

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

January 15, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, January 15, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Steve Kuhlman, Clark Cronquist, Hal Gershman, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. December 18, 2008: Beyer moved to approve the December minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal commented on the financial report and answered questions posed by Commissioners. The operating revenue was ahead of budget for 2008, and the capital fund's balance is has a large negative balance due to terminal planning payments that have not yet been reimbursed by federal funding.

Crystal said Springsted recommended doing a negotiated bond sale rather than a competitive bond sale. They published a RFP for a bond underwriter and received four proposals. After reviewing these proposals with Springsted, Authority staff selected Dougherty and Company to be the underwriter for the bond sale process. Springsted and Dougherty have recommended holding off on the bond sale as long as possible because of the uncertainty of the current market. Once the decision is made to sell, Crystal said, it will be a 60 day process. Johnson said there's the possibility that stimulus money could come very soon, otherwise we should receive notification of federal funding in late spring. Gershman asked Laffen to be prepared to hurry the project along (by asking to fast-track the permits) as soon as we receive that notification.

2. New Terminal Update

Tom Behm from JLG updated the Commissioners on the new terminal's design and construction schedule and spoke about a design issue with regard to the secure area's exit corridor. Behm also showed samples of some of the building materials. Laffen spoke about the LEED certification process and the Commissioners were in favor of it. Gershman suggested displaying some of the new terminal renderings in the terminal lobby and possibly the mall and the library.

3. Air Service Committee

Gershman reported on a recent conference call with SH&E's Dave Dague, the consultant who is advising us on getting increased and/or westbound service with Delta Airlines.

Gershman and Becker will be attending an Allegiant Conference in February. They hope to present a pro forma for Allegiant flights to Phoenix at that time.

Gershman reported on a recent visit from Matt Friebe and his family. Friebe had said he was impressed with the growth of Grand Forks. Gershman added that Friebe is a good advocate for Grand Forks' relationship with Delta.

Commissioner Kuhlman entered the meeting.

Becker asked about the status of a Frontier proposal to get a Denver-Bismarck-Grand Forks flight. Johnson said the air service committee tabled that idea until they've finished talking with Delta about westbound service.

Johnson introduced Ron McNeil from Mead and Hunt via telephone conferencing. McNeil reviewed and summarized the recent leakage study submitted by Mead & Hunt.

4. Land Acquisition

Johnson updated Commissioners on the avigation easement and the leveling of the Dubuque property.

5. Executive Director Search Committee

Becker reported that the ED job posting will be closed on January 16th. The search firm has reported that there are about a dozen applications so far.

6. Security Related Fees

Rick Audette shared information with regard to badging, background investigation, and security work that the operations specialists perform each day. There is a new TSA security directive for all airports which increases security in air operations areas. Audette explained the impact this new directive will have to this airport, including the added workload of our operations staff.

7. Airport vs. Public Works

Johnson reported on a recent meeting with City Public Works officials with regard to the English Coulee relocation project. There has been speculation that during that project, the airport's contractor inadvertently damaged earthen banks associated with the existing coulee to the extent of \$750,000 – that amount came from the City's consultant. The Authority will be receiving a letter from the City soon, and the airport staff will likely be turning this matter over to the airport's attorney.

C. Old Business

1. UND Leases

Kuhlman said he has looked at the lease documents and is now waiting on UND to finish their proposed revisions. Johnson expects the revised copy to be delivered in approximately one week.

2. Hangar #1

Johnson said the repairs to Hangar #1 will be started per the motion that was passed by Commissioners at the December meeting. UND has agreed to sign a 5 year lease at \$45,000 per year. Airport attorney Tim Dittus is preparing that lease.

The meeting adjourned at 9:50 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

February 20, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Friday, February 20, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Clark Cronquist, Hal Gershman, Gary Malm, and Steve Kuhlman; staff members Steve Johnson, Executive Director; and Rick Audette, Operations and Maintenance Manager. Also present were Tim Dittus, airport attorney, Doug and Annell Kuelzman, ADK Executive Search, and Brent Seifert, GFK Flight Support.

Chairman Becker called the meeting to order at 4:00 p.m.

A. Matters Associated with Executive Director Search

Becker reported that the Executive Search Committee is requesting authorization to extend offers to two final interviewees, as necessary, for the position and the financial matters with regard to those offers. Becker said the search committee has recommended making offers to Dave Ulane and Patrick Dame to be our next Executive Director. Hal Gershman moved to accept the Search Committee's recommendations. Kuhlman seconded the motion. **Action taken:** Motion carried unanimously.

Salary and benefits were discussed next. Johnson distributed a copy of his contract and a list of the Authority's current benefits. As Doug Kuelzman led them through the list of negotiating points and his recommendations, the Commissioners discussed them one by one. A motion was made by Gershman to grant ADK Consulting the ability to negotiate the offer per this discussion in order to leave them significant leeway to negotiate. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 4:59 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

February 26, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, February 26, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Clark Cronquist, Hal Gershman, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. January 15, 2009: Malm moved to approve the January minutes. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously. The February 20th minutes were not ready for this meeting.

B. Reports

1. Financial Report

Mary Jo Crystal explained the reason for not having this month's financial report by saying the auditors have not yet made the final 2008 adjustment entries and the reports would be inaccurate until they include the adjustments. Becker and Johnson said they have talked with the auditor and expect nothing unusual in their upcoming report.

2. Air Service Committee

Gershman reported on the Allegiant Air Conference that he and Becker recently attended in Las Vegas. He said the revenues and passenger loads on the current Grand Forks-Las Vegas route have been very pleasing to Allegiant. There is reason to hope that we will be getting Phoenix service from Allegiant as they seemed to be very interested. SH&E's Dave Dague will be putting numbers together to help this along. He said Dague is also reviewing the Delta outlook and they are taking another look at United's numbers. Becker added his comments about the Allegiant Conference. He thinks our numbers will probably be very impressive and will help us get Allegiant's service to Phoenix. He said Allegiant is very happy with Grand Forks and that we are the 9th best out of their 61 cities with regard to costs. Johnson said Allegiant has encouraged us to purchase a ramp cover. Allegiant has also agreed to purchase our ground boarding ramp from us should they decide to change to jetway boarding here.

3. Land Acquisition

Johnson reported that Steve Griffin of Nodak Strata contacted him offering to sell a 150 acre parcel of real estate just east of the airport for \$200,000, which is what Strata paid for it 2 years ago. Cronquist asked why we would pay that much for it if it's not usable by Strata? Johnson recommended purchasing the land, listing several reasons. Gershman moved to get an appraisal on the property. Cronquist seconded the motion. Becker said an appraisal makes sense, but suggested a negotiation on the price. Johnson asked what level appraisal they preferred, local or FAA. Beyer said local appraisal. Gershman suggested asking Strata if they already have an appraisal. Johnson said owning the 150 acres makes it more continuous and the argument could be made to extend the extra-territorial zone around the airport to two miles, which would benefit the airport. **Action taken:** Motion carried unanimously. Johnson updated the board on the Weekley aviation agreement. Weekley's do not have clear title to that parcel so there is still work to be done by the attorneys involved. There will likely be future discussion about who will pay the attorneys to clear this up.

4. Executive Director Search Committee

Becker reported that the Executive Director Search Committee has made a recommendation to the Board and an offer has been made to a new Executive Director candidate.

C. Old Business

1. UND Leases

Kuhlman was not present to report on this item. Johnson reported that the structural engineer from Ulteig has completed the plans to repair Hangar #1 and bids will be opened on March 24th. He said the Authority will spend \$125,000 on this repair and UND will pay that amount back via a 5 year lease on the building. At the end of that 5 years the Authority is under no obligation to continue that lease, but may renegotiate it with UND, or lease it to someone else. Beyer asked where we will get the \$125,000 to repair the hangar. Johnson said he would have that recommendation at the next board meeting. Johnson said with regard to the UND consolidated lease, the ball is in our court. Crystal said she is having discussions with UND about additional fees.

2. Coulee Diversion Project Damages

Johnson reported on a recent meeting he had with the City's engineering consultant and Public Works Director Todd Feland. He said they have not relented on their claim that the airport is responsible for the damage and Feland feels that the airport should pay a large majority of the cost for repairs. The repair project has already been put out for bids and the cost including engineering studies will exceed \$1 million. He believes the City Council will be voting to proceed with the repair project at their next meeting. Johnson said Feland has agreed to meet again one more time to discuss who has to pay for these repairs. Johnson plans to first meet with Zavoral and Ulteig to find out how much each of them will pay if we are found to be responsible for damages. He said the Authority plans to pay nothing.

D. New Business

1. Terminal Design Change Order

Johnson said JLG is requesting an additional \$25,000 for the design work on the administration offices that have been added to the new terminal project. They are also requesting an additional \$17,000 for geo thermal work. Tom Behm from JLG answered questions posed by the Board. Gershman moved to approve the additional \$42,000 to the terminal project. Beyer seconded the motion. Cronquist suggested raising the elevation two more feet if any extra money comes in from the stimulus plan. Gershman said he is planning to call Government Affairs Bob Vallou to find out more about the stimulus plan and how this project can be included. Behm said the elevation change would probably require making significant changes to the current plan. The Board asked Behm to find out how much this change would cost. Behm said he would ask Ulteig for that estimate. Johnson said the City of Grand Forks has requested \$4 million for the terminal building project from the State of ND if the FAA receives the \$1 billion in a stimulus package from Congress. **Action taken:** Motion carried unanimously.

2. Committee Assignments

Becker spoke about the current committee assignments, commenting that Commissioners are giving a significant amount of their time working on these committees. He offered the Commissioners a chance to change their committee assignments.

3. Travel Policy Revision

Becker recommended to the Commissioners to revise the original policy on travel expenses, to double the per diem allowed for employees' and Commissioners' meals when traveling on airport business. Gershman moved to approve this revision. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

4. New Client Entertainment Policy

Becker recommended a new policy which would allow Commissioners and selected staff to use Authority funds to entertain clients and business associates on occasions where appropriate. This policy would include alcoholic beverages and would require preapproval. Mutchler moved to approve this new policy as stated. Gershman seconded the motion. **Action taken:** Motion carried unanimously.

5. Board Expense Reimbursement Policy

Becker said he feels the Authority Board goes above and beyond in their service to the airport and the community. He recommended a new policy to increase the Commissioners' allowance to attend a meeting from \$25 per Board Meeting to \$50 per month for all Board Meetings and Committee Meetings, with an additional \$50 for Special Board Meetings. Gershman suggested making additional mileage allowances for the county representatives who do not live in Grand Forks. Cronquist said he does not want the additional money for mileage. Johnson said the law says the airport can only reimburse for expenses, and not their time. Cronquist said there might be complications because these payments could be considered employee benefits. Johnson

said he and Crystal would talk to the auditors about this and would come back if there's a problem. Malm moved to increase the Commissioner Reimbursement as stated, with additional reimbursement to Commissioners who do not live in Grand Forks.

Gershman seconded the motion. **Action taken:** Motion carried with four yeas – Mutchler, Gershman, Malm and Beyer, and one nay – Cronquist.

6. FedEx Building Roof

Johnson reported that the roof of the FedEx building has significant damage. Rick Audette showed the Commissioners some photos depicting the damage, saying the damage is blamed on the original implementation design of the building roof which is over 20 years old. He said he thinks it will cost \$90,000 - \$100,000 for repairs, but more accurate numbers could be brought to the next board meeting. Johnson said FedEx's lease says they are responsible for all repairs. He said the Commissioners will have to make a determination as to whether they are going to ask FedEx to repair it or repair it for them to continue good relations with them. Becker said the tenant relations committee should meet and look at costs and other issues before making any decision. He said the air service committee and all the Commissioners should also weigh in on this.

7. Authorization to Hire Executive Director

Becker reported that an offer has been extended to a candidate for the Executive Director position and the offer has been accepted. The new Executive Director's name will be announced on Monday, March 2, after he has had time to notify his current employer and others. Becker called a Special Board Meeting to be held on Monday, March 2nd at 10:00 a.m. to formally approve the offer.

The meeting adjourned at 9:58 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

March 2, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Friday, March 2, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Clark Cronquist, Hal Gershman, Brad Beyer, and Steve Kuhlman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

Chairman Becker called the meeting to order at 10:00 a.m.

A. Appointment of New Executive Director

Before he announced the name of the new Executive Director, Becker distributed the press release to the Commissioners and gave them a few minutes to read it and suggest any changes. A few minor changes were suggested. Becker then announced the Board's offer of employment to Mr. Patrick Dame, the current Executive Director for the City of Minot Airport. Becker said he and the Board are very pleased that Mr. Dame accepted their offer. He then read out loud the press release. Becker asked for a motion of approval to formalize their offer to Patrick Dame. Gershman moved to formalize the offer of employment to Patrick Dame. Cronquist seconded the motion. Becker said they are looking at asking Dame to start the week of March 23rd and asking Johnson to stay that week and depart on March 27th. **Action taken:** Motion carried unanimously.

B. Matters Pertaining to Outgoing Executive Director

The Board discussed matters pertaining to a going away luncheon for Steve Johnson.

The meeting adjourned at 11:00 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

March 18, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Wednesday, March 18, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:03 a.m.

A. Reading and Approval of Minutes

1. February 20, 2009; February 26, 2009; March 2, 2009: Malm moved to approve All three sets of minutes. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Audit Report

Joe Martin from Brady Martz addressed the Board and reviewed the audit report for the Authority's fiscal year 2008. He answered questions posed by the Commissioners. In the Management Report section of the audit, Martin pointed out some notes for improvement. He reminded the Authority to try to segregate accounting duties and create off-site backups of our server. There was a 1600 gallon (approx. \$5000) adjustment on the diesel fuel inventory that staff is unable to reconcile. The other fuel types balanced. Martin suggested a tickler file to remind staff to record in our minutes in January of each even numbered year that the Authority has discussed who they choose as their depository.

Agenda Item C.1. (below) was discussed next in order to allow Joe Martin to make his comments and then be allowed to leave the meeting.

2. Financial Report

Mary Jo Crystal gave the financial report. The net income for 2008 was just under \$900,000. She and Johnson spoke about the outstanding TSA payments and the outstanding Small Community Air Service Development Grant funds that are impacting the current cash flow. Johnson commended Crystal for her abilities in managing the Authority's finances, reminding Commissioners that it is a very difficult job.

3. Land Acquisition

Johnson said the aviation agreement is being held up by some land title issues. Attorney Tim Dittus said the estate of Myron Weekly has to be reopened and the title

cleared before the aviation agreement can be completed. He said he hopes this matter will be resolved before the April Authority meeting.

Johnson reported on the 150 acre parcel of land that Nodak Strata offered to sell the airport for about \$200,000. They are now proposing to plat some 300' on the eastern edge to offer for commercial development and sell us the remainder. Johnson reported that a 2003 appraisal valued the property at \$185,000. Becker said he would like a recommendation from Johnson for the record. Johnson recommended purchasing the property as soon as money is available. Crystal said that money spent on property now could impact the new terminal project, and when the terminal bids come in we would be in a better position to know how we could fund the property. Dittus recommended purchasing an option to buy in order to secure our right to buy it when we have the funds. The real estate committee will meet with Strata to discuss this matter.

4. Rental Car Facility

Cronquist reported that the tenant relations committee is still waiting for the car rental agencies to deliver to them the agreement between the agencies on how they will jointly own and operate the facility. He added that the committee is of the opinion that this agreement cannot exclude car rental agencies that may in the future sign leases to do business at the airport. Cronquist said he will be driving to Fargo to assess the car rental facility at their airport. Becker asked Cronquist to continue to work on this matter and bring a report to the next board meeting.

5. Terminal Project

Johnson said the Authority will likely be receiving a stimulus grant before we get the standard FAA grant. The bid package is ready for the first stimulus grant of approximately \$4.5 million. Tom Behm from JLG reported on the bid package which includes airside paving, site utilities, loop road paving, baggage handling system and a jetbridge. He then reported on the bidding schedule. The assembly of the drawings and specs will take 2 weeks, then the 3 week bid period, receive bids at the end of April, 1 week to evaluate the received bids, and award the bid to the contractor by mid-May. Cronquist asked the site elevation. Behm said two feet above existing ground. Jon Scrapper from Ulteig said the alternate four feet elevation will require a whole new set of plans which will cost about \$35,000. He explained the complexities of the new design. Beyer said that in past discussions about this the board agreed that two feet was satisfactory, and it will not likely be an issue. Becker agreed that the board accepted the two feet elevation, but added that the additional two feet was discussed when the possibility of new stimulus money arose. There was discussion about the stimulus money and the Board came to understand that it is not "new" or additional funding. Scrapper answered several questions about drainage. He said the current project plan's 2 foot elevation puts the floor of the building even with Airport Drive and can handle normal drainage but not a major rainstorm. Becker asked why this was not mentioned before. Scrapper said he assumed it (2' vs. 4' elevation) was always part of the discussion and repeated that the current design works for most storms but not major ones. Johnson said the new plans with the four feet elevation, if requested, would take time to complete. Scrapper agreed and said they would not be able to meet the required

timelines so they've already started on the plans. Scrapper recommended putting the building higher. Becker expressed his disappointment at just hearing this concern. Cronquist said they heard this from Synhorst several months ago. Becker said the terminal committee should convene and make a recommendation. Malm said the decision needs to be made now, as time is of the essence for the design to be ready for bid. Johnson reminded Commissioners that the stimulus money, if it comes through, will give us an additional \$250,000 to spend because it carries no local match percentage. He added that the interest rates on the bonds we sell will be significantly lower because the investors will not have to pay the alternative minimum tax on the proceeds. He said this could allow the airport to borrow more for the terminal construction. Crystal said the bond counsel is not able to guess at this time, what the economy and the stimulus plan will do to interest rates. Beyer said the resolutions say \$4.5 million so that limits our borrowing. Crystal agreed and said if they want to spend more, the choices would be amending the resolutions with the city and the county's approval, or do another bond sale later. The bond counsel originally advised selling bonds only once. Kuhlman said the terminal should be build with the original \$4.5 million and any savings from the stimulus should be used internally to help our cash flow. Kuhlman said if the Board decides to pay to elevate the building another two feet, the money should come from cuts made to the existing terminal plan. Beyer moved to approve spending \$35,000 to re-engineer the plan to elevate the building another two feet, and the bidding packages should be split with two feet and four feet plans. Malm seconded the motion. Laffen asked Ulteig how splitting the package into two bids will affect the bidders? Scrapper said the package needs to be tailored so it will be easy to bid on, adding that it should not be a problem. Becker said there will be a terminal committee meeting soon and expects Scrapper to be available for that. Scrapper clarified his position by talking about all the different scenarios and factors that would have to happen to flood the new terminal. Johnson said the rest of the airport would also be flooded in those scenarios and Scrapper agreed. Beyer asked about mechanical pumps. Scrapper said there would be no way to collect enough water to get to the pumps. **Action taken:** Motion carried with three ayes - Malm, Cronquist and Beyer, and two nays - Kuhlman and Becker.

C. Old Business

1. Travel Expense/Board Meeting Policy Revisions

Becker reported that two of the new policy/revisions that were adopted at last month's meeting were objected to by the auditor (Brady Martz) and the airport attorney (Tim Dittus). He asked Dittus and Martin to make their comments. Dittus commented on the various resolutions, codes and laws that dictate how reimbursements can be made to Commissioners and staff for their expenses and meals when related to airport business. Martin and Dittus answered questions posed by Commissioners and staff. Beyer moved to change the Board Meeting Policy to reimburse for expenses and meals so it stays within what the law allows. Kuhlman seconded the motion. The law allows reimbursements to Commissioners for actual expenses the Commissioner occurs when doing airport related business. Kuhlman asked what other airports do. The ND Century Code relative to commissioner expenses does not apply to Municipal Airports.

Grand Forks' City and County created the document that says members of the Authority cannot receive payment of their service as a Commissioner. Dittus said to get the word "actual" removed from the City Ordinance and the County Resolution, that would require action from both the City and the County. The motion will take effect March 18, 2009. **Action taken:** Motion carried unanimously.

Becker reported that the revision of the travel policy also needs to be adjusted to comply with the IRS code. The per diem rates for meals were clarified and a motion was made by Cronquist to change the per diem rates to meet Federal Regulations. Seconded by Malm. **Action taken:** Motion carried unanimously.

2. UND Leases

Commissioner Kuhlman asked Tim Dittus to report. Dittus said progress is being made on the leases and there will be more to report at the next meeting. Dittus responded to questions posed by the Commissioners.

3. Financing Hangar #1 Repairs

Johnson said the Alerus line of credit will finance the construction on the repairs for Hangar #1. Bids will be opened on March 24th. Becker said the Hangar #1 lease with UND is an issue that still needs to be resolved and should be discussed at the next meeting.

Becker took some time to make comments of appreciation to the Airport's Executive Director, Steve Johnson. Johnson is stepping down and this is his last meeting as Executive Director. Johnson's farewell party will be April 8th.

Cronquist moved to go into Executive Session. Malm seconded the motion. The topic of the Executive Session will be to discuss a potential legal matter with regard to the Coulee Diversion Project Damages. **Action taken:** Motion carried unanimously.

The meeting adjourned for Executive Session at 10:08 a.m. The Executive Session lasted 40 minutes. Malm moved to come out of the Executive Session. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

The regular meeting reconvened and Chairman Becker called the meeting to order at 10:50 a.m.

4. Coulee Diversion Project Damages Attorney Brief

Malm made a motion to send notice via Authority legal counsel Gordon Myerchin to Ulteig and Zavoral that the airport is not accepting any responsibility for damages to the coulee and duly notify the City of Grand Forks of the same in the same manner. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

D. New Business

1. Discretionary Transition Payment

Johnson made a request to the Board relative to his retirement and the discretionary transition payments that have been made to him and certain other employees over the years. He reminded the Commissioners that he had two years worth of payments

remaining, but since he's retiring, he requests payments be made to him now. The total would be \$4,202.00. Malm moved to place this item on next month's agenda. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 11:05 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

April 16, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, April 16, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Hal Gershman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:03 a.m. by Chairman Becker. He welcomed Patrick Dame as the new Executive Director.

A. Reading and Approval of Minutes

1. March 18, 2009: Malm moved to approve the March 2009 minutes, seconded by Beyer.
Action taken: Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal gave the financial report. There is a very large outstanding receivable from the Federal Government, a reimbursement for cost of the new terminal design. Crystal answered questions posed by Commissioners.

2. Terminal Project Report

Dame said the bid advertisement for Phase I of the new terminal project is in today's paper. Tom Behm from JLG explained that the package included the terminal loop, the baggage handling system, the site utilities and the jet bridge. Gershman suggested a ground breaking ceremony when the time comes. Behm said the bids will come in with both the 2' and 4' elevations. Becker asked that the new terminal committee meet again soon to list some items that may still be added if the bids come in low.

C. Old Business

1. UND Leases

Patrick Dame asked Tim Dittus to report. Dittus said the issues have been identified for negotiation between the real estate committee (Beyer, Kuhlman, Dame and Dittus) and UND. He listed eight issues: Commissionable activities; sale of buildings; indemnification and insurance; remedies on default; attorney's fees; special assessments; termination of lease; termination of appropriation. Gershman said he understands UND's aerospace program is mostly self funded and the state appropriates very little, but for years this airport has been removing snow and providing ARFF coverage at no cost to the University. He added that he hopes the value of these subsidies will be considered in the lease agreement. Dittus said airport subsidies have been mentioned in the conversations. Dittus said the airport cannot subsidize to the

point that it works at a loss, or they would lose grant assurances. Also, there have been discussions about the commissions on contract student pilots. Crystal and Irvin Walen (UND) said they agree that fuel flowage fees should be used in calculations to charge for those contract pilots. Dame said that to move this along more quickly he suggests that the real estate committee and Mr. Dittus meet with UND to iron out the eight issues and then come back to the Board with recommendations for approval. Becker said he wants to move this along quickly and is frustrated that it's taking so long. He said he has asked Dr. Kelly of UND to help. Walen said the University is not fully to blame for the delays. Beyer said he will commit to having bi-monthly real estate committee meetings until the lease issues are settled.

2. Hangar #1 Repairs AND 3. Hangar #1 Lease

Cassie McNames from Ulteig Engineering reported on the bid tabulations for the repairs to the Hangar. The bids came in high, and the low bid was about half of the next highest. She said a decision has to be made by about May 20th on whether or not to award the bid. Dame said he thinks that the reason for the large range in the bids was that some contractors must have added "insurance" because of the uncertainty in what they might find when they start digging into the project. McNames agreed. Dame said to recover the costs of engineering, repairs and improvements, it would require a 5 year lease of \$67,800 per year. Gershman asked if it was worth it to get involved in a lease, when there could be further building deterioration in the next few years?

McNames said the repairs made now may extend the life of the hangar 8-10 years, but was just guessing. Cronquist recalled the Board approving a UND/Hangar #1 lease for \$45,000 per year for 5 years at an earlier meeting. Walen said he remembers such an approval, but understands that things have changed and would consider asking upper management to extend the term. McNames said she was comfortable with awarding the low bid. In discussion about the electrical work – replacing existing after construction, Frank Argenziano (UND) said some unnecessary electrical equipment could be taken out beforehand to make construction easier. Malm expressed his concern about the strong possibility of change orders once the contract has started. Beyer moved to accept the \$168,000 (lowest) bid with the contingency that the repairs could not exceed \$200,000, and also contingent upon UND signing a six year lease to cover the cost. The Authority would accept any cost over \$200,000. Gershman seconded the motion. Walen asked what the annual lease payment would be? Crystal pointed out that \$45,000 for six years would total \$270,000. In subtracting the repair and engineering cost (\$182,000), that leaves only \$88,000 for ground site rent on 15,000 sq. ft. over six years. She said that's less rent than we are currently receiving for that building. Cronquist suggested an electrical estimate before the bids are awarded. Beyer said there's too little electrical equipment to warrant that. Argenziano agreed. Gershman said there's an issue with the low ground site rent, and does not want to set that kind of precedent. Argenziano said they've been paying adequate rent for years for a building with conditions that are less than adequate. Dame said the airport is bearing the cost of financing the repair of the building, and negotiating to recover this cost. He doesn't feel that there is a precedent being set with this issue. Gershman expressed concern about who would pay if the cost of the repair exceeded the UND lease contract. Walen said a leased building should be of adequate usability, and in their minds, at \$45,000

per year, UND will be paying adequate rent for this repaired hangar, a usable piece of property, and not the repair. Dame does not think it's prudent to pay that much for a repair with money that the airport doesn't have. This item is not budgeted for this year, nor is an upcoming possible repair for the FedEx roof, will cost \$100,000. Crystal said the FedEx maintenance building is being charged extra for renovations, and the airlines are being charged likewise for renovations on their leased space. Argenziano asked that something be agreed upon soon, so their aircraft are sheltered before thunderstorm season. Mutchler suggested defeating the motion to allow staff to come back with better numbers. Beyer withdrew his motion. Gershman withdrew his second.

4. Discretionary Transition Payment

Becker said that former Executive Director Steve Johnson would be a good consultant to assist the airport when needed. Becker said there is a need to have Johnson available for a source of information, and asked for a motion to hire him as a consultant. Beyer moved to hire former Executive Director Steve Johnson by paying him a \$2,000 retainer fee up front, to be available for consulting services at \$100 per hour for up to forty hours between now and 09/01/09, for a maximum total fee of \$4,000, including the retainer. Gershman seconded the motion. Dame said having Johnson to consult with would be very beneficial to him. Mutchler said he supports hiring Johnson as a consultant for statistics but the decisions are Dame's to make. Dame said he is able to make the separation and will bring only his own opinions to the Board for consideration. **Action taken:** Motion carried unanimously.

D. New Business

1. Bond Finance Team

Mary Jo Crystal introduced Brenda Kruger from Springsted Inc., our independent financial consultant, and John McDonald from Dougherty, the selected municipal bond underwriter. Ms. Kruger presented the Commissioners with an outline of the financing options for the terminal project and spoke about the stimulus package, the market conditions for municipal bonds, and the credit rating. She said of the two major rating agencies, *Standard & Poor's (S&P)* is typically rating municipalities higher than *Moody's*, and Kruger and McDonald jointly recommended exploring an *S&P* rating for this upcoming transaction. Their experience shows that having a higher rating will result in lower interest rates on the bonds. *Moody's* currently holds our rating. Both Kruger and McDonald discussed the advantages of their proposed debt structure to assist with the financing of \$4.5 million for a portion of the cost of the new terminal. McDonald illustrated four structure options: 20 year bonds with and without municipal bond insurance, and 25 year bonds with and without municipal bond insurance. Kruger and McDonald said the current market conditions are very favorable to proceed with the bond sale, much better than it was just four months ago. They recommended getting an initial assessment with *S&P*, at a charge 40% of their total rating fee which is approximately \$6,000. We would pay the remaining 60% if we proceed with them. McDonald said based on the revenues available to meet debt service payments, the airport has the ability to cover over 3 times the amount of debt payment. He does not see the need to amortize this debt over 25 years and strongly recommends the 20 year bonds. He added that there's enough fear in the market that there's a cost effectiveness

to purchasing municipal bond insurance, and recommended that as well. Kruger explained that when we purchase the insurance, our rating increases and the interest rate decreases. In reading their charts, purchasing bond insurance now for ~\$50,000 will decrease our debt by over \$200,000. Gershman moved to select option #2, the 20 year amortized bond sale, with municipal bond insurance. Mutchler seconded the motion. Beyer asked about the local contribution. Dame said he's been talking with the FAA about the timing of the stimulus grants and entitlements. Discretionary funds will come later, when the bids are in. Gershman, Dame and Crystal all said they were comfortable working with Springsted and Dougherty. Malm asked the about timeline. Kruger said if we move forward right now, 60 days to set the interest rates, and 90 days to get the money. **Action taken:** Motion carried unanimously.

3. NWA/Delta Airlines Lease Agreement

Dame said the NWA/Delta lease agreement expires December 31, 2009. He recommended using a consultant to negotiate a new lease when that time comes. Gershman moved to advertise an RFP for airline lease consultants. Mutchler seconded them motion. Crystal agreed that hiring a consultant will be in our best interest. **Action taken:** Motion carried unanimously.

4. Other

Gershman said the information we have for our proformas needs to be updated so we can make appointments for various air service development presentations. He made a motion to authorize Dame to spend up to \$8,000 to pay our consultant to prepare these updated proformas. Beyer seconded the motion. Becker and Gershman agreed that this \$8,000 could come from the SCAD grant. **Action taken:** Motion carried unanimously.

Argenziano reported on the 86 students from Saudi Arabia that will soon be here for helicopter training.

Becker thanked everyone for their participation in the very successful Johnson farewell event, especially Brent Seifert of GFK Flight Support, for the use of his facility.

The meeting adjourned at 11:18 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

May 4, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Monday, May 4, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Gary Malm, Clark Cronquist, Hal Gershman, Brad Beyer, and Steve Kuhlman; staff members Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

Chairman Becker called the meeting to order at 3:03 p.m.

A. Matters Pertaining to Hangar #1

Dame said bids were received several weeks ago for the repair to hangar #1 and a determination needs to be made because the bids need to be let very soon. After having several conversations with the real estate committee and UND, he recommends either of two options: UND reconsider the Authority's offer to sell the building to them at the pre-determined price of \$1. If they accept the building they must repair it within one year or tear it down. The other option would be that the Authority retain the building, rent it in its current state and provide UND with notice that it will be demolished in one year. Dame said he is uncomfortable with the wide range of the bids and fears the strong potential of expensive change orders. Beyer said the airport does not have the money to make the repairs, and isn't in the position to risk the expensive change orders. Gershman agreed. He said the airport would have to get a 5 year SBA loan to repair the hangar, and would expect UND to pay the airport enough rent on a five year lease to repay that loan. He added that the airport has come to the point where it has given so much that it don't have anything left to give. Beyer asked who is responsible if UND aircraft are damaged due to the known structural deficiency of the building. Becker suggested fixing the door and leasing it to them in a lease agreement with a hold harmless clause. Irv Walen (UND) said UND's position is to sign a lease agreeing to repay the repair expense and some additional ground site rent, but not to pay any additional rent – the reason being that UND has been paying rent on a substandard building for years, and the repairs on the building should have been kept up over the past ten years. Kuhlman said the building would have been kept up over the years had the airport been receiving a fair market rent on it. The rent that the airport has been receiving over the past ten years has just been enough for snow removal and other maintenance costs, but not enough to keep the building repaired. Kuhlman asked Brent Seifert (GFKFS) what the fair market rent would be on such a hangar as Hangar #1? Seifert said \$6-\$7 per sq. ft. The board calculated that UND has been paying \$3 per sq. ft. for several years. Cronquist suggested another option would be to award the low bid and charge UND rent over five years to recover that amount. Anything over that (change orders) would be paid by UND. Kuhlman said there may be an amount in between the \$3 and \$6-\$7 that could cash flow it. Gershman said that UND's best option would be to buy the building for \$1 and stop paying rent (except ground site rent) to the airport, amortize the hangar's repair costs over the next ten years or however long they think the building will be usable, and come out ahead. The building would have to meet minimum standards regarding the upkeep of a tenant owned building. Walen said they need to know what repairs need to be done to meet state code and minimum standards, if that would cost too much, they'd let us tear it down. Gershman made a motion to sell Hangar #1 to UND or UND Aerospace Foundation for \$1. The motion was

seconded by Malm. Malm suggested that UND go out and rebid the repairs. Cassie McNames from Ulteig said that a rebid would be necessary. Becker asked to have this resolved by the end of May. **Action taken:** Motion carried unanimously.

The meeting adjourned at 3:44 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

May 21, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, May 21, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Hal Gershman, Tim Mutchler, Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:03 a.m.

A. Reading and Approval of Minutes

1. April 16, 2009; May 4, 2009: Malm moved to approve both sets of minutes. Kuhlman seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners. Gershman asked Crystal to include percentages of the variances in future reports. Kuhlman asked that the statement of revenues and expenditures include a comparison of each month to the same month in the previous year, a YTD comparison and a variance for both monthly and YTD. Becker would like to continue seeing the full packet of reports each month, but will be open to other suggestions at next month's meeting.

2. Airport Report

Dame reported on the current events in airport administration.

3. Committee Reports

i. Airport Terminal Relations

Cronquist said negotiations are ongoing for the new car rental consolidated facility. The committee feels the facility should be built by the car rental agencies, or their third party contractor. If there would be a time when there is a need for a fourth car rental bay, it would be that (fourth) agency's responsibility to negotiate for space to build somewhere on the airport. The aesthetics would need to be approved by the Board, but the interior design would be at the discretion of the car rentals.

Seifert from GFKFS said for the record that he had an agreement with former executive director Steve Johnson that the Authority would reimburse GFKFS for the cost of their newly built access road, if it was ever shared with other airport businesses, i.e. a car rental facility.

ii. Real Estate

Beyer said the Hangar #1 negotiations are expected to be completed in a meeting tomorrow morning. Kuhlman said the UND leases will also be negotiated in that meeting tomorrow.

iii. Air Service/Marketing

Gershman said the contract with SH&E has been signed, and a meeting with United Airlines will be forthcoming. They have had indications that United is more interested now than in the past. Dame said the advertising proposals are due on June 2, and a recommendation will be brought to the Board at the June meeting. Becker suggested that the consultant prepare a proposal to Frontier as well.

iv. New Terminal Development

Becker and Dame reported on the process of bid letting and promoting the new terminal.

C. Old Business

1. UND Leases

Kuhlman said he expects to have a productive meeting with UND tomorrow to get the new lease signed.

D. New Business

1. FedEx Roof Repair

Rick Audette requested that the Board approve spending \$99,300 to repair the FedEx building roof. Dame said FedEx has requested a four year extension on their (south) building lease to make it co-terminus with the lease on the maintenance building. Gershman made a motion to approve repairing the roof on the FedEx building, with a recommendation that Mr. Dame attempt to negotiate a six-year lease. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

2. Renew Alerus Line of Credit

Mary Jo Crystal requested that the Board approve Resolution #01-09 which authorizes the renewal of the Authority's line of credit for \$900,000 with Alerus Financial, and further authorizes the Authority Board Chairman and Authority Executive Director to sign all documents associated with the receipt of the line of credit. Gershman recused himself from deliberations on this matter due to his affiliation with the Alerus Financial BOD. Malm moved to excuse Hal Gershman from the vote. Second by Kuhlman. **Action taken:** Motion carried unanimously. Kuhlman made a motion to approve the renewal of the Alerus line of credit. Cronquist seconded the motion. Cronquist suggested adding the Director of Finance to the Resolution in case one of the two others were not available for signatures when needed. Kuhlman withdrew his motion and Cronquist withdrew his second. Kuhlman then made a motion to approve the renewal of the Alerus line of credit that would authorize the Authority Board Chairman, the

Authority Executive Director and the Authority Director of Finance to sign all documents associated with the receipt of the line of credit. Cronquist seconded this motion. **Action taken:** Motion carried unanimously.

3. Airport Internship

Dame requested that the Board authorize the Authority Executive Director and staff to assist UND in the development and implementation of an internship program at the Grand Forks International Airport. He said there should not be any cost associated with this program since the interns are expected to be local. The interns will be receiving college credit for this, so the quality of their work will reflect in their course grades. The consensus of the Board was that this is an excellent idea and to move forward with this program.

4. Airport Services Consultant

Dame reported that Trillion Aviation/John DeCoster was the only bidder on the RFP for aviation consultant services. He said the Northwest (Delta) lease agreement expires at the end of this year, and right now the airport management staff has limited time to deal with this important issue. Dame said staff recommends that the Authority authorize the Executive Director to sign a contract with Trillion Aviation in the amount of \$15,640 plus actual travel expenses to conduct the aviation consulting services at the Grand Forks International Airport. Any additional work the consultant does outside of the Northwest/Delta agreement would be charged at \$170 per hour during the contract period. In the first year after the contract period, the rate will be \$175 per hour, and \$180 in the second year after the contract period. Mutchler made a motion to hire Trillion Aviation/John DeCoster as the airport's consultant for aviation services. Gershman seconded. **Action taken:** Motion carried unanimously.

5. Complaint Parking

Dame said he has received a complaint from a commuting pilot who cannot park at the airport without paying a full fee. He does not work for our Signatory air carrier. Our current policy allows parking discounts (\$10 per month) for only the pilots that work at our Signatory air carriers. Staff recommends that the Authority allow all commercial airline pilots that commute to their jobs to park in the economy parking lot at a rate of \$20 per month. Gershman moved to change our policy to allow any commuting commercial airline pilot to park in our pay lots for \$20 per month in the main lot and \$15 per month in the economy lot. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

6. Terminal Apron Bid Award

Jon Scrapper from Ulteig Engineers reviewed the two bids that were opened on May 12 for construction of the airside of the terminal project. The engineer's estimate was \$2.4 million and the low bid was \$2.96 million from Opp Construction. The other bid was from Strata and was \$14,000 higher than Opp's. Scrapper recommended accepting the low bid, and said to rebid probably would not be beneficial. Malm moved to accept the bid from Opp Construction for \$2,960,006.35. Second by Kuhlman. **Action taken:** Motion carried with six ayes and one opposed (Gershman).

Cronquist moved to go into Executive Session. Malm seconded the motion. The topic of the Executive Session will be to discuss the matter of bid openings for the terminal civil, baggage handling, passenger boarding bridge, electrical construction. **Action taken:** Motion carried unanimously.

The meeting adjourned for Executive Session at 9:29 a.m.

Malm moved to come out of the Executive Session. Gershman seconded the motion. **Action taken:** Motion carried unanimously to adjourn.

The regular meeting reconvened and Chairman Becker called the meeting to order at 9:59 a.m.

7. Terminal Civil/Baggage Handling/Passenger Boarding Bridge/Electrical Bid Award

Dame reviewed JLG's recommendation for the following portions of the terminal project: Civil construction, baggage handling, passenger boarding bridge and electrical construction. JLG recommends holding the bid awards for two of the portions until the June meeting – the baggage handling and the passenger boarding bridge – to give them time to ensure that their product is compatible with our needs. JLG also recommends awarding the civil construction bid to Robinson Excavating and the electrical construction bid to RBB Electric. Gershman moved to recuse Beyer from voting on this matter. Malm seconded the motion. **Action taken:** Motion carried unanimously. Malm made a motion to accept the bids from Robinson Excavating for \$1,084,109 for the civil construction, and from RBB Electric for \$72,000 for electrical construction. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 10:04 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

June 15, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Admin Conference Room of the Airport Authority on Monday, June 15, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Clark Cronquist, Gary Malm, and Steve Kuhlman; staff members Patrick Dame, Executive Director and Mary Jo Crystal, Director of Finance and Administration

Chairman Becker called the meeting to order at 10:30 a.m.

TOPIC: American Recovery and Reinvestment Act (ARRA) Grant Acceptance

Dame reviewed the details of the ARRA grant and answered questions posed by Commissioners. Mutchler made a motion to pass GFRAA Resolution # 02-09 to accept the ARRA Grant in the amount of \$4,459,615 for the construction of the airline terminal building, Phase II, (terminal apron, access road, utilities and site work), and further authorize the Authority Executive Director and the Authority Attorney to sign all documents associated with the ARRA grant. The motion was seconded by Gary Malm. **Action Taken:** Motion carried unanimously.

The meeting adjourned at 10:40 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

June 18, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, June 18, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. May 21, 2009: Malm moved to approve the May 21st minutes. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners. The financial packets consisted of the same report in three different style formats. Dame asked the Commissioners to review these three formats over the next few weeks and recommend a preferred report style for future packets.

2. Airport Report

Dame reported on the current events in airport administration.

3. Committee Reports

i. Airport Tenant Relations

Cronquist made a motion that the Airport Authority recommend that the consolidated car rental facility be constructed and managed by the car rental agencies. Mutchler seconded the motion. Becker asked the car rental managers about their commitment to move forward on this project. Phil Medina, manager of Hertz said they needed the Board's blessing before they felt comfortable moving forward with the building plans. **Action taken:** Motion carried unanimously.

In the interest of Mr. Chuck Pineo's time, Dame asked that Agenda item C.2. be discussed next. Chairman Becker agreed.

C.2.UND Hangar #1

Chuck Pineo from the UND Foundation said the Foundation has agreed to accept the offer to purchase Hangar #1 from the Authority and thanked the Board for that opportunity.

The Foundation will be working with the Authority to take possession soon and will then begin taking bids on the improvements they need for that hangar.

ii. Real Estate

Kuhlman said that Real Estate Committee report issues will be discussed under Old Business.

iii. Air Service/Marketing

Kuhlman reported that proposals for airport marketing and advertising were opened last week. The committee decided on Simmons-Flint as the airport's creative design team and a Clear Channel team for implementation of the advertising. Meetings with both teams will be held on Monday.

iv. New Terminal Development

Malm reported that all is going well with the new terminal planning. Becker suggested that the process should begin soon to request restaurant proposals. Laffen said those discussions will be forthcoming. Laffen said the requirement to have the DBE form in the first envelope is not state law and that in future RFPs he recommended downplaying where it goes in the bid packet to help avoid conflict. Cronquist discussed the elevation of the terminal with Laffen. Laffen said the engineers are satisfied with the 2' elevation. Cronquist asked to see the engineer's drawings. Kuhlman asked Laffen to send emails to the all of the Board members with engineering details that would assure them that 2' is a comfortable elevation.

C. Old Business

1. UND Consolidated Lease

Steve Kuhlman reported on a May 22nd meeting with UND officials regarding the consolidated lease. They negotiated all of the deal points and came to agreements on each one of them. The attorneys are currently completing the documents. Dame said there are still some issues regarding rates and he will be having further discussions with UND. He expects to finalize the issues by the end of next week. The attorneys will add the rate amounts to the verbiage of the consolidated lease.

2. UND Hangar #1

This agenda item was discussed earlier in the meeting.

3. New UND Hangar

Dame informed the Board that a new hangar is being constructed by UND on a ground site that they already lease. Construction begins in July and the hangar will be approximately 80'x120'.

D. New Business

1. Replacement Mower w/Snow Attachments

Rick Audette requested that the Board accept the MTI Distributing bid for a Toro zero-turn radius mower with snow removal attachments (cab/tracks, broom and blower) for \$43,027.64. There was discussion about the cost, the budgeted amount and the reason for the snow removal options and zero-turn radius capability. The advertisement for bids brought in only two bids and one of them did not meet bid specs. Cronquist made a motion to accept the MTI bid to purchase the mower and attachments. Seconded by Malm. Kuhlman expressed his disappointment that local Toro dealers did not offer bids to make the cost more competitive. He suggested making the local companies more aware when these bids are being solicited. Becker agreed. **Action taken:** Motion carried unanimously.

2. Grant Acceptance

Dame reported on the FAA Grant offer in the amount of \$4,476,348 for the remainder of 2009. The grant consists of \$3.6 million discretionary and \$876,348 of entitlements. The discretionary grant will be used to construct footings, foundation and the start of the shell package of the building. The entitlement funds will be used to reimburse the Authority for the terminal design costs that were previously incurred by the Authority. Malm moved that the Airport Authority authorize the acceptance of the FAA Grant and further authorize the Airport Executive Director and the Attorney to sign all documents associated with the grant. Seconded by Kuhlman. **Action taken:** Motion carried unanimously.

3. ARRA Grant Acceptance

Dame explained that this agenda item was posted before the requirement of Monday's special board meeting where the Board needed to vote on this grant acceptance sooner than today's meeting.

4. Bid Authority Terminal Phase II

Dame requested the authority to bid Phase II of the project to consist of the footings, foundation, and building shell package. Additional items will be added to the project to allow for the building to be fully enclosed and ready to heat. Mutchler moved to authorize the bidding for Phase II of the new terminal project. Beyer seconded the motion. Laffen said the bids will be opened July 15th and expects at least ten bidders. **Action taken:** Motion carried unanimously.

5. Lease Amendment – FAA Lease Agreement AFSS

Dame reported on his negotiations with the FAA real estate committees, and described the terms of the Supplemental Lease Agreement Number 3 that decreased their lease space from 7,975 sq. ft. to 2,633 and 1,380 of joint use space including the restrooms, entryways, and utility rooms inside the AFSS building. Authority staff recommends accepting the Supplemental Lease Agreement Number 3 and authorizing the Executive Director to sign the agreement. Dame said our lease agreement with FAA allows them to decrease their cost and space with 30 days

notice. Beyer recommended we offer them an extension on the lease to December 31st and pay the full amount unless we lease the property to someone else. Instructions were given to start actively marketing the property. After some discussion a motion was made by Mutchler to accept the Supplemental Lease Agreement Number 3. Beyer seconded the motion. **Action taken:** Motion failed unanimously.

6. Bid - Jetbridge/Baggage Belt

JLG Architects reviewed the jet bridge bid and the baggage belt bid and made the recommendation to reject both bids and rebid at a later date. Malm moved to reject the jet bridge and baggage belt bids and rebid them at a later date. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

7. Runway Project Extension

Dame said the weather has slowed the progress of Strata's construction crew and recommended allowing Strata to extend the date of the runway project completion to August 15, 2009. Cronquist moved to grant an extension to August 15, 2009 for Strata Construction to complete the Runway 9R-27L project. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

Chairman Becker asked the Board and the audience if they had any additional comments.

Steve Synhorst from KLJ Engineering announced that a new KLJ office will be opening in Grand Forks before October 1st. Synhorst will be working in Grand Forks for 50% of his time for the next year.

UND's Frank Argenziano publicly thanked the Authority staff for allowing UND to have their accident investigation course in the area south of the AFSS building.

Kuhlman asked Laffen to find out if the construction companies hired to build the new terminal would be interested in leasing space from the airport instead of bringing in construction trailers.

The meeting was adjourned at 9:38 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

July 16, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, July 16, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Tim Mutchler, Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff included Patrick Dame, Executive Director; and Mary Jo Crystal, Director of Finance and Administration.

The meeting was called to order at 8:02 a.m.

A. Reading and Approval of Minutes

1. It was moved by Cronquist and seconded by Malm to approve the June 15 and June 18, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners.

2. Airport Report

Dame reported on the current events in airport administration.

3. Committee Reports

i. Airport Tenant Relations

Cronquist reported on discussions with the car rental agencies with regard to building their new wash bay facility. The current car rental agency counter leases expire when a new terminal or a new car rental facility is built. The agencies cannot move forward with plans for construction of their new facility without a guarantee that they will be doing business in the new terminal. Cronquist made a motion that the Airport Authority Executive Director be authorized to negotiate new counter lease contracts with the three car rental agencies that are currently on the airport, and that their counter spaces not be put out for bid when their leases expire. Mutchler seconded the motion. Representatives from Hertz Car Rentals said the bank requires confirmation of extended counter leases first before lending them money for construction of a new consolidated rental facility. **Action taken:** Motion carried with ayes from Mutchler, Cronquist, Kuhlman, Beyer and Becker. Commissioner Malm voted nay.

ii. Real Estate

Kuhlman said that the UND lease is in its final stage of drawing up the papers.

iii. New Terminal Development

Malm reported on the progress of the new terminal planning.

C. New Business

1. Issuance and Sale of Airport Revenue Bonds

Brenda Krueger from Springsted Incorporated addressed the Board and summarized the results of the July 15, 2009 negotiated sale and pricing of the Airport Revenue Bonds. The sale process resulted in the Bonds achieving a true interest rate of 4.508% which exceeded their expectations. The Bond par amount was \$4,500,000. The Bonds received an AA- rating by Standard & Poor's, and municipal bond insurance was not purchased. Springsted recommends awarding the Bonds to Dougherty & Company LLC and executing the bond purchase agreement. Krueger, on behalf of Springsted, Inc., requested that the Board pass Resolution # 03-09 which states: "Resolution Directing the Issuance and Awarding the Sale of the Airport Revenue Bonds (Contingent Tax Levy), Series 2009A and Prescribing the Terms and Covenants Thereof." It was moved by Malm and seconded by Beyer to pass Resolution #03-09 as written. **Action taken:** Motion carried unanimously.

2. Extend Ulteig Contract for Runway Project

Dame explained that due to the poor weather conditions that delayed the new runway project, the Strata construction contract was extended. Ulteig is now requesting an extension of the engineering contract for this project. Staff recommended the Authority authorize the Executive Director to extend and amend the existing contract with Ulteig Engineering for their additional site work to an amount not to exceed a total of \$125,000. It was moved by Mutchler and seconded by Cronquist to approve the Ulteig contract extension as stated. **Action taken:** Motion carried unanimously.

3. Assignment of Lease – UND Foundation to UND Aerospace Foundation

The UND Aerospace Foundation has recently acquired the Leigh Hangar from the UND Foundation and they are requesting the Airport Authority allow the lease to be assigned to the UND Aerospace Foundation. It was moved by Beyer and seconded by Mutchler to authorize the Executive Director to sign the Assignment of Lease assigning the lease to the UND Aerospace Foundation. **Action taken:** Motion carried unanimously.

4. Authority to Bid Surface Repairs for Taxiway A&D and the T-Hangar Taxilane

Dame described the repair work and the funding that is needed for Taxiway A&D and the T-Hangar taxilane. The State of North Dakota awarded the airport \$184,500 to conduct the repair and the local contribution will be \$20,500, or 10% of the project. The project will not exceed \$205,000. It was moved by Cronquist and seconded by Mutchler to authorize staff to bid the pavement repair for Taxiway A&D and hangar taxilane; and further give them the authority to award and execute the project to the lowest and best bidder; and further authorize the Executive Director to sign all agreements associated with the project. **Action taken:** Motion carried unanimously.

5. Authority to Bid Airport AIP Engineering and Architecture

The airport is required to bid the AIP engineering and architecture services every five years. Dame explained that in the past, these were bid in two separate packages and recommended that they be bid in one package. He said this reduces the amount of confusion for leadership on projects and allows one organization to be the lead on all projects that happen on the airside. Staff feels this improves safety, improves project coordination and allows for better quality control. It was moved by Malm and seconded by Beyer to authorize staff to bid the airport AIP engineering and architecture as a complete combined package. Cronquist moved to amend

Malm's motion to specify that the combined package should be led by an engineering entity and that it include all non-AIP projects. Beyer seconded that amendment. **Action taken to approve the amendment:** Amendment approved unanimously. **Action taken on amended motion:** Motion carried unanimously.

6. Authority to Bid for Restaurant Services

Dame requested that the Authority Board give staff authority to bid the airport restaurant services. The RFP would be written in such a way that gives the bidder ample space to be creative enough to make it work. Ron Elder from Crosswinds said he will be available to give advice if needed. He added that his wife and employees are interested in moving into the new terminal to continue serving as the airport's restaurant service provider. Dame recommended giving staff the authority to opt to extend the existing restaurant contract. It was moved by Mutchler and seconded by Cronquist to give staff authority to bid the restaurant services for the new terminal with the option to extend the existing restaurant contract. **Action taken:** Motion carried unanimously.

7. Airline Terminal Phase II Bid Award

Tom Behm from JLG Architects reviewed the bid results for Phase II of the terminal project and the low bid was from Peterson Construction. Based on this bid package, the airport has a cost savings of \$907,800 under architect's estimate. Staff recommended that the Authority award the total Base Bid, Alternate G-7 (Aluminum Storefront), and Alternate G-8 (Canopy) to Peterson Construction in the amount of \$3,115,200, subject to the FAA grant award, as per the recommendation of JLG Architects and further authorize the Executive Director and Attorney to sign all documents associated with the FAA Grant. It was moved by Malm and seconded by Kuhlman that to award the bid of \$3,115,200 to Peterson Construction as recommended by staff and JLG. **Action taken:** Motion carried unanimously.

Chairman Becker asked the Board and the audience if they had any additional comments.

Malm said he received a complaint that failed parking equipment caused a patron to become irate. Dame said he will forward that complaint in an upcoming meeting with executives from Republic Parking.

The meeting was adjourned at 10:08 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

July 31, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Friday, July 31, 2009 with Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager. The audience included Todd Feland, Public Works Director for the City of Grand Forks; Dave Cink, Air Traffic Control Tower manager; and Al Palmer and Dana Siewert from UND's JDOSAS.

Chairman Becker called the meeting to order at 8:00 a.m.

Topic: Landfill Closure/Runway 8R-26L Opening

Dame reported that the Authority received a letter from the City of Grand Forks requesting that we write to the FAA to see if they will agree to allow the city landfill to remain open when the new runway opens in mid-August. Dame wrote the NDDH and that letter was deferred to the FAA. Steve Obenauer from the FAA-ADO wrote back saying they will object to the landfill remaining open when the runway opens. Dame said the Authority must now decide whether to delay the runway opening to allow the landfill to stay open per the City's request, or open the runway when it is completed and force the landfill to close per the original agreement with the City. Due to last fall's weather delaying the project, he said, the City has already been allowed an additional 9 months of landfill usage from the date the original agreement had stated it would close (Oct 2008). Dame went on to explain that the runway project was justified for a capacity and safety issue due to the amount of air traffic at the airport. Record runway traffic is expected this year, especially in the next two months. This airport is currently the 22nd busiest airport in the country. He recently spoke with FAA-ADO Manager Steve Obenauer and was advised that delaying the opening of the runway will cause the FAA to question the true urgent need that was portrayed when the justification was presented. Dame said delaying the runway opening would be ill advised.

Becker asked audience members to comment.

Feland said the City Council understands the original agreement, supports the UND Aerospace program, and does not want to compromise air traffic safety. The new landfill construction is going well and they plan to try to open a portion of the new landfill in mid-September. To be good stewards to the citizens of Grand Forks, the City is working to save money that might be spent on hauling garbage before the new landfill opens. He said the City is hoping for a compromise with the Airport on the date that they would have to close the existing landfill. Becker asked how much the City would spend on hauling. Feland said the City could spend approximately \$216,000 per month for hauling between closing the old and opening the new landfills, and are trying to narrow the gap.

Cink said the tower has been working for 5-6 years on planning for this new runway. He added that Mead & Hunt's Dave Dietz, while writing the airport's master plan, said safety and efficiency capacity were issues and the Tower wrote that in its justification to the FAA for building an

additional runway. Cink added that the tower has been extremely busy and has had 30,000 operations so far this month. Last calendar year there were 241,000 ops and as of yesterday (July 30) there were already 206,000 ops so far in 2009. September and October are two of the three busiest months of the year and they expect 65,000-70,000 during that time. They are on pace to see 340,000-360,000 operations this year. Cink said the ATCT believes there are safety issues with this increased traffic and employees in the Tower would appreciate having the end of August to get used to directing traffic on the new runway before schools starts in early September.

Al Palmer, Director of Flight Operations at UND said that September is their busiest month and they need to do pilot instructor training on the new runway before school starts in early September.

Jon Scraper, Ulteig Engineers, said the runway will be ready for opening on August 15th. They do not anticipate any further delays.

Dana Siewert, Director of Aviation Safety at UND, said that a new runway has been needed for many years. He said the reason it's been delayed is because of the adjacent city landfill. The FAA's Regional Office in Chicago has said bird strikes are a major concern and the runway would not be built until that issue was resolved. Siewert said the runway is needed, and the safety of the student pilots is imperative. He reminded the Board that the University lost two pilots in October of 2007 as a result of a bird strike.

Beyer said \$6.5 million has been spent on this project, and the City had made a deal with the airport. The airport needs finish the project, which is already 9 ½ months behind schedule, and show the FAA and the NDAC that we were serious about needing this new runway.

Malm moved to open the runway on schedule on or around August 15th, 2009. The motion was seconded by Cronquist. **Action taken:** Motion carried unanimously.

The meeting adjourned at 8:17 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

August 20, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, August 20, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Tim Mutchler, Steve Kuhlman, Gary Malm, Hal Gershman, and Brad Beyer; staff included Patrick Dame, Executive Director; and Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:03 a.m.

A. Reading and Approval of Minutes

1. It was moved by Malm and seconded by Mutchler to approve the July 16th and July 31st, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners. The proceeds of the bond sale have been received.

2. Airport Report

Dame reported on the current events in airport administration. He asked about having a work session to discuss next year's budget. The consensus was to have a separate meeting for that. Gershman shared the City's thoughts about paying for the police security at the airport. He suggested that the board consider paying that \$13,000 bill. Dame said the \$13,000 is budgeted for the 2010 budget. Becker asked Gershman to pass that news on to the City.

3. Committee Reports

i. Airport Tenant Relations

Phil Medina from Hertz spoke to the Board. The three car rental agencies have been meeting with each other and will soon be coming to the Authority with their requests for changes for their future lease. The car rental agencies need a new counter lease before they can get the wash facility financed. The new lease needs to fit the life of the wash facility, which is 30 years. Becker asked Medina to relay the message to the other agencies to speed up this process.

ii. Real Estate

Kuhlman asked Terri Clark from UND to report. Clark said their attorney wishes to see fuel flowage agreement signed before finishing the ground lease.

iii. Air Service/Marketing

Gershman reported on a meeting with Simmons Flint about an upcoming passenger survey and the logo.

C. New Business

1. Adoption of Resolution #04-09 – Selection of Professional Service Providers

Staff requested the board to authorize the Executive Director and the Authority Board Chairman to sign Resolution #04-09 – Selection of Professional Service Providers. The Resolution will simplify the selection process. It was moved by Malm and seconded by Mutchler to pass Resolution #04-09 as written. **Action taken:** Motion carried unanimously.

2. UND Fuel Flowage Rates and Charges

Dame said that after several discussions with UND over the past month, he had understood that there was a fuel flowage agreement and prepared a related memo to present to the board. After the board packets went out in the mail, however, he received a call from Al Palmer, UND's Director of Flight Operations and discussed putting this agreement on hold until after Monday, when UND and the Airport will meet with the EDC. The agreement was to help the airport bridge some of the gap between what UND pays and what it costs to maintain the airfield used by UND. There would have been a 5 cent per gallon increase on Sept. 1st, and another 5 cents per gallon increase on January 1st. It would take slightly less than four years to break even with those increases. Dame said a flexible matrix was created and the meetings with Terri Clark from UND have been productive and reasonable. Al Palmer addressed the board by first saying that UND support the airport's growth. He said it seems like UND is being penalized for that growth by seeing an increase in fees, and believes the community should help. Becker said the airport is not looking to UND for money because they are growing, but to help keep the airport solid. He said the airport is looking for a middle ground where the airport can be whole while not breaking UND. Kuhlman said he and the airport attorney have spent the last 12 months educating UND – Terri Clark, Irv Walen, and their attorney, – on our fees and the cost of operating the airport and he does not want to start over. He added that GFKFS pays a 5% commission on all of his revenue, which offsets the airport's cost to run his business at the airport. UND pays no commission, and the airport is trying to come up with a way to charge them over four years so we can break even. The funding to pay for operating the airport comes from the people who use it, not the city or the state. Palmer said the 30 cents per gallon scares him – he says the projected (gallons) numbers are wrong. Kuhlman said we will state in the agreement that we will not exceed our current costs for the University. Terri Clark spoke about the numbers used in the fee formula, saying they weren't good estimates. She said they had agreed to look at a compromise fuel increase. She's anxious to get this agreed upon so the master lease can be finished. Becker asked about the fee formula numbers. Dame said they took a 3-year average on gallons used. UND wants to use 900,000 gallons on the matrix. Dame said that though before he was unsure, he now feels comfortable with that number. The matrix is flexible - if they pump a lower number of gallons, their cost per gallon is higher. If they pump a higher number, their cost per gallon adjusts down. Gershman said that he doesn't understand UND's objection. Palmer said he is concerned about a piece of paper that he saw that says UND will agree to pay up to 30 cents per gallon. He does not want to overpay and asked how much the airport needs. Dame said that the airport estimates that with the new runway the total airside maintenance is projected to be \$186,000-\$200,000. Right now the airline is 1% of the total operation on the airfield and paying between 50-75% of the cost, and we've just built a runway that they cannot use. We have an agreement with the airline that they pay a monthly fee which is an estimate of their percentage of the airside maintenance costs. Once a year they either make up the difference or get a credit for overpayment. Dame said that with UND, they've discussed a similar agreement using the actual maintenance costs on the east side of the airfield. Kuhlman recommended increasing the flowage fee 5 cents each year for four years, using language in the agreement "not to exceed", so the University doesn't pay more than the actual cost of maintaining the east side of the airfield. He said he wants the airport to just break even and to protect the University from overpaying. Clark said their

attorney is concerned about a short term fuel flowage agreement, when the master lease is long term. The master lease assumes there is an agreed upon amount or formula for calculating the fuel flowage, and Clark doesn't see that yet. Dame explained the formula used to calculate the UND estimate. Clark says there is a philosophical difference in the cost of operation. Kuhlman asked Palmer, Clark and Walen if they could put forward a number right now. Gershman said in the past 21 years, he believes the airport has paid over a million dollars to subsidize the University, and recently paid \$300,000 for a new runway. He added that the airport helped build the UND Aerospace program and loves that they are here. Palmer said the runways and the ARFF are used by the airline and would be there anyway without UND. Clark and Palmer said they don't agree with our formula. Kuhlman said once we break even, no matter what numbers we use, we stop charging UND. He said this fuel flowage charge is in lieu of the 5% commission that other tenants pay, and it's a fraction of what their 5% would be. Dame said the airline is paying for operating portions of the airfield that they aren't even using. Palmer said they would agree to 5 cent increases in September and January, and then agree to revisit the costs to maintain the runways (17L & 9R) and aprons Bravo and Charlie, using percentages 90, 90, 100,100 respectively. It was moved by Kuhlman and seconded by Mutchler to increase the fuel flowage rate for UND by 5 cents each year for the remainder of this year and for the next three years, but not to exceed UND's operational cost which will be agreed upon by both parties by the end of 2009. Irv Walen clarified that the 5 cent increases are subject to the CPI index. **Action taken:** Motion carried unanimously.

3. Budget Approval for Marketing – Simmons Flint, Clear Channel

Staff recommended the Airport Authority authorize them to work with Simmons Flint to develop a marketing plan with fees not to exceed \$36,500; and to work with Clear Channel/Mid-Continent to implement the marketing plan with fees not to exceed \$25,545. It was moved by Gershman and seconded by Kuhlman to authorize staff to work with Simmons Flint and Clear Channel/Mid-Continent for amounts not to exceed the stated budget amounts. **Action taken:** Motion carried unanimously.

4. Airport Sign Repairs

Audette said that the ballasts/transformers in the Airport entrance sign are no longer manufactured to support the type of electrical lamps installed in this sign. Staff requests approval in the amount of \$3,580 to retrofit and upgrade the sign interior electrical components to improve the future serviceability of those components. The work was negotiated and if approved will be performed by Bergstrom Electric. There was discussion about changes in design due to the recent introduction of new energy efficient electrical components. Dame said the reason this maintenance item was brought to the Board for approval was because the artwork on the sign is reflective of the design of the canopy in front of the existing terminal. He thought the Board should decide whether or not to put that amount of money into a sign that may well be redesigned in a few years to better fit the new terminal's design. There was discussion about an electronic billboard type sign. It was moved by Malm and seconded by Beyer to authorize staff to approve the electrical upgrade of the sign at an amount not to exceed \$3,580. **Action taken:** Motion carried unanimously.

5. Terminal Construction Observation

Dame expressed his concern that there is not a full time site inspector on the new terminal construction site for the underground work that's currently underway. He requested that the Board authorize the Executive Director to sign a change order in the amount of \$96,800 for Terminal Construction Observation on Phase I of the Terminal construction. Board members

asked JLG's Lonnie Laffen why this amount wasn't included in the original cost estimates. Laffen said they provide periodic onsite observation (for field reports, change orders) about 2-3 times a week for an hour at a time and added that this is normal for architectural projects. He said that they are occasionally asked to provide full time overseers when they have federal projects, but a full time general contractor was not included in this project because of the way it was split up into several bids. Dame said he feels supervision is necessary for any underground work on a construction site to ensure that the work is done right before it gets buried. Laffen said there will be an added cost to have this extra person, and agreed that it is a valuable service. He said this \$96,800 cost will cover an overseer for 12 hours per day for about 65 days, or through the underground phase of the new terminal project - \$100 per hour on a \$1.5 million phase. After more discussion about the reasons and the cost to hire site supervision by Ulteig as a sub through JLG, it was moved by Malm and seconded by Beyer to authorize staff to sign a change order to pay JLG up to \$96,800 to subcontract to Ulteig for full time site supervision on the underground phase of the terminal project. Kuhlman asked if there was any way to bring down the fees. Jon Scrapper said an experienced technician would cost less per hour than an engineer. Scrapper was asked to call to find out how much less, and the motion was tabled for a few minutes and is continued after Agenda Item #7.

6. Terminal Apron Amendment #1 & #2 – Ulteig Contract

Dame said these amendments are brought forward for approval because of the way the project was bid – and are part of the original bid for the apron. He requested to JLG that in the future (Phase III), the total project award will be brought to the board all in one package, and not piecemeal like this. Ulteig has requested Amendments #1 & #2 for the terminal apron in the amounts of \$24,000 and \$220,884, respectively. Staff recommended the Authority authorize Amendment #1 & #2 and further authorize the Executive Director to sign the documents. It was moved by Beyer and seconded by Gershman to approve Amendment #1 and Amendment #2 to the Terminal Apron Construction Project and authorize the signing. Jon Scrapper explained the two amendments. **Action taken:** Motion carried unanimously.

7. Amendment #3, #4 & #5 – JLG Contract

Tom Behm from JLG Architects requested Amendment #3 in amount of \$40,000 for Bid Group Number 1, Amendment #4 in the amount of \$185,000 for Bid Group Number 2, and Amendment #5 in the amount of \$125,000 for Bid Group Number 3, plus reimbursable expenses, for the construction procurement services and contract administrative services. The fees associated with these amendments are planned in the balance of the terminal project and not over and above the original estimate. Staff recommended the Authority authorize Amendment #3, #4 & #5 and further authorize the Executive Director to sign the documents. It was moved by Kuhlman and seconded by Malm to approve the amendments and authorize the signing. **Action taken:** Motion carried unanimously.

5. (Cont'd) Terminal Construction Observation

The motion was brought off the table. Scrapper said the technician would cost \$75 per hour and would work 12 hours per day for 65 days plus hotel and travel expenses, for a total of \$75,350. Laffen said there was a markup. Gershman commented that the hotel and travel expenses are very high. Kuhlman moved to amend the motion to \$75,350, seconded by Mutchler. **Action taken on amendment:** Motion carried unanimously. **Action taken on the motion:** Motion carried unanimously.

8. 9R-27L Change Order #3

Ulteig requested \$99,160 to allow for a shortfall in topsoil amounts in the terminal apron project. Ulteig said the airport actually has a net savings of about \$14,000, explaining that the original contract under-ran by about \$113,000. Staff recommended the Authority Board to approve the Change Order #3 in the amount of \$99,160 and further authorize the Executive Director to sign the change order. It was moved by Malm, seconded by Mutchler, to approve the change order. **Action taken:** Motion carried unanimously.

9. FAA Discretionary Grant Acceptance

The FAA announced last week a discretionary grant award of \$2.4 million for Phase III of the Grand Forks Airport Terminal Project. The funds will be used for the mechanical and electrical portion of the building along with the Geo-thermal wells for the heating. Staff requested that the Authority authorize the Executive Director to accept the grant and further authorize the Executive Director to sign all documents associated with the acceptance of the grant. It was moved by Malm, seconded by Mutchler to accept the grant and authorize the signatures. **Action taken:** Motion carried unanimously.

The meeting was adjourned at 10:37 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

September 17, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, September 17, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Clark Cronquist, Steve Kuhlman, Gary Malm, Hal Gershman, and Brad Beyer; staff included Patrick Dame, Executive Director; and Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. It was moved by Gershman and seconded by Beyer to approve the August 20, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. JLG Presentation

Lonnie Laffen and Tom Behm of JLG addressed the terminal project construction and budget. Bid Group #1 is 70% complete and on schedule; Bid Group #2 is 5% complete and on schedule; Bid Group #3 is ready to begin upon approval of those contracts. The entire project is 64% bid, and of that they've used 55% of the budget, so the project is 9%, or \$1.7 million under budget.

The stone veneer bid was previously delayed and JLG is now seeking approval to award that bid to Peterson Construction. It was moved by Malm and seconded by Gershman to approve the stone veneer bid to Peterson Construction for \$232,700.00. **Action taken:** Motion carried unanimously.

JLG requested approval for the mechanical and engineering bids for the terminal project. The lowest and best bid for the mechanical construction was from CL Linfoot \$1,030,752.00. The lowest and best bid for the electrical construction was from Sun Electric for \$1,129,000.00. It was moved by Cronquist and seconded by Beyer to approve the CL Linfoot and Sun Electric bids. Laffen said all of the contractors that submitted bids were qualified. **Action taken:** Motion carried unanimously.

Dame explained that the airport staff agreed to an easement with Nodak Electric that was necessary to provide electrical services to the new airline terminal. Dame requested ratification of his signature on that easement. It was moved by Malm and seconded by Gershman to approve that signature. **Action taken:** Motion carried unanimously.

Tom Behm from JLG reviewed the items that were in the original design of the terminal project but were taken off to save on costs. Since the bids received so far have come in low, there is a possibility of bringing some of these items back into the project. Several of the items do not have to be decided upon until next year. The items to be discussed now included installing a skylight on the 2nd floor. Laffen said it is a nice feature but is not necessary. Some items that have come up since the original design included a better baggage system for the bag make-up area. Dame said that this loop system (vs. linear) is necessary to prevent problems when there are two flights leaving at the same time. The additional cost is estimated to be \$50,000. Behm said a staff parking lot with 60 stalls would cost approximately \$120,000. Dame views the staff parking lot as a necessity, but it does not have to be committed to until next spring. Laffen said the curb and gutter on the driveway are going in this week and a future staff parking lot entrance should be cut out now. The Board concurred. Another item on the list was the sanitary dump garage. The garage

covers the area where lav carts dump sewage into the sewage system. The current system is near the old terminal and Seifert said that hauling lav carts a long distance in winter conditions could be hazardous. There was discussion about purchasing kitchen equipment at a cost of approximately \$200,000. Dame and Laffen recommended outfitting the kitchen to make it easier to attract restaurants. Dame said a restaurant that pays to outfit the kitchen could easily take it with them when they leave. Gershman recommended talking to the City about acquiring the equipment from the Civic Auditorium that is being taken down. Laffen recommended hiring a construction manager to oversee the entire airline terminal building project. He did not have a cost but will bring that to the next meeting, and added that future contracts would not include management. The cost for one manager would be the same as having a manager for each of the bid packages. Becker suggested adding a four-lane road leading to the new terminal from Highway 2. Gershman said the City could possibly build it. Laffen said he would research that. Laffen said GFK Flight Support's road is very close to the new terminal road and there are concerns that terminal traffic may turn into GFKFS's driveway by accident. He suggested a separation of those two driveways. Audette said the conceptual drawing shows that the proposed consolidated rental car facility will need the entire area in front of GFKFS so a curve would not be feasible. GFKFS's Seifert is concerned that people will park in his lot and walk to catch their plane. Cronquist asked Laffen about the skylight's efficiency and the affect it has on a LEED certification. Laffen explained that a skylight actually adds credits to the LEED rating. He said light savings will offset the cost of heating loss, but not cooling costs. Gershman said natural light is beneficial to working conditions. Gershman moved to approve spending \$55,000 for a skylight. He withdrew his motion for lack of a second. Laffen and Behm agreed to bring the skylight specs to the next meeting. It was moved by Beyer and seconded by Gershman to approve spending up to \$50,000 for an upgraded baggage belt system. **Action taken:** Motion carried unanimously. It was moved by Malm and seconded by Cronquist to approve spending up to \$25,000 for a new sanitary dump garage. **Action taken:** Motion carried unanimously.

C. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners.

2. Airport Report

Dame introduced the new airport interns. UND Professor Kim Kenville expressed her appreciation for the Board's willingness to allow her students to intern with the airport, and for Dame's assistance with getting it organized. Dame reported on the current events in airport administration. He applauded the airport employees for working extremely hard on a very sizable workload.

3. Committee Reports

i. Airport Tenant Relations

Cronquist said the car rental counter leases need to be done before the car rental facility building can be planned. The car rental agency managers have said they will be ready to meet next week. The new FedEx contracts are being reviewed by the airport attorney. Dame said he wants to be ready to start expanding the FedEx apron as soon as the terminal project is done. He said he would like to see the community do something for FedEx like expand their building. Gershman said he wants to demonstrate the airport's economic impact and asked to have the airport's employment statistics at the next meeting. Brent Seifert announced that GFK Flight Support is in

negotiations to change fuel suppliers in November. Texaco is working very cooperatively to rebrand, as they (Texaco) cannot compete competitively in the Midwest and a change will make GFKFS more competitive and the airlines happier.

ii. Real Estate

Kuhlman said the UND ground lease is ready to sign but there is one or two points to clarify. The fuel flowage fees are still an issue. A motion was passed last month to increase the flowage fees by 5 cents per year for the next four years not to exceed our actual costs. The legal document that UND put together for the fuel flowage fees did not acknowledge those terms. Dame said he asked UND what they thought was fair, and they said they don't agree with the 2011 and 2012 5 cent increases. Dame said the attorney fees are growing and we can't continue to go back and forth with this issue. He doesn't think a fuel flowage agreement will be made any time soon. Dame said a date needs to be set to sign the ground lease. Gershman said the airport needs to get to cost neutral with operational costs for UND and the airport has offered UND four years to ease into the position where the airport can break even. Since UND has rejected that offer, he recommended taking the four year offer off the table and start charging them at cost neutral by January 1st, 2010. He said that the airport and the city have subsidized UND Aerospace for many years and there has not been a thank you. He understands the economic impact that UND has, but also knows that the airlines do not like paying for UND. Cronquist said a motion was passed and it's been decided how we bill them. Kuhlman said they will not sign a document with the terms of our motion. He added that UND will continue to pay their bills without an agreement. Dame said he thinks there's still room to work with UND on the fuel flowage agreement and wants to set a hard and fast date for signing the ground lease. Becker recommended writing a letter to UND's President Kelley stating that if they cannot sign the agreement under the terms presented within 30 days, the airport has no choice but to begin billing them at cost neutral for the airport. He added that after almost two years of negotiations with no agreement, something needs to be done. Gershman said the letter to President Kelley should say that we have ceased negotiations with UND Aerospace and they are now *tenants at will* and will be billed according to what we think our costs are every month. UND would have the right to examine those costs. Beyer said that UND's last points of issue with the ground lease are valid and asked to give them one more chance to sign it. Kuhlman said the issue is that they don't acknowledge what was passed at last month's board meeting. Gershman moved to begin billing UND for the 20 cent increase retroactive to September 1, 2009 and the tiered program is off the table. Kuhlman seconded the motion. Beyer suggested tabling the motion one month and amend it to October 1, 2009. Gershman withdrew his motion and Kuhlman withdrew his second. Gershman said the letter to UND should reflect the Board's inclination to pass a motion at the next meeting to begin billing them at a 20 cent fuel flowage increase effective October 1, 2009. The Board agreed to send a letter to President Kelley with a copy to Dean Smith.

iii. Air Service/Marketing

Gershman reported that Allegiant's announcement of new service to Phoenix/Mesa went over really well and the airport received much media coverage. The committee is still working on meeting with Delta and United about westbound service. The

Prairie Business is doing a report on the airport's economic impact and wants employment statistics for employers on the airport. Boardings were up 22% last month.

D. New Business

1. 2009 Budget Amendment – Grant Acceptance for FAA Funding

Dame said the FAA had asked the airport to prepare for additional funding but was later notified that that funding was not there. He asked that this item be taken off the agenda.

2. Authority to Bid Airport Stay & Fly

Dame said staff wants to try to promote a Stay & Fly program with a local hotel. He said it would be a potential source of concessionary revenue and marketing. He requested that the Authority authorize staff to bid a Stay & Fly concession service. Steve Bartlett, manager of the CanadInn said they would be a huge supporter of the airport should they win the bid. Dame said an intern would develop the RFP. It was moved by Cronquist and seconded by Malm to authorize staff to develop an RFP for the Stay & Fly service. **Action taken:** Motion carried unanimously.

3. 2010 Budget First Review

Staff requested that in the interest of time they call a special meeting to discuss the budget at length. The Board concurred.

4. Engineering Selection Confirmation

Dame reported on the selection of the engineering firm. He said all three of the engineering firms that were interviewed – KLJ, Ulteig and Mead & Hunt – were very well qualified and did very well in the interviews. The committee ranked Kadrmas Lee & Jackson the highest and recommends that the Board approve the selection of KLJ as the airport engineer for the five year period starting in 2010. It was moved by Malm, seconded by Cronquist to recuse Gershman from the vote. The motion was approved. Beyer moved to accept the selection of KLJ as airport engineer. Kuhlman seconded the motion. **Action taken:** Motion carried unanimously.

5. New Airport Logo Confirmation

Dame reported on the process the marketing committee went through to develop a new logo for the airport. It was moved by Gershman and seconded by Kuhlman to approve the recommended new logo. **Action taken:** Motion carried unanimously.

The meeting was adjourned at 10:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

October 7, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Wednesday, October 7, 2009 with Vice Chairman Steve Kuhlman presiding. Those present were Commissioners Clark Cronquist, Hal Gershman and Gary Malm. Staff members included Patrick Dame, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

Vice Chairman Kuhlman called the meeting to order at 8:30 a.m.

Budget Hearing

Patrick Dame explained the importance of staying on budget, especially during the new terminal construction project. The CPI index rate is negative so the hangar rents will not increase. Dame said landing fees will not increase either. UND's contribution to airside maintenance in the budget needs to be addressed and a new cost center will be added in 2010 to keep track of where our maintenance is being done and how much.

Commissioner Becker joined the meeting via conference telephone. Dame said wages are budgeted to increase 3% for non-exempt and 4% for exempt employees, based on a previous study. Becker suggested 2% and 3% in these tough economic times and since insurance rates increased by 25%. Crystal said the compensation consultant that did the survey recommended the 3% and 4% increases each year. Gershman said there's a danger in falling behind in salaries over time – catching up later, and losing good employees in the meantime. He added that the revenues from UND need to be increased. Becker had to leave the conference call. Malm suggested making future pay increases on anniversary date to save money. Gershman suggested raises based upon performance. Dame said it's his goal to start doing performance reviews and also to create a step level pay scale for future hires. Kuhlman suggested sending employees their total benefit information to increase their appreciation. He agreed that it's dangerous to fall behind in raises and stated that he wants the airport to have a performance review process in place by June 2010 and performance based raises starting in 2011. He said there is an HR group in the area that trades ideas and suggested that the airport HR person join that group. Gershman said it's important that employees have input in the performance reviewing process.

Dame reviewed other 2010 budget items including the new parking lot, ramp access fees and jet bridge use. He had new ideas (not in the budget) for adding to our fueling revenues, adding a stay and fly program, and a stay and repair program. Gershman said we should be charging for permits to allow taxis on the airport. Dame said the areas that need to be changed are better segregation of cost centers, a graduated pay scale, better use of marketing money, better parking lot model, and increased restaurant revenues .

Dame and Crystal then reviewed the various budget exhibits and answered questions posed by Commissioners. There was discussion about the contract security expenses, and also the revenue lost on the free parking that we offer. The airport's security badging system will be upgraded using badging revenue. Dame said that as we move forward the vehicles that are replaced will be handed down to management, that is, if they still run efficiently. A new telephone system is budgeted for 2010 instead of 2011 when the new terminal is built. It is needed now because of the rapid deterioration of our current system and will be transferrable to the new terminal when we

move. Tenants will have the option to be part of the new telephone system now, but will be required to be on our system once we move into the new terminal. The tenants will buy their own phone sets and we will bill them for their use of our system. In discussions with the tenants, they indicate that they are interested because not only will they save money, they will have a better system. Kuhlman thanked staff for their good work.

The meeting adjourned at 10:30 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

October 15, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, October 15, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Clark Cronquist, Steve Kuhlman, Gary Malm and Brad Beyer; staff included Patrick Dame, Executive Director, and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. It was moved by Cronquist and seconded by Malm to approve the September 17, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Patrick Dame reviewed the financial reports and answered questions posed by the Commissioners.

2. Airport Report

Dame reported on open issues at the airport and reviewed some marketing items that are now in place. There has been an agreement on terms with UND regarding the fuel flowage: A five cent increase this year starting Sept. 1, and Sept. 1 each year thereafter for three more years or until the airport reaches an amount that covers the actual cost of its operations for UND's benefit. Chairman Becker reported on the Boyd Group Aviation Forecast Summit that he and Dame attended last week.

3. Committee Reports

i. Airport Tenant Relations

Cronquist reported on the progress of the negotiations with the car rental agencies.

ii. Real Estate

Kuhlman reported on the negotiations with UND. Beyer moved to accept and adopt the UND ground site lease and the UND fuel flowage agreement. Cronquist seconded the motion. **Action taken:** Motion carried unanimously. Kuhlman reported that the real estate committee will next be working on the Valley Hangar lease with GFK Flight Support.

iii. Air Service/Marketing

Dame reported on an upcoming meeting with airline representatives about air service. He also reported on an upcoming meeting with Clear Channel to discuss media advertising. The Board reviewed a report on the number of employees at the airport.

iv. New Terminal Development

Malm said the architects will be giving their report later in the meeting.

v. Presentation from John DeCoster, Trillion Aviation

John DeCoster presented his views with regard to negotiating a new airport operating and lease agreement with Delta Airlines. DeCoster is a retired executive from NWA whose consulting firm (Trillion Aviation) was hired by the airport to perform these negotiations. His message to the Board today included explanations about what airlines look at and look for when they negotiate their leases. The consultant's notes are attached to these minutes.

C. New Business

1. 2010 Budget

Dame reviewed the adjustments made since the budget hearing last week. He requested that the Board approve the 2010 budget as written. It was moved by Cronquist and seconded by Malm to approve the 2010 budget. **Action taken:** Motion carried unanimously.

2. Terminal Extras Review

Tom Behm from JLG reported on the progress of the new terminal project. Bid Group #1 is 85% complete (loop road and site utilities). JLG recommended giving the contractor an extension to complete the remainder of the loop road after the terminal building is up, to avoid damage to a concrete driveway. The Board recommended barricading the existing new loop road to protect what concrete has already been laid. The elevators and escalators will be bid on Oct. 22nd. After further investigation, JLG decided a skylight on the roof of the new terminal would not be recommended because of the location of the duct work and the heat pump. There was discussion on the jet bridges with regard to new vs. refurbished. JLG will work with the airport to investigate the cost and availability of refurbished jet bridges.

3. Terminal Restaurant Proposals

Dame said two proposals for the restaurant in the new terminal were received. Since both proposals had some issues that could be a concern, he said it would be in the best interest of the Authority to rebid the restaurant services. It was moved by Malm, seconded by Kuhlman to reject the bids of Clean & Green and RSVP and authorize airport staff to actively seek businesses in a second bid process. **Action taken:** Motion carried unanimously.

4. Authority to Negotiate a Ground Transportation Concession

Dame reported on his research into the Board's desire to bid ground transportation services for the airport. He recommended that the Airport Authority set the ground transportation rate at \$200 per vehicle and a cap of \$1,000 per company and further authorize airport staff to negotiate a Ground Transportation Concession with local hotels, taxicab companies and limo services. Those hotels that choose to participate in the Stay and Fly concession program will have their transportation fee waived by the Authority. Malm made a motion to set the ground transportation rate at \$200 per vehicle with a \$1,000 cap per company, and to authorize staff to negotiate a Ground Transportation Concession with hotels, taxis and limos. Beyer seconded the motion. Kuhlman suggested reminding these companies that this fee is in lieu of the 3% commission that the airport normally charges companies for doing business on the airport. **Action taken:** Motion carried unanimously.

5. Bid Award for Financial Services

Dame reported that there was only one bid received for the airport's financial services; it was from our current bank, Alerus Financial. It was moved by Cronquist and seconded by Beyer to approve Alerus Financial as our financial provider from January 1, 2010 to December 31, 2012. **Action taken:** Motion carried unanimously.

The meeting was adjourned at 10:25 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

Grand Forks Regional Airport Authority
Term Sheet Issues
Airline Operating and Lease Agreement
October 15, 2009

- 1) Affiliate Airlines- Legacy carriers perform a significant portion of the flying to smaller communities through contract carriers. Signatory status is granted to these contract carriers through an Affiliate designation. The host Signatory airline is responsible for all obligations of the Affiliate(s).
- 2) Exclusive versus Joint Use Space (systems and space)
 - a. Current terminal- No change.
 - b. New terminal- Switch to as much Joint Use as possible including baggage make up, baggage claim, holdrooms, and aircraft parking positions.
- 3) One Time Use Provider/ Per Use Charges- Good tool for soliciting new service. Adding a floor to annual Per Use charge that is relatively equivalent to a level of leased space can over ride the objection.
- 4) Ground Handling- Most airlines (including DL) will have third party or subsidiaries provide the ground handling in spoke stations. Performance standards and/or handling concession fees will cause a negative reaction since they are pass through costs to the mainline airline.
- 5) Terminal
 - a. Existing- no change.
 - b. New- Need to review categorization of space square footage, debt requirements, coverage requirements, operating expenses, and non-airline space.
- 6) Term- Need 5 year term to bridge into the new terminal.
- 7) Minimum Standards- Keep out of lease agreement and deal with it through the licensing process.
- 8) New Terminal- All tenant improvements and fixed equipment that will be required by airline in their Exclusive Space need to be funded as part of the project. Airlines are not funding capital.
- 9) Joint Use Fees- Either 20/80 or 10/90 calculations are the norm. 10% fixed is more representative of “pay for what you use” and gives you the better message to solicit new service.
- 10) Non-Signatory Premium- Recommend a 25% premium to all rates and charges for Non-Signatory Airlines.
- 11) Security Deposit- Typically not liked by Airlines. Recommend “good payer” provision.
- 12) Annual Reconciliation of Rates and Charges- Reconciliations are one way to protect the Authority from service loss or benefit the Airlines from additional service but involve more work.
- 13) Bankruptcy- Joint Use versus Exclusive Use Space. Joint Use still keeps space in the control of the Authority in the event of a bankruptcy filing.
- 14) Cancellation- Need commitment because of new terminal.

- 15) ARFF Charges- Collection method and level of collection.
- 16) Non-Airline Revenue- Airlines will look to the Authority to maximize the collection of non-airline revenue to support the operating costs of the Airport.

Airports are pursuing the maximization of non-airline revenue approach more and more as a means of becoming less reliant on the airlines and to weather the significant economic swings that the airlines are exhibiting.

Outlined below are the primary sources of non-airline revenues with a brief synopsis of each.

- A) Car Rental- Many car rental contracts are dated and the historical commission level has tended to hover in the range around 10%. In the past year that percentage has begun to increase to 11-12% plus charging rent for their counter and office space. Since this a “below the line” charge to the renting party, this increase is not being absorbed by the rental companies and does not affect their financial performance. There has been no data provided by the car rental industry to suggest that the increase has had any impact on sales levels.
- B) Car Rental Customer Facility Charge (CFC) - Airports now have the ability to establish and collect a CFC for paying for the capital investment and operating expenses of a car rental facility. It can be used to fund the construction of office space, decks, surface treatments, QTA facilities, and any other capital or operating expense. Again, a below the line charge that is determined by the Authority based on the projected financial need.
- C) Food, Beverage, and Retail Concessions- In smaller airports, not a primary source of major revenue but should equate to 6-8% of sales.
- D) Parking Lot Revenues- This has become a major source of revenue for Airports. Since there is a mentality to not take advantage of the customers, many airports will grant the first 30 minutes free and then charge \$1.00 for the next 30 minutes. This will take care of most of the local drop off and pick up customers without being too controversial. After the first hour, the rates tend to compound for the person that is parking for a 2-4 hour range and then taper as it reaches the 24 hour range. Additional programs for frequent parkers or flat monthly parking rates have also been established to assist regular travelers.
- E) Taxi, Limousine, and Shuttle Bus Fees- The Airport must provide and maintain the infrastructure for vehicles to transport people to and from the Airport. For parking and rental cars, that financial support is accomplished by charging for parking and adding concession fees to the car rental contract. For taxis, limousines, and shuttles, there is no such charge. More airports are implementing annual charges for such services. Operators have tended to resist but by keeping the amount nominal and “fair” it allows the Airport to recover a reasonable portion of the cost while the off airport operator can build the nominal cost into their fees if they can not absorb it.
- F) Advertising- An organized dynamic advertising program can add additional revenue to the Airport. This can also be used and sold to promote special events.

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

November 19, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, November 19, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Clark Cronquist, Hal Gershman, Tim Mutchler, Gary Malm and Brad Beyer; staff included Patrick Dame, Executive Director, Mary Jo Crystal, Director of Finance/Administration and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. It was moved by Malm and seconded by Cronquist to approve the October 7 and October 15, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners.

2. Airport Report

Dame reported on current events at the airport.

3. Committee Reports

i. Airport Tenant Relations

Cronquist reported on the progress of the negotiations with the car rental agencies.

ii. Real Estate

The Valley Hangar lease is expired and is being reviewed by GFK Flight Support and the airport attorney. Beyer said to expect a report at the next board meeting.

iii. Air Service/Marketing

Gershman reported on the current airport advertising material. Dame said the Phoenix/Mesa CVB visited him in an effort exchange marketing materials for Mesa and Grand Forks. Gershman reported on a recent trip that included Dame, Gershman and Thiessen to Memphis to visit with FedEx executives. A meeting with Delta is planned for December 9th. Gershman said the next pitch to Allegiant will be for Orlando. October enplanements were down due to the many (runway construction caused) cancellations at MSP. That runway is open now.

iv. New Terminal Development

Tom Behm from JLG Architects reported on the progress of the new terminal construction. The steel construction begins today. He described the reasons for the requested contract extensions, and said the Bid Group #4 came in \$40,000 under their estimates for escalators and elevators. The project completion date is expected to be March 2011. Beyer asked about the possibility that the construction companies asking

for extensions would later ask for a change order. JLG will pose that question to those contractors. Malm asked about construction management on the jobsite. Behm said after some research, they feel it would not be cost effective at this point. Dame said the underground portion of the project is done and he is comfortable with JLG and Peterson Construction managing the project. Dame reported that the City has authorized the Civil Auditorium's kitchen equipment to be given to the airport. The Civil Auditorium will be torn down in a year and we will remove it just prior to that time. Dame also reported that he has seen some interest in the restaurant RFP and hopes to have a recommendation at the next board meeting. He said Ameribridge could sell us two refurbished jet bridges (same model and model year) at about the same cost as buying one new and refurbishing one of our old jetways. Having two of the same models would be a benefit. A Delta representative visited the airport to look over the terminal plans and that meeting went well. This rep encouraged the purchase of the refurbished jet bridges.

C. New Business

1. **Contract Extension to June 30, 2010 – Robinson Excavation** **Contract Extension to June 30, 2010 – RBB Electric** **Contract Award for Bid Category #4 – Elevators and Escalators**

Dame recommended the approval of the two contract extension requests from Robinson Excavation and RBB Electric and recommended the acceptance of the bid from Peterson Construction, low bidder for Bid Category #4 for the escalators and elevators, at \$384,450. It was moved by Mutchler and seconded by Gershman to approve the two named contractors' extensions to June 30, 2010 and award the Bid Group #4 contract to Peterson Construction for \$384,450. **Action taken:** Motion carried unanimously.

Malm moved to go into Executive Session. Cronquist seconded the motion. The topic of the Executive Session is to negotiate the operating lease agreement with Allegiant Air Inc. **Action taken:** Motion carried unanimously.

The regular meeting adjourned for Executive Session at 9:20 a.m.

The Executive Session meeting lasted 63 minutes.

The regular meeting reconvened at 10:25 a.m. when Chairman Becker called the meeting to order.

2. **Allegiant Air Negotiations**

Gershman moved to direct Exec. Director Patrick Dame along with Atty. Tim Dittus to codify ground handling terms with GFK Flight Support. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 10:30 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

**PROCEEDINGS OF
THE GRAND FORKS REGIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS MEETING**

December 17, 2009

The Grand Forks Regional Airport Authority Board of Commissioners met in its regular session in the Board Room of the Airport Authority on Thursday, December 17, 2009 with Chairman Rich Becker presiding. Members present were Commissioners Clark Cronquist, Hal Gershman, Steve Kuhlman, Gary Malm and Brad Beyer; staff included Patrick Dame, Executive Director, Mary Jo Crystal, Director of Finance/Administration and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m.

A. Reading and Approval of Minutes

1. It was moved by Cronquist and seconded by Malm to approve the November 19, 2009 minutes as written. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the financial reports and answered questions posed by the Commissioners.

2. Airport Report

Dame reported on current events at the airport. See attached.

3. Committee Reports

i. Airport Tenant Relations

Cronquist reported on the progress of the lease negotiations with the car rental agencies. The task force will meet with the car rental managers before the next airport board meeting. Kuhlman said that if the issues requiring an attorney continue to hold us up, the airport should consider working with additional law firms for some issues.

ii. Real Estate

Kuhlman indicated that he met with Dame and the proposed terms for the Valley Hangar lease have been agreed upon. Dame said a master plan for the general aviation area will be needed as soon as the terminal project is done.

iii. Air Service/Marketing

Gershman reported on the current airport advertising material. He said he was pleased to see the Grand Forks Herald's recent front page article about our airport's low fares compared to Fargo. He said the airport's image has improved throughout the community. Gershman said the December Delta meeting in Atlanta was postponed until January due to bad weather. An Allegiant conference will be held in February, when GFK Airport reps will be making a pitch for Orlando.

iv. New Terminal Development

Tom Behm from JLG Architects reported on the progress of the new terminal construction. He estimates that the shell of the building will be completed in mid-March, 2010.

C. New Business

1. Terminal Project Change Order Ratification

Dame described the four change orders that were approved over the past month to keep the project moving along: Robinson Electric: FedEx road revision - \$7224; relocation of utilities - \$8804.75; building permit for Bid Group #1 - \$7299.04; and Peterson Construction: Excavation and fill for the generator pad - \$7132. It was moved by Malm, seconded by Beyer to ratify the Executive Director's signature on those four change orders. **Action taken:** Motion carried unanimously.

2. **Contract Extension – Opp Construction - Apron**

Opp Construction has requested an extension on the airline terminal apron due to poor weather in October and the building foundation not being completed. Dame said they have already been granted one extension and in his opinion they weren't working enough on the nicer weekends which would help keep them on schedule. Beyer disagreed, saying it has been too wet. Jon Scrapper was asked what the airport's actual cost of the extension would be. Scrapper gave his estimate of \$200 per day. Gershman suggested splitting the difference with Opp. Kuhlman suggested inviting Opp to speak at the next meeting. Malm moved to table this agenda item until the next meeting at which time Opp Construction could state their case. Kuhlman seconded the motion. **Action taken:** The motion carried with yeas from Malm, Cronquist, Kuhlman and Gershman. Beyer declined to vote.

3. **Jetbridge Repair Ratification**

Dame said a recent pantograph failure on one of the jetbridges required the Authority to spend \$19,500 on an emergency repair. The Authority requested ratification of the Executive Director's signature on the work order and to further ratify the authorization to spend \$19,500 for the repair. It was moved by Beyer, seconded by Cronquist to ratify signing the work order and making the repairs. Beyer suggested recouping the value on these new parts when we trade in our current jetbridges for refurbished ones. **Action taken:** Motion carried unanimously.

4. **Stay & Fly Program**

Dame explained the Stay and Fly program which will bring in revenue from hotels that participate. The airport will market the hotel participants on its website and the hotel will share their revenues with us whenever their guests use their shuttle service to the airport. The airport received two proposals from hotels wishing to participate. The best bid will set the airport's rate, as bids are non-exclusive – meaning any hotel can participate if they match it. The Clarion Inn offered the best bid of 3% of the first \$2,500 USD, 4% of the next \$2,500 USD, and 6% of all revenues exceeding \$5,000 USD. They are also offering 5% of Stay & Fly revenues for co-op marketing dollars. Dame recommended that the Authority accept this bid as the floor rate for any hotel wishing to participate. Cronquist moved and Malm seconded the motion to accept the above stated rate as the floor rate for all hotels to participate in our Stay & Fly program. **Action taken:** Motion carried with yeas by Malm, Cronquist, Kuhlman and Beyer. Gershman declined to vote.

5. **Airline Terminal Restaurant Bid Award**

Dame said that after much effort and advertising, the airport received only one restaurant proposal, from Oakwell's, a national company that specializes in retail distribution. Oakwell's will be in Grand Forks in early January and will meet with the airport on January 7th for an interview. Dame distributed copies of the proposal. Some attendees commented that a new terminal restaurant should consider hiring the same employees that are currently making/serving the food at the terminal. Another suggestion was made to market UND products in the new gift shop.

6. **Approval of the CIP & Project Validation Form**

Dame said that after meeting with the FAA about the new terminal's parking lot being too small, the FAA recommends the airport front the money for the redesign of Airport Drive, add it to our CIP and turn it in with the FAA Project Validation form. This item was continued later in the meeting, after discussing the Airport Drive agenda item.

7. Design of Airport Drive

Jon Scrapper from Ulteig Engineering spoke about how they will design Airport Drive to bump out to make room for additional parking for the new terminal. In order to get possible FAA funding for this addition to the terminal project, the design has to be done within a few weeks. There was discussion that the portion of Airport Drive north of the new terminal project would get an overlay instead of a total reconstruction, if funding runs short. Dame said the entitlement money should be used to reimburse the design costs which could add up to over \$300,000. He said he expects to see a special meeting called in a couple weeks after some of the preliminary design work is done, which will cost about \$30,000. Beyer moved to approve spending \$30,000 for preliminary design work by the engineers. Malm seconded the motion. **Action taken:** Motion carried unanimously.

8. Airport Insurance Provider

Kuhlman recommended using an aviation insurance broker for the airport's insurance versus a general insurance broker that subcontracts an aviation insurance broker, giving the argument that there would be more expertise and also probable savings. At this point the Airport Authority's bylaws say that the airport's insurance broker should be licensed in the state of North Dakota and must be a full service insurance provider. A broker specializing in aviation may or may not be a North Dakota licensed broker. Cronquist moved to change the bylaws to accommodate the new way we do business. Malm seconded the motion. **Action taken:** Motion carried unanimously.

6. (Revisited)Approval of the CIP & Project Validation Form

Malm made a motion to approve the Project Validation Sheet and authorize the Executive Director to sign the form and further approve the 2010-2020 CIP. Beyer seconded the motion. Action taken: Motion carried unanimously.

The meeting adjourned at 10:07 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

Director's Report
Board Update December 15, 2009

Extra flights Las Vegas (Friday/Monday)(3 in March and 1 in April)

Extra Phoenix (February 14/21/28)

Delta – December 17th - January 3rd we have an added 6:50 PM departure.

There are some extra charter in January Xtra Airways and Sun Country in Feb.

Intern Introduction:

Devin Hedsand – Devin is an Airport Management major with a private pilot's license. He has previous experience and internships with Fort Myers Airport, FedEx Ground (Green Bay, WI), Austin Airport (Green Bay, WI) and Evergreen Eagle. He is a senior at UND. Devin will graduate in December, 2010.

Ryan Jockers – Ryan is an Airport Management Major with a private pilot's license. He has experience in computer systems, Aerospace Network (ASN), Financial Aid and public relations. Ryan will graduate in December, 2010.

According to Republic Parking, typically when we reach the 75% full rate on our parking lot, we have a need for a parking expansion. The parking lot is getting to that point now. Unfortunately, that also placed the new lot in the same category. The new parking lot has a total capacity of 349 stalls and the two old lots combine for 423 spots. Based on the previous 11 month, we are looking at 17 days over 75% capacity in the new lot. If we add one additional flight we will be over 75% 137 days per year. 7 days will be over 100% capacity. We need roughly 50 to 70 open spaces at all times to turn a flight (mainly charters and Allegiant). Basically anything over 85% of the new lot is considered full because we need those empty spaces to process the flight.

These numbers are based on the current parking numbers and arrangement. Right now we have no parking for employees are they are planned to park in the pay lot. Employees will take up to 35-45 parking spaces at all times in the pay lot.

One of the other issue we are dealing with is the lost revenue due to drive-offs. Republic Parking will be here in January to discuss all of these issues with the board. They are comfortable with the size of the new lot as long as we utilize a portion of the free lot for pay customers and employees and have the ability for unrestrained expansion in the future (i.e. relocation of Airport Drive).

We met with the FAA last week to discuss Airport Drive and the potential impact to the airport in the future if we do not relocate Airport Drive with the terminal project. Based on the growing enplanements over the past few years, the ADO is sympathetic to the Authority to add the road relocation back into the project, however, they are not guaranteeing they will fund the project.

We have received news from the FAA recently that the furniture for the terminal is going to be PFC Eligible. They received a clarification from Washington telling them it was eligible. Currently we have rough \$500K in furniture programmed.