

**MINUTES**  
**ABERDEEN REGIONAL AIRPORT BOARD**  
**Special Meeting**  
**February 10, 2012**

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

**MEMBERS ABSENT:** Rolf Johnson

**OTHERS PRESENT:** Mike Wilson, Rhea Ketterling

Chairman Erickson called the special meeting of the Aberdeen Regional Airport Board to order at 1:07pm Friday, February 10, 2012.

**Item #2** – Broadhurst moved the adoption of the agenda, seconded by Kaiser. **MOTION CARRIED.**

**New Business**

**Item #3 – Approval of SkyWest Airlines, Lease #75** – Kaiser moved approval, seconded by Broadhurst. Zeeb stated we should consider including interest/penalties if payment is not received within 30 days. Zeeb stated 1.5% per month is pretty standard. Wilson stated for the changes would the Board be okay if Wilson just talked to the City Attorney about it. For this one, the City Attorney just might want us to add it to the bill and not actually amend the lease with it since SkyWest already went through the lease. Zeeb stated he is not sure if it is enforceable if it is not in the lease. Broadhurst asked why the lease is only for two years. Wilson stated they put the term of this lease exactly the same as the term of the Essential Air Service (EAS) contract. Broadhurst stated it will then be renegotiated in two years. Wilson stated with the EAS program a request for proposals has to be put out every two years. We will again go through the entire process of reselecting an EAS carrier in two years. At that time we might have a different carrier or still have SkyWest. This is up to the government. This will also give us the opportunity to change the square footage in the secure hold room and baggage room. Broadhurst stated this is his other question. We are getting ready to make changes in the baggage area and the security hold room and there are not going to be a charge for this extra space. Wilson stated for about a year there will not be a charge. Wilson's thought is that we are taking some of their area away during construction and then we can add it after. Hopefully it will just even out and then we can renegotiate. Broadhurst stated what bothers him about this is that they will look at this 2 years from now and say that we are making them pay more, but of course they are getting more space. They probably will say that they should not be paying anything more than just the extra space which they should have been paying all along during the two year period. Broadhurst thinks that we should have a provision in the contract that they are going to have more space and they should be paying more. So, when we come up to the next round of it, we are already at a step and if we need to increase their rate of rent then the step up is not going to be as great as it would have been if we add the space and increase the rate. Wilson stated it's an Essential Air Service contract, if they pay more in airport rent they usually add more on to their subsidy request with the government. Wilson thinks it would be easier to add it into the two year renewal, but if the Board wants we can add the stipulation; if we change the amount of space in their area they would pay us more. Broadhurst stated he thinks it would be nice to have the stipulation whether we asked them to pay more or not. At least we have something we can go back on and we have a basis if we did not have this in the contract. Wilson explained Exhibit A of which area will increase. Wilson added his concern is that SkyWest bid on the EAS contract knowing what space we have now and what the rates are. If we decide to increase the amount of space that we are making them lease and we are going to charge more, then Wilson thinks they will have issues with this. Wilson thinks it would be easier to renegotiate in two years. Broadhurst stated it does not make that much difference to him. The only thing is that we are giving more space and not getting anything for it. This is perfectly fine for this contract, but do not forget it on the next one. Wilson stated he won't and we have to do the inverse when we do construction. We would also have to reduce the amount they pay us because we would be taking up their space. On Section 6.13 page 8, Broadhurst asked for explanation. Wilson stated this section states that if we cannot repair the damage within 90 days the area that was damaged we would not charge them lease rate for it because they were not able to use the space. And if we cannot or will not repair the area then we will give notice to the Airline that we do not intend to repair the area and the rental shall terminate. Broadhurst stated he understands this part. His question is that if we are not the cause of the damage, are we still responsible for the repair. Wilson stated this is covered in Section 2.06, page 3. Zeeb pointed out some typos: page 9 Section 6.16 peaceable should be "peaceably" and page 10 Section 6.19 unreasonable should be "unreasonably". The City Attorney was called to

make these minor changes, but he was not available. Wilson stated he and the City Attorney had gone through the section of Termination by Airline. There was one that said the airline can leave at any time and this had been removed. The section of Termination by Airline had been reviewed by the City Attorney and Wilson item by item. They tried to make sure that there is no out for the airline. The other thing is the EAS program; the FAA laws hold the airline in so they are not able to leave until at least the end of 2015. We cannot be left without a service. Broadhurst stated even after this they can't leave. Wilson stated the airlines contract only goes through February 2014. Broadhurst stated this is for the space. Wilson added Federal Law; the newest FAA re-authorization goes through the end of 2015. We are at least safe until 2015. We cannot lose air service. Zeeb asked on Section 6.03 page 5 bullet b questioned the wording that is in parenthesis. This is something else that the City Attorney has to look at. The Board is in agreement of the changes discussed as they are minor typos/wording changes. Broadhurst stated one thing that was mentioned was if we need to put the late fee of 1.5% in the lease or on the statement. Zeeb stated in the bank they have to have everything in the agreements because if it is not in the agreement there is no way the bank can collect. Chairman Erickson asked if SkyWest is aware of the construction project in the terminal. Wilson stated he can let them know. Regional Elite who's doing the ground handling is aware of this. Wilson stated he can let SkyWest know that the plan is not to change what we're leasing them this year, but in two years we have to renegotiate. **The motion was amended to approve the lease with SkyWest to include the changes discussed. All voting aye, MOTION CARRIED.**

**Changes to be made:**

- 1. Page 2: Add "Interest shall accrue at the rate of one and one half percent per month for all late payments".**
- 2. Page 5: Section 6.03b delete (including but not limited to, and repair) and correct typos.**
- 3. Page 6: Section 6.07 last line add "harmless," after City.**
- 4. Page 7: Section 6.09 second paragraph add a comma after the word reasonable.**
- 5. Page 9: Section 6.15b second line after Airport, reword "to where such injunction, by its terms, remain in effect for a period" of at least 30 days.**
- 6. Page 9: Section 6.16 second line change the word "peaceable to peaceably".**
- 7. Page 10: Section 6.19 change the word "unreasonable to unreasonably".**

Zeeb moved to adjourn, seconded by Dr. Broadhurst. The meeting adjourned at 1:30pm.