

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

January 19, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, January 19, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Tim Mutchler, Clark Cronquist and Dave Molmen; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Marty Yahna, County Commission Liaison and Bob Brooks, City Council Liaison.

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

A. Reading and Approval of Minutes

1. December 15, 2005 Minutes

Cronquist moved to approve the December 15, 2005 meeting minutes. Becker seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal indicated that the year-to-date net income figure shown in the operating fund could be misleading because the last payroll of 2005 is not yet reflected. She added that the Northwest and Mesaba pre-petition landing fees that are still due could eventually be written off. On the other hand, she explained, there are also several December revenues that are not included in that figure. The runway rejuvenation and road grader projects were not resolved in 2005 so the capital fund shows a large net income figure that will change when those projects are completed and expensed.

Bob Brooks asked Crystal to clarify if it is common for the accruals to carry over each year. Brooks then asked her to clarify that the mil levy tax dollars are used for capital projects only. He brought up the auditor's recommendation to have the Board audit the accounts payable. Crystal reminded him that the Board looked at the October expenses at the November meeting. Brooks suggested that the Board consider having a list of each month's paid bills available at every meeting. He verified with Crystal that the Board was insured for errors and omissions.

2. Operations Statistics

Johnson reviewed with the Board the quarterly statistics on the airport's cargo, operations and enplanements. He presented charts showing the long term trends in those areas. The operations chart showed increases each year from 176,000 in 1996 to 288,000 in 2003, but decreases in 2004 and 2005, which Johnson explained is mostly related to decreased flying by UND students. Cargo increased each year until 2005, when it decreased slightly. Johnson said that he attributes that decline to FedEx's loss of a large account. The enplanements graph showed very little change from year to year over the past ten years. Johnson pointed out that the decrease of 3% in 2005 was the first decrease since 9/11 (2001).

3. Master Planning Update

Johnson explained that David Dietz was unable to attend this month's meeting and did not make anticipated progress in this plan due to his ill health in December. A memo and some of the engineer's drawings for the proposed fourth runway locations were reviewed by the Board. Johnson believes that a decision on the location for fourth runway will be made via teleconference during the next week. Once that decision is made, Ulteig's engineers will perform the cost assessment for wildlife mitigation work in that area. If the cost of wildlife mitigation is too high, the FAA may not approve the location.

C. New Business

1. SCAD Grant

Johnson reminded the Board of an earlier discussion about applying for a small community air service development grant. The grant money would be used for the airport to begin providing airline ground handling services. This service would reduce the cost to the incumbent carrier and would be an invitation for other carriers to fly in to Grand Forks. After some research, Johnson felt that Mike Boggs from Mead & Hunt would be an excellent choice to develop the grant application. This firm is one out of only six or so who write these types of grant applications, and writes only 1/3 of those submitted to them for consideration. Last year each of the seven grants they submitted received DOT funding. Boggs thought our idea was a good one that had a reasonable chance of receiving a grant for \$500,000. He also said that the average award for 2006 is estimated at \$250,000. Boggs' services would cost the Authority between \$9,000 and \$10,000 and the submission deadline is in April. Johnson reminded the Board that the community will be asked to contribute toward the cost of this service, and that the likelihood of receiving the grant is partly based on the size of the community's match. Becker asked Brooks what he thought the city would think of this idea. Brooks responded that he thought the city would react positively. Cronquist asked if the airline would be asked to support the ground handling service after the grant money ran out. Johnson replied that he has not yet discussed this with Boggs, and the answer to his question is yet to be determined. Johnson emphasized that we wouldn't seek this grant for a concept that couldn't be supported long term. Molmen moved to approve the hiring of Mead & Hunt to write our application for the SCAD grant. The motion was seconded by Becker. **ACTION TAKEN:** Motion carried unanimously.

D. Old Business

1. Matter of Car Rental Bids

Johnson reported that Enterprise Car Rental has formally submitted a letter of interest to do business in the airport terminal. He introduced Kristi, a representative from Enterprise who stood and respectfully asked the Board to consider allowing them on the airport. Johnson reminded the Board that at a recent meeting they had resolved to direct management to put the three rental car concession spaces out for bid. Beyer asked about a policy statement for handling those concessions. Johnson said the standards and requirements are spelled out in our standard rental car concession contract – some of those standards being behavior of employees and quality of cars. He added that during a recent meeting with the incumbent businesses, he wrote down several ideas to consider including in a new contract. Molmen asked for those ideas. Johnson did not have his list, but spoke about one idea which is to index the minimum annual guarantee to correspond with the enplanement numbers. Another was to require the concessionaire to be a nation wide reservation center. Johnson said the incumbents suggested including a requirement to mandate provisions for a one-way drop off service, an idea that Johnson isn't sure he agrees with.

The Board reviewed a copy of the formal request from Enterprise Car Rental dated January 6, 2006. Becker read from the November 18th Board meeting's minutes where a motion had been passed to put the rental car concessions out for bid. He reminded the Board that Johnson had then suggested discussing the timing with the

incumbents so a new agreement is timely to them when they make their fleet management decisions. Becker therefore suggested that in order to do due diligence, the process may not conclude for six to twelve months. Johnson clarified that he understood that at the November retreat meeting, the Board took action and passed a resolution to put the car rental concessions out for bids. He also understands that the discussion about the timing is about the matter of when to take bids, and not about whether to take bids.

Beyer opened up the floor for public comment. First to speak was Shari Storbakken, the manager for AVIS Rent-a-Car. She spoke about the high quality of service she and the Hertz and National/Alamo car rental businesses provide. She appreciates Crystal and Johnson's opinion that a fourth car rental company in the terminal would not benefit anyone. After contacting the legal department of the AVIS corporate headquarters, Storbakken said she was told that the FAA does not require that the car rental businesses be put out for bid. In her discussion with Johnson, she understood that one of the reasons to put these contracts out for bid was to increase revenue. She asked Johnson if he would expect the commission rates to increase in a new contract. Johnson replied that logic would tell you that through competition, the revenues could be raised. Storbakken continued that she received information that the DBE compliance isn't mandatory, it's only an FAA/GFK goal.

Kathy Lind from National/Alamo Car Rental addressed the Board next. She first commented that the Rydell family has been a presence in the airport with their car rental business since 1960. Mr. Rydell was not able to attend this meeting. Lind went on to remind the Board that the car rental business is one that requires good service, sometimes at all hours of the night. She spoke of the high level of the service provided by the current car rental companies at the airport, their quality cars, and her great respect for Hertz and AVIS, her current competitors. Her legal department contact told her that many airports are keeping car rental contracts intact until the airline industry settles down.

Jim Hansen, co-owner of two of the car rental businesses, Hertz and AVIS, addressed the Board with his concerns. He reminded them of his companies' many years of outstanding quality service. He advised the Board not to put the car rental concessions out for bid nor add a fourth car rental agency.

Shari Storbakken added that they are all very proud to be locally owned companies, and pointed out that the customers are very happy with the present service they get and are happy with the fact that they are locally owned. She reported that she compared their rates with the Enterprise car rental rates at some online websites such as Orbitz and Travelocity. She saw that Enterprise's rates averaged \$15-\$20 lower, and reminded the Board that if Enterprise were doing business at the airport, they would see the airport's revenues go down due to the new competition.

Kristi from Enterprise asked to speak again. She pointed out that the Enterprise could compete with the other car rentals businesses in every way. She was asked by a person in the audience why, when he tried online, he couldn't rent an Enterprise car from Grand Forks, but could from Fargo. Kristi said she would check on that.

Johnson told the Commissioners that he has great respect for the three rental car agencies, and he hears positive feedback and no complaints from customers. He said he had asked these agencies to guide him by providing him with materials from their legal departments regarding compliance issues. He also asked them for their car schedules for guidance when making decisions about when to make bids available. He said he regrets making the statement that one of the reasons for putting the rentals out for bid was to make more money for (benefit) the airport, and clarified that lower car rental prices could also benefit the customer. He reminded the Commissioners that it was their choice to make about who should benefit. He added that the original intent was to be compliant with the DBE standards by putting these concessions out for bid. He corresponded with a DBE authority in Chicago (civil rights branch of the FAA), and read an extract of the DBE regulations. A sponsor should show good faith in seeking to obtain DBE participation in all types of concession activities, not just one

or a few categories. The Chicago authority, in her correspondence, advised the Board not to try to grant exclusive rights to certain car rental companies, which would invite enormous problems.

Johnson said that he also spoke to Tom Schauer about this subject. Schauer is a trusted advisor of Johnson's, who works for the FAA ADO in Bismarck. He was advised by Schauer that the only complaint that Enterprise could have if not allowed to compete would be that failure to follow a periodic bid process precludes the airport from being as self sustaining as practical. The self sustainability requirement is in a subsection of one of the airport's grant assurances. In airports where there are more bidders than space available, it is presumed that bids would bring higher revenues, which is consistent with maintaining self sustainability.

Johnson summarized by saying that the Board's decision is based on public responsibility, and to put these car rental concessions out for bid would be the fair thing to do for the citizens who own the airport.

Mutchler thanked the guests for their comments. He stressed the importance minimum standards, and that the instability of the airline service should be considered.

Kathy Lind spoke on behalf of the three incumbent car rental agencies saying that they would all welcome bids once they were in a newer, nicer terminal facility.

Jim Hansen and Shari Storbakken spoke up to say that they are already pricing competitively with Enterprise.

Storbakken also said that the types of cars she can make available for customers could depend on the results of the bid.

Molmen said that the Board's responsibility to the public comes first by delivering low prices from good reliable companies. He advised that the Board should take their time to do due diligence in this process.

Beyer asked the incumbent car rental agencies to advise Steve Johnson of their car ordering schedules as they happen until the bidding starts.

Cronquist agreed that the car rental concession contracts should be reviewed and discussed before proceeding with the bids.

2. Runway Rejuvenation Project & Grader Purchase

Johnson reported that Butler Machinery has agreed to provide the correct wing on the road grader that was recently purchased by the Authority. It should be installed in 6-8 weeks. The rejuvenator is currently being tested for the third time. The results will determine whether or not the Authority makes full payment to the contractors.

3. Air Service Marketing/Incentives

Johnson reported on all the discussions about the efforts being made to improve enplanements. A group of citizens including two Board members formed a task force to find ways to retain FedEx and increase Northwest's passenger boarding. He commended Hal Gershman for understanding the complexity of these issues while working with the Authority to find solutions.

The parking incentive to Canadians who use GFK has been significantly successful and has been extended through February. Johnson suggested intensifying the program with better advertising.

The new "It's Mine, I Use It" advertising campaign idea involves listing well known local personalities who agree to use their image and/or name in weekly advertising which would say they would commit to use GFK as their preferred airport. The idea would be to apply peer pressure to be included in the ads. Johnson asked the Board for their input. Molmen agreed that the idea is a good one. Johnson added that he would support anyone

who wants to add their name to the list of committed GFK users, whether they were a business, a personality or a regular citizen. The consensus was to go forward with that idea.

A UND student recently wrote a letter to the editor that was published in the Grand Forks Herald. One of the things he criticized was the airport's image at curbside. Johnson suggested shifting the curbside emphasis from enforcement to friendliness. Some ideas were providing a porter or ambassador to assist people, and a golf cart to help with transporting seniors and children with baggage.

Johnson has asked Ulteig Engineers to form a proposal to redesign the street in front of the terminal to provide some parking spaces for those who do not like to use the paid parking lot for loading and unloading passengers. The budget already has money set aside to repave the area, but this would require additional cost.

Hal Gershman was asked to report on a recent meeting with an NWA representative from Minneapolis. Gershman first thanked the Board for the opportunity to work with them on these important issues. He reported that the NWA rep (Melissa) underscored the challenges that the airline faces, but was willing and even anxious to help with our request to reschedule the GFK flights closer together in the afternoon and evening. Gershman wrote a formal letter with this request and faxed it to Melissa, who appears to be the airport's advocate to get the schedule changed.

Gershman asked the Authority to sit in on the advertising planning for the "It's Mine, I Use It" campaign, saying he thought that no one can commit to using GFK exclusively and that the advertising should be appropriately worded.

Gershman agreed wholeheartedly that the emphasis for a friendlier curbside is needed. He suggested rolling out new services such as the golf cart idea and the new parking spaces with press releases to improve our image in the minds of the local citizens.

Becker suggested putting advertising/press releases in all the newspapers in this region.

Yahna spoke on behalf of the Grand Forks County Commission saying that they are concerned about the airport's current situation, and have committed to help financially. They have asked Steve Johnson to speak at their next meeting to give them specific ideas.

Beyer and Gershman reported that there are 100,000 people that live in the Canadian region half way between the Grand Forks and Winnipeg airports. They said that Northwest has indicated the importance of capturing those markets.

4. 2006 Budget

Johnson handed out lists of possible budget expenditure reductions and revenue additions. The handout also included his planned budget reactions to five "worst case scenarios". He urged the Board to read them and comment on them at their next meeting.

E. Other

Johnson reported on a letter received from an anonymous airport supporter. The letter condemned Fargo's airport authority for advertising in the Grand Forks market, "stealing" our business. He asked the Board to consider their own thoughts about whether they agree with this thought process and how it relates to the idea that we advertise in the Devil's Lake and Thief River Falls market areas.

Johnson reminded the Board about the Chamber's Annual Dinner on February 6. He announced his speaking engagement with the County Commission meeting was on February 7. He reminded the Board that February

13 was the annual luncheon meeting with the Grand Forks township supervisors at the Larimore Legion. Johnson invited available Commissioners to represent the Airport Authority at these three events.

Mutchler emphasized the importance of the exercise of planning for the worst case scenarios, and asked Johnson and Crystal to bring more specific numbers to the next meeting.

The meeting was adjourned at 10:04 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

February 16, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, February 16, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison and David Dietz, from Mead & Hunt Engineering.

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

A. Reading and Approval of Minutes

1. January 19, 2006 Minutes

Cronquist moved to approve the January 19, 2006 meeting minutes. Becker seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal explained that the \$50,000+ deficit in net income for the operating fund will change in our favor. The auditors are currently changing the posting dates of certain expenses from January 2006 to December 2005. The capital fund had a January net income of over \$96,000 which was primarily tax levy revenue. The debt service fund's January net income was over \$21,000 which was primarily PFC's and fuel storage fees. The unreserved fund has not yet received its January interest income.

Next, Crystal pointed out the five insurance premiums – liability, E&O, boiler and machinery, business auto and inland marine – that were expensed in January, and clarified that they are annual payments.

Johnson asked when the audit report would be complete. Crystal replied that the auditors need to know how to handle the year end adjustment for Northwest and Mesaba Airlines before they can complete their report. Johnson suggested the year end adjustment for NWA and Mesaba should be an agenda item for the next meeting, and anticipates the audit report would be completed in April. Crystal concurred.

Becker asked about the regularity of payments from NWA and Mesaba. Crystal replied "regular but delayed". She added that she has been working with the auditors on how to treat the pre-petition (bankruptcy) payments that we will not receive. Brooks commented that this airport is in excellent shape financially to work through the difficulties that Northwest is having.

2. Master Planning/Land Use Update

David Dietz from Mead and Hunt displayed a graphic showing the latest potential placement of a fourth, fifth and sixth runway in the southeast quadrant. Johnson said that ADO had suggested showing two additional runways on the master plan where there had previously been paved taxiways. Johnson emphasized that the federal funding we get in 2007 and 2008 will probably fund only the fourth runway, a possible fifth runway and some taxiway, but the remaining runway(s) may not soon materialize with federal money. This new plan would

require acquisition and cleanup of a portion an adjacent salvage yard property. The cost of this could determine the feasibility of the project.

Dietz spoke next on land use. He and Johnson recently met spoke before the County Planning & Zoning Commission and tried to argue against a plan to develop some property that is adjacent to the southwest quadrant of the airport. The developer plans to parcel out the property into 38 - 2 1/2 acre lots that would be located directly under the touch-and-go flight pattern of the planned fourth runway. They did not feel they won their argument with the county.

Johnson informed Liaison Brooks that the FAA has asked for a meeting with city officials to confirm the commitment of the fall 2008 closure of the landfill. The FAA would like to explain the extreme importance of complying with this commitment.

C. New Business

1. Terminal Curb Front Project Options

Johnson welcomed Jon Scrapper from Ulteig, who displayed aerial slides of the parking lot loop showing the different options for paving it. He distributed pictures showing many heaves and cracks in the pavement in front of the terminal. There is no “parking” for passengers to stop and get out of their cars for unloading and loading. Scrapper explained that paving just the loop would cost \$157,000. Laying concrete in front of the terminal and paving the rest of the loop with asphalt would cost \$285,000. Laying concrete, adding 18 spaces of diagonal parking in front of the terminal and paving the rest of the loop with asphalt would cost \$392,000. Scrapper added that a level sidewalk could cross the street which also creates natural speed bumps. A new drainage system for runoff in the front of the terminal and parking lot would cost an additional \$147,000. The drainage would preserve the concrete or other pavement in front of the terminal. Becker said that he didn’t think he’d want to put this kind of money into a terminal project when a new terminal is on the horizon. Scrapper said this improvement would add to the value of the property for a future tenant. The Commissioners discussed other options such as asphalt instead of concrete. Scrapper cautioned that the asphalt would deteriorate more quickly than concrete, especially without good drainage. Brent Seifert from the audience suggested to the Commissioners that the public would be more interested in seeing the free parking spots than a smooth surface in front of the terminal. Johnson suggested holding off on any decision until after the next agenda item had been discussed.

2. Air Service/Enplanement Improvement Options

Johnson presented a pricing table showing airfare price comparisons. It showed how GFK tickets compete with FAR tickets in various comparisons. The only noticeable differences in the last month were the next day “walk up” tickets when purchased February 14.

Johnson proceeded on to a new slide which showed a list of costs for customer service enhancements which included items such as free coffee and pastries (for the first flight out), free wireless Internet and adding business work areas. Other ideas were using ambassadors at the front of the terminal, enhanced parking lot payment options, improved seating and the aforementioned curb front project options. Johnson said the free Internet and the free coffee have already been started, but not the pastries. Johnson explained that the ambassador service would be hired to assist passengers in every possible way, and would not replace the current parking enforcement people. The cost to hire ambassadors would be approximately \$90,000 per year. He suggested different options for paying at the parking gates with credit cards. He said that Republic Parking has offered share the cost of the “ticket in, credit card out” option (\$42,500) with a new agreement extending their contract or increasing their commission. Other costs on the list included the application for the Small Community Air Service Grant, a survey to find out why people don’t always choose GFK, and the “Airport of Preference”

program to ask community businesses to publicly commit to using GFK as their preferred airport. Johnson said that he hopes to boost the community's image of the airport by implementing these enhancements now rather than later. Beyer asked if the storm drain could be installed *after* the curb and street were replaced in front of the terminal. Scrapper said there would be problems. A suggestion was made pave the terminal front and add drainage and hold off on paving the rest of the loop. The remaining loop asphalt would be about \$76,000.

Becker expressed his concern over the cost of the ambassador service: Is there enough demand, and if so, couldn't the existing parking people accomplish the same? Becker also said he thought that the seating does not need to be changed. Johnson said that the ambassadors would be too busy running people and luggage around to do a good job of enforcing parking, and the parking enforcement people could assist, and could also help watch over or lock up bags while passengers park. He pointed out that the \$90,000 covers 18 hours per day, 7 days per week for a year. Becker again asked if there was a demand for this service. Johnson replied that he believes the customers will welcome this service and want even more. Cronquist thought that Johnson's description of using the ambassador and parking enforcement together sounded like it would be complicated. Beyer asked Brooks to ask the city council members if the city would want to participate in the cost. Beyer is against spending \$90,000 for an ambassador service. Becker suggested discussing the idea with the other commissioners before or at the next meeting. Johnson mentioned that Councilman Gershman has been a main proponent of the ambassador idea, and suggested that he also be in on the discussions. From the audience, Seifert suggested looking at Altru Hospital's ambassador program as an example when deciding. Beyer said this item will be brought up and discussed at the next meeting.

Johnson asked for direction on the other listed items. Becker said the welcome center should be better utilized. Beyer said Johnson should go ahead with converting the telephone booths in the hold area to a business work area and update the welcome center using up to \$20,000. Beyer asked if Ron Elder of Crosswinds was going to object to serving the pastries for the first flight. Johnson said no, except on the early mornings when the restaurant is open for charters. Beyer suggested serving the free pastries for three months and monitor it to see if it gets abused. Johnson said the survey and the "Airport of Preference" program would be done using existing marketing money. Beyer asked Johnson to get specifics from Republic Parking on the deal that could be made with them regarding the "ticket in credit card out" parking payment option, and try to get them to pay for half of the cost by extending their contract. Beyer asked Scrapper to prepare proposals where asphalt (instead of concrete) is installed in front of the terminal at the same time as a new storm drain, with and without the diagonal parking.

D. Other

Johnson reported to the Board that Commissioner Becker has been reappointed by the City Council to serve another five years on the Airport Authority Board of Commissioners.

He also reported that he felt that this week's visit and retention presentation to the corporate Federal Express executives in Memphis was received positively and was very productive.

Lastly, he asked those present to congratulate the Northwest Airlines station manager and staff on the airline's 75 years of service milestone.

The meeting was adjourned at 9:30 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

March 16, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, March 16, 2006 with Vice Chairman Rich Becker presiding. Those present were Commissioners Dave Molmen and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Marty Yahna, County Commission Liaison, Joe Martin from Brady Martz, David Dietz from Mead & Hunt, Inc. Rick Ennen from KL&J, Inc., and Jon Scrapper from Ulteig Engineers.

The meeting was called to order at 8:15 a.m.

A. Reading and Approval of Minutes

1. February 16, 2006 Minutes

Cronquist moved to approve the February 16, 2006 meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. 2005 Audit

Joe Martin from Brady Martz reviewed the 2005 audit report with the Board members. Martin then gave overviews and opinions of the various reports included in the booklets that each Board member had received in their packet. The auditor's opinion was that the Airport Authority's 2005 financial statement was fairly represented. Cronquist asked about the pre-petition payments due from the airlines, and how that was handled. Martin replied that the Northwest and Mesaba Airline pre-petition amounts due were expensed and that \$55,000 was put in reserve for uncollectible amounts until the two airlines emerge from bankruptcy. Any unpaid amounts at that time will be written off using that reserve money. Martin reviewed the management report which comments on items for improvement or change. He pointed out that the only item listed was a repeat reminder to have the Board periodically review the detailed check register. Becker commended Mary Jo Crystal for her good work in earning a clean audit.

2. Year-to-Date Financials

Crystal explained the adjust to actual calculations based on the airport's operating agreement with Northwest Airlines. She noted that the landed weight had decreased in 2005, which is a major component in the calculation. The result is that the airline owes the airport, and Crystal recommended billing them for their post-petition adjustment in the amount of \$3,812. After discussion, the Board asked Crystal to send two bills to Northwest, one for post-petition and one for pre-petition. The Board understands that the pre-petition amount may never be collected. Crystal then explained that the February financial report does not include any reversals of the audit entries, and to try to illustrate a more accurate picture for them now would be time prohibitive due to the busy agenda for this meeting. The Board concurred. At Becker's request, Crystal explained the Airport Authority's fuel pricing policy.

3. Master Planning/Land Use Update

David Dietz from Mead & Hunt presented the Board with a master planning update. His slides included drawings of a projected expanded cargo apron at FedEx, the new terminal area and the second crosswind runway. The plan for the second crosswind runway moves it a few hundred feet to the north, and shortens it by 600 feet. This change alleviated several complications, lowered our cost significantly, and has very few drawbacks. Jon Scrapper from Ulteig presented cost comparisons. Dietz then described some of the ideas that are being developed for using the old terminal area once the new terminal is built. Rick Ennen from KL&J explained the environmental assessment project's phases and the schedule for its completion. The final step is expected mid-February, 2007.

4. Pavement Evaluation Study

Johnson described a slide showing the recent pavement evaluation commissioned by the NDAC. A large majority of the airport's pavement was in excellent condition. The worst deterioration was around our T-hangar buildings and the uniform taxiway at UND.

C. Old Business

1. Terminal Curb Project

Jon Scrapper reviewed the three options presented at last month's meeting. They are: 1) Pave the whole loop with asphalt; 2) use concrete in front of the terminal; and 3) use concrete and add diagonal parking in front of the terminal. The last option would be the costliest and Scrapper had previously thought it the best option. In recent meetings however, Scrapper learned of the possibility that this pavement could be torn up for re-development after the new terminal was built. He now recommends option #1 at an approximate cost of \$157,000, and still recommends the storm sewer upgrade at about \$147,000. Molmen asked if amortizing the diagonal parking idea between now and when the new terminal is built would be cost effective in making progress on customer service. Scrapper said the cost of the diagonal parking would be about \$200,000. Molmen said the Board would have to think about whether or not they want the diagonal parking before they can make a decision on the street in front of the terminal. Scrapper suggested that if the new terminal did not have free diagonal parking in front of it, then giving it to customers now might upset them later when it's not there for them. Johnson suggested that this could be a test to see if we want it for the new terminal or not. Kathy Lind from the audience suggested that rental car customers will misuse the diagonal parking spots. She also reminded the Board that the cars leaving the spots would be backing out into oncoming traffic, creating dangerous bottlenecks. Scrapper said that spending \$300,000 for the asphalt loop and storm drainage improvement would be a good option. The Board decided to wait on this until more decisions are made regarding customer service. Becker asked about the availability of contractors for such a project. Scrapper said that although prices will climb while waiting for a decision, but the availability of contractors would not be an issue. Lind suggested putting in parallel parking instead of diagonal parking.

2. SCASD Grant

Johnson reported that the Small Community Air Service Development grant application is due by April 7. The consultant is working with Seifert and Johnson on some final figures before submitting the application. Johnson indicated he would commit the Authority's budgeted marketing money (\$20,000-\$30,000) toward the project to round out the grant requirements.

3. Parking Systems Financing

Johnson reported on the communication he had with Republic Parking regarding additional/new parking control equipment and the revision of their contract. Republic's VP Alan Doherty has asked to speak with the Board in person about this at the April meeting.

4. Ticket Price Comparisons

Johnson displayed the "snapshot" GFK vs. FAR & MSP ticket prices found on the Northwest and United Airlines websites. The three slides, next-day, two weeks out, and one month out showed that virtually all GFK and FAR ticket prices were the same to six top destinations. GFK to ORD and DEN was cheaper than FAR's in a couple of instances, and the same price in all the rest. Minneapolis was always lower as we have come to expect. Johnson was asked why this study isn't made public. Johnson asked the Board's opinion. Becker thought the public hasn't yet learned to believe that we can compete with Fargo's prices. Johnson suggested that the reality of price shopping will change people's minds eventually but it won't happen overnight. Cronquist agreed that people will learn by shopping. Molmen said we should continue to have dialogue with the business and community leaders to enlighten them. One audience member said that for him, many times the schedule is more important than the price. Yahna agreed that the schedule is of utmost importance. Johnson said that the SCASD grant money would be used to buy down the cost of ground handling to help Northwest's costs, but in return we will ask for improved scheduling to increase passengers and revenues.

5. Leakage Survey

Johnson said he hired a UND group to survey local patrons to find out why GFK patrons use other airports. The purpose is to get facts to hopefully dispel inaccurate speculation. Johnson will have results at the next meeting.

E. New Business

1. Policy Manual (Budget) Revisions

Johnson handed out a list of three proposed changes to the policy manual. The first was to lengthen the auditors window of time to complete the audit from 60 days to 120 days. Second, delete the section that describes purchasing capital outlay items out of the operating budget. Lastly, change the definition of a capital improvement item from one that costs in excess of \$10,000 to one that costs in excess \$5,000. Johnson reported that since he did not get this policy revision recommendation to the board at least 10 days prior to the meeting, then the Board must vote on the revisions at two consecutive meetings. Molmen moved to accept the revisions as recommended. Clark seconded the motion. **Action taken:** Motion carried unanimously.

2. Imation FTZ

Johnson was contacted by Imation Corporation in Wahpeton. They have asked to deactivate their FTZ site for a time, with plans to reactivate later. Johnson has been discussing another option with them, asking them to consider staying active at a lower rate for two reasons: To eliminate the exercise of activating and reactivating their site, and to eliminate delays when they want to reactivate. Our current charge for them is \$6,000 per year, and the Board agreed that \$1,000 per year is a good figure to offer them.

F. Other

Johnson reported that our staff has demolished the pay-phone area in the hold room in the terminal with plans to build countertops and install lights and outlets for a business service area.

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 MEETING**

April 27, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, April 27, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Dave Molmen, Tim Mutchler and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison, Marty Yahna, County Commission Liaison, David Dietz from Mead & Hunt, Inc. and Ryan Bergstrom from Ulteig Engineers.

The meeting was called to order at 7:00 p.m.

A. Reading and Approval of Minutes

1. March 16, 2006 Minutes

Cronquist moved to approve the March 16, 2006 meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal said that the 2005 audit entries have been completed and reported on the various accounts. She explained that TSA's security reimbursement payments (\$36,000) were late which reflected negatively on the March balance in the operating account. Crystal also reported that Northwest Airlines have been paying their bills on time and Mesaba is still always late. Northwest Airlines has refused to pay their leasehold property tax, and the state tax commissioner will try to collect that on behalf of all of the state's airports.

2. Operations Statistics

Johnson presented the Board with charts showing the first quarter statistics for cargo, enplanements and operations. Cargo was down slightly this year compared to last year, presumably because of the loss of Amazon.com shipments through FedEx. Enplanements were down slightly over last year. Johnson reported that operations were down due to bad weather, per UND's Argenziano.

3. Master Planning/Land Use Update

Dave Dietz from Mead & Hunt brought the Board up to date with the work he's been doing on our master plan. He displayed diagrams and described some of the details of the following topics: Chapter 2: Airport Role and Activity, Ground Transportation Discussion Paper, General Aviation Hangar Alternatives, NASA DC-8 Hangar Site Alternatives, Proposed Second Crosswind Runway Layout, Crosswind Runway Recommendation, Master Plan Schedule, Phase 2 Master Plan Scoping. He described how it makes sense to include a fifth runway in the plan, and why it was suggested by the FAA/ADO. He estimated that 90% of the airport's land use compatibility issues were resolved when the city extended their zoning jurisdiction to include the properties that

surround/impact the airport. Dietz said that land acquisition is still an important component in planning.

C. Old Business

1. Customer Service Issues

Johnson brought up several topics for discussion: Wireless internet, free pastries and coffee (for first departure) have been implemented. The curbside enforcement procedures have been positively changed. The secure area telephone booth area has been converted to business workstations. The welcome center now has a new table and chairs. The pay system enhancements to the parking lot have not been implemented yet, but Johnson recommended “ticket in – credit card out” enhancements to both exit points at a cost of \$29,000, or \$485 per month for 78 months (the remaining duration of their existing contract) to Republic Parking. Another option would be to add 3 years to the existing lease with Republic Parking. Johnson reported on a recent survey to find out why travelers have used other airports. UND’s Bureau of Governmental Affairs’ survey results indicated that 50% of business travelers were concerned mostly with ticket prices. Another 27% were primarily concerned with schedule or connections. 56% of surveyed leisure travelers indicated price as the main concern, and 21.5% were concerned with schedule or connections. Only 4 people surveyed were unhappy with the airport enough to choose another airport. Johnson reminded the Board of the terminal loop project options, including a new storm drain for the terminal front and the parking lot. There is \$250,000 budgeted for the project. Beyer asked the significance of the drainage problem. Audette said there was standing water and ice in the walkways and portions of the parking lot many times during the year. At times, he said, they use plywood sheets to bridge the water in the walkways. Molmen commented that parking enforcement is not the primary reason people choose to use other airports. He added that there must always be parking enforcement in front of the airport terminal in order to make the airport work well. He suggested offering one hour or so of free short term parking, and to make it (prohibitively) expensive for a person to go over that limit. This should force the regular overnight short term users to use the long term lot instead. The point would be that not *all* short term revenue would be lost by giving away one hour free to the “true” short term users. Republic Parking Executives reported to Johnson that the total gross income in short term parking in 2005 was \$55,810. They calculated that by giving the first hour away the income would have been \$31,000. The cost to give away an hour would be \$25,000 per year. Hal Gershman spoke from the audience, suggesting raised walkways and also to switch the car rental lot with the short term lot to alleviate traffic. He added that he liked giving away one hour of free parking. Brent Seifert also spoke, agreeing with all of Hal Gershman’s suggestions. Both Hal and Brent suggested foregoing the storm drainage to save money. After discussion, the Board’s consensus was to implement the storm drainage. A motion was made by Dave Molmen to construct the proposed drainage system, overlay the terminal loop with asphalt and raised walkways, switch the rental car lot with the short term lot if amenable with rental agencies. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously. Johnson said he would present the board with a completed design before getting the bids for this project. Dave Molmen also moved to pay Republic Parking \$29,000 to install the a “ticket in - credit card-out” parking system enhancement. Mutchler seconded the motion. **Action Taken:** Motion carried unanimously.

2. SCASD Grant

Johnson reported that the Small Community Air Service Development Grant application has been submitted. The DOT will award forty grants this August from the sixty-four grants submitted

nationwide. He reviewed some of the details in the grant, including two main strategies: Buy down cost and thus reduce risk of a new air service startup, and incentivize NWA to add afternoon/early evening departure from MSP. Johnson had asked our two Mead & Hunt grant consultants to recommend what the Airport Authority should do next, while waiting to hear back from the DOT. Their recommendation was to first perform another leakage study. They did not recommend flying to visit airline executives yet.

3. Ticket Price Comparisons

Johnson reported the latest price comparisons for NWA and United tickets to our six top destinations. GFK prices compared equally with Fargo's prices for almost every ticket this week, and even some tickets out of Minneapolis were within \$100 of GFK. For the previous two weeks however, GFK was higher than Fargo in several instances.

4. Second Reading of the Policy Manual (Budget) Revisions

Johnson reviewed the list of three proposed changes to the policy manual, as recommended by the Authority's auditor. The first was to lengthen the auditor's window of time to complete the audit from 60 days to 120 days. Second, delete the section that describes purchasing capital outlay items out of the operating budget. Lastly, change the definition of a capital improvement item from one that costs in excess of \$10,000 to one that costs in excess \$5,000. Johnson reported that since he did not get this policy revision recommendation to the board at least 10 days prior to the meeting, then the Board must vote on the revisions at this second consecutive meeting. Molmen moved to accept the revisions as recommended. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

D. New Business

1. Taxiway A Distress

Ryan Bergstrom from Ulteig Engineers presented slide photos of a large crack in Taxiway A. He estimated the repair cost to be \$34,660. Having the taxiway closed for repairs for several days will cause Northwest to taxi back on the runway.

2. DC-8 Hangar Discussions

Johnson presented some drawings of possible locations of a new hangar that UND may construct for their DC-8. The first location is south of the cargo apron and the other is on the west side of the south end of the main runway. Johnson said the first option may obstruct the tower's view. The second location allows for new development in an area where the airport can continue to grow. There was discussion about the logic of UND building a new hangar here when they are able to use the hangar at the Air Force Base. Another DC-8 issue is that our runway is too short for the DC-8 to take off fully fueled. Johnson added that if the Border Patrol would build on our airport, they would want to build on the west side of the runway. Cronquist said that having that large hangar built on the east side by FedEx could be to FedEx's advantage if it was later abandoned by UND. Johnson said the hangar could also impede on future growth of the cargo area if it was built on the east side. Beyer's opinion was to begin developing the west side if UND builds a hangar. Mutchler agreed with Beyer. The consensus of the Board was that any DC-8 hangar development should be on the west side of the main runway.

3. Land Acquisition

Johnson reported that the land needed to develop west of the main runway would have to be purchased. The landowner representative is not interested in selling the east halves of his two quarter sections, but would sell the entire half section. There would be reimbursement by the FAA for property for aeronautical use, but the remainder will either have to be re-sold or kept for zoning purposes. He went on to report that more land must be purchased for the fourth runway, near the salvage yards. Johnson asked for permission to get appraisals on these properties and approach the landowners with proposals. The Board approved.

4. Capital Improvement Plan (AIP)

Johnson submitted the ten year capital improvement plan to the ADO last week, subject to the Board's approval. In 2007: Phase I – crosswind runway. 2008: Phase II – crosswind runway. 2009: New terminal. 2010: New terminal 2012: Rehab GA Apron, Purchase SRE equipment and build SRE storage, Reconstruct taxiways U & C2. 2014: Rehab the cargo apron, EA for main runway extension, purchase snow blower. 2015: Extend main runway. The Board concurred with the CIP as submitted.

5. PFC Projects & Application

Mary Jo Crystal explained the PFC project application/approval process. She summarized the status of our current PFC application. One rule is that projects approved must be completed within 2 years or moved into the next application. This will lead to automatic deletion of two currently listed projects. They likely will be added to the next PFC application.

E. Other

Molmen applauded the staff for the prompt implementation of the customer service amenities. He also commended the City Council and County Commission for their collaborative work on resolving the extra-territorial issue.

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

May 16, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Tuesday, May 16, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Airport Operations and Maintenance Manager. Also attending was Jon Scrapper from Ulteig Engineers.

The meeting was called to order at 9:00 a.m.

A. Reading and Approval of Minutes

1. April 27, 2006 Minutes

Cronquist moved to approve the April 27, 2006 meeting minutes. Becker seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the financials for the first quarter. The TSA reimbursement payments have not been received on time, causing the Contracted Security line item to show an over budget. Crystal also mentioned the high cost of gas, oil and heat. She said the budgeted \$50,000 in state grant funds will actually amount to over \$154,000. Becker asked about the TSA situation, and the status of Northwest and Mesaba payments. Crystal said that the TSA staff in Bismarck has been contacted but there are two payments overdue, one from October of 2005. Becker asked her to follow up on this. Crystal said that Northwest Airlines continues to be on time with their payments, and Mesaba continues to be late. She reported that she has been asked by Northwest Airlines to begin billing them for Mesaba's landing fees. Beyer asked if she thought we could collect the pre-petition payments due from Northwest and Mesaba. Crystal said she doesn't know, but there are companies that will buy these "uncollectible" receivables from us at a discount. The Board was inclined to "let it ride" for now.

2. State Grant

Johnson next reported on his annual trip to Bismarck to present his request for state assistance for several airport improvements. The average award this year is \$92,000, and out of eight airports we received the highest award of \$154,424. Johnson listed several improvements to be paid for with percentages of this award: Wetland mitigation/fill; taxiway A repair; terminal loop paving/repair; master plan phase II; upgrade security access system; FOD sweeper/vac. Some were federal projects (2.5% state match) and some were local (50% state match). Two projects did not receive support: Pave GA parking lot and purchase mower tractor.

C. Old Business

1. Ticket Price Comparisons

Johnson reported that the ticket prices quoted online at the websites of NWA and United are still showing that GFK is competing evenly with FAR in most instances. Beyer said we should circulate this table every Tuesday to travel agents, city council members, the Chamber, Gerry Groenewold and possibly Grand Forks and Fargo newspapers. He does not think that people realize that ticket prices are this evenly matched, and that they automatically fly out of Fargo without first checking prices. Cronquist agreed. Beyer hopes that weekly emails with this information will spark conversation around town. Johnson said that is good advice.

2. Air Service Recommendations

Johnson summarized his email conversations with Mead & Hunt about how to prepare for the Small Community Air Service Development grant. The consultants tell us that we need to gather the most current leakage information before we would have enough information to visit and pursue other airlines. Mead & Hunt recommends doing a Passenger Demand Analysis (PDA) or leakage study which gathers information that airlines need to determine their appropriate targets. This \$9400 study takes 60 days to complete. They recommend visiting airlines immediately after a grant outcome is known, if positive, but if we don't receive the grant, we should consider offering a similar package regardless. Mead & Hunt also recommended educating and coalescing the business community about this issue, which will likely be the responsibility of the Airport Authority. Johnson said that Mead & Hunt will do the study and prepare and present the collected data to the prospective airlines for us. Becker asked what Mead & Hunt would charge – over and above the \$9400 for the study – to help us recruit airlines. Johnson speculated about \$10,000. Becker moved to allocate no more than \$10,000 for a Passenger Demand Analysis to be conducted immediately by Mead & Hunt, and to allocate \$15,000 if needed for community education as to the need for pursuing additional air service into and out of Grand Forks Airport. Cronquist seconded the motion. Cronquist asked when the last leakage study was done. Johnson replied that the study was done in Dec '04 and Jan '05, but was published in July '05. Cronquist asked what could be gained by a new study. Johnson said he doesn't have the expertise needed to predict the stimulation of the market by adding a new airline nor the financial ramifications for airlines initiating various levels of service. **Action taken:** The motion was carried unanimously.

D. Other

Johnson reported that the wildlife mitigation/wetland closure environmental assessment was completed by Ulteig. He commended Jon Scaper from Ulteig on their good work, and reported hearing from the FAA and (secondhand) from Fish & Wildlife that this was one of the best EA's they've seen in this region.

Becker asked the status of the FedEx location decision. Johnson reported that Klaus Theissen has made contact with the FedEx executives and was told that they are still deep in planning discussions. Johnson also reported that FedEx's properties person called to ask if the Authority would finance a 8000 sq. ft. expansion to their facility. Johnson had replied "yes!" and then asked about the status of the decision. He was told that it wouldn't be any time soon. Hal Gershman from the audience suggested putting this (financing an expansion) promise in writing for the FedEx executives. Johnson agreed.

Becker reported his conversation with Colonel Bender from the Air Force Base about the DC-8. He thinks that the Base will hangar the DC-8 so we will probably not be building one.

Becker asked for an update on the paving of the terminal loop, re-design of the parking lot, and the fourth runway's final approval. Johnson said that he has a meeting today with the interested parties about the reconfiguration of the parking lot. Johnson thinks that ground will break next year for the first Phase of the fourth runway.

Beyer asked Council President Hal Gershman about the status of the landfill. Gershman assured the Board that the City has definite plans to close the current landfill by October 2008.

Beyer asked Jon Scrapper to explain his position on asphalt vs. concrete in front of the terminal building. Beyer's opinion is that asphalt there – especially without new drainage first – would not last past the first freeze/thaw period and would be a waste of money. Scrapper recommended his latest plan - Option 4 - at a cost of about \$120,000, which would replace the broken concrete with new concrete. It would also include drain tile and a fourth catch basin to tie into the new storm sewer system. The \$150,000 storm drainage system is a separate project that has already been approved. Scrapper says the new concrete will last longer and create a great first impression for travelers who walk out of the terminal.

Hal Gershman suggested adding two voting members to the Authority Board to make it easier to reach quorum at meetings. The new members would not be members of the City Council and the County Commission, but appointed by them to serve. Cronquist said it isn't up to the Board to make this decision. Gershman said he didn't want to bring it up to the City unless the Board was conducive to this idea. Gershman suggested that this could be a compromise to Bob Brooks' desire for the liaisons to become voting members.

The meeting was adjourned at 9:10 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

June 15, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, June 15, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Tim Mutchler and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison, Gary Malm, Substitute County Commission Liaison, David Dietz from Mead & Hunt, Inc. and Jon Scrapper from Ulteig Engineers.

The meeting was called to order at 8:00 a.m. Chairman Beyer introduced Gary Malm, who was there representing Grand Forks County.

A. Reading and Approval of Minutes

1. May 16, 2006 Minutes

Cronquist moved to approve the May 16, 2006 meeting minutes. Becker seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported that the overall year-to-date income for the Authority is \$602,550.91. The October 2005 payment from TSA was collected, and April is still owed.

2. Master Planning Update

Dave Dietz updated the Board members with the latest plans for the various airport facilities. One new addition is the westward extension of the existing crosswind runway. Discussions with utility and city engineers have begun with regard to the development of the west side of the main runway. Construction of the fourth and fifth runways will likely begin next year. In order to make good use of time, KLJ Engineering has started the EA portion of Phase II without a contract, but with the Authority's concurrence.

Johnson handed out a final draft of the airport's Land Use Compatibility Plan and asked the Board to review it in preparation for next month's meeting when he will ask them to formally adopt it.

3. C Apron Pavement/Drainage Failure

Johnson displayed slides of a drainage failure on C Apron. Jon Scrapper described a breach in the storm drain which caused a large void under the concrete. The breach could have been caused by a failure of the collar that connects two drain pipes. Scrapper believes that a spring is present in that area, so in addition to repairing the storm sewer pipe, separate drain tile will be installed to carry the spring water away. The estimated cost of repair will be \$40,000. Cronquist moved to accept

the engineer's estimate and proceed with repairs. Mutchler seconded the motion. **Action Taken:** The motion carried unanimously.

C. Old Business

1. Ticket Price Comparisons

Johnson was pleased to report the latest ticket price comparisons. On Tuesday, June 14, GFK beat the FAR prices to all six destinations surveyed when purchasing tickets one month in advance. The Grand Forks Herald reported this in today's newspaper. Johnson also notified other media and The Chamber. Hal Gershman (from the audience) suggested sending this information to travel agents. Beyer suggested informing Council and Commission members.

2. Parking Lot/Terminal Loop Reconfiguration

Johnson reported that a parking reconfiguration meeting with potentially affected tenants did not produce a unanimously agreed upon approach. He offered his recommendation. He presented a slide that illustrated a flow-through lot to be created by moving the car rentals back 50 feet and using the entire front row for short term parking – enter from the east, and exit to the west. There would be no ticket spitters and arms, and the Board would need to decide the term of free parking, and a policy of enforcement. The size of the long term parking lot would increase, and the short term spitter would be stored for possible future use. The estimated cost of this project would be \$413,470 – which includes the parking lot storm sewer installation. \$250,000 was budgeted, \$96,000 will be paid with state grant funds, making this project about \$67,000 more than originally planned. The budgeted \$250,000 did not include the \$147,000 storm sewer project. Scaper explained the planned procedure to install the storm sewer would be to bore under the parking lot to avoid causing traffic/parking issues inside the parking lot. Beyer asked about the loss of short term parking revenue. Johnson said between \$14,000 and \$21,000. Larry Vanderhoff, Republic Parking manager, said \$40,000. Becker encouraged the car rental tenants to express any concerns before decisions are made. Kathy Lind from National Car Rental expressed opposition to moving the car rental lots back 50 feet to make room for short term parking. She fears business travelers – 90% of their customers – will balk at hauling their belongings that far during the cold winter months and quit flying into Grand Forks. Hadley Freng spoke for Hertz. He agreed that the customers would not fly into Grand Forks because of the distance to the rental car lot in bad weather. He added that especially in bad weather, customers will return their cars in the closer (short term) lot rather than walk a distance from the rental car lots. Constant moving of those cars requires extra staff they can't afford. He asked airport management to understand and refrain from complaining about this problem. Hal Gershman suggested leaving the car rental lots where they are and put the short term exit and entrance on the east side. Becker said he agreed that it's human nature that car rental customers will park in short term, making it the Authority's problem too. He suggested leaving the car rental lots where they are and find the additional short term parking spots toward the south. Becker said he wanted to listen to the car rental tenants' concerns. Scaper described one of the ideas that was brought up at the parking lot meeting with the tenants: The short term parking lot would span the first row (both sides) and the car rental lots would combine to make up the second row (both sides). The distance from the building for the rental car customers would be less than it is now in most cases. The short term lot wouldn't be used as often by rental car customers in a hurry. The traffic would flow directly through those two rows instead of in front of the building. Kathy Lind said she was even more opposed to this idea. She suspected that the loop traffic would

be backed up because of cars backing out of stalls and coming in at the same time. She thought that customers will park in whichever parking stall it sees regardless of the company name in the spot, making it a free-for-all parking lot. She said that it was important that the three car rental companies have their own bays with their brand name displayed in each bay's parking stalls. Referring to Gershman's idea, Mutchler didn't think the traffic in and out of the same driveway was safe. Johnson said a suggestion at the meeting was to have an exit in front of the terminal, right next to the first car rental (Lind's) lot, but that area is a walkway. Lind offered to give up three of her car rental parking stalls to make room for an exit in front of the terminal to the southwest. Becker asked Scrapper if this would work. Scrapper said "yes, probably". There was discussion about raising long term parking rates to help recoup the short term loss of revenue. Becker moved to accept Lind's offer to take three parking spots from the first car rental bay to use as an exit for the short term parking lot, and leave the remaining car rental lots as they currently sit. Mutchler seconded the motion. Johnson asked for clarification about whether management can proceed with this motion or present a final design at the next meeting. Becker said the motion can be acted immediately on unless the engineer finds concerns that need to be addressed. **Action Taken:** The motion carried unanimously.

3. Passenger Demand Analysis (PDA)

Johnson reported that a contract was signed with Mead & Hunt to proceed with the PDA (leakage study). The results will be returned by July 20, 2006.

D. Other

1. Small Tower

Johnson said he was contacted by a Cessna representative, who is interested in acquiring the small ATCT that is sitting unused. Mutchler moved to give the tower cab to Cessna on the condition that the whole area is cleaned up at no cost to the Airport. Becker seconded the motion. Johnson said he would work with the attorney to assure that the condition is legally agreed upon by Cessna. **Action Taken:** The motion carried unanimously.

2. Meeting with Senator Dorgan

Johnson reported on the meeting last Saturday which included Senator Dorgan, Northwest Airline representatives, City Council members, Airport Authority members, and other city leaders. The meeting was geared toward trying to change the Northwest Airlines air service here in Grand Forks to include a late afternoon flight out of Minneapolis. Beyer thanked Hal Gershman for putting the meeting together, and said the pressure should continue.

3. Marketing Task Force

Johnson asked for the Board's concurrence to form a marketing task force for the Airport. Johnson said Hal Gershman some others have volunteered to serve on this force. Becker said he has an acquaintance that suggested including some Minnesota communities – Bemidji, Warren and Thief River – to subsidize a second airline, and thought Frontier would be very open meeting with us. Gershman said he'd like to see the task force promote Northwest, as long as they are our sole commercial provider, alongside the GFK Airport. He had mentioned this to the Northwest representatives, and it was very well received. Beyer appointed Becker to join the marketing task force.

4. Election of Chairman and Vice Chairman; Addition of Two Board Members

Johnson reminded the Board that the first two-year terms will expire at the end of this month for Chairman Beyer and Vice-Chairman Becker. He also reminded them of the suggestion by Councilman Gershman last month to add two members to the Authority Board. Cronquist nominated the current slate of officers for re-election. Mutchler seconded the motion. **Action Taken:** The motion carried unanimously. Beyer asked Johnson to send a letter to the City and County officials asking them to consider adding two Airport Authority Board members. Beyer added that it doesn't make any difference to him either way, but the Board would want to recommend that any additional members should meet certain criteria.

The meeting was adjourned at 9:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

July 20, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, July 20, 2006 with Vice Chairman Rich Becker presiding. Those present were Commissioners Tim Mutchler and Dave Molmen; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison, and Marty Yahna, County Commission Liaison.

The meeting was called to order at 8:00 a.m. Johnson introduced John Leavens, Senior Vice-President of Republic Parking. Johnson also reported City Council President Hal Gershman had acknowledged receipt of Johnson's letter regarding the addition of two members to the Authority Board.

A. Reading and Approval of Minutes

1. June 15, 2006 Minutes

Mutchler moved to approve the June 15, 2006 meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Resolutions:

1. Adopt Airport Land Use Plan

The updated land use plan was reviewed. Molmen moved to adopt the Airport Land Use Plan as drafted by Mead & Hunt. Mutchler seconded. **Action Taken:** Motion carried unanimously.

C. Reports

1. Year-to-Date Financials

Crystal reported that the overall year-to-date income (excluding transfers in/out) for the Authority is \$571,469.07. She explained the timing on the revenues and why some June revenues aren't yet showing on this report. Becker asked about the Northwest and Mesaba payments. Crystal said they are current, and added that we made our official claim to Northwest's bankruptcy court in early June. We will know soon whether we'll get the pre-petition amount due.

2. Operations Statistics

Johnson reported on the various airport statistics for the second quarter. Cargo, operations, enplanements, load factors and airplane capacity factors. The trend for cargo (outgoing), operations and enplanements are all slightly below last year's.

3. Project Status

Johnson reported on the status of the current projects: Phase II master plan and EA, GA parking lot & taxiway A repair, wetland fill, upgrade security access system, terminal curbside & parking, C apron repair & airline gate 1 repair, tractor purchase, fuel farm catwalk.

4. Website Tour

In the interest of time, this agenda item was postponed until next meeting.

5. Ticket Price Comparisons

Johnson updated the Board on the latest price comparisons. The survey continues to indicate that GFK fares are generally comparable to FAR fares to the six top travel destinations.

6. The Chamber Survey Results

Johnson reported on the survey results of a Chamber survey. Chamber members were asked the following two questions: 1) Should local government (city, county, or airport authority) subsidize Northwest Airlines or a new airline start-up in order to improve service? 2) As a method of enticing additional airlines to Grand Forks, would your firm pledge or guarantee to purchase tickets on a new carrier? Results: Question 1: YES – 69 NO – 104; Question 2: YES – 53 NO – 111. A detailed printout of the survey participant answers and reasons was distributed to the Board members.

7. Marketing Task Force

Becker shared the accomplishments of the newly formed marketing task force. Besides himself, Johnson and Crystal, other members include Mike Lascola (NWA station manager), Hal Gershman, John Handy (Alerus Financial) and Chris Semrau (REA). New billboard advertising as well as a new advertisement in the Grand Forks Herald have been implemented. An adaptation of the Herald ad will be placed in several weekly newspapers in our region, as well as some Canadian newspapers. The messages are “Close, Quick and Easy” and “Driving is Not Cheap”. Ads will run frequently for the next six months. The hope is that more people will use GFK Airport as a result.

D. Old Business

1. Passenger Demand Analysis (PDA)/Leakage Study

Johnson reported the results of the PDA study. The leakage total was 37.9% which was up from the 33% reported in a 2004 study. The O&D and fares had not in the past compared favorably to Fargo and Minneapolis. The Board members were furnished with booklets detailing all of the results.

2. Air Service Development Process

Johnson conveyed Mead & Hunt’s recommendation for the next steps now that the Passenger Demand Analysis (PDA) is complete. Mead & Hunt recommends (in this order): 1) Complete pro forma forecast for late afternoon MSP departure. If positive, prepare incentive package and meet with NWA – *Results of SCAD grant should be known and incentive package adjusted accordingly.* 2) Complete pro forma forecast for twice daily CRJ-200 service on United to Denver. If positive, prepare incentive package and meet with United – *Results of SCAD grant should be known and incentive package adjusted accordingly.* 3) Mead & Hunt will contact NWA and United prior to

preparing pro formas to insure meetings will occur if pro formas are positive. Two pro formas will cost \$13,000. The estimate given by Mead & Hunt to assist in the two airline proposals is \$16,000. The timeline is 60 days. A letter with full details was distributed to Board members. Johnson asked for direction. Basing his thoughts on the results of the PDA, Molmen felt that reestablishing the late afternoon flight from Northwest was more valuable than getting an additional airline, if given a choice. Molmen also suggested offering travelers a guaranteed price match with Fargo by buying the difference from Northwest. He thinks doing this will also help Northwest control their own leakage. Becker and Brooks agreed. Yahna said in his opinion, the schedule is more important than price. Becker questioned whether having consultants present proposals would be the best approach. He suggested using local representatives only. Johnson's opinion is that a consultant's assistance would be money well spent, as they have the experience and expertise in the area of recruiting airlines. Mutchler moved to spend \$13,000 to perform two pro forma analyses as recommended by Mead & Hunt. The motion was seconded by Molmen. **Action taken:** Motion carried unanimously.

3. Parking Lot Drop-off Period

Johnson asked the Board to commit to a length of time to allow for free parking once the parking lot has been reconfigured. He wants to begin advertising this new offer. Molmen moved to allow two hours of free parking to those who park in the new "drop-off" short term parking lot when it's built. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

E. New Business

1. Appointment of Land Acquisition Review Committee Member

Johnson cited the Authority's bylaws stating that a Board Commissioner must be appointed to the Land Acquisition Review Committee, and asked for someone to be appointed by the Chairman. Acting Chairman Becker said he will appoint someone after conferring with Johnson following the meeting.

Molmen moved to go into closed executive session. Mutchler seconded. Johnson cited the NDCC authority for the executive session. **Action taken:** Motion carried unanimously.

The topics to be discussed during the executive session: Negotiating strategies to acquire land west of the main runway.

The meeting was adjourned at 9:21 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

Executive session was called to order at 9:22 a.m.

Those present were: Commissioners Rich Becker, Acting Chairman, Tim Mutchler, Dave Molmen and staff Steve Johnson, Executive Director, Mary Jo Crystal, Director of Finance and Administration, Rick Audette, Operations and Maintenance Manager. Also present were Mary Yahna, GF County Liaison and Tim Dittus, Authority Attorney.

Executive session adjourned at 9:39 a.m.

The regular meeting reconvened at 9:41 a.m.

Those present were: Commissioners Rich Becker, Acting Chairman, Tim Mutchler, Dave Molmen and staff Steve Johnson, Executive Director, Mary Jo Crystal, Director of Finance and Administration, Rick Audette, Operations and Maintenance Manager. Also present were Mary Yahna, GF County Liaison and Tim Dittus, Authority Attorney.

Mutchler moved to purchase both the east and west parcels of Samur land at the appraised values. Molmen seconded the motion. **Action taken:** The motion was defeated with Mutchler for and Becker and Molmen against.

Molmen moved to empower the Land Acquisition Committee to negotiate the purchase of the eastern half of the Samur property. Mutchler seconded the motion. **Action taken:** The motion was carried unanimously.

Meeting adjourned at 9:45 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

August 17, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, August 17, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler and Dave Molmen; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Airport Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison, and Marty Yahna, County Commission Liaison.

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

A. Reading and Approval of Minutes

1. July 20, 2006 Minutes

Becker moved to approve the July 20, 2006 meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported that the overall year-to-date income (excluding transfers in/out) for the Authority is \$524,299.15. She explained a few line items: Parking revenue is above budget, fuel expense is over budget, and the consultants and contracted service expense is also over budget. She explained that the state leasehold revenues are down by more than \$50,000 because Northwest has been refusing to pay the state. The 2006 federal grant that was approved this month now allows the Authority reimbursements of the \$120,000 that we've spent on federal projects so far this year. Crystal reminded Board members that the budget process will begin this month and asked for their input.

2. Project Status

Johnson displayed slides of the current projects: The GA parking lot is just about complete, the taxiway A repair is complete, and the catwalk at the fuel farm is installed. The tractor has been delivered, and the Fed Ex maintenance building has been painted. UND's sign was installed on Hangar 1. Bids were opened on the wetland fill and the upgrade for the security access system. Johnson received word through one of our engineers that the DHS Border Patrol will soon be visiting our site to further discuss locating a facility here. The plans and specs for the terminal parking lot reconfiguration and storm sewer were available for the Board's review. Johnson said the bids for that project will be opened on August 29.

3. Website Tour

Johnson led the Board members through a website tour, highlighting the "News", "FAQ", "Airfield Conditions", and the "Documents" pages. The website is updated almost daily. An electronic newsletter is being planned, with sign ups available on the website.

4. Ticket Price Comparisons

Johnson updated the Board on the latest price comparisons. He was very pleased with this week's survey where (at nwa.com) GFK matched evenly with or did better than FAR in every instance. We have added Las Vegas to our list of comparison cities. Becker asked about the frequency of our charters now that we compete with Allegiant in Fargo. Johnson and Audette have the perception that our charters have increased, but these charters fly to Nevada cities other than Las Vegas. Beyer suggested contacting charter operators and travel agencies to solicit more charter business. He asked Johnson to call Allegiant to solicit their business too.

5. Air Service Development

The US Department of Transportation notified Steve Johnson last week that the Airport received a Small Community Air Service development grant in the amount of \$350,000. The grant will be used consistent with the Authority's application to improve service to Grand Forks by Northwest Airlines and/or attract a second air carrier to the market. The Authority will partner with the City of Grand Forks, Grand Forks County, and GFK Flight Support in determining how the grant funds will be employed. Per an agreement those entities will have members on the SCASD Task Force in proportion to their contribution. This translates to: City of Grand Forks \$40,000 - 2 members (original commitment was by GFREDC; subsequently assumed by City); Grand Forks County \$20,000-1 member; GFK Flight Support \$20,000-1 member; Airport Authority \$20,000-1 member. Johnson said he is waiting to hear who will represent each entity and hopes this Task Force can convene next week to discuss strategies with Mead & Hunt via teleconference. Johnson added that the first visit with NWA executives could conceivably happen before the next Board meeting.

6. Land Acquisition

Johnson reported that the airport attorney has prepared the Authority's offer to purchase eastern half of the Samur property. It will be sent in early September as soon as an independent appraisal review is complete. Cronquist questioned the appraisal's accuracy, and asked if we could negotiate on the price per acre. Johnson said the independent appraiser (RM Hoefs in Fargo) will review the Alerus appraisal and help resolve any disparities. Johnson added that when the purchased land is used for aviation purposes, the FAA reimburses us for 95% of the purchase price, and thereby require us to use no less than the appraised value to purchase this property.

7. Economic Impact Survey

Johnson reviewed the survey results that were reported at a NDAC luncheon last week. He distributed a pamphlet to the Board members who were not able to attend the luncheon. The complete survey was added to the airport's website. Johnson advised that some of the numbers will increase per Mark Holzer of NDAC.

8. Marketing Task Force

Rich Becker thanked the airport and staff for participating in the Cats Incredible chili cook-off last week. He was happy to see the airport so well represented. The new airport print ads will be in most of the regional (weekly) newspapers starting next week, and soon thereafter in Canadian newspapers. This campaign will continue through the end of the year. Becker reported that WDAZ is now working with us on television advertising. He said that WDAZ covers a large market area that includes 800,000 Canadians that live in and south of Winnipeg to the border. Johnson said Thief River Falls and Devils Lake residents will see our ads as well.

9. Miscellaneous

Johnson asked the Board to reschedule the September 21st meeting due to a conflict in his schedule. He suggested September 20 or 28. The Board concurred with his September 20th suggestion. Johnson also announced that the annual Holiday Party will be at the Blue Moose on December 8.

Becker asked about the status of the FedEx decision to move or stay. Johnson mentioned a vague email from them to Klaus saying they were not compelled to move, but were still tying up loose ends on their research. Becker asked if we should or could be doing something to get a firm commitment from FedEx saying that they are staying. Johnson said FedEx has spent \$200,000 on a building addition this summer, which might indicate their intention to stay. Brooks suggested keeping lines of communication open at all times. Johnson agreed to make contact and report back to the Board next month.

C. New Business

1. 2007 Mil Levy

Brooks opened by saying the 4.3 mils dedicated to the airport was within the city's overall levy. Last year the 4.3 mils was worth \$473,000 and the airport turned back .34 mils which left \$434,000. The .34 (8%) mil cut was the same percentage that the city gave back. The value of a mil will increase next year from \$110,000 to \$121,000 which will generate \$520,000 for the airport (4.3 mils). Brooks asked the airport to give back .17 mils or \$20,000 in 2007. He mentioned the school cut of 3%. The county and the park are tight on their budgets. The city's budget dedicates mils to the airport and the library. The library won't turn back any mils as their budget is tight. Molmen said that last year we voluntarily turned back the same proportion as the city, and thought the airport might wait this year until the city commits to a certain reduction. Brooks said the city will commit on September 5. Johnson asked Brooks for clarification about whether the airport's mils are included in the city budget. Brooks replied that the airport mils are in the city's "listing" and not the budget. After discussions between Molmen, Crystal, Brooks and Johnson, it was generally understood that the city collects the airport's mils, but does not have control over them. Crystal tried to explain that the proposed mil reduction is compounding. The 4.66 that was originally allocated to the airport has been reduced (by agreement) to 4.36 mils and the proposed additional cut will reduce the airport to 4.25 mils this year. Johnson suggested waiting for the larger government entities to act on this matter before making a commitment. Johnson then updated the Board on the airport's budget status. The proposed purchase of the Saumur land added to several unexpected repair/replacement projects causes a budget overage of \$410,000. The Saumur land, if purchased, will be reimbursed by the FAA proportionately as it is utilized by the airport. Brooks said that the city wants to be informed of the airport's intentions. Beyer said the Authority continues to be challenged to keep a reserve funds to match federal and state project grants.

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

September 20, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Wednesday, September 20, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler and Dave Molmen; staff members Steve Johnson, Executive Director; and Mary Jo Crystal, Director of Finance and Administration. Also attending was Marty Yahna, County Commission Liaison.

The meeting was called to order at 8:04 a.m.

A. Reading and Approval of Minutes

1. August 17, 2006 Minutes

Mutchler moved to approve the August 17, 2006 meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported the fund balances. Johnson pointed out that we are ahead of projected profit-loss in the operating budget by \$200,000. Johnson reported that he and Mary Jo Crystal are working on a PFC amendment and/or application. They will be deleting projects that will not be built under the current PFC application. He mentioned that the extra cost of the terminal curbside project could be reflected in the PFC amendment. Johnson told the Board that they could expect their first look at the 2007 budget at October's meeting. Yahna reported that the County approved their budget with an increase for the airport of \$7600 over last year.

2. Ticket Price Comparisons

Johnson updated the Board on the latest price comparisons. The next day tickets compared evenly, but we lost ground to Fargo on fares purchased two weeks out and one month out.

3. Air Service Development

On September 6, the Small Community Air Service Development grant task force met via a conference call with Mead and Hunt. The consultants confirmed that their direction should be working with Northwest first and a westbound carrier second. They are proceeding with the pro formas with Northwest and hope to set up a visit with them. The timeline is 30-60 days. Becker asked Johnson to invite Point2Point Airways to present a status update to the Board.

4. Land Acquisition

Johnson reported that Tom Sapa plans to complete an appraisal on the Samaur property next week. The Alerus appraisal did not meet the specifications per the independent appraisal reviewer, RM Hoefs. If Hoefs approves the Sapa appraisal, the real estate subcommittee will then meet and subsequently make an offer on the property. The Board's consensus was to have Johnson and Dittus (if needed) work on Alerus to refund our money.

5. Marketing Task Force

Rich Becker reported that the print advertising and billboards seem to be very evident and feels the message is getting out. The task force has been meeting with WDAZ and finally came up with an acceptable idea for a television commercial. The film crew will meet with Mary Jo next week and will have the ad ready to air by October 1.

6. Miscellaneous

Becker reported that JLG's Lonnie Laffen has offered to render some drawings of the new airport terminal to display and advertise this upcoming project. He said that although the city has not yet given their definitive approval for helping finance a new terminal, the ADO is aware of the Authority's interest in building it in the 2009-2010 time period. Becker said Laffen offered to invest several hundred thousands of dollars at their firm's risk to get these drawings made now in order to promote the idea. Becker suggests accepting this offer. Johnson supports the idea. He cautioned that the architect selection window does not extend out that far and JLG is assuming that they will be our architect at that time. Molmen agreed that it is very important to build an expectation in the community.

C. Old Business

1. Terminal Curbside Project Bids

Johnson reported on the bids taken for a project that includes the terminal curbside reconstruction and parking lot drainage improvements. Those items and some other unexpected projects turned out to be much more expensive than what was budgeted for projects this year. Johnson displayed a printout of the various projects and explained their costs. The bottom line was that the airport's budget of \$283,000 was much less than the true costs totaling nearly \$675,000. He reminded the Board that there was \$96,000 awarded to us by the state in grant money, which was twice our estimate. He also said that part of this qualifies as a PFC funded project and with the new amendment we can begin collecting. Jon Scrapper was in the audience to answer any questions about the projects and their costs. Tim Mutchler moved to accept the bids as proposed. Molmen seconded the motion. **Action taken:** The motion was carried unanimously. Scrapper said the project could be completed yet this fall.

D. Other

Johnson announced that there was a bus available for a tour to see the wetland closure project immediately after the meeting.

Crystal reminded the Board that the October meeting will be an evening meeting.

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

October 19, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, October 19, 2006 with Vice-Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Tim Mutchler and Dave Molmen; 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 7:00 p.m.

A. Reading and Approval of Minutes

1. September 20, 2006 Minutes

Cronquist moved to approve the September 20, 2006 meeting minutes. Mutchler seconded.
Action Taken: Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the end of quarter fund balances.

2. Operations Statistics

Johnson reviewed the operations statistics. The cumulative enplaned cargo is down slightly. Mutchler commented that FedEx prices have gone up. Cumulative enplanements through August showed a steady parallel to enplanements from last year, until September where there was a noticeable drop. UND operations increased significantly in September when school started. Mary Jo Crystal reviewed statistics relating to income from Crosswinds, the three car rental businesses and GFKFS. Crosswinds has fallen steeply this year from their five-year average. The commissions from car rentals are staying consistent and GFKFS is sharply above their five year average. GFKFS's fuel flowage fees have stayed fairly consistent with their average.

3. Ticket Price Comparisons

Johnson updated the Board on the latest price comparisons.

4. Air Service Development

Johnson reported on the aviation forecast conference in Utah that he and Becker and Mutchler attended. The analysts are very positive about the airline industry as a whole. They indicated that the small airports will still have tough times however, and the key to success would be to control costs. In their opinion, keeping our current air service should be more of a focus than enticing new ones. A request for proposal was received from Frontier Airlines. They are apparently asking numerous airports to submit proposals, and our airport will be making a major effort to compete favorably by utilizing the SCAD

grant. Northwest's station manager has notified us that Pinnacle will take over the ground handling in late January, not Mesaba. Word has it that several Northwest ground handlers will be departing on December 12, leaving about 6 weeks where Northwest will be juggling their work force in order to keep the station operational. Mead & Hunt is expected finalize their pro forma report in a few weeks. They recently obtained the load factor data they needed from Northwest Airlines.

5. Project Status

Johnson reported on the following projects: The terminal front reconstruction is on schedule, as Phase I is complete after four weeks. Ryan Bergstrom from Ulteig was introduced, who stated that Phase II & III will complete the project, which is estimated to take another four weeks. This project has been running extremely smoothly with little or no complaint from tenants or customers. Becker publicly thanked Kathy Lind (who was not present) at National Car Rental for her cooperation and for temporarily giving up and/or relocating their car rental spaces. Bergstrom seconded this appreciation. Ulteig's electrical engineers are almost finished with the security upgrade project. The new badges are being issued by our operations department. The wetland mitigation project is about two weeks away from completion. Mead and Hunt is on schedule with the master plan project. The KLJ environmental assessment on the fourth runway is almost complete.

6. Marketing Task Force

Rich Becker reported that the television ad will be on the air within a few weeks. Northwest Airlines has to first approve our use of some footage of their aircraft taking off. The billboard and newspaper advertising have been changed. Becker and Johnson met with Lonnie Laffen who is eager to participate in the promotion of a new airport terminal. Laffen's firm offered to foot the bill to develop a plan to inform/educate the public with hopes to encourage community support for a new terminal. Laffen plans to begin the campaign next spring.

C. Old Business

1. Land Acquisition

Johnson reported that TW Sapa appraised the Saumur land at a significantly lower price per acre than the Alerus appraisers did. Independent appraiser RM Hoefs did not approve the Alerus appraisal, but is expected to approve the Sapa one. Based on the approved Sapa appraisal, an offer will be made on the eastern portion of the Saumur property. The Authority is not allowed to use the Alerus approval to calculate federal reimbursement because it did not meet required criteria. Johnson sent a letter to Alerus requesting reimbursement for the cost of their appraisal. Hoefs will soon be doing an appraisal for the Larivee property where the 4th runway will be built. Johnson intends to ask Sapa to review her work on that.

D. New Business

1. 2007 Budget

Crystal pointed out that the salaries were budgeted at 2006 levels, as were the terminal rents, landing fees and ARFF fees. She then described how she uses the CPI index to calculate the increase in rent. It turns out that the rate this September was only a 1.74% increase over last September's rate. There was speculation that the reason for the smaller increase was due to the unusually high rate last September (5.1%). Normal has been between 3 and 4 percent. Another noted change in next year's budget was that the employees will begin contributing to their insurance premiums. Their contribution will be 50% of the increase in the 2007 premium over the 2006 premium. Johnson proposed maintaining the same rate of Northwest's rent, ARFF and landing fees. The county and city tax levies were not decreased this year, and the amounts figured in the budget are certified. Johnson pointed out the operational deficit is \$77,000 in the 2007 budget. The capital fund and debt service funds show an expected surplus of about \$821,000. He said this amount includes the \$1.3 million that we will spend on the fourth runway project in 2007. The ADO tells us that we should receive another \$1 million in discretionary funds to move the coulee, which coincidentally helps with the cost of the fourth runway. In 2008 we will use another \$5 million in discretionary funds to finish the fourth runway. Johnson then reviewed some of the 2007 capital projects. Among other things, some pavement needs replacing by the maintenance building and Hangar #4 needs another garage door. Johnson hopes to use the \$744,000 net surplus toward building the infrastructure for the development of the west side of the runway. The Border Patrol has shown intent to lease ground in that area and build their own buildings and install their own concrete taxiway, ramp and parking lot on 11 acres. In addition to the utility infrastructure, we would build the access road to that side. The first engineer's estimate for our part was \$3 million, but Johnson hopes Ulteig can cut that down to just over \$2 million. Becker commented that on the operating deficit, and asked if that is normal for the airport. Johnson said 50% of the years he's been here it has been that way. Becker asked about the budget item for the accounting specialist position. Johnson said that we could take that out of the compensation plan to avoid confusion.

E. Other:

A new GIS capability – a 3-D “fly-around” view of the airport – was demonstrated on the screen.

Meeting adjourned at 8:35 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

November 16, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, November 16, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker and Clark Cronquist; 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 7:03 a.m.

A. Reading and Approval of Minutes

1. October 19, 2006 Minutes

Becker moved to approve the October 19, 2006 meeting minutes. Cronquist seconded.
Action Taken: Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the fund balances. She explained some reorganization of the operating and non-operating income, to more accurately reflect activities.

2. Ticket Price Comparisons

Johnson updated the Board on the latest price comparisons. He asked the Board members if they wished to discontinue this monthly report. They asked that we report to them only if there are significant variances.

3. Air Service Development

The Small Community Air Service Development Grant (SCAD) task force met recently. Johnson reported on the teleconference with Mead & Hunt. With regard to the proposal requirements for Frontier Airlines, the Authority sent letters to the EDC and Chamber requesting their assistance in gathering required information.

4. Project Status

Johnson reported: The wetland mitigation project will be complete tomorrow. On this project we spent \$1.3 million to fill and mitigate just over 13 acres. The terminal curbside project will also be complete tomorrow. The street was poured yesterday, and the crosswalk will be poured today. The public should be pleased with the new two hour free parking with quick access to the terminal. A ribbon cutting will be arranged to publicize and celebrate the completion of this new parking lot. The security upgrade project will be finished by the end of November. The access card and badge are now combined into one card. There will be six additional surveillance cameras.

5. Marketing Task Force

The ribbon cutting was discussed further, and a press release was planned for the terminal curbside project completion. Becker reported that the ten-second television advertisement is now showing on WDAZ. He hopes that all of this advertising will give the message to the public to use our airport or else we'll lose it.

C. Old Business

1. Land Acquisition

Johnson reported that we received a full refund from Alerus Appraisals for the Saumur appraisal that we could not use. An offer has been made on the Saumur property and after three weeks, we have not heard back. Our attorney speculates that Mrs. Saumur is consulting with her children and possibly another appraiser before making a counter offer. Johnson has hired RM Hoefs Appraisers to appraise the Larivee land where we plan to relocate the drainage canal and build the fourth runway.

2. 2007 Budget

Crystal informed the Board members that the rent revenues in this revised budget were increased only 1.74% for next year vs. the draft budget reflecting 4%. Johnson explained two of the capital items planned for 2007: Rather than trying to fund the Customs and Border Patrol project ourselves, Johnson recommends selling bonds for \$2.5 million and paying them back over a ten-year period. A little less than half of each payment will come back to us in rent from Customs and Border Patrol. FAA will pursue \$1 million in discretionary funds to relocate the coulee. All of the federal money in 2007 will be committed to preparing for a fourth runway project: Land acquisition, fencing, drainage, and engineering design fees. The fourth runway would actually be built in 2008. Crystal described the breakdown of capital items between operating budget items, and the capital specific items. Johnson said the operating deficit according to the 2007 budget is \$115,000. He also pointed to an item added to the budget since last meeting: A taxiway replacement near the Rydell hangar for use by a party that is interested in building a new hangar there. Referring to Exhibit 1, Johnson pointed out the \$500,000 surplus for 2007. Again, Johnson recommended keeping that as reserve and selling bonds for the Customs and Border Patrol project, rather than spending reserves down to zero. Cronquist moved to approve the 2007 budget as proposed. Becker seconded the motion. **Action taken:** Motion carried unanimously.

D. Other:

Johnson asked the Board to approve a \$60,000 purchase of an additional 15 acres of leased property to use for wildlife mitigation purposes. The Authority already has a contract with Rob Vollrath to purchase 85 acres for mitigating wetlands the south end of the airport. Vollrath's parcel is 100 acres. KLJ estimates the need to mitigate 12 additional acres on the east side for the coulee relocation. Much of the \$60,000 will be 95% reimbursed by the FAA in 2007 when the coulee is relocated. Motion by Becker to approve purchase of the

mitigation lease on the additional 15 acres at \$4000 per acre. A second was made by Cronquist. **Action taken:** Motion carried unanimously.

Ron Elder asked the Board to renew his expiring Crosswinds Restaurant agreement for 6 years or until the new terminal is built. Johnson said that would be an item on next month's meeting agenda. Beyer mentioned that Grand Forks is very fortunate to have a full service restaurant at it's airport. Elder added that the two-hour free parking will certainly help his business.

Beyer thanked the UND staff and ATCT staff for their quick reaction to the noise complaints on the south end of town when they adjusted their flight pattern the same day.

Meeting adjourned at 7:50 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

December 21, 2006

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, December 21, 2006 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Tim Mutchler and Clark Cronquist; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager. Also attending were Bob Brooks, City Council Liaison, and Gary Malm, acting County Commission Liaison.

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

A. Reading and Approval of Minutes

1. November 16, 2006 Minutes

Cronquist moved to approve the November 16, 2006 meeting minutes. Becker seconded.
Action Taken: Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the fund balances. The operating expenses have not been as high as what was budgeted. Some line items that have contributed were lower utility bills due to warmer weather, building and grounds maintenance, education, and advertising. Johnson explained the deficit in the capital fund was because of the increase in the terminal loop project and a few other unexpected construction projects such as the C-Apron repair. Crystal said that some of these added projects were PFC reimbursable but we'd have to amend the PFC application. In order to do that, we have to consult with the airlines. The consult meeting for the amendment to the PFC application has been set for January 16th at 9 a.m.

2. Air Service Development

This agenda item will be addressed later in the meeting.

3. Marketing Task Force

Becker said the new TV ad is impressive and hopes that it has been catching the public's attention. He added that the November enplanements were up 7% but doesn't know if the advertising helped with that or not.

C. New Business

1. Employee Discretionary Payment

The Airport Authority separated the pension program from the city's pension program in 1996. In 1998 a consultant was hired by the Authority to determine the resulting shortfalls to certain employees and to determine what they would have received had we stayed with the city's pension plan. In 1999 the Authority resolved to pay those affected employees those amounts. Johnson added that these payments are wholly discretionary, and asked the Board for their thoughts on continuing them another year. Mutchler moved to continue this payment for 2006. Becker seconded the motion. Becker asked if all of those listed to receive the payment were still employed with us. Johnson said, "Yes, with the exception of Patti Linstad." Cronquist asked whether the funds are put directly into a retirement account. Johnson said, "No, that use of the funds was up to each individual." **Action taken:** Motion carried unanimously.

2. Crosswinds Lease Agreement

Johnson reported that the current Crosswinds operating agreement expires this month. Crosswinds owner Ron Elder has indicated that he's willing to extend the agreement another six years, at which time he anticipates his retirement from the restaurant business. Johnson distributed information about the Authority's cost to operate the restaurant and added that the airport restaurant business in general is not good for airports our size. Johnson said he is supportive of extending the Crosswinds operating agreement with the provision that we reserve the right to put the concession out for bids if and when we build a new terminal building. Beyer asked what happens to the agreement if Ron Elder would become disabled. Johnson said that if Ron or Shirley couldn't perform the requirements of the contract, they would be in default and their contract would be broken. Rich Becker moved to extend the agreement. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

3. Rental Car Request

Johnson reported that he was approached by the manager at Hertz Rental Car, who asked about partitioning off their customer service area from the neighboring AVIS customer service area for privacy reasons. Johnson suggested allowing them to proceed with the following provisions: They must pay for it themselves, the design must be consistently applied between all three car rentals, and they must insure egress for all three car rentals. The Board concurred.

D. Old Business:

1. Land Acquisition

Johnson updated the Board members with the latest on the two land acquisitions: The Saumur landowners have hired their own appraiser and we should expect to hear from them with a counter offer after January 1. Hoefs is doing an appraisal on the other property east of the airport, and we will receive that after January 1 also.

2. Air Service Development

Mutchler moved to go into closed executive session for the purpose of discussing the Authority's proposal to Frontier Airlines. Becker seconded. Johnson cited the NDCC authority for the executive session. **Action taken:** Motion carried unanimously.

The topics to be discussed during the executive session: Proposal to attract the commercial air service of Frontier Airlines.

Executive session was called to order at 8:41 a.m.

Those present were: Commissioners Brad Beyer, Rich Becker, Tim Mutchler, Clark Cronquist and staff Steve Johnson, Executive Director, Mary Jo Crystal, Director of Finance and Administration, Rick Audette, Operations and Maintenance Manager. Also present were Gary Malm, GF County Liaison and Bob Brooks, City Council Liaison.

Executive session adjourned at 8:54 a.m.

The regular meeting reconvened at 8:56 a.m.

Those present were: Commissioners Rich Becker, Acting Chairman, Tim Mutchler, Dave Molmen and staff Steve Johnson, Executive Director, Mary Jo Crystal, Director of Finance and Administration, Rick Audette, Operations and Maintenance Manager. Also present were Gary Malm, GF County Liaison and Bob Brooks, City Council Liaison.

A motion to approve the incentive package related to Frontier Airlines was made by Rich Becker and seconded by Clark Cronquist. **Action taken:** Motion carried unanimously.

3. Summary of 2006 Projects

Steve Johnson narrated a slideshow presentation of the 2006 capital projects.

Meeting adjourned at 9:25 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary