

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

January 18, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, January 18, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Dave Molmen 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 was 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. December 21, 2006 Minutes

Cronquist moved to approve the December 21, 2006 meeting minutes. Becker seconded.

Action Taken: Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the fund balances, and explained the year end adjustments yet to be made. Johnson reported that a third party wishes to buy out our interest in the receivable from Mesaba. Argo Partners is offering 80 cents on the dollar to purchase our \$6,943.04 claim, and is the highest of three different proposals. The Board would like to consider the highest proposal after staff ensures it's validity.

2. Operations Statistics

Johnson recapped the enplanements, operations and cargo statistics for the year 2006 compared to 2005. Enplanements were down almost 2000 passengers for the year. The operations chart is based on mostly UND student flying. It appears in the comparison chart that the number of flights lagged during the first three months of 2006, but has stayed parallel since. The cargo deplanements compared evenly with 2005 last year, but the enplaned cargo was down about 8%. Becker made comments about the possibility of increased cargo in 2007 if Acme Electric resumes its catalog business. Johnson suggested asking the FedEx manager to speak at a future board meeting.

3. Air Service Development

Johnson reported that the Frontier proposal was submitted last week. The airline received over sixty proposals, according to Johnson's sources. Frontier will make their decision in June, and it could take up to two years after that for implementation. Johnson handed out information about an air service conference called "Networking" in March in Tampa, Florida. The conference would give attendees a chance to meet (for 25 minutes) one on

one with representatives from up to seven different airlines over a day and a half period. Johnson said there will be over thirty airlines in attendance. Consultants Mead & Hunt encourage us to take this opportunity to introduce ourselves to Frontier. Beyer said he hopes to get a group together to go to this conference, and to contact him or Johnson if interested.

4. Marketing Task Force Status

Becker commented that he was very pleased with the Frontier proposal, and is optimistic. Becker thanked the marketing task force for their efforts over the past few months, and hopes that the recent increase in enplanements was a result of their good work. He suggested that since they've accomplished their original mission, the task force should end for now. Becker asked management to provide numbers relative to marketing in the 2006 vs. 2007 budgets. He questions the whether amounts paid to the Yellow Pages, the Canadian newspapers and the GF Herald are correctly distributed, or whether there needs to be some adjustment made for future advertising. He commented that the WDAZ advertisements (10 second ads) were excellent and effective, and asked for the Board's comments. Beyer said the Canadians have been looking favorably at GFK and he thinks they would use our charter service if we had it. Hal Gershman thanked Rich Becker for his leadership as leader of the marketing task force. He also suggested having another airport luncheon meeting with city leaders to discuss the progress made since they met last year and invite suggestions for going forward. Johnson agreed. Becker said he recently asked Bob Brooks (as the newly hired EGF City Manager) to attempt to bring East Grand Forks into the airport authority. Brooks agreed to try. Becker wants to pursue this subject.

C. New Business

1. Selection of Service Providers

The airport's banking service provider is up for reconsideration. Mary Jo Crystal reported that Alerus, US Bank and Wells Fargo have all expressed an interest. After next week's deadline, management will evaluate each proposal and recommend one of them at next month's meeting. Johnson said the architectural service providers (non-federal) is also up for reconsideration. He said that unless the Board tells him otherwise, he will advertise and interview for this service. Beyer asked if the term should be six years. Johnson said the federal architects are on a five year rotation, and the non-federal are chosen using a three year rotation, and in his opinion this schedule has worked out well.

2. PFC Application Amendment

Mary Jo Crystal presented the Board with a list of PFC projects: Approved, amended and deleted. Revenue collections have decreased because enplanements have dropped. Additionally, the cost of some projects exceed the estimates in the original PFC application. The original end date of this application will be pushed back three months to June 30, 2008. A PFC amendment is needed to make these changes. She recommended amending the PFC application as presented. Molmen moved to amend the PFC application. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

Crystal added that they will begin working on a new PFC application after this one is amended.

3. Minnkota Hangar

Johnson reported on the conversations he's been having with Minnkota Power for the past several months about the construction of a new Minnkota Hangar north of the Rydell hangar. Originally Rydell had planned to build an expansion (2nd half) to their current hangar on that site. Minnkota says that Rydells have not shown opposition to Minnkota building it's hangar there instead. Minnkota is asking for approval to build on that site. Johnson says Rydell and Minnkota have a good relationship and he thinks Rydell would be more comfortable with Minnkota as a neighbor than another party. The Board hoped the style and color of a new hangar would be compatible with the Rydell hangar. Johnson said Minnkota's proposed 60'x80' hangar would become the minimum for hangars built in this portion of the airport. The master plan, when complete, will show the T-hangars moved to another site, and the subject area will be for corporate hangars. Due to federal grant assurances, Rydell cannot reserve the area north of their hangar unless they decide to begin paying rent on it. Beyer asked Johnson to ask Rydell for their final answer before the Board approves the Minnkota location. If Rydell wishes to reserve the lot, the Board suggested the possibility of asking Minnkota to build 100' further north.

D. Old Business:

1. Land Acquisition

Johnson updated the Board members with the latest on the two land acquisitions: The Saumur's hired appraiser has not finished the appraisal, so we have not heard back about our offer to purchase their land. Rose Hoefs is doing an appraisal on the other property east of the airport, but because of a short illness, this appraisal is not finished either.

Hal Gershman said there will be a vote soon to add a member (sitting council member or non-member) to the airport authority board. Gary Malm said the county voted to mirror what the city does in that respect. Beyer said the consensus of the Airport Board is that it makes no difference either way.

Meeting adjourned at 9:10 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

February 15, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, February 15, 2007 with Vice Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Tim Mutchler, Gary Malm and Hal Gershman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m. Vice Chairman Becker welcomed Gary Malm and Hal Gershman as official members of the Airport Authority Board.

A. Reading and Approval of Minutes

1. January 18, 2007 Minutes

Cronquist moved to approve the January 18, 2007 meeting minutes. Mutchler seconded.

Action Taken: Motion carried unanimously.

B. Reports

1. Year-to-Date Financials

Crystal reported on the fund balances and notified the Board that the auditors are here this week. She also reported that there were some outstanding receivables – a couple of business tenants and a few hangar tenants. She will send letters to all tenants advising that finance charges will be assessed if delinquencies continue.

2. Authority Board Membership

Johnson welcomed the new Board members. He offered to show Gershman and Malm around the airport, go over the airport finances, and to make digital copies of the airport's policy and procedures manual for them. Becker said all Board members should take advantage of this offer. Johnson asked Malm and Gershman for copies of the documents – city ordinance and county minutes – stating that the airport's Board membership changed from five to seven. Johnson asked the Board if it was understood that the "ex-officio" positions are no longer needed now that the Council and City have appointed their own members to the Board. The Board agreed.

C. New Business

1. Air Service Consultant

Johnson asked the Board for their opinion about using air service consultants on an "as needed" basis compared to a more proactive basis. He explained that some airports use consultants to work for them on a day-to-day basis. We use Mead & Hunt on an "as needed" basis, and Johnson says he thinks they do a nice job. Gershman agreed that Mead & Hunt has done a good job with our projects, but said he was somewhat disappointed

when they notified us late about the conference opportunity with Frontier in Tampa. He was interested in the concept of hiring a consultant to work on a day-to-day basis, but was curious about the cost. The Board concurred. Becker asked Johnson to report next month about the cost of the different levels of consultants' service that are available. He also asked Johnson to contact airports using this type of consultant service and ask them how it's working for them.

2. Passenger Terminal Project

Johnson reported that Lonnie Laffen of JLG Architects has been working for us at no charge, preparing for the design and construction of the new terminal. Laffen has said that this service is worth around \$250,000. JLG is our architect for federal projects through 2009. His idea is to start the process of getting the public's support for the terminal by making the preliminary plans and drawings public. He wants some airport officials to go with him to visit a list of five other airport terminals to look at and get ideas for a layout for our terminal. Laffen will pay his own travel expenses. Johnson asked the Board if they wanted to volunteer for these visits/trips, at the airport's expense. Becker said he thinks its time to start getting the city, county and the local public behind us on this project, since the terminal project is planned for 2009-2011. Cronquist asked what happens if JLG does not get selected as the airport's architect after 2009? Johnson said Laffen is aware of the risk. The airport may select an architect for just the terminal, and another one for other federal projects if it wishes. JLG is confident they will prove themselves to be the architect of choice for a new terminal. Gershman said the public should be made aware of the security issues and other problems with the existing terminal. The terminal study will be reviewed at the next meeting.

D. Old Business:

1. Selection of Service Providers

Mary Jo Crystal reported that Alerus, US Bank and Wells Fargo have all expressed an interest in providing our banking services, but US Bank would not submit a proposal because it could not justify the installation of an ATM in the terminal, which is one of the requirements. Wells Fargo would install an ATM but would charge the airport a \$12,000 installation fee plus a monthly fee of \$1400 for ATM maintenance. Crystal recommended that Alerus Financial remain provider of our banking service. Mutchler moved to accept Alerus Financial's bid to be the Authority's banking service provider. Seconded by Malm. Gershman recused himself from voting. **Action taken:** Motion carried unanimously. Johnson said the architectural services for non federal projects will be advertised next week. He asked for a Board member to volunteer to be part of the selection committee.

2. Land Acquisition

Johnson updated the Board members with the latest on the two land acquisitions: The Saumur's will have their appraisal and will make their counter offer within three weeks. The Larivee appraisal was finished, and a second appraiser will review it before we can make an offer on the land. The appraised value of the land is 125.7 acres for \$179,000. Larivees have indicated they are willing sellers if a fair price is offered. Johnson showed a

slide and described the plan to relocate the coulee on that land, making room for the fourth runway.

Johnson added some items: The Washington Legislative Conference is coming up March 25-27 which is an update of airports and aviation at the national level. Johnson made a recommendation to attend this conference and meet with our representative and senators. Johnson also reported that the Upper Midwest Aviation Symposium will be held in Minot March 3-6. He invited the Board to join him and Rick Audette. The Authority's auditors are here this week, so now is a good time to ask any questions. The Authority held a meeting earlier this week to discuss air passenger service in the terminal. Several community leaders were invited. Becker said he thinks we've done about everything possible to improve the airport's image. Gershman says the criticisms are no longer pointed toward the Authority or the airport, but toward the airlines and their schedule and pricing. Mutchler asked if it would be a good idea to visit Frontier in Denver. Johnson said that is a good question for Mead & Hunt, our consultants.

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

February 26, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Monday, February 26, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Dave Molmen, Clark Cronquist, Tim Mutchler, Gary Malm and Hal Gershman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m. The topic for this special meeting was to entertain a request to grant a 63 day lease option to GFK Flight Support for the erection of a new building.

Johnson opened the discussion with some details: Brent Siefert from GFK Flight Support will be requesting that the Authority Board grant him an option to lease a certain piece of airport property situated just north across the taxiway from the existing GFK Flight Support building. Siefert plans to submit a bid to the Department of Homeland Security – U.S. Customs and Border Patrol (DHS) to lease his existing facility to them on a two year basis. If the DHS accepts his bid, he would have to move out for at least two years. Without an option or guarantee of the availability of this piece of property to rebuild on, Siefert cannot submit a bid to the DHS. Johnson said Siefert is requesting that we hold this property for 63 days until the bidding results are announced on May 1, 2007.

Johnson presented slides depicting the requested option property and eventual reconfiguration of the GA area if Siefert builds on it. According to Johnson's slides/drawings, the Valley Hangar and one of the T-Hangar buildings would have to be removed. A new access road would replace one of the taxiways and the remaining hangars would have access to only one taxiway. Johnson added that the master plan shows the T-hangars moving east across Airport Drive and the area around the subject property being developed for corporate hangars. Johnson then invited Brent Siefert to speak.

Mr. Siefert thanked the Board members for their time. He asked them to guarantee a space for his business (GFKFS) on the airport should he succeed with his bid to DHS. He said the specific area did not have to be determined at this meeting, but between now and May 1, when the bid results are announced. He added that he hoped this move wouldn't upset existing hangar tenants, but that he'd be willing work with the Authority to relocate the them if needed.

Johnson described some of the impacts of having a large FBO facility in this area such as the access road and parking. He said that should the Board grant the lease option to Siefert today, and the DHS follows with a contract on May 1, the airport would be committed to making the necessary changes to accommodate Siefert's move. He said another decision is whether the airport wants to remain in the hangar business, or encourage a developer to do that.

Siefert said that Johnson's drawing (slide) does not depict exactly what he's going to need to build in terms of overall size.

Gershman said an architect will have to help with the configuration.

Johnson named the three important factors making any reconfiguration a challenge: vehicle access, aircraft access and security fencing around the perimeter.

T-hangar tenant Jerry Smyser addressed the board. He wanted to be assured that his aircraft would be relocated to another hangar on the airport. Johnson assured Smyser that the Authority board would do everything it could to accommodate any dislocated aircraft.

David Loer of Minnkota Power (a partner in Valley Hangar) addressed the board. He asked for assurance that Minnkota would be compensated for their 50% value if the Valley Hangar were to be torn down for this project.

George Mellone addressed the board. He introduced himself as president of a newly founded LLC looking to start up an FBO at this airport. He asked the board to deny Siefert's request to put a lease option on that particular piece of property just north of GFKFS. He described his company's intent to lease that same area. He said he would make available a "re-locatable hangar" to house the dislocated aircraft in the event of any reconstruction on the airport. This PVC structure could go up immediately. Mellone then distributed to the Board his official application to conduct business on the airport. He summarized some of his business plans, servicing corporate customers that fly in/around this area.

Johnson said he and Mellone have been discussing Mellone's start-up options for about three weeks. He said Mellone will not be able to initially meet full minimum standards and when and if he presents his business plan, he will probably be requesting some leeway on those standards at start-up. Johnson said that even if the property in discussion now was leased to Brent, it wouldn't be impossible to develop the space to the north of that, meaning, tear down hangars 3 & 4.

Mellone added that his business plan included compensation for the Valley Hangar if it had to be removed.

Molmen indicated it would be incumbent on anyone wishing to develop the area in question to satisfy impacted parties.

Siefert asked if he could instead have a lease option on a site location on the west side of the main runway. Johnson said that's possible, but if the DHS does not build over on that side first, there may be a problem with financing the infrastructure. Siefert said he would not plan to build there (to the west of the runway) if the DHS doesn't build over there, he would stay where he is for at least five years if DHS doesn't come at all.

Siefert summarized his request to the Authority Board: He would like an option to lease the adjacent 2 1/2 acres north of the new DHS site west of the main runway. The option would be for two years, and would be contingent upon the DHS building over there.

Malm moved to grant Siefert's request that for two years, he would have the option to lease two and one half acres of the airport property situated directly to the north of the DHS (leased) property, west of the main runway, contingent on the DHS actually leasing and building their facilities on that property.

Johnson asked Siefert how he would meet his FBO standards if he had to vacate his building on June 1 to the DHS (if his bid succeeds)? Siefert says he has other property leased on the airport that he could use, but would be building a new facility as soon as he was sure the DHS was committed to building over there (to the west). Johnson said the Board may offer GFKFS the flexibility to operate below minimum standards for a specified time during his transition. Cronquist asked if this was allowable, and Johnson answered yes. Cronquist said he thinks these developments will benefit the airport and supports any efforts towards them. Johnson said if the Board decides to lower standards for Siefert during a transition, then they might also extend the same offer to George Mellone for a start-up FBO. Molmen said they would support creating a temporary situation to lower minimum standards based on the facts of each situation.

Johnson said the west-side infrastructure will be started as soon as we have commitments from DHS.

Molmen clarified that the Authority won't commit now to building west-side infrastructure unless the DHS first decides to build there.

David Loer clarified that Minnkota would not ask for more than the appraised value of their property.

Molmen seconded Malm's motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 8:58 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

March 22, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, March 22, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Dave Molmen, Clark Cronquist, Tim Mutchler, Gary Malm and Hal Gershman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. February 15, 2007 & February 26, 2007 Minutes

Malm moved to approve the February meeting minutes. Cronquist seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. 2006 Audit

Chairman Beyer invited Joe Martin, a CPA from the Brady Martz & Associates accounting firm to report on the Authority's 2006 Audit. Mr. Martin stated that after the audit, their opinion is that the Authority's financial statements are presented fairly in accordance with generally accepted accounting principles. He went on to review some of the areas the audit covered, and invited the Board members to ask questions. With reference to the plan to build a terminal in a few years, Gershman asked the amount of our current bonding ability – or how much in bonds can the Authority repay and still be liquid. Johnson said he does not know that answer but will report at the next meeting. Mr. Martin talked about some accounting entries that should be made now if the Authority plans to allow employees to remain a part of the Authority's insurance group after their retirement. He also reminded the Board to randomly check the accounts payable items.

2. Financial Report

Crystal reported on the fund balances. She explained how the funds are allocated in terms of operating, capital, debt service and unreserved. She also explained the difference between some of the revenues – cash vs. accrued. She said Northwest forgot to make their January PFC payment in February, making the PFC numbers off on this report. Two payments will show on the March report.

3. Terminal Study Review

Lonnie Laffen, JLG Architects, was introduced and asked to review the terminal study that he completed in 2005. Laffen distributed copies of the study and guided the Board through the various sections. The purpose of the study had been to document the deficiencies of the existing facility. The building was originally built in 1964 and has been added onto three times. He said the terminal's square footage is insufficient for the peak flight times and used Fargo, Bismarck and Minot's terminals as comparisons to our 24,000 square footage, which is less than half of the smallest comparison's square footage. The building cannot be expanded without also adding a major fire protection system. Laffen went on to describe the mold problem areas and standing water in the basement due to the high water table, the differential in the settling of the different parts of the building, and the difficulty in staying in compliance with the ADA requirements. Laffen listed several other items during the review, including the location options for building a new terminal. He asked for volunteers from the Board to travel with him to four airports to make some design decisions.

Commissioner Malm excused himself and left the meeting.

4. NWA Winter Ops Visit

Johnson reported on the visit from Northwest Airlines Safety Operations representatives. This team stops in to review our procedures and look at our equipment once every three or four years. Johnson and Operations & Maintenance Manager Rick Audette spent about two hours with them one day last week. He said the relationship is good and the meeting went very well. Their one issue was that there is not a large safety margin when landing a fully loaded DC-9 when friction is deteriorated on a runway as short as ours.

5. Emergency Regulator Purchase

Johnson said one of the airfield lighting regulators (about 20 years old) failed and will be replaced. The cost will be just over \$6000. He shared this with the Board because it was not a budgeted item.

C. New Business

1. Minimum Standards

Johnson talked about two topics: Airline and charter ground handling and ticketing, and self service fueling. He explained that the ground handlers and ticket agents that are employed by an airline that serves our airport are part of the airline's operation. Pinnacle Airlines, a Northwest Airlink that flies in to GFK once daily, is currently contracted by Northwest to handle ground services at GFK. Northwest plans to pull that one (Pinnacle) flight per day starting in early April. When that happens, Johnson said, there has been communication with Northwest that ground handling service is then regulated by our

minimum standards. If we require them to follow our minimum standards and ask them to pay, and they decline, we need to have a back up plan. Johnson went over several options and asked the Board how they want to handle this situation with an important customer of the airport. Molmen moved to instruct NWA/Pinnacle that they have the option of continuing the ground handling/ticketing service, but operate under the umbrella of GFK Flight Support and also instruct the administration to change the minimum standards to deal with this issue in the future. Johnson said there would be a pass through of 3% commission to the Authority. Mutchler seconded the motion. Mutchler asked why the Authority doesn't take over the ground service and then hire someone of our choosing. Johnson said that we are prohibited from declaring a proprietary exclusive without using our own employees. Johnson said we've already committed that SCAD grant to partnering with the FBO for ground handling services, and he doesn't know how we could reconcile that conflict. Cronquist said he thinks that for the long term we should add ground handling as a SASO to our minimum standards. Johnson added that creating a ground handling SASO would be contrary to the Authority creating a proprietary exclusive but it could certainly be done. **Action taken:** Motion carried unanimously.

The second topic for discussion was the self-fueling and self-service fueling on the airport. Self fueling is when a person brings fuel onto the airport to fuel their own aircraft. Johnson said our airport discourages this service but the FAA does not let us prohibit it. Self-service fueling is when a person pulls up to an airport's stand-alone fuel pump to fuel their aircraft. Neither are included in our minimum standards. GFK Flight Support does into-plane fueling, which is included in the minimum standards. Their staff brings the fuel truck and actually pumps the fuel into the aircraft for the owner. Johnson said self service fueling is subject to minimum standards, but self fueling isn't. He listed some of the factors that should be considered in developing minimum standards for self-service fueling: The safety of fuel storage; the inclusion of self-service fueling in the existing definition of "fueling"; who should control the prices; and who would pay the cost to establish a self fueling (if established by a party other than the Authority)?

Johnson then posed these questions to the Board: 1) Does the Authority wish to have a proprietary exclusive on self-service fueling? 2) Do we include self-service fueling in the overall category of fueling done by full-service FBO's? This would prohibit anyone else from selling fuel; only the full service FBO (GFKFS) could do it. Johnson said there should be something specific in the minimum standards, because when the minimum standards were written, self-service fueling was non-existent, and not yet seen as an option. Brent Siefert said he and his attorney's interpretation of our minimum standards clearly state that sales of aviation fuel are specifically reserved for the full service FBO. Molmen said the Authority's primary responsibility is to deliver value to users of the airport. He doesn't see value added by allowing another contractor to provide self-service fueling. George Mellone was introduced. He has been working with Johnson on a proposal to start up another FBO on our airport. In his research, Mellone found that in places where a small regulated monopoly faced new competition, the volume increased and both businesses prospered. He said he thinks there is a lot of untapped business to be brought in to our airport if only there was some FBO competition going on. He said he would expand on

this statement and bring evidence to the next board meeting where he plans to present his complete business plan for a start-up (limited service) FBO and self-service aircraft fueling station. He said the Authority's requirement that a contracted fueler (FBO) must have five years experience in order to fuel an aircraft is the reason he wants to start up with a self-service station, where that requirement currently doesn't pertain. He added that without the ability to sell fuel, a completely new start-up FBO would run at a loss for those first five years, and would find it very hard to compete or even survive. Mellone emphasized that his intent was not to be predatory, but to add a competing service to the airport in order to attract the untapped business that he believes is out there. Siefert said he believes that near maximum GA business is already being served at this airport by GFKFS. He added that he already has competition, which includes Fargo, and that his fuel price is currently 27 cents per gallon lower than Fargo's. Johnson asked for direction from the Board to determine its wishes with respect to the self-service issue so Mellone can continue developing his business plan. Mellone said they would start up regardless of the decision they make about self-service fueling, but the road to success would be extremely difficult if he cannot sell fuel for five years. It was brought up that Siefert had hired experienced fuelers when he started up and did not have this difficulty. Gershman suggested that if Mellone would hire experienced fuelers, he could avoid the same hurdle, and the current fueling policy should remain. Johnson said Mellone's proposal will include requests for some waivers and exceptions for a specific period time while he gets established as a full service FBO and can meet all the standards. Johnson's question is whether they want to separate the self-service fueling from the fueling definition in the minimum standards, and if the answer is yes, how do they want to treat it – as a purview of a full service FBO or a proprietary exclusive of the Authority? Molmen said he agrees with the idea that competition helps develop more business all around, but still wants to be convinced that adding Mellone's business and developing particular standards around self-service fueling would be added value to the end-user. Beyer is concerned that once you start knocking off bits and pieces of the minimum standards they aren't going to be worth anything. He warns that the minimum standards should be strong or there could be future problems. Mutchler agreed. Johnson repeated that the self-service fueling wasn't an issue when the minimum standards were written, and that it needs to be addressed in some way, whether it is included with the existing definition of fueling or not. Johnson said he believes it should be separated, and that Siefert disagrees. Beyer said he agrees with Siefert that it should be kept together – that fueling is fueling. Molmen and Beyer said they understand that Mellone may come next month with a better argument as to why self-fueling should be separated from the current definition of fueling in our set of standards, but agreed that the minimum standards should be left alone for now. Cronquist thinks the standards should hold parameters for the physical structuring of a self-fueling service station. Johnson said that would fit better under the Airport Rules and Regulations, and assured the Board that any plans for building such a station would be brought before the Board before being built.

2. Rental Car Discussion

Tim Mutchler spoke for the absent Rich Becker, who requested that this issue be brought up at this meeting. He introduced Shari Storbakken, manager of Avis Car Rental. She spoke about how the decrease in flights and enplanements are having a negative impact on their business, and asked the Board to consider extending their current contract from one that renews annually to one that guarantees their presence at the airport for longer periods of time. Mutchler said that Becker hadn't expected any action at this meeting and thanked Storbakken for her comments. Johnson reminded the Board that they had voted a year ago to put the rental car concessions out for bid, but it hasn't yet been done. Had that been done, he feels that five-year contracts would be absolutely feasible. Phil Medina, the manager from Hertz, asked the Board for a commitment from the Authority since the car rental businesses are always committed to the Authority. Gershman says he thinks the Authority should take advantage of the rental car businesses' willingness to sign a five-year contract. Johnson said that management had earlier suggested that any new contract with car rental concessions should include a provision where the commissions should be tied to boardings. Beyer asked Johnson to bring his recommendations to next month's meeting.

D. Old Business

1. Air Service Consultant

Johnson brought the results of his research into the air service industry's use of consultants. He reported on his contact with three consultant groups: Dave Dague, SH&E, says the trend is longer contracts which generates increased loyalty. He suggests an on-demand approach which works better with smaller airports, whose needs tend to be more sporadic. Ron McNeil, Mead & Hunt, does the bulk of their work using the on-demand approach. They have done open ended contracts and "standing order" business contracts. They often send their staff to air service conferences. Johnson asked McNeil to increase their contact with our airport. Mike Boyd, The Boyd Group, says the on-demand system works well for most of their clients. He says going to air services conferences is not that productive. Johnson plans to make contact with Mark Sixel, the consultant for Hector at Fargo. Gershman said he feels strongly that there should be an air service development task force (or sub-committee) that could meet more often and make more timely decisions for the airport than the current full Board can. Beyer said that we were urged by Mead & Hunt to refrain from just knocking on the doors of other airlines. Molmen said that though in the past he'd been skeptical to recruit other carriers, he has changed his position. He believes the current service changes in Grand Forks could be the beginning of the end unless we start working to make some positive things happen. He says the flight schedule is now of utmost importance to our airport's service, and maybe we should be looking vigorously for a second carrier or even a new carrier. Gershman said the negative image of our airport has been removed when free parking was added, but it's up to the Board to take care of the air service problems now. He said Northwest has an award program called BizPerks that should be publicized. Johnson said he supports the idea of the air service task force, and that Becker had volunteered to serve there. The Board's consensus was to start a task force for air service.

2. Land Acquisition

Johnson reported that the Saumur's own appraisal is expected soon. The Saumur's have indicated that they may decide to sell the east half of the property to us if we agree to work with the city to get the west half rezoned for commercial/industrial. Johnson agreed to consult with the city planner on that proposal. The Larivee appraisal is still with T.W. Sapa being reviewed, and is expected any day. An offer will be made to the Larivees once that is approved.

The meeting adjourned at 10:28 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

April 19, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, April 19, 2007 with Vice Chairman Rich Becker presiding. Those present were Commissioners Dave Molmen, Clark Cronquist, Tim Mutchler, Gary Malm and Hal Gershman; 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. March 22, 2007

Malm moved to approve the March meeting minutes. Cronquist seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. TSA has been having difficulty in paying their bills on time. They currently owe us \$23,000. Gershman asked about the operating fund deficit. Crystal explained that the commissions revenue for March are not realized until April, and the expenditures are high during the first part of the year. She and Johnson assured him that it is not unusual to have this kind of deficit during the first few months of each year.

2. Operations Statistics

Johnson reported on the airport's first quarter operations statistics. Enplanements have been declining, cargo is slightly up and operations are a little off from last year. Audette reported that FedEx may drop one of their evening 727 flights (Tues-Fri) in July of this year. They will add another feeder (Cessna) in August. Audette added that FedEx now has an agreement with Fargo to divert there in bad weather instead of going back to Minneapolis. The operations statistics are down slightly and Frank Argenziano from UND spoke about the reasons behind the lag. Johnson reported on the reliability of the airlines using some data that staff collected over the past six weeks. The cancelled flights were high, and we lost a CRJ flight each day, due to schedule change. NWA station manager Mike LaScola was asked to comment. He said he believes the cancellations occurred because the airline is having crew issues and our 5 a.m. departure has been cancelled more often because of that. The Board asked the Authority staff to continue monitoring the flights.

3. Bonding Capability

Per Commissioner Gershman's request at the last meeting, Crystal had contacted the Authority's bond counsel to ask how much debt the Authority would be capable of bonding. She said the counsel's reply was that we could sell as many bonds as we can pay for. He discouraged us from selling strictly airport revenue bonds and would encourage us to use the city and the county to sell contingent bonds – because they would sell better and have a lower interest rate. Johnson and Crystal distributed spreadsheets which depicted the financials over the next ten years if we were to build two new runways for UND, the CBP development, a new terminal and repay bond debt. In order to complete all of these projects, the Authority would need to bond \$5 million in 2009 and find \$11 million in local contributions in 2010. Crystal pointed out that these amounts are in addition to the \$2.5 million we will be bonding in 2007 for the CBP project.

C. New Business

1. Start Up FBO

Johnson introduced George Mellone, who presented his plans to build a new start-up, *Aurora FBO* with his partner, Joe Fuhrman. Mellone described the aircraft, equipment, staff and service they propose to provide in their limited service operation. Their services would initially be limited to aircraft rental, flight instruction and aircraft storage. Their plan includes the use of a mobile building for office space, so Mellone requested a two-year waiver of the Minimum Standards provision that prohibits mobile buildings. He also asked the Board to modify the requirement for limited service providers to have \$5 million in liability insurance, because they cannot find such insurance available to limited service FBO's. He said he would purchase that insurance as soon as it became available to him, probably when they start up their charter service. Meanwhile he would purchase the \$1 million "smooth" insurance through Northstar Insurance. Brent Siefert of GFK Flight Support spoke about some of his concerns. Kathy Lind (National Car Rental) asked the Board to consider her situation where she would lose valuable parking space if the new FBO proposal is accepted. Molmen made a motion to have the staff evaluate the proposal further and report back at the next meeting. Gershman seconded the motion. **Action taken:** Motion carried unanimously. Becker asked to meet with Mellone to discuss the needs of the marketplace.

2. Amendment to Organizational and Policy Manual

Johnson recommends adding one additional sentence to the Organizational and Policy Manual: "Makeup of the Board of Commissioners were subsequently redefined by Grand Forks Ordinance 36-84". It helps define how the Authority moved from the original five

board members to the existing seven. When these changes are made they have to be brought in front of the board two times. This is the first reading.

D. Old Business

1. Car Rental Discussion

Johnson's recommendation to the Board of Commissioners is to direct him to meet with the interested parties, draft a new contract for three car rental concessionaires, get approval from the Board, and then put the contract out for bids. Once the three have been selected, work on an implementation date for the new contract to begin. Becker said that the bleakness of the current enrollment numbers should be a factor in this discussion. Gershman agreed and moved to enter into a five-year lease with the existing three car rental agencies and that the contracts not go out for bids. Cronquist seconded the motion. Cronquist suggested lowering commission rates when the car rental business is down. Johnson showed the last two years' rental car commissions vs. enrollments on a chart. The computer generated a trend line showing Avis trending up slightly and the other two agencies trending slightly down with enrollments. Crystal pointed out that the current guaranteed commissions are well below the trend lines. Johnson will work with the incumbents to negotiate a contract and will bring it to the next meeting for discussion. A representative from Hertz said the NWA GFK flight schedule is hurting their local business, but Fargo's (Hertz) business has recently tripled, partly because the Grand Forks business community has migrated south. Gershman asked him to find out which airline those migrants are using in Fargo. **Action taken:** Motion carried unanimously.

2. Land Acquisition

Johnson said we're still waiting for a counter offer on the Saumur property. The Larivee appraisal was reviewed and an offer was made. The Larivees have not yet responded to the offer.

The meeting adjourned at 8:34 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

May 17, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, May 17, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Dave Molmen, Clark Cronquist, and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. April 19, 2007

Cronquist moved to approve the April meeting minutes. Malm seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. TSA is now up to date on their payments. The decrease in enplanements has impacted the rental car and restaurant commissions.

2. Terminal Task Force

Johnson reported in Rich Becker's absence. The Task Force (Johnson, Beyer, Malm and Becker) chartered an airplane with Lonnie Laffen and Todd Novak of JLG Architects to visit some newer airport terminals in Appleton, WI, Traverse City, MI, Bloomington, IL, and the Humphrey Terminal in Minneapolis. The tour was very beneficial, and the group will continue meeting to discuss the next steps and the decision making process with regard to building a new terminal here. Cronquist asked where the money will come from for a new terminal – he had an email from Gershman saying that the City and the County would not be able to afford the \$11 million that the airport would need to build it. Johnson said that he read Gershman's email to say that we will need to find a less expensive way to build the terminal. Beyer said the cost could be reduced significantly if we built a one story terminal vs. a two story.

3. Air Service Task Force

Johnson reported in Hal Gershman's absence. The group (Molmen, Gershman, Johnson) met twice in the past month. Senator Dorgan will help arrange for the task force to meet with the Frontier execs in Denver, which should happen within a month. A decision was made to advertise in the Devil's Lake market.

4. Airport Revenue Contributions

Johnson spoke about the revenue contributions on the airport. Northwest, FedEx, UND and FBO/GA are the four main entities on the airport. Johnson explained that the net revenue for Northwest (\$1.2 million) and FedEx (\$600,000) far outweigh the other two – UND (-\$55,000) and FBO/GA (\$45,000).

C. New Business

1. Minnkota Power Lease

Johnson said Minnkota and the Authority have agreed on the terms of a new lease. Construction begins today on the new Minnkota hangar.

D. Old Business

1. Amendment to Organizational and Policy Manual

The Commissioners were giving their second reading of the sentence that will be added to the Organizational and Policy Manual. It cites the change to the city ordinance that provided two additional members to the Authority Board.

2. Land Acquisition

Johnson said he has left a message with Saumur's attorney about the offer we made them for their land back in October, but he hasn't heard back from him. Johnson added that he has not heard anything from Border Patrol about when they plan to start construction on the said property. Johnson said that the Larivees are not in agreement with the valuation of the back acres (about 75%) of their property. Our offer for their back acres was \$750 per acre, and they showed him a settlement statement dated 1984 where they sold the city some adjacent property, back acres in particular, for \$2000 per acre.

3. Aurora LLC Limited Service FBO

Johnson said that after he and Mary Jo Crystal reviewed the business plan of the Aurora LLC Limited Service FBO, they recommended the Board of Commissioners reject it. He

cited some of the reasons. Johnson added that he would not object to viewing a revised business plan, but would like to treat it as a new consideration, and not a revision of the old one. In order to do that, he recommended that the Board take action on the issue, and vote to reject Aurora's first proposal to do business on the airport. A motion was made by Molmen to deny the request by Aurora LLC to start up an FBO on the airport at this time. The motion was seconded by Malm. **Action taken:** Motion carried unanimously.

Due to conflicts, the next meeting will be held one week earlier – June 14, 2007.

Cronquist asked the staff to clarify some of the expenses that are listed on the (A/P) check register review.

Johnson said he has delivered a draft of the car rental agreements to the three agencies for their review. He said he would work with them if there are any concerns, but otherwise he expects to sign them in the near future.

Johnson reported on the public hearing we hosted on May 14, for the (English Coulee) wildlife mitigation environmental assessment. No one showed up.

The meeting adjourned at 8:36 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

June 14, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, June 14, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Dave Molmen, Clark Cronquist, Tim Mutchler, Hal Gershman and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. May 17, 2007

Malm moved to approve the May meeting minutes. Molmen seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. A spreadsheet showing the transfers in and out of the various funds was discussed. Crystal announced that we received our payout from Mesaba after they came out of bankruptcy, and also that the PFC application amendment was recently approved.

2. Passenger Screening Reimbursement

Johnson reported that our screening reimbursement agreement with TSA expires on September 30. Our application for reimbursement will be sent in next week. The TSA has reduced their reimbursement rate by \$2 per hour – and only if they have the money. Our airport has been utilizing the Police Department, and the City of Grand Forks has been subsidizing the cost. If we must find an alternative, our choices would be to hire a private security firm, or ask law enforcement to only respond when the screeners use the covert alarm system.

3. Air Service Task Force

Hal Gershman reported that Klaus Thiessen from the GF EDC has joined the air service development task force. Senator Dorgan made a call to Frontier Airlines scheduled a

meeting for June 19 when Gershman, Thiessen and Johnson will travel to Denver to meet with Frontier executives. Gershman says the purpose of the trip is to allow Frontier and Grand Forks to learn more about each other. An airline consultant from SH&E, Dave Dague, is going to gather information so we can work up a proposal for United Airlines. Gershman's request for a meeting with Northwest was met with lukewarm response. He thinks that Northwest should consider recapturing our leakage of 55,000 passengers each year.

4. Leakage Study

Johnson reviewed the highlights of the most recent leakage study that was recently performed by Dave Dague at SH&E. The leakage breakdown is as follows: Fargo 21%, Minneapolis 12%, Bismarck 5%. The Air Force Base is the most loyal to GFK, according to the study. 48% of our total leaked passengers traveled to Nevada, California, Washington and Oregon. Of the leaked passengers who fly out of Minneapolis, 60% are using Northwest Airlines. 38% of those who drive to Fargo are using Northwest. Gershman commented that the Grand Forks business community lacks support for their airport.

5. Master Plan Pre-Final Report

Johnson introduced Rick Ennen of Kadmas, Lee & Jackson, one of our engineering consultants. Ennen explained that the proposed short helicopter runway (1900') in between the two existing parallel runways was rejected by the FAA. He described the high priority master planning items for the next five years and then reviewed the schedule for the 4th runway and the associated EA. They're now working through the second round of FAA comments on the EA, and they'll have a public hearing in September. Their plans are to have a final determination by the end of October. KLJ's Allan Schaefer gave a quick overview of the 3D airport layout plan drawing - showing the capability of the airport's GIS system. He demonstrated a computerized simulator flying around our airport.

C. Old Business

1. Land Acquisition

Johnson updated the Board on both proposed land acquisitions: Saumur's attorney says we undervalued the Saumur property. We (the Authority) offered \$184,000 for 154 acres - they think it's worth much more, based on their examples of comparable properties. Our attorney recommended asking them for their own appraisal. Johnson said if they cannot come to an agreeable price, we may have to let the courts decide. The Larivee property is needed in order to relocate the coulee on the east side of the airport. Mrs. Larivee argues

against our \$179,000 offer for her property based on the sale price of adjacent property 25 years ago, where the city paid over twice as much per acre for the back acres. The FAA will only pay the appraised value for each piece of property. The sellers are asking \$86,000 and \$83,000 more than we offered for the Saumur and Larivee properties, respectively. Johnson concluded by saying the real estate committee will be making further decisions.

2. Aurora LLC Application

Johnson said that George Mellone has submitted a new business plan for the Aurora LLC FBO and Johnson has no recommendation at this time.

Becker asked about the status of the car rental agreements. Johnson said that he prepared and delivered the agreements to the car rental agencies, and he's waiting for them to sign and return them. He hasn't heard anything otherwise.

Dave Molmen reported that his term as Commissioner is ending on June 30, and he does not intend to continue on the Board for another term. He expressed his appreciation for the opportunity he had to serve for the past 15 years. He offered to help with some of the more important issues in the future. Chairman Beyer thanked Dave Molmen and congratulated him on his new appointment as CEO of Altru Hospital.

George Mellone asked for a special meeting for the Aurora LLC Application in order to expedite their plans to start up an FBO. Beyer suggested that Mellone prepare all of the Board members by sending out his application and other materials ahead of the next meeting.

The meeting adjourned at 9:38 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

July 19, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, July 19, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Hal Gershman and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. June 14, 2007

Cronquist moved to approve the June meeting minutes. Malm seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. Gershman asked for detail on accounts receivable and uncollectible. She described the list of bills she sends out each month, and reported that she was recently notified of Northwest Airlines' intent to pay the \$58,000 they owed before bankruptcy. This amount is currently recorded on our books as uncollectible.

Crystal then reported on the payment timeliness of the airport concessionaires. A car rental manager had recently shown concern about the lateness of the monthly car rental reports. The current due date for concessions is the 5th of each month. Each car rental agency has been 20 days late at least once over the past 18 months, and the restaurant has a history of being 30+ days late. GFK Flight Support was consistently 30-35 days late. She described some of the probable reasons the car rentals and restaurant reports were late. Brent Seifert described his business's reason for late payments. Gershman moved to changed the commissions reporting due date from the 5th to the 30th of each month and charge \$10 for each day the payments are late, contingent on the negotiations of any new lease contracts. Becker seconded the motion. **Action taken:** Motion carried unanimously.

2. Operations Statistics Report/Airline Delays and Cancellations

Enplanements remain below 2006 numbers. Cargo was up and Operations is consistent with 2006. Johnson spoke about the Authority's tracking report for the Northwest Airlines

flight delays and cancellations: Over 80% of the arrivals and departures were on time, and about 3% were cancelled.

3. Air Service Task Force

Hal Gershman said he recently learned through the NDAC that Grand Forks Airport may have an opportunity to lure Allegiant Airlines into serving GFK. The task force met and decided to ask Canad Inn to partner with the Airport to create a program of promotional room rates and charter buses from Canada to the Canad Inn and from there to GFK to fly to Las Vegas on Allegiant. The task force then met with the Canad Inn executives and the idea was very well received. Gershman said a similar conversation with a tourism agent in Winnipeg was also brought high interest. Johnson will attempt to arrange a meeting with Allegiant Airlines.

Gershman said that the consultant from SH&E (Dave Dague) is developing a proposal for the Authority to present to United Airlines' executives. Johnson said there are two proposed dates for a visit with United: August 31 & September 10.

Gershman also reported that he plans to contact Northwest Airlines' Matt Friebe again, to try to get our flight schedules changed.

4. Terminal Task Force

Becker spoke about the meeting between the terminal task force and the city leaders. The architects are reworking the plans to lower the cost of building the terminal. He said the airport may be able to finance the terminal using bonds that may reach out up to 30 years. Becker said the construction time frame may be 2009-2011, and after it's completion, this community should have a better chance at new air service. Gershman said that it is extraordinary for an airport to be able to pay for it's own terminal and commended the airport staff for their financial management talents. He said the city finance officer is running numbers for airport bonds and will report back. Todd Novak from JLG Architects showed the Board some drawings of the footprint of the new terminal with the new proposed GFKFS FBO alongside it.

C. New Business

1. Marketing Ideas

Crystal & Johnson proposed paying Anchor Marketing to create a website ("*goGFK.com*") where customers can use a tool to calculate the "cost of travel" vs. "ticket price" – it adds the cost of mileage, time and parking to the price of tickets – and compares travel costs between GFK & FAR & MSP. The calculator is tied to a travel site. Gershman had some reservations about the calculator, and suggested running a hundred or so samples on travel sites to see how often GFK came out lower the other two. Beyer said if these samples turned out to be unfavorable for GFK, the data would at least be a good argument to take to

Northwest's executives. Becker commented that the 5 a.m. flights are usually GFK's least expensive tickets, and that doesn't always appeal to travelers looking at both price and convenience. Johnson said the cost of getting this website up and going is \$2000, but that there were a number of other ideas. Crystal said one of the ideas was discounted parking. She asked if the Board would want to give up revenue from the parking lot for a period of time in order to raise enplanements - and from there talk to Northwest Airlines about the flight schedule. Beyer suggested having a marketing meeting to discuss this further.

2. Paving Project Change Order

Johnson described this year's non federal multiple paving project: Replacing and widening the taxiway for the new Minnkota hangar, extending a driveway, repairing a fissure in another taxiway. He reported that the lowest bid for this work came in much lower than expected, so in order to take maximum advantage of the approved state grant, he asked the Board to approve a change order for up to \$ 58,305 which adds to the project: Paving on the maintenance/ops road and parking, both of which are in poor condition. Johnson said that these repairs would have included in the project originally if they had known they could afford it. Cronquist moved to approve the change order to include the maintenance/ops road and parking. Becker seconded the motion. **Action taken:** The motion carried unanimously.

3. Development Requests

Brent Seifert from GFK Flight Support and Todd Novak from JLG displayed and described several pictures of the proposed new airport FBO that GFKFS plans to build yet this year. Seifert had previously sent a letter to Johnson listing several items that need to be addressed before construction can begin. Johnson went over the list and made his comments:

1. *Unofficial approval on change to minimum standards*, to shorten the process. Johnson disagrees with this shortcut. He recommended making the changes to the minimum standards using the correct process: Publish the notice of amendment, mail the proposed change to affected parties, wait 7 days, hold a public hearing. Staff would analyze any comments made at the hearing and then make recommendations to the board for a vote. Any changes voted in become effective 30 days after the vote.
2. *Extension of GFKFS current lease to include enough land to the south to build their proposed FBO*. Johnson recommended approving this extension, if the Board members are comfortable with the architect's assurance that there will still be enough room in that particular area to build a new airport terminal.

3. *The Authority or FAA fund approximately \$800,000 worth of heavy aircraft apron in front of the new FBO and upgrade Taxiway A.* Johnson does not oppose the concept, but he does not know where to get the needed funding for those projects.
4. *A 40-year lease on the new FBO site.* Johnson does not object to that request.
5. *Approval of temporary FBO operation north of the existing FBO.* Johnson has concerns about taxiway access for Minnkota and Rydell aircraft.
6. *Authority lease all of it's hangars to GFKFS for 20 years.* Johnson has reservations about giving up Hangar 4, where all of the Authority's airfield maintenance equipment is stored. He guessed that it would cost the Authority \$250,000 to construct a new storage facility for that equipment. Johnson said Seifert has agreed to keep the existing hangar tenants' rent at it's current rate (annually raised/lowered according the CPI), but hasn't agreed to keep that affordable rate for future tenants. Gershman said he was concerned that we would lose tenants if the rates were set too high.
7. *Approval of a GFKFS sublease to U.S. Customs and Border Protection, and approval of a street side security fence at GFK's expense.* Johnson does not object, but would like to first review the sublease.
8. *GFKFS has an immediate need for construction.* Johnson will work with them to get them started as soon as possible, but it is vital that the interested parties have a chance to comment on these changes, especially with regard to minimum standards.

Johnson then reviewed proposed changes to minimum standards as recommended by GFKFS' consultant.

1. *Eliminate the word "fair" from one of the provisions to coincide with the FAA's deletion of that term.* Johnson does not object to that.
2. *Protect an existing or incumbent provider from competition that's not making a similar investment.* Johnson strongly disagrees, but would commit to protect the incumbent only insomuch as requiring everyone to meet the same minimum standards.
3. *Require start up businesses to provide the Authority with a strategic business plan.* Johnson supports that concept.
4. *Incorporate a reference to the FAA Advisory Circular on minimum standards.* Johnson does not oppose referencing current ACs.
5. *The Authority must adhere to their own minimum standards should they go into the fueling business themselves.* Johnson supports this, and added that the minimum standards should be worded so this applies to all services, not just fuel.

6. *Providers of aviation gas should have two service trucks, each not more than 10 years old.* Johnson supports this idea, and added that there should also be two people on staff to operate the two trucks.
7. *Require customer service area/administrative office space in an FBO to be 5,000 square feet.* Johnson supports the concept of specifying dedicated customer service/admin office space, but can't recommend the number of square feet without further study.
8. *Require a full service FBO to provide customer service at specified times.* Johnson supports a 24/7 concept.

With regard to Hangar 4, Seifert said he would like to lease it for 20 years, but would give it back to the Authority after completing his construction, if it was still needed for equipment storage. Beyer said he knows of some temporary storage units for sale that might suffice in the meantime.

Beyer asked Johnson to write a summary and send it to Board members.

Johnson asked Seifert to provide a statement that explains how he proposes to meet minimum standards during his construction period, when his current buildings are leased to US CBP.

Johnson said after the minimum standards amendments are developed, the official process to approve the amendments could begin.

Cronquist said he thought that having two trucks versus one should be a business decision and not a minimum standard.

The Board decided to hold a special meeting on July 31 to allow the existing hangar tenants and other interested parties a chance to hear and speak up about the proposed leasing of the hangars to GFKFS.

Gershman suggested paying for the new apron with the reserve fund.

Beyer asked Johnson to instruct the attorney to work on the minimum standards amendment as soon as possible.

D. Old Business

1. Land Acquisition

Johnson reported that the Saumur attorney is awaiting a response to their counter offer. Johnson said that he plans to turn them down, as they are still about \$80,000-\$90,000 apart in their offers.

2. Aurora LLC Application

Johnson recommended that the Board not approve the Aurora LLC FBO business application. Joe Fuhrman from Aurora said that if the Board moved to deny this plan, then they would submit a revised plan as soon as possible. Johnson advised the Board that the applicants (GFKFS & Aurora) both include Hangar 2 in their plans in order to maintain minimum standards. Malm moved to deny the current proposal submitted by Aurora LLC. Gershman seconded the motion. **Action taken:** Motion carried unanimously.

Johnson reported that the Authority's management staff met with the Authority employees about salaries. The same consultant that was used for a salary study four years ago was hired again this year to do another study. Management staff will make salary recommendations to the Board based on the results of this study.

Becker asked about the car rental leases. Kathy Lind from National/Alamo Car Rental said that in her case, their legal department is in the process of reviewing the proposed lease.

Dave Cink from the ATCT announced that their employees recently received a regional award.

The meeting adjourned at 10:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

July 31, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Tuesday, July 31, 2007 with Vice Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Tim Mutchler, and Gary Malm; staff members Steve Johnson, Executive Director; and Mary Jo Crystal, Director of Finance and Administration..

The meeting was called to order at 7:00 p.m. The topics for this special meeting were to entertain a request to grant a 20 year lease to GFK Flight Support for the Authority's mass and T-hangars, and to consider the matter of closing off GA parking adjacent to GFK Flight Support.

Johnson opened the discussion with some details: Brent Seifert from GFK Flight Support has asked the Authority to grant him a 20 year lease for the Authority's Mass Hangars 2, 3 and 4, and T-Hangars A, B, C & D. Johnson outlined some questions and issues that might affect their decision. The first issue related to the method in which we would calculate the building and ground rent. Cronquist asked Seifert why he needed all of these hangars for 20 years, when that isn't a requirement for our minimum standards. Seifert described his plans to develop growth in GA, and by having leases on those properties, he can design a 20-year master plan to build new GA hangars and other facilities in those areas, which have close proximity to his FBO. Seifert indicated that he someday hopes to build new heated T-hangars where the A-B (larger) T-Hangars now stand. He would add some amenities and charge rents of around \$350 per month.

Johnson listed some other questions and issues:

- Do we need a provision in 20 year leases allowing the Authority to terminate them if there were development needs? Johnson suggested an escape clause.
- The hangar keys would be returned to the Authority. Hangar tenants would receive their deposits back. The keys would be turned over to GFKFS for distribution back to the tenants under their own key/deposit policies.
- When/if GFKFS takes over managing the hangars, we would lose some ability to track hangar tenants.
- The existing hangar management agreement with GFKFS will be terminated.
- The Authority would stop it's monthly fire and safety inspections in the hangars.

Chairman Becker invited comments from the audience.

Rick Odegard, a T-hangar tenant in row A, expressed concern about being forced out of his current hangar. Seifert assured Odegard that he would guarantee that current hangar tenants would not be displaced unwillingly.

Tom Vasek asked why the Authority doesn't take advantage of the opportunity to charge more rent for the hangars. Johnson said that his arbitrary suggestion to be "revenue neutral" with the hangar leases between the Authority and GFKFS was based on a similar offer made recently to a potential start-up FBO. Johnson added that Vasek made a good point.

Brian Pfeiffer asked why the Authority wouldn't be obligated to continue fire and safety inspections on the hangars if GFKFS were leasing them. Johnson said all of the Authority's leases require that the Authority be listed on tenants' insurance policies as additional insured. He added that the entire airport is inspected annually by the State Fire Marshall.

Johnson said that by leasing the hangars to a private business, GFKFS, there may be better opportunity for those hangars to see improvements over the years.

Mutchler asked Seifert to respond to the suggestion of an escape clause in the 20-year lease. Seifert said they are comfortable with such a clause being added to their hangar leases.

Becker summarized the discussion with Seifert, and said he was satisfied with Seifert's stated intentions to use the leased space to make long term improvements to the airport. Johnson asked the Board whether to lease the hangars at the same rate as the current generated revenue, or charge more. He referred to Mr. Vasek's suggestion that it might be wise to put more value on those resources. Cronquist suggested that Hangar 4 might be worth significantly more to us than Johnson valued it, because we use it now to protect our expensive heavy equipment.

Malm said that if GFKFS plans to make extensive improvements to the airport, especially improvements that the airport couldn't make otherwise, the Authority should allow it to happen.

Mutchler asked Johnson for clarification on the Authority's recourse in case GFKFS does not live up to their lease provisions such as maintaining low hangar rental rates for our current tenants. Johnson said any provisions written in a signed lease agreement that aren't followed constitute events of default and the lease could be terminated.

Malm moved to grant a 20-year lease of the Authority's mass hangars and T-Hangars to GFK Flight Support, on the contingency that it includes the aforementioned provisions. Mutchler seconded the motion. The motion included the requirement to bring the proposed lease back to the board for approval. **Action taken:** Motion carried unanimously.

The second topic of the meeting was the matter of closing the General Aviation (GA) parking lot that is adjacent to GFK Flight Support. Johnson explained that GFKFS proposes erecting a fence to secure the buildings that they are and/or will be subleasing to US Customs and Border Protection. This was originally a request made by US CBP to GFKFS. Fencing this area off would take away 16 Authority parking spaces that are frequently used by GA. Johnson said that there are at least 33 available spaces nearby that GA patrons could utilize. Johnson said the 16 parking spaces, after being fenced off, will be generating new (ground rent) revenue.

Mutchler moved to close off the parking lot with fencing as proposed. Malm seconded the motion. **Action taken:** Motion carried unanimously.

Becker asked if the city could legally extend their closing date on the landfill, after hearing rumors of that possibility. Johnson commented: The public works director has to perform due diligence in exploring the possibility of keeping it open for the sake of saving taxpayers' dollars. A couple of citizens are saying that the FAA will concur with the landfill to stay open. Johnson says that the FAA will not, based on the number of daily flights we have, and our history of bird problems.

Becker said he'd been notified that Ulteig's estimate for an apron in front of the proposed new FBO was much higher than expected. A discussion ensued regarding the Authority's affordability of an apron. Seifert said this issue needs to be addressed and resolved before he can move forward with his plans to build a new FBO.

The meeting adjourned at 8:30 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

August 7, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Tuesday, August 7, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler, and Gary Malm; staff members Steve Johnson, Executive Director; and Mary Jo Crystal, Director of Finance and Administration.

The meeting was called to order at 8:00 a.m. The topics for this special meeting:

Matters related to potential construction of aircraft parking apron
Matters related to GFKFS sublease of facilities to US Customs & Border Protection
Review of proposed lease of Authority hangars to GFKFS
Matters related to FBO operations during construction
Matters related to amending minimum standards

Matters related to potential construction of aircraft parking apron

Johnson reported that Ulteig Engineers estimates the cost to build an apron in front of the proposed new FBO to be \$1.4 - \$1.5 million. Ulteig's Jon Scrapper said the original estimate of \$800,000 by GFKFS's consultant did not include the upgrades in the areas surrounding the new apron, nor did it include the engineering fees. Johnson said the utility infrastructure was not included in this estimate, which could be an additional \$100,000 - \$200,000. Johnson said that the cost of building a new passenger terminal should factor into the decision of building this apron. He said we've committed all of our AIP money for the next six years to the coulee relocation, the runway and the new terminal, so the proposed FBO apron would be built using our reserves. Crystal shared a bond repayment table from the bond company that depicted three assumptions and scenarios for spending our reserves and building a new terminal. Without reserves, the Authority would have to commit 100% of its tax levy for the next 20, 25 or 30 years. Johnson said that if we made this commitment, the Authority would not have any room to pay for other important items, should they become necessary. He named off several hypothetical examples and wondered would happen if any one of them materialized and we didn't have money to accommodate them? He said any of these scenarios would be vital to the future of the airport and that a new terminal would not generate any revenue for the Authority. Becker expressed his surprise at the suggestion that a new terminal may be unaffordable should the Authority use its reserves for the new FBO apron. Johnson said the bond information showing the shortfalls was just received yesterday afternoon. Crystal explained and clarified some of the questions concerning the bond information. Beyer said that the ADO needs to know immediately one way or another whether we will build a new terminal. Beyer said he doesn't want to encumber the Authority with a debt that will cost them 100% of their tax levies for the next 20-30 years. Cronquist agreed. Mutchler moved to fund the apron using the Authority's reserves. Malm seconded the motion. Becker said other attractions to the airport are minimal compared to a new terminal, and a new terminal is his number one priority.

Johnson said the deadline for a firm decision on the terminal needs to be submitted just after the next regular board meeting, which is August 16. Cronquist suggested reducing the cost of the terminal. Malm said the county doesn't have funds to help with the terminal. Malm said the terminal should be discussed at this special meeting because it is absolutely connected to the decision to build this proposed FBO apron. Mutchler said the only vote today should be for an apron. Malm moved to table the motion, and Cronquist seconded that motion. **Action taken:** The motion was carried unanimously.

Matters related to GFKFS sublease of facilities to US Customs & Border Protection

Johnson reported his discussions with Brent Seifert. The above referenced lease was signed on June 22, 2007 without the Authority's review or approval. GFKFS's offer to CBP included language saying that the lease was subject to the Authority's approval. Johnson said that he was concerned with a provision in the sublease that allowed indefinite renewals. He believes it would be in the Authority's best interest to have the CBP build a facility on the airport, but this clause would allow them a way out of that commitment.

Matters related to FBO operations during construction

Johnson said he is comfortable with Seifert's detailed explanation about how he will be able to meet minimum standards while the CBP leases his current building and while his new building is constructed.

Matters related to amending minimum standards

Johnson had nothing to add on that subject.

Review of proposed lease of Authority hangars to GFKFS

Johnson said the 20 year lease to GFKFS for the Authority hangars was ready for review and the Board reviewed it in detail. The lease limits the facilities for only FBO functions. The hangar rents will remain the same for the current lessees (except for annual CPI adjustments). On page 3, line item #4 gives the Authority the right to reclaim (with a 30 day notice) Hangar 4 after the new FBO construction is complete. Item #5 on that page cited the "escape clause" to reclaim Hangars 2 & 3 if either were to be used for a third party development. Another clause in the lease allows GFKFS to recoup some of its improvement investments should the property be reclaimed by the Authority. Seifert commented that he fully intends to have Hangar 4 full of renters within 12 months, and to turn it back over to the Authority after construction of the new FBO would force his renters out and possibly destroy relationships with these renters. He would like to have some kind of guarantee to the renters that would be displaced. He also opposed a part of the provision that relates to recouping his cost of improvements – he would like to see a residual of 25% after 20 years, vs. 0%. Johnson explained the method and resources he used to calculate the lease rate for each hangar facility. In the proposed GFKFS lease, Johnson used 5% of the appraised value of each building as a fair annual rental rate plus the ground site rent. Seifert showed concern that this calculation was too high to make a profit while guaranteeing that the existing rents stay the same. Johnson agreed to use the Aurora LLC calculated rental rates and break out ground site rents as part of that. Seifert also suggested language be put in the lease that the Authority cannot reclaim a hangar for the purpose of using it just for hangar rental. Johnson agreed that the Authority would not use the "escape clause" just to lease a hangar to a different party who would rent the space. Seifert apologized to the Board for executing the CBP lease without involving the Authority.

Cronquist asked about reclaiming the T-Hangars. Johnson said his main concerns would be property on the primary aprons, but if GFKFS defaults on the lease, we would get everything back. Upon execution of this lease, the Authority would need to build a new maintenance storage hangar/facility before winter at an estimated cost of \$300,000.

Becker expressed his disappointment in the bond financial information. He again expressed his support of a new terminal. He commended Seifert for his public apology with regard to the CBP lease.

Malm moved to remove the motion to fund a new FBO apron from the table. Mutchler seconded the motion. **Action taken:** Motion carried: aye – 3 (Mutchler, Cronquist, Malm); nay - 1 (Becker).

Action taken: The motion to fund the apron for the new FBO was carried and passed: aye – 3 (Mutchler, Cronquist and Malm); nay - 1 (Becker).

Cronquist moved to accept the sublease between GFKFS and CBP. Mutchler seconded. **Action taken:** Motion carried unanimously

Johnson was instructed to bring a revised lease between the Authority and GFKFS back to the next meeting for review.

The 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 16, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, August 16, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Hal Gershman, Dave Molmen, Tim Mutchler and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

Johnson announced that today is the 18th anniversary of employment for Operations Specialist Wayne Wetzel.

A. Reading and Approval of Minutes

- 1. July 19, 2007:** Malm moved to approve the July 19 meeting minutes. Mutchler seconded. **Action Taken:** Motion carried unanimously.
- 2. July 31, 2007:** Malm moved to approve the July 31 meeting minutes. Cronquist seconded. **Action Taken:** Motion carried unanimously.
- 3. August 7, 2007:** Johnson said the August 7th meeting minutes do not cover every detail with regard to discussions about the new lease agreement with GFKFS. Malm moved to approve the August 7 meeting minutes. Mutchler seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. A bad debt expense adjustment of (\$65,147.71) brought the operating fund balance from (\$52,984.74) to \$12,162.97. The adjustment was made because Northwest Airlines sent a check for their pre-bankruptcy balance.

2. Air Service Task Force

Gershman said he and Johnson & Klaus Thiessen would be traveling to Chicago on September 10th to meet with United Airlines. SH&E (Dave Dague) is preparing the proposal. Dague does a lot of work for United and has said our chances with United look better than with Frontier.

Gershman also reported that on August 22nd he and Johnson and Beyer will be traveling to Bismarck to meet with Senator Dorgan and NWA executives. Frannie Wellings is

Dorgan's person in charge of airport service issues, and Gershman said he intends to build a good relationship between her and our airport.

Johnson reported that the executives at Allegiant have been contacted, and that they seem interested in pursuing the Canadian market with us. They said they will have more time to visit with us about it in September.

3. Terminal Task Force

Becker recalled the actions taken at the August 7th meeting, and summed it up by saying the Authority staff feared that they could not afford a new terminal building. Since that meeting, Becker has met with several people, Gershman, Schmisek, Laffen, Johnson and Crystal included. He said they discussed the importance of a new terminal and when it should be built. He reported that Laffen has offered new ideas for a terminal which cut the cost from the earlier projection of \$29 million to a much lower figure of \$20-\$22 million. He asked Johnson to comment on the financial aspect. Johnson said that his original thought was not to encumber the Authority's mill levies for the next 20-30 years. But in the meeting with Schmisek, he learned that the value of each mill could increase as much as 9% per year. Based on that premise, Johnson recalculated the Authority's future financial situation in the event they go ahead with a new terminal starting in 2009. His projections showed mill levies increasing each year with the terminal's bond payment staying the same – and with that scenario he said the Authority's financial situation would be tight for only 4-5 years vs. 20-30. Gershman concurred with the belief that the airport's mill levies will increase each year. Johnson said the Authority should stand firm on keeping the mill levy increases should the City or County pressure us to turn them back each year. Johnson added that the ability to make the terminal bond payments in the early years is centered on the assumption that the Authority's major tenants remain on the airport. Gershman said that depending on what type of financial issues the airport may have with new and/or existing tenants in those early years, the EDC may be in a position to help. He said the Airport Authority is part of the economic region, and deserves to be considered in times of need. Gershman described some discussions with Senator Dorgan and others, saying they've been working hard with the FAA to fund improvements to air service and terminals in ND. They recognize that we have a very old terminal and wished us well. Gershman added that he was originally against building a new terminal, but after seeing the numbers he's now supporting it. He does think it can be done with \$20 million, and not \$22 million. Johnson said that if they decide to go ahead with the new terminal plans, he would ask for guidance on the CBP's request for infrastructure. Johnson also asked the Board to respect the importance of the employee group and their needs should the airport's finances become difficult because of the expense of a new terminal. Laffen spoke to the Board describing his vision of a one level terminal. The grade would start at Airport Drive and gradually incline to 10 feet at the gate area. He recommended leaving the Authority Administration in their current building. These two items along with other

suggestions would alleviate the higher cost of constructing a new terminal. He said the design would allow for future expansion on both ends. Cronquist suggested that the US Customs & Border Protection facility be categorized as Economic Development, and the \$2.5 million we earmarked for CBP infrastructure could come from EDC instead. Becker moved to notify and accept the ADO's financial funding previously identified for a new airport terminal in Grand Forks in budget years 2009, 2010, 2011 before August 31, 2007. Gershman seconded the motion. Beyer asked Laffen about the cost. Laffen said he's very confident that a new terminal could be built within the proposed budget of \$20 - \$22 million. Hal Gershman amended the motion to add a \$20 million limit to the cost of constructing a new airport terminal. Cronquist seconded the amendment. Mutchler said the Board should ensure that this job does not go over budget. Malm expressed concern about who would handle the media. Gershman said the Board should be proactive and take control of what is being reported. He said that the fact that the Authority isn't using new or increased tax money is a huge factor in how the public will view this decision. **Action taken:** The motion for the amendment carried unanimously. **Action taken:** The motion for the notifying the ADO about our plans for new terminal carried unanimously. Beyer said they will work on a press release.

4. Land Acquisition

Johnson said Larivees did not accept the Authority's offer, and we are in need of acquiring that property. He said our choices will be to either meet their asking price or take legal action (condemnation) that forces them to accept our offer. Gershman suggested making them a final offer to give them the appraised value (our offer) plus an amount that equals our projected legal fees. Gershman made a motion to offer the Larivees \$249,000 for the property, with staff authorized to raise the offer to \$279,000. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

5. FBO Apron & Development

There was discussion about depreciation of improvements made within with regard to the new hangar lease. Johnson thinks that improvements made by Seifert while leasing the property should depreciate by 5% per year. Seifert prefers that figure to be 3.5%. Malm moved to set the depreciation rate at 4.25%. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

6. Compensation Study

Mary Jo Crystal reported that the compensation consultant, Wayne Brede, visited the airport and is working to find comparables to use to make recommendations for salaries. She expects him to present his recommendations at the September Board meeting or a special Board meeting before the budget draft is completed. Crystal said our fire and rescue employees are unique, and on any given day they may be cutting grass or plowing

snow, which makes our airport hard to compare with other airports. Gershman and Crystal discussed compensation procedures used in their experiences. Johnson said that the salaries are not negotiated with the employee group, and that each year the Board decides on pay and benefits for the employees. He added that he trusts the Board to be fair.

7. Project Status

Johnson updated the board: The engineer is ready to take bids on the coulee relocation project which will start this fall. The maintenance building road is currently being replaced, and when that's complete, the taxiway and roadway by the Minnkota site will be replaced. The interior of the ARFF building has been painted, the fuel farm's tanks and some light poles have also been painted in the last few weeks. Two gate operators have been replaced, with one more planned. Hangar #1, being used by UND, needs some major work on it's hangar door. Johnson said he is working with engineers Widseth, Smith & Nolting for solutions.

C. New Business

1. Mass Hangar #4 Replacement

Johnson said that since the agreement was made with GFK Flight Support to lease out our Hangar #4, our heavy equipment does not have shelter. He asked for direction for a replacement. Johnson said the cost to build one could reach \$350,000 and would deplete our reserved funds. There was discussion about locations and types of buildings. Malm moved to investigate constructing a cold storage building and build one at a cost not to exceed \$100,000, without a concrete floor, and locate it on the west side of the airport property near the training grounds. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

Johnson reported on a development in a two year negotiation between Rick Audette and Fed Ex: The Fed Ex Corporation is retiring some of their fleet of 727 jets, and has agreed to donate one of them to our airport to use for training purposes. The aircraft will be delivered on August 28. Audette said it would eventually be parked on the west side by the training grounds, and will be an excellent addition to the ARFF training program.

Johnson reminded the Board that Dave Molmen's term has expired. Gershman and Beyer said the replacement is being sought by Mayor Brown.

The meeting adjourned at 9:25 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

September 13, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Tuesday, September 13, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, and Gary Malm; staff members Steve Johnson, Executive Director; and Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 7:35 a.m. The topic for this special meeting:

Matter of construction bids on FBO aircraft parking apron

Beyer called the meeting to order. Becker moved to approve the FBO apron project at a cost of \$1,652,360. Malm seconded the motion. Ryan Bergstrom from Ulteig Engineers said there could be additional costs of \$74,405 for underground support fabric if the existing soil was found to be unacceptable. They would know more after they dig in to the ground. Malm moved to amend the motion on the table to include \$74,405 for support material should they need it. Cronquist seconded the amendment. **Action taken:** The amendment carried unanimously. **Action taken:** The amended motion carried unanimously.

The meeting adjourned at 7:42 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

September 20, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, September 20, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Hal Gershman and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. **August 16, 2007:** Malm moved to approve the August 16 meeting minutes. Cronquist seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. She pointed out an additional column on the "Statement of Revenues and Expenditures" table, which shows a comparison to last year.

2. Air Service Task Force

Gershman said he, Johnson and Klaus Thiessen traveled to Chicago on September 10th to meet with United Airlines. SH&E (Dave Dague) prepared the proposal, which was very similar to the one they offered Frontier. United has been considering Grand Forks for some time, and they seemed to be impressed by our incentive package, but gave no indication of their plans either way.

3. Terminal Task Force

Becker said he has not received any negative comments about the vote for a new terminal. He expressed his appreciation for the support from the Authority and also the community. Johnson reported on a teleconference meeting with JLG Architects, Ulteig Engineers and the ADO in Bismarck. They discussed the timeframes for planning and funding the new terminal. He said they may not have the funding to do too much planning in advance.

4. Land Acquisition

Johnson said that he and the Larivees agreed upon a purchase price of \$265,000 for land needed to build the fourth runway. He told Saumur's attorney to expect an written offer soon for the appraised value of the Saumur land plus the projected \$70,000 that we would

spend in legal fees if we had to “take” the land from them (by eminent domain or condemnation).

5. Project Status

Johnson updated the board: The reconstruction of the maintenance building roadway, the t-hangar taxiway and t-hangar service road is complete. GFK Flight Support’s new FBO project is under way. The FBO apron project is moving along quite smoothly and is even ahead of schedule. So far, the soils have been good enough that it appears we won’t have to spend the extra money for support.

6. County Water Board Meeting

Johnson reported on the recent meeting that he, Chairman Beyer and Jon Scrapper attended. The water board approved relocating the coulee but the burden of maintaining it will be the responsibility of the Airport Authority.

C. Old Business

1. Car Rental Agreements

Johnson distributed the tentative lease agreement between the car rental concessionaires and the Authority. He met previously with the car rental managers who took issue with three items. Johnson asked for the Board’s determination on the following: 1) The agreement does not specify a number of car rental agencies that will be allowed to operate from the airport. 2) The agreement gives the Authority the right to reduce the number of “ready-car” spaces if we need them for the public good. 3) The agreement prohibits rental car operators from making parking spaces available to persons other than car rental employees at the airport. Cronquist moved to accept the agreement as written. Seconded by Becker. In discussion: Kathy Lind, manager of National/Alamo, said that their legal department suggested having a specified number of agencies because it was too vague otherwise. With regard to the number of parking spaces, she said that it’s “too random” that the Authority would be allowed to come in anytime and take those away. On the employee parking, she said their General Manager (and owner), Wes Rydell parks there often, and she feels he has the right to. Cronquist and Johnson agreed that Rydell, as owner, would be considered an employee. Rydell’s wife, Johnson said, would not be considered an employee. Phil Medina from Hertz said he supports the idea of having an avenue from which to keep certain people from using their lots uninvited. He suggested having passes to hand out. Lind said they’ve gained a new customer (Alerus Financial) by letting their employees park in their lot when they come and rent cars. She said they may not do business with them otherwise, so to charge them to park their car might chase away their business. Johnson said that if the car rentals were allowed to give away parking, then he could expect UND to follow suit. UND’s Frank Argenziano said he tries to limit the misuse of the UND parking lot and finds it difficult to keep the (main campus) University’s AVP’s from parking in spaces that Aerospace has reserved for their students. He said it

also deprives the Authority from much needed parking revenue. Gershman said a system needs to be put in place to hand out parking passes to accommodate a certain legitimate few, but managed in such away that these passes cannot be passed around for anyone's use. Becker agreed. Malm suggested charging a fee for those types of passes. Cronquist said exceptions to rules causes problems, and thinks only employees should be allowed in the car rental lots. Johnson said that the owner should be allowed, but no others. He added that pay parking is the same as selling passes. Johnson said the income from that pay parking lot revenue is a vital one-third of the operational budget of the Authority, and it has already been reduced when we created free drop-off parking. Gershman said this is too complex and the issue needs more time. He said we need to first address the UND parking issue. Johnson said that he has written to the University and told them that they were in violation of their lease by allowing persons other than Aviation staff, students and service providers to park in their lot. He informed them of how much revenue we were losing because of it. There has been no response. Argenziano said that UND's campus police has been ticketing overnight offenders, but not the AVP's. Johnson said it's been Authority staff's position to disallow AVP's, but if they (the AVP's) would agree to pay the amount we're losing in parking revenue for those spaces, he'd be satisfied with that. The Authority cannot legally ticket these offenders, but could take back the lease property through default and regain control of that parking lot. Gershman said UND should have been more respectful and at least responded to Johnson's letter. He suggested sending a registered letter to UND's president demanding a response. Becker said we can't make a policy with the car rentals until we've made a clean policy with the University. Gershman moved to amend the motion to withhold item 11 for further discussion. There was no second and the amendment died. Cronquist moved to table the motion for one month. Becker seconded the motion.

D. New Business

1. Mass Hangar #1 Repairs

Johnson showed slides depicting the problems with the hangar door and water damage in the door area. The building was brought over from the original airport in 1963 and UND has rented it from us since 1973. The annual rent for this 12,000 sq. ft building is just over \$24,800 (\$3,300 ground rent and \$21,500 building rent). The insured value of the building is \$631,000. A consultant recommended a solution to the door problem with an estimated cost of \$42,000. This solution does not address the water damage problem. An estimate from another contractor was \$70,000, which addresses the water damage. Johnson said the lease agreement with UND on that building is expired, and when he negotiates a new agreement with them, he will propose a net lease where the occupant is responsible for all building maintenance costs. This would be consistent with all other building leases on the airport. The Board's consensus was to draft a new lease that addresses recovery for the

cost of this repair/upgrade. Johnson said he would meet with UND again to determine their preference on our repair of the door and any improvements UND would seek to include.

2. Temporary Taxi-way Closure

Brent Seifert asked the Board for permission to move some gates and fences temporarily, at his cost, so his customers can have street access to his temporary building. TSA has been having issues with the way they are conducting business behind the secured gates, and Seifert said that by moving these fences and gates, he'll eliminate not only the TSA issues, but many other hassles they are dealing with. The new fencing will require Rydell and Minnkota to use a narrower taxiway on the north side of their hangars. Rydell's pilot, Bob Carlson, said that their plane has such a wide wingspan that he'd have trouble maneuvering it through that area, especially in bad weather conditions. He says if certain areas were widened and a power pole was moved, he would be willing to use it temporarily until the new FBO was done. Seifert agreed to pay for those changes, and said that if needed, they would tow Rydell's plane out to the apron. Seifert also agreed to help move snow if and when it became necessary. Jerrod Paul, staff attorney for Minnkota, expressed his concern about snow removal. Becker moved to accept the temporary taxiway closures with the modification of GFK Flight Support committing to move the power pole and assist however necessary with snow removal. Gershman seconded the motion. Johnson conveyed some points of concern from Larry Gebhardt, Rick Odegard and Brian Pfeiffer. He said no one is adamantly against this change, but some have concerns about access and snow removal. Seifert said that in order to maintain a high level of customer service, the area in front of his temporary building will be congested. He commits to keeping the areas clear for the three t-hangar tenants to the north of his business area. **Action taken:** Motion carried unanimously.

3. "The Lagoon-to-Landfill Solution"

Becker introduced Don Mathson, co-founder and chief engineer of BacTee Systems, a local company that specializes in environmental services. Mathson gave a twenty minute presentation on a new approach for the disposal of waste. Their approach would utilize the existing baler at the nearby landfill and using their system of processors, turn the garbage and wastewater into inert material which would then fill the nearby lagoons. He said it would resolve the issues between the airport and the county/city with regard to the landfill, the lagoons and birds. Becker said this technology is very well proven. Todd Feland, Director of Public Works, spoke about costs and feasibility.

4. Employee Retirement Plan Task Force

Johnson reminded the Board of some uncertainties in the current employee retirement plan. Johnson proposed a task force to be made up of two board members, two elected

employees and Johnson and Crystal from staff management to work together to make recommendations to resolve those issues. The Board concurred.

Johnson had several announcements: The draft budget and the employee compensation study report would be presented at the next meeting. GFK Flight Support is having their ground-breaking ceremony at 10:30 this morning. There will be a public hearing tonight at 7 p.m. on the environmental study for the fourth runway project. A volunteer may be needed to attend the Boyd Air Service Forecast Conference in mid-October, in case Tim Mutchler finds he is unable to attend.

The meeting adjourned at 10:05 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

October 18, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, October 18, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler, and Gary Malm; 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, 2007:** Malm moved to approve the September 20 meeting minutes. Cronquist seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances. She said there will be some cash flow issues this week while paying for the FBO apron expansion and the Larivee property, but she has been working to withdraw invested money.

2. Operations Statistics

Johnson gave a report on the year-to-date statistics:

- a. **Cargo** – up 2-3% over last year.
- b. **Operations** – September was down from last year, but the rest of the year was better.
- c. **Enplanements** – 2006's enplanements were higher than 2007 in every month except August and September.

3. Air Service Task Force

Johnson reported on the Boyd Group Aviation Forecasting Conference he and Becker attended in Florida earlier this week. There, representatives from many of the major airlines, aircraft manufacturers and other aviation related entities made predictions for the future of aviation over the next five years. Johnson spoke about several predictions that he found interesting. One comment made by a Frontier representative was that they like to do their own ticketing and other "above wing" servicing, a message that may pertain to us should they someday begin air service at our airport. We had offered them many incentives, one being ticketing service. Johnson also relayed a suggestion that airports should always be monitoring the airport's fuel buyers to be sure they know and trust their suppliers. Becker added some comments with regard to the Boyd Conference that Steve just spoke about.

4. Terminal Task Force

Becker urged the architects to be sure to keep up with the latest information about the space we'll need for post 9/11 security and traffic flow. He also said we need to keep thinking of ways to attract Canadian travelers to our airport. Johnson invited the Board members to attend a meeting on November 1st in Bismarck to discuss with the ADO the new terminal plan. Members from the Airport staff, TSA, our architect firm and our engineering firm will be in attendance.

5. Land Acquisition

Johnson said the closing date for the Larivee property purchase is October 24. The Saumur land acquisition is still in play, but there are no new developments. Johnson asked Chairman Beyer to appoint someone to replace Dave Molmen on the Authority's Real Estate Committee. Beyer appointed Steve Kuhlman to fill that position.

6. Project Status

Johnson updated the board: The FBO apron project is still moving along quite smoothly and is still ahead of schedule. The FBO project is going well, Seifert said, but there will be quiet times this winter while they wait for steel. They hope to be finished with the project by early summer next year. Johnson reported that the GFKFS fence moving project that was discussed and approved at the last meeting will not happen because the bids came in too high. Seifert will continue using escort vans to get his customers to and from the temporary FBO. The equipment storage building project has been stalled a little by the City of Grand Forks – we think we've overcome the issue about whether or not a concrete floor was required, and now they're asking us to put in a fire hydrant out there. Johnson said the building is going up as planned, and thinks that our airport's fire department is capable of putting out any fires in this all metal building. He hopes the City will waive the fire fighting requirement. Johnson also spoke a little about the UND hangar door.

7. Employee Compensation Study

Johnson introduced Wayne Brede of Public Sector Personnel Consultants (PSPC), who spoke to the Board about the salary comparison study that the Airport hired him to perform. Brede was also hired to do this study for us in 2003. He went through several pages of his report, reviewing and explaining classifications, comparables and scales. In his research, he found that 80 percent of Authority employees were not competitive with the current market and made recommendations for salary increases for them. Their increased salaries (for one year) totaled approximately \$62,700. The positions at market were the custodian position and the operations/maintenance manager position. Brede asked what the Authority had for a compensation philosophy. Johnson replied that it is simply "hire good people, pay them well, and give them the tools they need to do the job". Brede suggested that for recruitment and retention purposes, the Board should consider crafting a more concise compensation policy. Beyer asked Brede how he could determine a "mid-point" of a salary when not taking into account the entire benefit package. Brede said looking at benefits was not part of his assigned project, he was matching up base salaries. Malm asked what it would cost him to also consider the benefits within this project. Brede

hesitated to estimate, and finally said \$5,000 - \$10,000 was a good guess, but that it was up to his company to quote a precise figure. There was discussion about Brede's range of information sources for the study. Brede said for the majority of the jobs, he used results of an industry specific AAAE survey, but he also used a Fargo study of 15 Midwest airports, and a Minnesota study for other (non-industry) salaries. He insisted the information was more than sufficient for job comparisons. Discussion about benefits resurfaced, and Brede said that non-cash benefits normally cost a public entity about 28-33% of a base salary. He added that employee benefits in the public sector seldom vary when compared to private sector benefits. He said private companies have so many more options when offering non-cash incentives. Beyer and Malm both said they need more time to review this report. Beyer said he'd like to learn where the Authority is in relationship to other public entities with regard to employee benefits. Malm moved to pay for an addition to this current study which compares employee benefits. Cronquist seconded the motion. Becker asked Brede, and Brede confirmed that the comparisons in the current study did not include benefit packages. Becker said he didn't know what would be learned by obtaining a benefits study. Johnson offered Mary Jo Crystal's services to compile data to determine the percentage of benefits we offer each of our employees. Cronquist said he'd like to see Johnson and Crystal provide that information. Brede said that to bring every employee to mid-point was a decision only to be made by the Board. He added that they need to consider what value the different job classifications have to their organization. Some positions are more critical than others and should be considered in their decision. Mutchler said he thinks that the salary variance in this study is a good indicator and that a benefits study would probably not show enough variance to change the outcome. Johnson said the draft budget would be presented today and hoped for a final budget plan by next month's meeting. Audette asked if this study was a one year or multi-year recommendation. Brede said one year but he recommended a 3-3.5% (rank & file) and 4-5% (management) increase in salary each year to avoid doing these salary studies. He said there will be issues when some of the most knowledgeable employees are no longer here. Cronquist moved to table the motion for additional benefits study. Seconded by Mutchler. **Action taken:** Motion carried unanimously. Malm said he believes the Authority should work toward the midpoint salary and not necessarily jump to it immediately. He said the lower paid employees are more affected by the benefits than the highest paying ones, because of the percentage ratio. Brede gave his final observations: He commented that Rucinski defines his job rather than the job defining him, and he has great influence and impact on the airport. If he were to leave, that job would likely have to be repriced. He felt Baker's position should be raised to a higher level because of his increased experience since the last study. He also recommended considering a 5% increase in Audette's salary because he views this position as critical to the management team.

C. New Business

1. 2008 Budget

Johnson presented the draft budget for 2008. They went over the budget notes and budget highlights: The wage and salary budget figure includes a salary increase per the PSPC study's recommendation – of \$62,696. Using the Consumer Price Index, Johnson and Crystal estimate a 2% increase in ground site rents, building rents, fuel flowage and storage

fees, etc. The final number will be determined before next month's meeting, when the September CPI is released. Crystal reported on a proposed change in the employee's share of the monthly health insurance premium. In 2008, the employee's share of the health insurance premium would be 0% for single coverage, and 20% of the difference between family and single coverage – which amounts to about 12% of the family premium. She compared this scenario to the health benefits for the City, County and UND-State. Only UND's health benefit, at (employee share) 0% for both family and single, was better than ours. Another proposal was the dental insurance benefit where 100% of the premium would be paid by the Authority. Beyer asked whether the City, County and UND had insurance that was comparable to our insurance. He asked Crystal to develop a table showing the basic coverage of the different plans – deductibles, co-pays, and maximum out-of-pocket. Johnson pointed out another budget change – he proposes charging Northwest Airlines the actual calculated fees (terminal rent, landing fees and ARFF fees) according to their signed agreement, instead of giving them discounts as we've been doing for the past several years. Johnson and Crystal reviewed several other exhibits and calculations proposed in the draft budget for next year. The operating budget shows a surplus of \$11,279 in 2008. The projected Authority income for 2008 is \$625,129.

D. Other

Johnson said the Authority has historically held two night meetings per year to allow GA patrons and tenants to participate. He said that since the GA controversy has long since died down, it may be time to change to all morning meetings if the Board wishes to make this change. He added that we would still be sensitive to the agenda items that may warrant a night meeting.

Johnson said the regularly scheduled November 15 meeting next month causes conflict with his schedule. He requested a date change, possibly November 14. Beyer said we would try for November 14, if we could get a quorum.

Johnson said he has asked Tim Dittus to prepare a brief training session on open records and open meeting laws for the November meeting.

The meeting adjourned at 9:10 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

November 15, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, November 15, 2007 with Vice Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Tim Mutchler, Hal Gershman Steve Kuhlman and Gary Malm; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m. Steve Kuhlman was welcomed as the newest member of the Airport Authority's Board of Commissioners.

A. Reading and Approval of Minutes

1. **October 18, 2007:** Malm moved to approve the October 18 meeting minutes. Mutchler seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. **Financial Report**

Crystal reported on the fund balances, explained the various statements and answered questions posed by Board members.

2. **Air Service Task Force**

Gershman welcomed Kuhlman to the Air Service Task Force, saying he will be a great addition with some wonderful ideas and good contacts. A task force meeting was held last week: Johnson will be contacting NWA to continue urging them to make improvements to our flight schedule. Kuhlman will be looking for possible contacts with Allegiant Air through his UND contacts. Johnson will contact a consultant about the possibility of Delta service. Johnson will contact Melissa McLaughlin to try to learn more about the "Business Code" for customers to use for airfare savings. Johnson will contact United Airlines again. Gershman said he will be working on getting some ads out for Canadians.

3. **Incentive to Air Service Consultant**

Gershman spoke about our consultant and possible incentives to offer them if they can get us westbound service. Gershman then made a motion to propose a \$25,000 incentive for SH&E to find a second airline for GFK. Mutchler seconded the motion. Mutchler suggested that the Board be conservative with the incentive so that the second airline will stay awhile, and that the money wouldn't be wasted on one that stays only a short time. Gershman amended his motion specify westbound service twice a day. Mutchler seconded the amendment. There was discussion about raising the incentive amount to up to \$100,000. Kuhlman asked what a second airline would be worth. Johnson said the impact of having a second airline is huge. He said that a \$100,000 incentive to a consultant to get a second airline is probably money well spent. Becker and Kuhlman suggested making the

offer to a consultant for a \$25,000 incentive and get their feedback before raising the amount. Cronquist suggested a range of \$25,000 - \$50,000 so staff doesn't need to come back for approval of a higher amount. Mutchler said that in his 18 years of Authority Board experience, they got Frontier to come in for 9 months, but otherwise they have not had any luck getting a second airline. Malm moved to amend Gershman's motion to include a range of \$25,000 - \$100,000. Gershman accepted that amendment as did Mutchler, the second. Kulhman asked how much we've been paying consultants in the past. Johnson said around \$50,000 in the last two years. Becker restated the motion on the table: To make contact with our consultant with the specific task of finding a second airline for GFK, 2 westbound flights a day, for a finder's fee somewhere between \$25,000 - \$100,000 to be negotiated. **Action taken:** Motion carried unanimously.

Gershman said Senator Dorgan met with Northwest Airlines in Washington about the schedule problem between MSP to GFK. NWA had acknowledged that the schedule could use improvement. Dorgan's staffer emailed Johnson that they are confident NWA will respond to the Senator's concern. Johnson said Allegiant Airlines is holding a "User's Conference" on February 5-7 for airports who are currently being served by Allegiant and those who want to be served by Allegiant.

4. Terminal Task Force

Johnson reported on a meeting at the Airport's District Office in Bismarck to discuss funding and scheduling the terminal project. He said he believes the FAA is solidly behind us in this project and that the terminal construction is absolutely going to happen.

5. Land Acquisition

Johnson said the Dubuque family called and are ready to sell their home south of Highway 2 in the runway protection zone. The FAA said it is an eligible project but we won't have any entitlement money available for the next several years. An appraiser has been hired to appraise on the property. Becker asked how we could purchase this if federal money isn't available. Johnson said we would pay for it ourselves with funds that are in the budget. We would be retroactively reimbursed when federal discretionary money becomes available. He said this is a high priority item according to the FAA.

6. Project Status

Johnson updated the board: The FBO apron project is complete – it couldn't have gone any smoother. He thanked the engineer and the contractor. Also, the underground utilities were installed for the FBO. The coulee drainage project is on hold because the ground was too warm and equipment is bogging down. The equipment storage building is complete except for some final electric connections.

Becker decided to discuss new business before old business:

C. New Business

1. Passenger Terminal Architect Team Confirmation

Johnson said the airport's architects for AIP projects are normally selected every five years. The selection process is fairly complicated. The current AIP architect team is JLG, Ulteig and URS. Their term expires in 2008. Johnson said that since their work has been started

on the new terminal, the FAA will allow the Authority to extend that team's term for that specific project until it's finished, without having to go through another selection process. Mutchler moved to extend the current architect team's term, to allow them to complete the work they've started on the new terminal project. Cronquist seconded the motion. Johnson said another architect selection process will be held in 2008 for the project term 2009-2014, but the new terminal project will be exempt from that term's projects. **Action taken:** Motion carried unanimously.

2. Status Report on New Terminal

Lonnie Laffen from JLG Architects spoke about the preliminary plans for the new terminal. He presented a construction schedule that starts in 2008, but he said there was going to be difficulty following that schedule because the federal funding doesn't start until 2009. He said they would be working for the next few months on the design, which will help determine the costs. Laffen promised to give monthly reports and asked to be added to future meeting agendas. Gershman asked how much the architect needed in order to start construction in 2008. Johnson said \$1.4 million. Gershman said a loan from the city may be a source of funding and asked Johnson to contact John Schmisek. Johnson said another option would be to sell bonds early, but the bond money would have to be spent within a certain amount of time. Becker asked Johnson to clarify the funding timeline. Johnson said the architect and engineer are working on such a timeline for the FAA.

3. Authorizing Line of Credit

Mary Jo Crystal spoke about her concerns with the airport's cash flow. She requested a resolution allowing her to establish a line of credit for the Authority with Alerus Bank. Any money spent using this line of credit will first be approved by the Board. Cronquist moved to resolve that the Board approves up to a \$1 million line of credit with Alerus Bank. Gershman seconded the motion. **Action taken:** Motion carried unanimously. Gershman then asked to be recused from the motion, due to his ties to Alerus Bank. Malm moved to allow Gershman to recuse himself and Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

4. Open Meetings Law Training

Johnson introduced Attorney Tim Dittus, who gave a twenty minute refresher on ND open meeting laws.

D. Old Business

1. 2008 Budget

Johnson said there were a few memos to discuss. Commissioner Cronquist had asked for statistical information comparing Authority employees' compensation to their benefits. The employees are getting up to 34% of their compensation in benefits. The proposed budget presented today was changed to reflect a higher grade rating for the Operations and Maintenance Manager and had two additions to the capital improvement list: The UND round top hangar repair, and acquisition of the Dubuque property. Gershman said the city

receives total benefits of 37.9% of their compensation. The city employees pay 25% of their own health coverage. Malm asked why the Ops manager's grade rate was changed when the job description was not. He said the next person to take that position might expect that same grade of pay. Johnson said the consultant believes that most often the job drives the individual, but an individual can sometimes drive the job. The consultant recommended adjustments to the grade level when rewarding an individual whose performance has proven to be invaluable to the airport. If that person were to be replaced, he/she would be hired at a grade level that corresponds to his/her skill set. Becker asked why 80% of the staff was so far off mid-point of their salary now when they were adjusted to mid-point just a few years ago? Johnson said the 5% increase in salary in the years since the last salary study was not enough to keep everyone at mid-point. Gershman agreed. Crystal said that when the first salary study was implemented in 2003 some employees weren't raised to midpoint. They were raised to 95% or 97.5% of their midpoint in 2003, and 100% in 2004. Everyone received a 5% raise in 2005, but received no raise in 2006. Back in 2002, the consultant introduced an option that we could increase everyone to midpoint in 2003 & 2004, and thereafter the rank-and-file should receive annual increases of 3% and management 4%, in order to keep up with the rising mid-point. Becker said we should be preventing the salaries from falling so far below mid-point in the future. He said he wants to spend more time on this subject before making a decision. Malm said that once the study is done, salaries need to be continually monitored and sections compared to others, to make sure they aren't falling behind. Becker said we would take this subject up again at the December meeting. Gershman said the Authority needs to make annual adjustments in the future, or quickly fall behind. Malm asked if all of the recommended raises to mid-point were reflected in the proposed budget. Johnson said yes. Mutchler moved to accept the budget. Cronquist seconded the motion. Gershman asked if the cost of the UND Hangar repair was going to be added to their lease. Johnson said we would recover the cost over time. Gershman said we should treat each tenant the same. Johnson said the building should be up to standards before we ask UND to sign a new lease. Kuhlman said we should make sure UND is paying the market rate for what they are getting. Johnson said the \$100,000 consultant's finder's fee is not budgeted. We do have an \$85,000 marketing line item, however. **Action taken:** Motion carried unanimously. Malm again suggested we stay on task to keep the salaries in line with the market.

The meeting adjourned at 10:10 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

December 20, 2007

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, December 20, 2007 with Chairman Brad Beyer presiding. Those present were Commissioners Clark Cronquist, Rich Becker, and Steve Kuhlman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

Steve Johnson announced the Authority's receipt of an award from FAA for wildlife mitigation.

A. Reading and Approval of Minutes

1. **November 15, 2007:** Cronquist moved to approve the November 15 meeting minutes. Becker seconded. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances, explained the various statements and answered questions posed by Board members. GFK Flight Support has reimbursed the Authority for their part of the FBO apron and underground utilities construction, but it won't show up until next month's statements.

2. Air Service Task Force

Johnson said Gershman has been working with Matt Friebe of NWA, and says Friebe has agreed to move the 10:30 p.m. flight to arrive earlier, but he doesn't know how much. We sent a United Airlines executive (a UND graduate) some Red Pepper Grinder sandwiches. An email exchange with Allegiant has indicated that they'd rather meet with us at their January conference rather than scheduling a special meeting. The news stories say that Frontier has made some cutbacks, lessening our likelihood of getting their service anytime soon. The director of the Minot Airport, Patrick Dame, came to GFK recently to meet with the air service task force. Johnson said Dame is open to cooperating with us to package some kind of incentive to try to attract an airline that will fly west from our airports to Denver. Minot's consultant, according to Dame, is neutral on the idea, and our consultant SH&E's Dave Dague has said it's not a good idea to work with another airport for westbound service. Johnson described the incentive he proposes to offer SH&E if they can procure westbound service from GFK.

Johnson showed the board some pricing comparison spreadsheets, which more or less favored GFK.

3. Terminal Task Force

Becker reported on the meetings they've had with the architects. He said JLG plans to have a breakdown of schedule and funding ready for review in early January. The architect will make a presentation of the new terminal design at the January meeting. Johnson said there are plans to meet with the engineer and architect twice per month. He said the ADO will be meeting with the task force on January 16th and will also attend the January board meeting the next day.

4. Land Acquisition

Johnson said the Dubuque appraisal is due in early January, and will be sent out for review by a second appraiser. There is money in the budget to buy that property. He spoke about avigation easements and the importance of having one with the adjacent salvage yard's owner before building the fourth runway.

5. Project Status

Johnson updated the board: The coulee drainage project is substantially complete – the old channel has been blocked off, and the underground drain tile will be finished next week. Crews have been working 24 hours a day and the project has been performed very quickly and smoothly. Grading, seeding and fencing will be done in early spring. The GFK Flight Support project is on hold waiting for structural steel. Audette said three estimates are expected soon for a new sander to replace the current one, a 1964 International truck.

C. Old Business

1. Rental Car Agreements

Johnson said the unresolved issue remaining on the agreements was whether or not the car rental agencies will be allowed to give free parking to airport users and guests. Johnson's recommendation was to allow only the on duty rental car employees to park free in their leased spaces. Johnson presented a letter from Republic Parking urging the board not to allow free parking to anyone other than the employees on duty. He also reported on a letter he wrote to UND's president addressing the issue of the use of their leased parking spaces by non-aerospace students and faculty. His letter asked the University to take care of this problem or we would begin charging them for general parking. Johnson said the amount we charge them would be the equivalent of two long-term parking spaces (each day), which would be shared with Republic Parking. Becker moved to accept the rental car agreement as written, allowing only car rental employees on duty to park in the leased car rental spaces. Kuhlman seconded the motion. Becker amended his motion to include the concession/franchise owner. Kuhlman accepted the amendment as second. The Hertz car rental manager expressed concern about losing business because of this move. Beyer said there is no other way to administer the parking spaces. The Avis car rental manager expressed her concerns as well. **Action taken:** The motion as amended was carried unanimously.

D. New Business

1. Discretionary Pension Payment

Johnson explained to the Board the Authority's annual voluntary payment to a small group of employees whose pension funds were reduced when the Authority transitioned from the city's defined benefit plan to the Authority's defined contribution plan. Cronquist moved to approve the discretionary payment. Becker seconded the motion. **Action taken:** Motion carried unanimously.

The meeting adjourned at 8:59 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary