others that actually look at the fares and it makes Delta take a look at it. We do not have the same availability, but we are really interested in the article that came out of KELO for Pierre. Kaiser stated one of the fares that the public here considers the most outrageous is flying from here to Minneapolis. If this is all further we want to do and if we try to do this. Every time that Kaiser tried it is \$630 and never varies and had asked Bauer, Station Manager about it. Kaiser stated Bauer had said this is not true. Bauer had said that if one places it on the right time sometimes it is \$320. Osborn stated there are rules of discounts. The seating on planes has different rules because they use the letter of the alphabet behind your seat to tell what pricing structure you are under. It goes all the way to "X", so it is based upon the time you get your ticket and how often you look at it. A lot of people had told Osborn that they have a person just watch the fares. From the marketing review, one thing to keep in mind is that there were not that many people that use it just to Minneapolis.

Osborn informed the Board that the Air Service team will be meeting July 13th from 11:30am to 1:00pm at the Development Center. This is the group that Julie Johnson put together when we lost a flight. Osborn stated they will talk a little bit about the Leakage Study. Kaiser stated he wishes he could be there, but he can't. Katie will be there to represent Kaiser.

There is another Air Show that we received information on. It is called Sky Fest Wings in Marshall, Minnesota, this Saturday and Sunday. Johnson stated he was coming home from Minneapolis two weeks ago and saw a billboard talking about the Minnesota Air Show. Instead of competing from town to town, they just trying to draw people in from the general area. It is expensive to put one and obviously they are looking at more regional approach to it. If marketing is a factor on future Air Shows, Johnson thought this would be something to consider. Osborn stated actually with the Barn Stormers Tour, we went to the State Aeronautics Board and asked for a grant because there were three SD Airports involved and they gave us each a \$1,000. This spring they also gave money to Mitchell for a program that they were doing. They understand the importance of marketing. It maybe one of those things, in order to have an Air Show you keep them in an area within a timeframe to make it work so it's not as costly.

Dahlerup asked do we know on the RCO on the 120, 2, and 4; when they are going to get it fix or are they not going to fix it. Osborn stated he will have to find out from the FAA guys. Dahlerup stated they do not use it that often because everything is done by computer now. The other day Dahlerup had an opportunity and needed to use it and could not get through. For some reason, MSP Center dropped his flight plan and Dahlerup was trying to call and get one updated and could not get through. Dahlerup had to do it by phone. When Dahlerup got back he checked it and it was there and thinks the controller just missed it.

The Board received a copy of Chuck Bensen resignation from the Board. Osborn stated if there are people in the area that we know that would be interested and people that are pilots, the Mayor will be taking applications from people that are interested on being on the Board and serving on the Board. They will review these and appoint someone. The sooner we can get some people that are interested and getting some names in there. All the Mayor asked is to write the information about themselves, their experiences. The requirements from the City Ordinances are that you have to fly out of the Airport at least 6 times a year, a pilot, etc. What comes about with this kind of things are the fact if you are a pilot the rents here sometimes you have to be careful on hangar rates which is a conflict of interests and business dealings. There are always issues that come up and all we asked of the Board members if it is something that affects you just abstain from voting.

The meeting adjourned at 1:12pm.