

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

January 17, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, January 17, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler, Gary Malm, Hal Gershman 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.

On behalf of the Board, Chairman Beyer extended sympathies to the family and friends of Bob Brooks who passed away this week.

Steve Johnson introduced Steve Bartley, Regional Manager for Republic Parking. He also introduced Steve Obenauer and Tom Shauer from the FAA Airports District Office. Several students from UND's Airport Administration class were recognized as audience members.

A. Reading and Approval of Minutes

1. **December 20, 2007:** Cronquist moved to approve the December meeting minutes. Gershman asked about the UND parking negotiations. Johnson said UND's Bob Gallegher had proposed to add "VP" spaces to their lease when it is written. Becker seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the fund balances and answered questions posed by Board members. She said the airport's auditors planned to begin our audit on February 11. They will want to meet with Chairman Beyer and another Board member. Becker asked about the timeliness of the various tenants' payments. Crystal said two non-signatory mail/cargo carriers aren't paying on time, but there isn't much recourse. There was discussion about possible solutions, including getting the airport's attorney involved. Beyer asked Crystal to ensure that the 2007 accounts payable checks have been reviewed by a Board member before the audit. She announced that a \$900,000 line of credit has been set up at Alerus Financial per the Board's resolution about two months ago to set one up for \$1 million. Alerus had suggested the lower amount to avoid more paperwork.

2. Operations Statistics

Johnson showed charts describing the 2007 statistics. Enplanements finished the year slightly below the previous year. The chart showed how the majority of the difference was realized in the beginning of 2007. Cargo was even with 2006. Operations were down about 2%.

3. Land Acquisition

Johnson said the Dubuque appraisal is done and is now being reviewed by an independent appraiser in Bismarck. Once the appraisal is approved, he'll be ready to make the Dubuques an offer. Johnson said an avigation easement for the Weekly property is being drafted by the airport attorney.

4. Status Report on the New Terminal

Becker reported on the recent meeting the task force had with JLG Architects. He said he's been pleased with the progress and then introduced Lonnie Laffen from JLG to present the plans for the proposed terminal. Laffen gave the presentation and also answered questions posed by the Board members.

5. Other – Air Service Development Announcements

Gershman announced a change in the Northwest Airlines/GFK schedule. The flight that now departs MSP at 9:40 p.m. will change to 8:15 p.m. starting April 8, 2008. That will cut the long gap between flights.

Johnson also made an announcement: A representative from Allegiant Air stopped to visit with him yesterday while attending the Grand Forks Marketplace event. Allegiant may now be interested in flying in and out of GFK twice a month because of our proximity to Winnipeg. Johnson said they are looking at us because of their success in attracting Canadians to their border stations at Bellingham, WA and Plattsburg, NY. Commissioner Gershman and EDC's Klaus Thiessen will be traveling to Las Vegas for Allegiant's conference next month when they will discuss this further.

The meeting adjourned at 9:30 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

February 21, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, February 21, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Gary Malm, Hal Gershman 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 8:07 a.m.

A. Reading and Approval of Minutes

1. January 17, 2008: Cronquist moved to approve the January meeting minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the various fund balances and statements. She pointed out that they do not include the audit adjustments. Gershman asked about the projected costs for maintenance for the new fourth runway. He asked how much of that cost will get billed to UND. Johnson promised a report on UND's current fee structure at the next meeting. Crystal answered additional questions posed by Board members.

2. Air Service Task Force

Gershman reported on the Allegiant conference he and Klaus Thiessen recently attended. He said Allegiant has shown interest in coming to Grand Forks, mainly because of our Canadian traffic. They aren't interested so much in incentives as costs. The task force put together a proposal and sent it to Allegiant on February 15. They will follow up on February 25. Gershman would like to ask our (SH&E) consultant Dave Dague to refine our numbers so we can again make proposals to Frontier and United. Gershman said he had made contact with a Frontier official and had a friendly conversation with him. He learned that Frontier is also more interested in costs than incentives and is open to looking at another proposal. With regard to the pending Northwest-Delta merger, Gershman thinks adding Delta to the mix will result in some westbound service from many airports currently served by just Northwest. He said a new pitch to United would center around the idea that here at GFK, Frontier wouldn't be in competition with them for westbound service. He also said he wants to start paying close attention to the airfare differentials when comparing Northwest's GFK airfare to FAR, and letting NWA know when the numbers are too far apart. Johnson said Dave Dague thinks the merger has potential upsides for GFK, and Gershman said Mike Boyd (Boyd Group) has made similar comments.

3. Status Report on the New Terminal

Lonnie Laffen from JLG Architects presented the Board with the latest plans for the new terminal. He answered questions posed by the Board. Gershman reiterated his concern about using caution while working to finance this terminal. He said that potential airline

service providers will tend to think of a new terminal as an added expense to them. Beyer asked Johnson and Crystal to list the airport's revenue streams for the next meeting.

4. Land Acquisition

Johnson said the original Dubuque appraisal has been approved by the independent appraiser. Johnson will soon prepare a written offer for the Dubuques. The FAA has said this seller does not qualify for any relocation expense mainly because he approached the airport.

C. New Business

1. Briefing on Possible Landfill Site

Todd Feland, the City of Grand Forks Public Works Director, presented the Board with the City's plan to relocate their landfill. He hopes the Board will approve the location of the new site, which would be in Rye township just inside the Authority's airport compatibility Zone D. He also asked the Board to approve a new closing date for the current landfill, which would be tied to the date of the opening of the new fourth runway. Becker voiced his concern about losing ADO's support for the fourth runway if the Board allows the landfill inside the zone. Feland said his conversations with the FAA ADO were positive, and he believes they will approve the relocation. Johnson concurred, saying he had talked with the ADO about these discussions. Feland said the City would not move forward if this would jeopardize the runway project, and has resolved that this relocation would not cause harm to the airport or the FAA's funding of the new runway. Johnson read the draft of Resolution 01-08 which says the Authority poses no objection to the relocation of the landfill to Rye 13, with two conditions: That they follow the wildlife biologist's recommendations when they operate the landfill, and, that the City has received a favorable ruling from the FAA. Malm moved to pass Resolution 01-08. Seconded by Cronquist. Becker asked to postpone the vote until the March meeting. Feland said he thought he needed support from the local airport first, to augment his case with the ADO. Cronquist agreed. Gershman was recused from voting on the landfill issue due to a potential conflict of interest. **Action taken:** The motion was passed with yea's from Malm, Cronquist, Kuhlman and Beyer. Becker abstained. Johnson recommended a second resolution saying the that Authority poses no objection to the extension of the existing landfill permit until such time as the new parallel runway opens, provided that the city uses the bag baling system, and that the FAA agrees to this extension. Beyer asked for that resolution be put up for vote at next month's meeting.

2. Financial Planning Model

Johnson and Crystal proposed hiring Springsted to prepare a ten-year financial planning model for the Authority. The purpose would be to get another opinion on whether or not the Authority can afford a new terminal. Springsted is the bond representative that is currently working with the City of Grand Forks. The cost to hire them would be about \$10,000, and the model would be prepared in 60 days. Gershman moved to approve the hiring of Springsted to prepare this model urging completion in 30 days. Second by Kuhlman. **Action taken:** The motion carried unanimously.

3. Terminal Architect Agreement

Johnson recommended approval of a signed contract with JLG Architects saying the Authority is fully committed to this project, so Laffen and his crew of planners can continue working on the new terminal plans. Laffen said that even after the signing, they

could be halted at anytime – but when asked to resume we should expect a 60 day delay, because their staff would likely have been assigned to other projects. Johnson said he's required to have an independent peer review/verify the figures before signing the contract. Becker moved to approve signing JLG's contract contingent on the independent reviewers verification, within 30 days. Seconded by Kuhlman. **Action taken:** Motion carried with yeas from Becker, Kuhlman, Malm, Gershman and Beyer and a nay from Cronquist.

4. Marketing Discussion

Becker asked the other Commissioners to consider this idea for promoting the usage of our airport: The Authority would buy a new car or similar item with our marketing money, and then give the item away to one person whose name was drawn from the group of people who used GFK airport within the previous 3 months. Becker suggested repeating it again for 3 months, and possibly a third quarter. The item would be displayed in various places around town with promotional signage. He said he hopes to have the Board's concurrence at the next meeting.

D. Other

1. Fed Ex Station Manager

Johnson clarified that the previous manager of the local FedEx station, Brett Dettmann, took a promotion in Denver. FedEx assigned Darren Doherty to replace Dettmann here, but he is also keeping his current position at their Minneapolis station. Doherty's job is therefore split between here and MSP. Their marketing/business development person relocated to Fargo. The rumor had been that Dettmann had been relocated to Fargo. Johnson suggested scheduling tenants to speak at the Authority meetings in the future so we can keep up with their changes.

2. ADO

The legislators have appropriated 75% of the FAA's budget for this year, including the AIP money. Johnson said that as a result, the Bismarck ADO will decide which are the most important and timely projects and fund those, while postponing others. Johnson said our runway project is high on the list, and is confident that the money will be there for that purpose.

3. Mobile Fueling Dispensing Unit

Johnson said the FedEx ground support would benefit greatly by having a mobile fueler and recommended that the Authority purchase one for their use, at a cost of \$6000. The mobile fueler would reduce congestion at the pumps in the morning and reduce wear and tear on fueling and gate systems. Malm moved to approve the purchase of a mobile fueler by taking the money from somewhere else in our budget. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

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 MEETING**

March 20, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, March 20, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, 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 21, 2008: Cronquist moved to approve the February meeting minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the various fund balances and statements. She said the Springsted report is forthcoming, information is still being gathered. Crystal answered questions posed by Board members.

2. Air Service Task Force

Johnson said our formal offer to Allegiant Air is still pending. They've asked some questions, but have not yet made a decision. Gershman said he spoke with our consultant Dave Dague about United Airlines. That airline is selling 15 aircraft and is in no position to consider adding service to Grand Forks for at least a year. Dague is updating our Frontier proposal, this time integrating our Canadian market into the plan. Some have been hearing that about 30% of our recent passengers are Canadian. Gershman has also talked to Northwest Airlines about the fuel prices and how it will affect our service. He was assured that our five flights will most likely be kept the same.

3. Marketing Update

Becker said that according to the airport attorney his idea to give away a car for marketing purposes is considered a raffle, which would be legally prohibitive for the airport to participate in. He suggested using marketing money instead to sell the idea of a new terminal to the public by placing pictures and information about the new terminal around town. Johnson showed the March 18 airfare comparison slides, which favored Grand Forks in many cases. He reported on the number of GFK tickets sold by area travel agencies – about 70,000. Gershman suggested offering World Perks miles to people who travel through GFK.

4. Status Report on New Terminal

Architect firm JLG's representative was unable to attend this morning's meeting. Johnson said the new terminal is still on track for 2009-2011 construction. He shared that the ADO has said they sense a lack of full dedication to this project on the part of the Airport Board of Commissioners. Becker suggested getting Gershman and Malm to talk to their respective Council/Commission to gain their full support. Gershman said a plan is needed

in case a major tenant moves out and the airport's revenue stream is altered. Johnson reported on their visit to Washington D.C. to meet with our legislative delegation. He said that it went pretty well. There will be terminal task force meetings every other Tuesday afternoon.

5. Land Acquisition

Johnson said the Dubuque property now belongs to the airport. The locks have been changed, and we will soon advertise the house for sale to be moved. He expects to see the building gone and the trees bulldozed by the end of summer. The land will be planted with grass.

6. UND Presentation

Al Palmer from UND was introduced. He gave a presentation on the anticipated growth of the J.D. Odegard School of Aerospace Sciences. They are planning to add several aircraft and helicopters to their fleet, and need more ramp space. Palmer said that starting this fall, UND will bring in 25 students from Saudi Arabia each year for at least the next three years for a 20 month helicopter training program. Becker asked about housing for these students. Palmer said that should not be an issue. Palmer went on to describe UND's new contract with Air China, where together they plan to locate a new flight training school, possibly in Fargo. This fall China will send 140 students to this new school, and in four years time it will grow to 400 students. Palmer described some of the benefits of building this school and the facilities that will be required for startup this fall. He said it would be about 2/3 the size of the existing JDOSAS complex. Johnson addressed UND's immediate need for ramp space, saying there is space available near the Admin building, and he added that the old terminal's space would be available in a few years. Johnson added that UND apron construction wouldn't be eligible for any AIP money in the future because the FAA now considers their use as private and not public. Johnson said he disagrees with this viewpoint because flight training is the root of aviation, but UND is in the best position to argue their case.

C. New Business

1. 2007 Audit Report

Joe Martin from Brady Martz gave a report on the 2007 audit that his firm had just completed. He suggested cross-training for some of Mary Jo Crystal's financial duties. Beyer and Cronquist asked Martin if his firm could cover the financial duties, should something happen to Crystal. Martin said no, that would be prohibited by law. Malm moved to accept the audit and Becker seconded the motion. **Action taken:** Motion carried unanimously.

2. Northwest Adjust to Actual

Johnson explained how the end of year adjust to actual NWA fees worked, and described the current scenario where Northwest Airlines paid about \$46,000 less than was budgeted in 2007, the reasons why, and the corresponding projection for 2008. He asked the board for direction regarding whether or not we should bill the airline for this disparity.

Gershman suggested sending an explanation letter with the bill. Gershman then moved to bill Northwest Airlines for the adjustment amount. Becker seconded the motion. **Action taken:** The motion was carried unanimously.

3. Resolution Regarding Extension of the Existing Landfill Permit

The Board last month postponed this issue. Johnson drafted a resolution which says the Authority poses no objection to an extension of the existing landfill permit provide the FAA doesn't care and provided the city bags their garbage. Malm moved to accept the resolution as presented, Cronquist seconded. Gershman was recused from the vote.

Action taken: The motion was carried unanimously.

4. UND Financial Contributions

Johnson presented financial charts that showed the airport's revenues and expenses, and how the various airport tenants contribute to these figures. He had met with Crystal, Audette and Rucinski to make decisions about allocating the costs among the users. He said the University of North Dakota's purpose on the airport is different in such a way that he thinks it should be judged with a different set of standards than other airport users. The charts showed operating revenue collected from UND was 8.47% of our total 2007 revenues, and their costs were about 28%. Our net cost to support UND's JDOSAS was nearly \$400,000 last year. Johnson said he felt that this annual contribution made to UND by the airport is not fully recognized by the school nor the community. Palmer said that with their school's projected growth, the fuel flowage will increase, thereby greatly increasing our revenue from UND. Beyer asked Johnson to make sure our fuel farm was equipped for this projected growth in fuel usage.

5. Stormwater Sampling Results

Johnson explained that one of our stormwater outfall samples failed the most recent biannual test. The latest sampling exceeded the government guidelines for chemical output, and the cause has been attributed to the FedEx deicing operation combined with the first snow melt. Ulteig has offered some ideas to influence the runoff, including a detention pond and metering runoff into the sanitary system. If we fail next year's sampling tests, we'll be required to find a solution.

6. Vehicle/Equipment Storage Building

Johnson reported on a matter relating to the \$100,000 pole building that was recently erected on the west edge of the airport. Due to a misunderstanding, the airport did not receive a building permit before proceeding with it's construction. Now the city is requiring the airport to take steps to rectify some building and fire safety code violations. One option to follow code would be to extend the firefighting water mains from the airport and install hydrants and/or sprinkler systems that maintains enough water pressure for 2500 gallons per minute for 120 minutes. Ulteig said creating that amount of water pressure from the airport out to the building will be impossible. Another option would be to construct a water storage tank, connect it to Trail Water and install a hydrant and/or sprinkler system. Ulteig said the cost for a tank would be \$150,000 with sprinklers and no hydrants, and \$400,000 with hydrants and no sprinklers. The third option would be to install a CO2 suppression system (\$200,000) tied to smoke and heat sensors. Option four would be to move the building close to the airport and do one of the above. When asked if our crew wasn't considered firefighters 2 minutes away, Johnson said that our ARFF crew is not legally able to fight any fire that would occur in that building. He said the city is very adamant and is pressuring us to resolve this situation. Johnson gave a few suggestions including moving the building out of the city's limits. He said he was to report

back to the city with a solution in one month. Gershman asked Johnson to set up a meeting with Audette, Chief O'Neil, Johnson and himself for a discussion on this matter. Beyer said the Board had mistakenly assumed the permit would be issued and voted to go ahead with the building construction. There was a need to quickly shelter our expensive heavy equipment and the building was needed sooner than later.

7. Board Meeting Times

Johnson said he and Crystal have sensed that the Board might prefer to change the biannual evening board meeting times and have all meetings in the morning. He explained the reason we've had evening meetings in the past – to accommodate people who have daytime jobs that prevent them from attending morning meetings, but added that there is no guarantee that the issues those people most care about will be discussed at those scheduled evening meetings. Johnson said if the Board wishes to discontinue the evening meetings, he would survey the airport tenants and users to see how many object. Gershman said that people will show up at a meeting no matter what the time, if it's important enough to them. Malm moved to survey the user group. Clark seconded the motion. Johnson said he'd write a letter to airport tenants and users.

Johnson announced that parts have been ordered and staff has been refurbishing a trailer to hold the new FedEx mobile fueler. Audette said the FedEx employees are very appreciative of the Board's gesture to purchase this for their use.

Johnson said the new FBO lease is being reviewed by a fourth party, and will be brought to the Board for approval as soon as it's ready.

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 MEETING**

April 17, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, April 17, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Gary Malm, Steve Kuhlman, Tim Mutchler 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. March 20, 2008: Cronquist moved to approve the March meeting minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reported on the various fund balances and statements. She pointed out the increase in parking revenue. Kuhlman asked if there was adequate parking space in our lots. Johnson said it has been adequate most times, but the overflow lot is used when there's a lot of charter activity. He added that if another airline would start service here, we may have to develop the overflow lot by laying pavement and installing parking control equipment. Johnson reported on pending grant close outs.

2. Operations Statistics

Johnson reported on enplanements, cargo and operations for the first quarter of 2008 compared to the same period last year. Enplanements and cargo were about the same, operations were up.

3. Air Service Task Force

Gershman talked about the recent news about the Northwest – Delta merger. He said he has reason to believe that GFK will continue to have five flights per day regardless. His hope is that two of those five will be westbound to one of Delta's hubs – Salt Lake City. He said if we get Allegiant's service to Las Vegas, we'll have ideal service to three major cities. Gershman said that since Frontier has recently declared bankruptcy, we will probably hold up on our proposal for now. He said we could do a survey of the Canadian potential market for \$4500 and present it to Northwest/Delta to make an argument for westbound service if needed. Our parking logs have registered an average of 15% Canadian traffic. Johnson said the Small Community Air Service Grant money could very easily be used to incentivize Northwest/Delta to give us westbound service to Salt Lake. He added that we've got about a year left to use that grant or lose it.

4. Marketing Update

Becker said the terminal plans have been progressing nicely. Becker encouraged the Board to use marketing money to put kiosks in Grand Forks malls to promote the idea of the new terminal. He said the new Chamber president wondered why we don't already have letters of support from the Chamber and the business community. Becker said he thinks that's

going to happen, but added that we also need support letters from the City Council and the County Commission. He said he is optimistic about all of the progress the airport is making with a new FBO, a new terminal, a possible new UND development, and is also optimistic about the recent airline merger.

5. Status Report on New Terminal

Lonnie Laffen from JLG presented and described his slides showing the new terminal's layout plans. He said they are now in the stage where they're fine tuning all of the details before they start drawing construction plans. He answered questions posed by the Board. Construction drawing development will start in mid-May.

6. Land Acquisition

Johnson said the Dubuque house will be sold at bid auction on April 30th. The buyer will have 120 days to remove the house. The proceeds from the house will be used to clear the area of trees and foundations and plant grass. Johnson said the process has begun to get an avigation easement on 4 acres of Weekly's property east of where the new runway will be built.

C. Old Business

1. GFK Flight Support Lease

Johnson said the lease between the Authority and GFK Flight Support for their new building was now ready to sign. He handed out copies and answered questions. Malm moved to authorize the signing of the GFK Flight Support lease as it is now written. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

2. Terminal Financing

Johnson reported that Springsted has been working with Mary Jo Crystal to prepare a tool to help us decide whether the Authority will have enough income in the future to pay for the new terminal. Johnson said he had expected an analysis and a report, but instead we received a workbook to use as a tool – spreadsheets we are to populate with our projections for future revenues and capital purchases. Once those projections are entered, we'll have a very detailed picture of our future cash flow, and we can better make a bonding decision on the terminal. Springsted has never worked with airports before and Crystal has had to help them understand airport financing. Johnson said staff will make decisions about future capital purchases, and asked the Board to help with projecting future revenues. He listed some of the questions he'll be asking them such as: Are enplanements going to grow over the next ten years; will we rent any more property over the next ten years; will the government raise the PFCs from \$4.50 to \$7; and will the mill levy percentage grow? Johnson asked the Chairman Beyer to call a special meeting in two weeks so the Board can decide how they want to answer these questions and a dozen more like them. Beyer asked Johnson to provide them with a list of these questions in advance of the meeting. Becker asked why Springsted was chosen as a consultant if they have never worked with airports. Johnson said Springsted was used by the City and would be considered more credible than someone unknown. Cronquist asked what Springsted's job was if we were filling in all the blanks? Crystal said we are not done with Springsted, and that once we fill in the blanks with our feelings about the airport's future revenues and expenses, they'll then be in a position to do an analysis and report. Cronquist asked if these Springsted spreadsheets are something we had already been doing ourselves. Crystal said no. Johnson said this

Springsted tool is much more detailed and will be a useful planning tool to use for many years in the future. Beyer set a special meeting date of May 5, 2008 at 10:00 a.m.

3. Vehicle/Equipment Storage Building

Johnson said he was going to be talking about the storage building and the UND Development agenda item concurrently, as they are related. He added that he's not comfortable going in too much detail about UND's development plans as they are still in discussions and no decisions have been made. He said that since the potential development is so significant, he wanted all of the Board members to be aware of the possibility. Johnson showed some slides of the airport as it stands now and how it will look after the potential UND development. He showed the Board where the storage building might be relocated south of FedEx and explained how that building would be shared with Evergreen, as they would be displaced if UND moves in over on the west side. Moving the building would resolve all of the city code violations. This development has been predicted (by UND) to bring us an additional \$200,000 per year in fuel flowage fees by 2012. Johnson also predicted an additional \$11,000 per year in ground rent. Cronquist asked if there had been a second meeting with the city with regard to these code violations. Johnson said he hasn't scheduled that meeting yet, because he'll know within 30 days whether this UND development will take place. If the development doesn't go forward, he'll schedule that meeting.

4. Authority Board Meeting Times

Johnson reported that we have not heard back from any airport tenants or users objecting to dropping the two night time meetings. Gershman moved to establish the meeting time of 8:00 a.m. for all monthly Board meetings. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

D. New Business

1. UND Development

Johnson integrated this agenda item into Item C3 "Vehicle/Equipment Storage Building".

Johnson said FedEx Property Department people asking for a two extension on their primary building lease. The extension will then expire at the same time as their lease on the FedEx maintenance building. Johnson told them to send us the paperwork for the said extension.

Coleen Peterson announced a change in the administration phone answering system and listed the admin staff's extension numbers. Callers will first hear a recording with NWA 800#s and other information before they can speak to a person. If the caller knows the extension numbers of the admin staff (Coleen, Mary Jo, Steve) they can dial that at any time to be transferred to that person.

Steve Kuhlman will be spending 30 days looking over all of the UND leases toward eventually combining all of them.

The meeting adjourned at 9:23 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

May 5, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, May 5, 2008. Those present were Commissioners Clark Cronquist, Gary Malm, Tim Mutchler and Hal Gershman; staff members Steve Johnson, Executive Director; and Mary Jo Crystal, Director of Finance and Administration.

A. Terminal Financing Workshop

Mary Jo Crystal and Steve Johnson showed the Commissioners the layout of the Springsted (a bond company) spreadsheets and how they worked. The object of the spreadsheets is to gain perspective of future revenues and expenses and to determine whether or not the Authority could afford to pay back bonds purchased for the new terminal. The group went over several questions posed by Johnson:

Will enplanements increase over the next 10 years? Ans: Yes, by 2% /year

Will the PFC level increase over the next 10 years? Ans: Yes, to \$6.00 in 2009

Will additional land be rented on the airport? Ans: Yes, by 1%/year

Will the tax levy proceeds increase? Ans: Yes, by 4%/year

Does the Board anticipate lowering airline landing and ARFF fees? Ans: No

Will additional staff be hired over the next 10 year period? Ans: Yes, 2 persons during period.

After discussing these questions, projected numbers were placed in the spreadsheets. The workbook will now be turned back over to Springsted for analysis.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

May 15, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, May 15, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Gary Malm, Steve Kuhlman, 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. April 17, 2008 and May 5, 2008: Malm moved to approve the April 17th and May 5th meeting minutes. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reported on the fund balances. She said the Authority will probably be facing a cash flow challenge this summer, and she will begin using the Alerus line of credit. Evergreen has been notified that if they haven't paid their bill by June 1 they will have their fuel cards revoked. Kuhlman offered to call them directly.

2. Status Report on New Terminal

Lonnie Laffen from JLG updated the board on the latest plans for the new terminal.

3. Land Acquisition

Johnson said the Dubuque house was sold to Gary Dubuque, as he was high bidder at \$35,000. He will have 120 days to move it to another location. The low bid for clearing the foundation and trees was \$9,000.

C. Old Business

1. Runway Project Status

Johnson updated the Board on the runway project. We worked with Ulteig on the grant application and had it ready to submit when the FAA asked us to wait until they checked into the schedule for changing our runway numerical designators.

We may have to wait on the runway designations until next year and proceed with this year's grant without that portion.

2. Terminal Financing

Crystal and Johnson described the Springsted report with the information that was entered based on the recommendation of the Board at the May 5th meeting. Johnson

said that the chart shows the outlook for using bonds to pay for the terminal is positive. Crystal said 25 year bonds at 5.3% were recommended by Brenda Kruger from Springsted. Gershman suggested a meeting with Schmesik, Kruger, Beyer and some city council members, to discuss the plan. He believes Kruger and Schmesik will bring a lot of credibility when Steve presents the proposal in front of the city council.

The meeting adjourned at 9:07 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

June 24, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, June 24, 2008 with Chairman Brad Beyer presiding. Those present were Commissioners Rich Becker, Clark Cronquist, Tim Mutchler, Steve Kuhlman, 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. May 15, 2008: Cronquist moved to approve the May meeting minutes. Becker seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reported on the various airport accounts. The parking revenues are exceeding the budgeted expectations. The state fire and tornado insurance fund will be refunding a percentage of our premiums. The state grant came in almost double what was budgeted - \$300,000+ compared to the budgeted \$163,000. The new PFC application was approved – at \$4.50 per passenger. If Congress authorizes an increase in the PFC rates, the process to amend the PFC application is fairly simple. Gershman said we should revisit the terminal bond sale formula, using the current \$4.50 per passenger. Our PFC revenue is very restrictive, and can only be used for what we've specified, unless our application is amended. Beyer said if our PFC revenues increase, a decision will need to be made whether to call the terminal bonds. Crystal reported on outstanding receivables: Evergreen is still on the list, and has now had their fuel cards disabled. Pace Airlines, a charter, is also over 30 days past due. Cherry Air is consistently late. Crystal said it may be time to start accepting credit cards so we can get paid while the aircraft is on our airport. Gershman made a motion to start the process of accepting credit cards, so we can get credit card numbers on file for our customers. The motion was seconded by Kuhlman. **Action taken:** Motion carried unanimously. Beyer said a formal policy can be approved next month.

Johnson clarified for the Board that Springsted does bring experience in bonding at airports, contrary to a statement made at a past meeting. They did, however, need some help understanding capital financing at airports. Gershman said the city has a lot of respect for Springsted. Johnson agreed.

2. Status Report on New Terminal

Lonnie Laffen brought a spreadsheet with an overview of some optional work items and their costs, so the Board could make decisions on how to keep the cost of the proposed new terminal at \$20 million. Several items were cut out of the original design plan, the most expensive items left off were the ground fill levels to set the building at or above the grade level of Airport Drive (2' & 4' @ \$750,000 each). Laffen said lifting the building is more aesthetic than a drainage issue. Synhorst from Ulteig said the lower drainage design would not be the best, but it would work. Gershman thought it (leaving the building lower) won't be noticeable. Kuhlman recommended adding in the \$750,000 to lift the building 2 feet, and continue to investigate this issue. Becker said that we should hold off on any final decisions until we have heard back from Springsted about the amount we can afford to bond. Gershman asked whether we'd have enough cash in the near future to spend on some of the items that we can't bond for now? Johnson said he and Crystal are not prepared to answer that question at this time. There was discussion about how to best approach the City Council to approve our bond sale. Gershman suggested changing the pro forma to show \$4.50 PFC revenue to show a more conservative picture of our guaranteed revenue. He feels the plan shows fiscal responsibility. Mutchler said the building should be built up higher. Laffen said he doesn't see the value of a higher building for the flying customer. Johnson said if he could rank the items left off the list, he would choose to raise the building at least 2 feet, use stone instead of brick on the face of the building, and have a tile floor in lieu of carpet. Gershman said in the long run, tile flooring saves money on carpet maintenance. He hopes to have held the necessary meetings to receive the City Council's approval by early August.

3. New FBO Update

Brent Seifert from GFK Flight Support gave the Board an update on the progress of his new facility. He appreciates the commitment made by the Airport Authority in building the apron. High fuel prices are playing a role in the decline in GA business and increased competition with Fargo Jet Center, but his beautifully equipped new facility, which opens in August, will almost certainly be a draw to stay competitive. Becker pointed out the flag poles that GFKFS had, and expressed disappointment that they were taken off the terminal plan. Gershman and Mutchler told Laffen to add the flag poles to the terminal design list.

C. New Business

1. Introduction and Discussion of Business Development Guidelines

Johnson distributed to the Board a list of guidelines that have been created over 18 years of development history of the airport. They consist of FAA requirements and precedents that the Airport Authority has set in dealing with tenants and developers. Johnson explained how important it is to follow these guidelines when making decisions related to airport development. He said this list would be

invaluable to persons interested in developing a hangar on the airport. He asked the Commissioners to support these guidelines for use in future airport development. Johnson said he would like to explain each of the guidelines to commissioners, and would do so when time permitted. Cronquist moved to approve the guidelines as presented. Mutchler seconded the motion. Becker said he would like to have further explanation before approving them. He asked if the 3% FBO commission was consistent throughout the airport. Johnson said yes, any FBO would pay that same commission. Seifert asked to review the guidelines. Seifert stated that “we’re all aware of maintenance providers on the airport that aren’t being charged”. Johnson said he isn’t aware of them, and needs to be informed so we can get an agreement signed with them and start collecting a commission. He added that this is a minimum standards issue, and not a development issue. Beyer suggested tabling the discussion. Becker moved to table the motion, seconded by Gershman. **Action taken:** Motion carried unanimously.

2. Discussion of Ground Site Rental Rates

Johnson said the pending UND development negotiations include ground site rental rates that are different than our current rates. He listed several area airports and their ground site rents, asking to Board to review them and decide what our rate should be. He said the rates should be consistent, and recommends all future ground site rental rates be set at \$.26 per square foot, since that is what is currently in the UND negotiations. Kuhlman made a motion to adopt the \$.26 per square foot rental rate for all new and renewed ground site leases. Becker seconded the motion. **Action taken:** Motion carried unanimously.

3. Election of Officers

Chairman Beyer and Vice Chairman Becker have served their limit of 2 two-year terms. Beyer opened the floor for nominations for a new Chairman. Cronquist nominated Rich Becker. Hearing no more nominations, Rich Becker was voted in unanimously as the new Chairman. Beyer opened the floor for nominations for Vice Chairman. Gershman nominated Steve Kuhlman. Hearing no more nominations, Steve Kuhlman was voted in unanimously as the new Vice Chairman. Both are two year terms.

4. Hangar #1 Door

Johnson said that after a two year effort to repair the door on Hangar #1, it still remains an issue to be resolved. Rather than negotiating a lease agreement with the repair as part of the lease, Board members had recently directed Johnson to fix the door before negotiating a new lease. Johnson reported on the cost options to build a bi-fold door (70’x15’6”) at \$72,000, or alternatively, \$94,000 to strip the door pockets and restructure and re-sheet the existing doors. Becker mentioned that there may be historical value in that hangar. Frank Argenziano from UND said the floor of that hangar is in better condition than any of the other hangars. He said they are now limited in the use of the building because of the door opening, and the proposed 15’6” door would not be of sufficient height for their needs. After discussion it was determined that the building’s roof trusses need to be inspected before any decision

can be made on a new door. UND prefers a roller door vs. a bi-fold door. Argenziano said ice had also damaged the concrete just below the door openings. There was discussion about the past 20 years – UND’s improvements to the hangar and the rent they’ve paid. Kuhlman suggested selling the building to UND to let them maintain it, and the Authority would only collect ground site rent. Seifert suggested it may be cost effective to build a new steel building vs. repairing an old building. Johnson suggested the Authority no longer be in the business of building hangars. Kuhlman said any money we put into that hangar would be added to UND’s building rent. He then suggested giving the building to UND and collecting ground site rent only. Beyer said the trusses need to be looked at first. Argenziano agreed and indicated they would have their staff inspect the building. Beyer asked Johnson to put this on the agenda for next month.

5. July Board Meeting

Johnson asked the Board to move the July meeting from the 17th to the 24th, a one week delay. The Board agreed.

6. Contractor Damage

Johnson reported on some damage by one of our contractors to the edge of the coulee just south of the landfill. We (the airport) may have to participate in paying for some of the repair work – reestablishing a bank of dirt that slid.

D. Other

1. AFSS Tour

Johnson invited Board members to tour the AFSS building, where our offices would be if the UND development proceeds as planned. There was discussion about FAA’s lease on the AFSS building.

The meeting adjourned at 9:01 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

July 24, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, July 24, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, 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 8:04 a.m.

Becker congratulated Gershman on the success of the meeting last night with members of the Grand Forks City Council, where they discussed the financing of the new terminal.

A. Reading and Approval of Minutes

1. June 24, 2008: Malm moved to approve the June meeting minutes. Cronquist seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Crystal reviewed the fund balances and answered questions posed by Commissioners.

2. Credit Card System

Crystal reported that airport operations will soon have credit card capability using the same system that the fuel farm uses. Equipment will be free of charge. The additional equipment will be used to charge landing fees for the transient flights. Commissioners asked Crystal to implement the new system as soon as it is ready, and to notify the various charter companies that we no longer accept their checks and require credit card payment.

3. Status of Terminal Financing

Johnson reported on the meeting with the City Council where they discussed the Authority's ability to go into debt to build the new terminal, and the City's willingness to back the bond that will finance it. He said the discussion was extremely positive. The City Council had asked if it would be possible for the Authority to add some items to the new terminal project: Administration offices, stone to the exterior, and adding either geo-thermal heat pumps or methane heating. These additions would add about \$1 million to the \$20.3 million projected cost. Johnson said that if the Board decides to add these and/or other items, he recommends they amend their original policy to hold the cost to under \$20 million. Cronquist asked what Springsted says we could affordably spend on a new terminal. Crystal said Springsted doesn't set an amount, but instead counsels us on the amounts we bring to them. Gershman suggested a meeting with Schmesik and some others to discuss strategies to add to the terminal plan. The city would like to keep a flexibility in the eventual total cost of the terminal, and as the

time to build it nears, we can make decisions based on a more current financial picture. Becker said one of the things he'd like to see added is raising of the building foundation by at least 2 feet.

4. Construction Project Status

Johnson reported that the fourth runway project is going very well and is on schedule. The runway is expected to open in October of this year. The drainage reroute is complete except a small amount of fencing.

5. Republic Parking

The overflow parking lot will be improved to accommodate parking for the influx in users when Allegiant begins their service in late September. Republic Parking has given us an estimate on the cost of installing the pay parking equipment (control system) for that lot - \$50,000. Johnson suggested turning that lot into a credit card only lot, because it's further away, it's gravel, and not as well lit. The equipment savings would be about \$6,500. He also suggested discounting that lot's parking fees. We would also be able to relocate this equipment to our new terminal location. Gershman said the current signage should be improved so more people understand the credit card-in and credit card-out feature. They discussed the surface options and Gershman said first we should try using just the millings vs. pouring asphalt. Gershman then asked what the revenue would be on that lot – and would it be feasible to add asphalt. Cronquist said the millings would be a good surface, especially with hot oil poured over it. Johnson said that kind of surface could not be effectively striped. He said if it was paved, he would not be inclined to discount it. Gershman suggested getting the lot paved as soon as possible before Allegiant starts up September 29th. Johnson said he'd have estimates at the next meeting. Gershman moved to approve the purchase of the \$50,000 control system for the parking lot. Malm seconded the motion. Malm asked how the millings stood up to snow removal? Audette said there hasn't been problems with that lot so far, with millings as a base. **Action taken:** Motion carried unanimously.

6. Leases

Johnson brought two leases to the Board for their approval. The first is the FAA asking to execute its renewal option on the AFSS building for one year starting October 1, 2008. Malm moved to approve the extension of the lease. Cronquist seconded. **Action taken:** Motion carried unanimously. Johnson said the second lease is a perpetual easement for a small parcel of land on the north end of the main runway to accommodate some equipment changes being made by the FAA. Cronquist moved to approve the signing of that easement. Malm seconded. **Action taken:** Motion carried unanimously.

C. Old Business

1. Business Development Guidelines

Johnson said he is prepared to walk the Commissioners through the guidelines. Cronquist moved to bring the item off the table. Malm seconded. **Action taken:**

Motion carried unanimously. The Commissioners decided to postpone this item until next month.

2. Hangar #1 Door

Johnson distributed a list of questions from Irvin Walen, Finance Manager for Flight Operations at UND Aerospace about the discussion at last month's meeting regarding Hangar #1. Walen said that in order for UND to make their decision, they first need the Authority to lay out their options. Johnson said the Board has expressed the willingness to spend around \$75,000 on door repair. Any repairs over \$75,000 to that building would be tied to a long term lease agreement. Last month Kulhman mentioned donating the building to UND and collecting ground site rent only. Johnson said that ground site rent would be 2/3 the amount that we are charging UND for Hangar #1 now. Johnson said he didn't know what rate the Board would charge UND for ground site only – the existing rent is 22.9¢ per sq. ft. vs. the newly adopted rent fee of 26¢ per sq. ft. Walen said they won't know if they want the building until they know how much repair is actually needed. Malm moved to donate the building as is - to UND. Gershman seconded the motion. Johnson said he would check with the airport attorney and then officially make the offer. **Action taken:** Motion carried unanimously. Walen said an official offer was not needed for UND to carry on with their decision making. Becker asked Walen to try to come back with UND's decision in a timely manner.

D. Other

Becker asked Brent Seifert for an update on his project. Seifert said they planned to move in this September. He also suggested that a nice lot for Allegiant's customers would create a good impression and urged the Board to pave it. Seifert reported that he is in the running to operate a full service FBO in Minot and will learn the outcome of that board's decision next week. He assured Commissioners that his expansion into Minot would not diminish his commitment to Grand Forks. He also expressed his appreciation to airport management and commissioners for their hard work in establishing model minimum standards and management styles that other airports, including Minot, are striving to duplicate.

Johnson invited Board members to tour the runway project.

The meeting adjourned at 9:06 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

August 21, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, August 21, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Steve Kuhlman, Tim Mutchler, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; and Rick Audette, Operations and Maintenance Manager.

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

Becker welcomed everyone and Steve Johnson introduced some guests: Steve Obenauer, FAA ADO; Tom Schauer, formerly from the ADO, but now works for the Great Lakes Region; Mark Holzer, NDAC.

A. Reading and Approval of Minutes

1. July 24, 2008: Malm moved to approve the July meeting minutes. Mutchler seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal was unable to attend today's meeting. Johnson reviewed the fund balances and answered questions posed by Commissioners.

2. Status of Terminal Planning & Financing

Johnson reported on the latest architect's estimate for the cost to build the new terminal. After deciding on some optional items at the last meeting, the cost to build the terminal was estimated to be at \$20.375 million. In working with the planning tables Springsted provided, Johnson & Crystal calculated that amount to be affordable. They then met with the city council to ask for their approval for backing the bond. At their working session, city council members suggested adding three items to the terminal budget, which increased the bottom line by almost \$800,000. Geo-thermal heating and cooling, admin offices, and exterior stone were the items suggested. Johnson said in visiting with council members after the meeting, he felt the group was in favor of adding two feet of elevation to the terminal plan. The architects estimate the cost to elevate the terminal by two feet is \$750,000. Johnson said he entered the two additional amounts to the Springsted bond spreadsheet and came up with \$21.868 million, and said that is the absolute maximum we can spend based on current assumptions. Johnson then gave his best guess at how the local and federal funds would be split between the three years of terminal construction. He asked the ADO representatives in attendance their opinion. Obenauer said there would be no way to know how the federal funds will become available from year to year until the spring of each year. He said the ADO tries to support our estimates for the availability of the funds, but said there are never

guarantees, and that we should be prepared for bigger or smaller chunks as they become available. Johnson said the formula becomes important in laying out the financing package for the city and county. Because the timing of the federal funding cannot be guaranteed, the city and county will have to be convinced that our financing plan will work without having the exact formula. Holzer said 2009 appears very strong for Grand Forks to receive discretionary money because the other major ND airports do not have large projects that year. Schauer added that in phasing, the federal discretionary money received each year has to be used that same year. Johnson explained that means getting the money under contract to spend, but does not mean the construction has to be completed that year. He added that typically, the entitlement money can be carried over. Becker asked if we could reduce the 30 year bond to a shorter term after we get through the first few years. Jim Galloway, the JLG architect in attendance, said in order to break ground in June 2009 as planned, their firm would have to resume their work immediately. Johnson cited the various figures he used when predicting future revenues and expenses, all of them were figured very conservatively. He then described what would happen if we lost certain tenants that we depend upon for revenue. Obenauer said he thinks our overall cost estimates are low, but that they are doing everything they can to help us reach our goal. Galloway said the numbers will become more accurate as they progress in the planning process. Becker asked for comments from the Board members. Mutchler said the two foot elevation was most important to add in before moving forward with the project. Cronquist asked the engineers if their opinion was to elevate the terminal four feet. Steve Synhorst from Ulteig Engineers explained how important it will be to have the building elevated to the proper height. He said his preference would be to elevate the building four feet. Cronquist said elevating the building is most important, and is something that cannot be done later. Kuhlman said there should be some way to shave the cost of other things in the new terminal so we can afford to elevate it. Beyer thanked the airport staff on all of their efforts toward planning for this new terminal. He said the board should keep moving forward on this project. Malm asked what the bond payment would be over the next 30 years. He said he believes the elevation is most important, and that the project will be successful. Johnson said the bond payment will be \$326,000 per year including principal and interest. The total bond sale will be \$4.5 million. Becker encouraged the Board to set a new cost ceiling and inform the city and county of these higher numbers. Johnson said using the conservative revenue assumptions and liberal spending assumptions the absolute ceiling is \$21.868 million, and that includes two feet of elevation. Johnson asked Galloway what the cost would be to get the final set of plans completed. Galloway said \$860,000. Johnson said that this amount is not budgeted in 2008, and there is no money to pay for that right now. He is concerned about the second two feet of elevation, and how that could be funded. Malm said the elevation has to be correct, and we need to respect the engineer's recommendation of four feet. Kuhlman said the elevation should have never been an option. Galloway said they made it an option to lower the cost to the \$20 million limit the Board had set. Mutchler suggested subtracting the three items suggested by the city and add the extra two feet and come out even. Galloway said the elevation has to be decided first before he can proceed with planning. Becker said he would prefer to discuss the numbers with the

city and county before voting on a ceiling. Malm said the three items that the city council suggested could easily be left out. Galloway encouraged the Board to order the completion of the plans and specs. Becker suggested raising the cap to \$23 million. Johnson objected saying that amount is not affordable given the accepted revenue and expense projections. Kuhlman asked the designers to find a way to cut costs. Synhorst said that as a registered professional engineer, he recommends the building not be built at ground level. Mutchler moved to replace his initial motion of a \$20 million cap for building the terminal to \$22 million. Malm seconded the motion. Synhorst and Galloway said they would work together and bring to the next board meeting a more accurate cost of elevating the building to the proper level. Becker said the motion for \$22 million is too limiting, and he is comfortable with what the city finance director said in terms of our bonding capacity to pay for a new terminal. Mutchler withdrew his motion to raise the cap to \$22 million. Malm withdrew his second to the motion. Becker suggested telling the city that with what we know today, the cost to build the new terminal would not exceed \$22.5 million. Mutchler disagreed, saying he believes the terminal can be built with \$20 million. He said we have to draw lines on how much we can do. Johnson said that when he meets next with the city, he needs to have a definitive package to present. Johnson said he wouldn't agree that we can afford \$22.5 million. Malm said that since Johnson used such conservative numbers in his assumptions, he has room to raise the ceiling. Johnson agreed that by raising revenue projections, lowering expense projections, and including state grant probabilities, the financial picture would look much better. Schauer said the FAA would need work with us to determine the eligibility of any changes. Malm said the airport needs to build something functional and worthy, and the city's recommendations should not dictate our decisions. He said we're asking for their support while making our own decisions. Becker asked Johnson to adjust the conservative numbers enough to show how the bonds can support a \$22 - \$22.5 million building. Kuhlman moved to raise the cap to \$22.5 million with a goal to get it to \$22 million. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

3. Air Service Committee and Small Community Air Service Development grant Task Force

Johnson reported that the air service committee had decided to pursue a leakage study with either Mead & Hunt or SH&E. Which one we use will depend on their price and their connections to Delta Airlines. The leakage study will precede doing a pro forma on service from Grand Forks to Salt Lake. The last leakage study was done 2 years ago. Johnson also reported on the meeting held by the Small Community Air Service Development grant task force. The DOT grant manager in Washington D.C. had just informed us that we are allowed to spend the SCASD grant money on Allegiant service. The task force set a budget of \$169,000 to purchase ground support equipment for the Allegiant ground handling. The remaining grant money is being reserved for marketing and to subsidize ground handling expenses.

4. Credit Card System

Audette reported that the operations department is now able to accept credit cards indoors, but staff is still working on getting a hand-held device that can be carried out to the aircraft.

5. Construction Project Status

Johnson reported that the fourth runway project is behind because of recent significant rains. The delay also affects the N/S utility runway (used by UND) because it has been closed during this phase of construction. The economy (overflow) parking lot paving bids were distributed. Ryan Bergstrom from Ulteig Engineers described the base bid and the alternate bid. The base bid is 1 ½ inch thick asphalt, and the alternate adds another 1 ½ inches of asphalt. The alternate can be added at a later time, if needed. Bergstrom said his task was to build the lot to last 3 years, at a low cost to the Authority. Beyer moved to approve the base bid of \$57,405.50 by Opp Construction. Kuhlman seconded the motion. Johnson recommended spreading 6” of millings instead of paving the lot, to save the money that isn’t budgeted. Kuhlman said the additional parking income would probably offset the cost. Johnson said if customers weren’t satisfied with the unimproved lot, we could lower the parking fees or make it free to them, and then fix it next year. **Action taken:** The motion failed unanimously.

6. Land Acquisition

Johnson reported that the aviation easement cost, compared to the land value, was about the same - \$5,700. Scott Weekley had previously told Johnson that he could accept the aviation easement.

7. Other Report

Johnson reported that he sent a letter to L-3, a company that contracts with CBP Air & Marine for aircraft maintenance. The letter instructed them to sign an agreement with the Authority to follow the airport’s minimum standards, or they could not do business here. L-3 has been doing business on our airport since about mid-2007, and the board asked Johnson to charge them the required commission retroactively to January 2008.

C. Old Business

1. Hangar #1

Johnson reported on the airport attorney’s opinion that donating Hangar #1 to UND would not be a problem. Becker asked Argenziano to try to come back with UND’s decision on the hangar in a timely manner.

2. Business Development Guidelines

Johnson briefly described the guidelines and his desire to educate the board members on all of the airport business development limitations. Becker asked Johnson to postpone this lesson to a later meeting.

Kuhlman asked Argenziano to provide him with contact names to start working to complete the consolidation of the UND leases. He asked Johnson to add this item to future Authority board meeting agendas.

D. Comments

1. ND Aeronautics Commission

Mark Holzer reported on the NDAC funding throughout the years. He said the potential is strong that our airport could receive state project funding for as much as \$500,000 each year for the next couple of years. He said a pavement analysis is being done, but so far they think our pavements are in great shape.

2. Bismarck ADO

Tom Schauer and Steve Obenauer expressed their support for the terminal project, but again said they are not able to answer definitively when federal funds will be available. Schauer spoke about the runway numbering process that he is a part of.

Becker said he will not be attending the September 18th board meeting. He said he would be working with Johnson to update the task force assignments. Becker reminded commissioners on task force committees to be sure to get the full board's approval on items that require it. He asked Johnson to list conferences that would benefit commissioners and airport staff, and encouraged commissioners to consider attending them.

The meeting adjourned at 10:20 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

September 5, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Friday, September 5, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Gary Malm, and Steve Kuhlman; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration, and Rick Audette, Operations and Maintenance Manager.

A. To Consider Paving Bids on the Overflow /Economy Parking Lot

Johnson explained to Commissioners his decision to check with the city inspector about a building permit for the improvements to the overflow parking lot. The inspector said that using millings as a base was in violation of the building code, unless the parking lot was for temporary use – 60 day or less. He said having this knowledge now requires us to use asphalt for that parking lot in order to comply with city code. Johnson asked for the Board's concurrence to pave the lot per the bids discussed at the August 21st meeting. The low bid was \$57,400 by Opp Construction. Kuhlman said the revenues will offset the cost of the paving. Becker said he thought there might be some capital items in our budget that aren't being purchased. Johnson agreed. Cronquist said he wouldn't have called the city inspector. He suggested seal coating the millings to save money. Bergstrom gave his opinion and suggestions to use at least the 1 ½ inch overlay. Becker asked about the future of that particular parking lot after the terminal is built. Johnson said the master plan shows that it would be torn up and a new maintenance building and concrete lot would go there. Malm asked whether the city would approve the 1 ½ inch overlay. Johnson did not know that answer and suggested that a motion to approve the base bid should include the contingency to pave according to what the building code requires. Cronquist moved to approve the base bid by Opp Construction and spend the minimum amount that the city will allow. Malm seconded the motion. **Action taken:** Motion carried unanimously.

Malm suggested asking the city inspector's office to allow the airport to have their own set of building codes, separate from the city building code.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

September 18, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, September 18, 2008. Those present were Commissioners Tim Mutchler, Clark Cronquist, Gary Malm, Hal Gershman and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:00 a.m. by the Authority Board Secretary, Coleen Peterson. She called for an election of a pro tem chairman for this meeting. Brad Beyer moved to elect Tim Mutchler as pro tem chair. Clark Cronquist seconded the motion. **Action taken:** Motion approved unanimously.

A. Reading and Approval of Minutes

1. August 21, 2008: Cronquist moved to approve the August 21st meeting minutes. Beyer seconded the motion. **Action Taken:** Motion carried unanimously.
2. September 5, 2008: Malm moved to approve the September 5th meeting minutes. Second by Cronquist. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the fund balances and answered questions posed by Commissioners.

2. Status of Terminal Planning & Financing

Johnson said the County Commission approved the sale of \$4.5 million on bonds for the new terminal. The county has instructed their attorney to work with the city to begin developing a joint resolution. Johnson then distributed a spreadsheet showing the next ten years of capital planning and bond financing. Johnson and Crystal answered questions posed by the Commissioners. Johnson said listed some of the changes: He added \$1 million worth of state grants; added parking and PFC's related to Allegiant's presence; corrected a miscalculation by the consultant (subtracted \$300,000); and factored in the \$800,000 already spent on development and design.

3. Air Service Committee

Hal Gershman said the RFP's have been sent out for the leakage study, and a pro forma will be created from that study. Once that's done, they will plan a meeting with Delta. The hope is that the newly merged airline will change two of our MSP flights to Salt Lake City. Johnson said the leakage study will be eligible for reimbursement from the SCASD grant. Johnson reported that the air service committee received a solicitation from Mark Sixel's air service firm asking us to join up to 80 Midwestern airports in hiring him to work on our behalf with Delta to collect information to benefit our

airports. The committee decided to decline the offer, thinking the firm would have a hard time serving our best interests while also working for so many of the area's other airports. Johnson added that the state aeronautics commission is looking at joining this consortium which would benefit all ND airports. Gershman suggested a conference call to Sixel to find out more about the information he'd be gathering. Johnson said some of the ground service equipment to support Allegiant is on order. The SCASD grant covers a majority of these costs. Audette said they've ordered a bag belt, baggage carts and a lav cart. Johnson said a deicing truck will be ordered soon. The ADA ramp has been delivered. Allegiant will not allow us to use the jetway. Johnson said Fargo and Bismarck both use jetways for Allegiant flights, but Allegiant assured him that in the next contract with those airports, jetways will be forbidden.

4. Construction Project Status

Johnson reported on the fourth runway project. The rain has hampered progress, and Johnson estimates there is a 60-70% chance that the project will not be completed this year. Johnson said the plans for the economy parking lot have been approved by the city. Opp Construction will start the work immediately.

5. Land Acquisition

The formal proposal to acquire the aviation easement was sent to Scott Weekley. Johnson is optimistic that Mr. Weekley will find it agreeable.

C. Old Business

1. Hangar #1

Johnson introduced representatives of UND to speak about the Authority's previous offer to donate Hangar #1 to UND. Frank Argenziano said the UND Foundation expressed interest but later said they do not have funds available at this time to improve the building. He said that the University would not be able to get the needed funds for building improvements at this time either. Argenziano recommended that the Airport Authority hire someone to do a thorough evaluation on the building to determine the cost of the repairs, and then negotiate a lease to cover the repairs over a period of time. He said they need a door that opens enough to give their operations adequate clearance. Johnson estimated \$200,000 for the engineering study and replacing the north end of the hangar with rolling doors. Argenziano said he thinks the existing doors might be adequate, but that the sagging frame needs be repaired. Gershman said that before the airport spends significant money for repair of the hangar, there should be an agreement with UND to cover the costs. He added that the engineering study should be done by the airport to determine the cost. Beyer moved to spend up to \$20,000 to have an assessment done on the building. Gershman seconded the motion. Johnson asked UND if they would be willing to enter into a 20 year or longer lease on the hangar after it was repaired. He added that future maintenance responsibilities for that building would be UND's. UND's Finance Manager Irv Walen said he couldn't answer that at this time, and added that the building is already quite old. Cronquist said the study will tell us the life expectancy of that building. Gershman said a new building on the old slab might be an alternative for UND. Beyer said

GFKFS might be interested in buying the building. GFKFS' Brent Siefert said he needs hangar space. **Action taken:** Motion carried unanimously.

2. Business Development Guidelines

Johnson distributed the guidelines he developed over a number of years with regard to airport development and discussed them with the Commissioners.

The meeting adjourned at 9:15 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

October 16, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, October 16, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:02 a.m. Steve Johnson introduced Bill Mayo, regional manager for Republic Parking. Mr. Mayo announced the opening of the new economy parking lot. Johnson commented on the good working relationship the airport has with Republic Parking.

A. Reading and Approval of Minutes

1. September 18, 2008: Cronquist moved to approve the September 18th meeting minutes. Beyer seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal reviewed the fund balances and answered questions posed by Commissioners. Becker, Kuhlman, Beyer and Cronquist expressed interest in meeting with Crystal for a lesson in the airport's financial reporting.

2. Status of Terminal Planning & Financing

Johnson said he appeared at the City Council's Committee of the Whole meeting earlier this week. He said he believes the presentation was favorably received, and doesn't foresee any problems getting the Council's final approval on Monday of next week.

3. Air Service Committee

Becker gave his report on the Boyd Group Aviation Forecast Conference that he and Johnson attended over the weekend in Aspen. He said airline expansion is very tough right now, and they are even shrinking capacity in order to make a profit. Johnson distributed a list of his highlights from the conference, reading some of them aloud. One of the points that he heard repeatedly was that Delta, after the merger with Northwest is complete, would not make any significant changes in their markets. Efficiency of airports is becoming increasingly more important and Boyd said airports should focus on maintaining their current service. Boyd also said the Dakotas are not going to get westbound air service because of the type of aircraft needed for that distance.

Johnson said the air service committee, consisting of Johnson, Kuhlman, Becker, Gershman and Klaus Thiessen met and is now requesting the concurrence of the Authority Board to hire Mead & Hunt to prepare a leakage study for \$10,800. He said

no airline will consider adding service to an airport without first reviewing a pro forma which includes a recent leakage study. Beyer moved to approve the leakage study for \$10,800. Kuhlman seconded the motion. Johnson said that since it put out for bids, the cost of this study may be eligible for reimbursement from the Small Community Air Service Grant. Cronquist asked how the study will benefit the airport. Becker said the study would be used to try to get westbound service. Johnson said he's hoping to talk to Frontier about a Grand Forks-Bismarck-Denver flight. There was discussion on the use of the jetway for Allegiant. Beyer asked if there was a certification we could get for jetway operation to show Allegiant. Johnson said the risk falls on the airport when we ground board Allegiant passengers. **Action taken:** The motion to approve the \$10,800 leakage study passed without opposition.

Johnson said the Sixel consulting firm has again offered to represent us along with numerous other airports in the Midwest to keep air service we have with the new Delta. Johnson said Sixel will be hiring a person to represent these airports autonomously without Mark Sixel's "spin". Sixel said the person he is hoping to hire is Matt Friebe, the current Northwest schedule planner, but Friebe may instead go to work for Delta. Friebe told Gershman that he would be an advocate for GFK if he goes to work for Sixel, or if he chooses to work for Delta, a decision he has not yet made. Johnson said that Sixel has already agreed we could opt out of our contract with Sixel if Friebe doesn't come to work for him. The one year contract with Sixel would cost our airport \$15,000. Beyer moved to approve hiring Sixel for one year. Malm seconded the motion. Johnson said Sixel will be gathering information and advocating for better service in our market area. Kuhlman asked why the NDAC doesn't hire Sixel to represent all eight ND airports? Kuhlman suggested contacting NDAC. Beyer suggested asking the EDC for \$5,000 to help with this cost. **Action taken:** The motion passed with three in favor: Malm, Beyer, Kuhlman. Two opposed: Cronquist, Becker.

4. Construction Project Status

Johnson reported on the fourth runway project. The significant amounts of rain we've received has stopped construction for the rest of the season. The project will resume in the spring. The N-S runway was reopened for UND.

Johnson also reported on damage to a stretch of the westernmost taxiway in the GA area. Staff would like to spend approximately \$20,000 for a temporary asphalt repair. After some discussion, the board asked Johnson to hold off on that project and block off the use of the area.

Johnson reported that the economy lot is complete and now open.

5. Land Acquisition

Scott Weekley has yet to sign the aviation agreement, but Johnson has made contact with him. Weekley agreed to find time to read the agreement and will be in touch.

Johnson said the Dubuque house has been moved and the tree removal and leveling will begin next week.

C. Old Business

1. UND Leases

Kuhlman said he's been studying the UND leases and will attempt to combine all of them into one. The goal is to have it completed by the year's end. Johnson said that Hangar #1 will be included in the lease.

2. Hangar #1

Johnson distributed a letter from Ulteig Engineers which outlined the timeframe for completing an analysis on Hangar #1. The report should be complete by November 15th. Johnson said GFK Flight Support has offered to take Hangar #1 "as is". Kuhlman said the rental rate paid by UND for Hangar #1 over the past years has been a fraction of the going rate, and the Authority has not put money aside for maintenance of the building. Kuhlman said that a new lease with UND at the same rate is very unrealistic, especially if we put money into repairing it. He suggested giving away the hangar and charging \$.26 per sq. ft. for ground site rent. He said if we keep the hangar, we should charge a fair rental rate. Irv Whalen from UND said the heating system in the hangar was installed by UND, so in any rate negotiations, that should be taken into consideration. Beyer said the Authority had paid back those improvements in a reduced rate lease with UND. Becker said he wants this issue resolved by the end of this year.

3. New Terminal Plans & Specs

Johnson said JLG Architects offered to resume the work on the terminal without the final bond sale concurrence needed from the city. Johnson said he'd like to give them permission to proceed with the plans the day after the city's approval for the bond sale. Malm moved to grant staff permission to direct JLG to proceed with the completion of terminal plans and specs contingent on the city council's approval on Monday. Cronquist seconded the motion. **Action taken:** Motion carried unanimously. Jim Galloway from JLG spoke briefly about the LEED Certification process. Becker suggested that Johnson speak with Mayor Brown about that.

C. New Business

1. Passenger Terminal Use Policy

Johnson explained his recommendations for the airport's terminal use policy. In it, he structured fees in a non-discriminatory way for different classes of users at the airport. Unlimited users (Northwest), limited users (Allegiant), and one-time users (charters) should be treated differently based on the amount of time and burden they place on the terminal. Johnson said the written policy will protect the airport and has been reviewed by the airport attorney. Beyer moved to accept the policy as submitted by Steve Johnson. Seconded by Malm. **Action taken:** Motion carried unanimously.

2. Allegiant Agreement

Johnson said he is working on a new Allegiant agreement, customized to fit the new terminal use policy. Johnson requested permission to sign the agreement with Allegiant

contingent upon it following the policy and approval by the airport attorney. Cronquist moved to grant Johnson's request to sign the agreement with said contingencies. Malm seconded the motion. **Action taken:** Motion carried unanimously.

3. 2009 Budget

Mary Jo Crystal explained the draft budget, and pointed out some details. The parking lot fees will increase in 2009. The numbers included 3% increase in pay for non-exempt and 4% increase for exempt employees, based on the recommendation of the salary study done last year. Landing and ARFF fees are projected to decrease and terminal rents are expected to increase. She expects an increase in health insurance premiums starting July 1 of next year. Johnson explained how we use the CPI index to set rental rates, and also spoke about the new pay parking fees.

OTHER: Johnson said a UND employee approached him about setting aside some special parking for about 15 UND employees who are interested in renting their parking from the airport vs. the University, where the fees recently tripled to \$225 per year. Johnson said there is space available and asked the board for their opinion. The Commissioners did not voice any objections.

Johnson said he has been asked by Chairman Becker to distribute a list of airport conferences for 2009 with recommendations as to which Commissioners would most benefit from them.

Brent Seifert announced a soft grand opening on November 20th after the next board meeting. A lunch will be served.

The meeting adjourned at 9:56 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

October 31, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Friday, October 31, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Clark Cronquist, Gary Malm, Hal Gershman, Brad Beyer, Tim Mutchler and Steve Kuhlman; staff members Steve Johnson, Executive Director and Mary Jo Crystal, Director of Finance and Administration.

The meeting was called to order at 11:00 a.m.

Matter of Improvements on Hangar #3

Brent Siefert said that in the time since he made the request to be heard at this meeting, some things have changed and he did not have any requests at this time.

Process of Hiring a New Executive Director

Becker spoke about the list of points he wished to cover and Johnson distributed this list along with his thoughts on each item. The Board first discussed whether or not to use an executive search firm. The consensus was to ask AAAE to post the opening on their jobsite, ask UND to put the word out to their airport management class alumni and at the same time approach some search firms and work on all approaches over the next couple of weeks.

There was discussion on the job description of the Executive Director and the consensus was to add air service development and economic development to Essential Job Functions. There was also agreement that to *prefer* but not *require* a Masters degree. Also agree to was that an Accredited Airport Executive (AAE) designation should be required in a candidate, or a specific commitment to becoming accredited. Johnson said he recommended requiring 5 years experience at a Part 139 airport. Johnson was asked to list the skills he thought were most important to this job. The two items he thought were most important were: 1) A person who gets along well with others, and 2) has good speaking and writing abilities. Mary Jo Crystal was asked to list skills she thought were important to this job. She said she has mainly worked under two executive directors, each of whom used very different styles of airport management, and she had her likes and dislikes with both styles. She said she thought it was critical that the entire board put their minds together and set goals first so they know and can better look for exactly the right person to fit their vision. Beyer suggested hiring an executive director who would be geared more for the marketing and promotional aspect. In reading the director's job description, Beyer said he saw some budget type responsibilities that could easily be shifted to Crystal. He suggested having someone else or hiring a firm to do some of the lighter accounting. Crystal suggested recreating the position of Director of Operations, and said that the Executive Director would then have the time to lead the airport into the future – i.e. air service and economic development. Beyer said now is the time to make those types of changes. Gershman said there was a chance to negotiate with the city to help with light accounting. Crystal suggested using Coleen Peterson's skills in that respect. Cronquist said if we lean toward the marketing and economic development type of director, they may not need the AAAE accreditation. Malm said now might be the time to structure the director's job description into what is still needed after taking advantage of the skills of the other staff members. Becker said adding a marketing person should be discussed. Gershman suggested combining an airport marketing position with the City of Grand Forks to keep the cost down. Johnson asked Mutchler and Cronquist why the Board had originally made the decision to combine the Director of Operations with the Executive Director position. Mutchler said eliminating staff positions back

then was a decision made to save money, and added that it's still a concern. He suggested that the advertising for an executive director should be simple enough to attract the most applicants. Becker said his concern was the age of the people in operations and the fact that there will be a major turnover in the next five years. He said a person in the Director of Ops position would play an important part in the replenishing of people.

The next topic of discussion was creating a selection committee. Mutchler said the group must be kept small. Gershman said the group should have input from the city, county, EDC, airport staff, and a few Commissioners. After some discussion all of the Commissioners, with the exception of Cronquist, agreed to sit on the search committee. Two tenants, Frank Argenziano from UND and Brent Siefert from the FBO were invited as well as Steve Johnson and Mary Jo Crystal, and possibly Rick Audette. Klaus Thiessen will be invited too. Crystal suggested using teleconferencing or iTV to lessen the need for all members to physically attend the search committee meetings. Both Johnson and Crystal requested that all members of the search committee do their best to be involved in all aspects of this search. Johnson said the group needs to have a chairperson. Beyer moved to appoint Authority Chairman Rich Becker to take the position of chair of the search committee. Malm seconded the motion. **Action taken:** Motion carried unanimously.

Chairman Becker said the advertisement should be put out right away, and he would work with Johnson and Crystal to accomplish that on Monday. Johnson suggested working with the search firm that is hired to assist in establishing a timeline. Becker said that if a person is hired by the end of March, he would consider that fortunate. Crystal said the person hired may have to give a 90 day notice.

Becker said he wants to quantify the job description and make it available to the airport management instructor at UND. He encouraged others to submit names of possible candidates. Johnson said the committee should be careful about showing favoritism.

Becker asked Johnson to comment on the possibility of remaining in his position until there is a replacement. Johnson said right now he is open to staying until that time. He added that if his replacement is extremely comfortable with Johnson briefly staying on as project manager - part time, he may consider that also.

Becker said he will ask the search committee to meet within the next ten days.

Johnson listed the items he intends to work on during the time he remains Executive Director.

The meeting adjourned at 12:34 p.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

PUBLIC HEARING
NEW PASSENGER TERMINAL FINANCING

November 20, 2008

A public hearing was held in the Board Room of the Airport Authority on Thursday, November 20, 2008. The topic was "New Passenger Terminal Financing".

The meeting was opened by Authority Chairperson Steve Kuhlman at 8:00 a.m., before the regular Authority Board Meeting. Attending were Grand Forks Regional Airport Authority Board Members Steve Kuhlman, Hal Gershman, Gary Malm, Tim Mutchler, Clark Cronquist and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; Rick Audette and Skip Rucinski. Others present were Dan Kasowski, Frank Argenziano, Irv Walen, Brent Seifert, Larry Yurkovich, and Cassie McNames.

Mr. Johnson explained the purpose of the meeting and offered to answer any questions. He indicated that the Authority intended to issue \$4.5 million in tax contingent bonds to finance the local share of the new passenger terminal.

No comments were received from the public.

The public hearing was adjourned at 8:06 a.m.

Respectfully submitted,

Coleen Peterson, Executive Assistant
Grand Forks Regional Airport Authority

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

November 20, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, November 20, 2008 with Vice Chairman Steve Kuhlman presiding. Those present were Commissioners Hal Gershman, Tim Mutchler, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

The meeting was called to order at 8:06 a.m.

A. Reading and Approval of Minutes

1. October 16 and 31, 2008: Cronquist moved to approve both sets of minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal commented on the financial report and answered questions posed by Commissioners. Larry Yurkovich, manager of Republic Parking spoke to the Board about the parking revenues which he says have increased substantially since Allegiant Air started their business here. The first two weeks of November have increased 33% over the same period last year. He expects to see the Economy parking lot getting much use over the holiday season. Yurkovich mentioned the troubles that some customers are having with business credit cards, such as Alerus and Arctic Cat. Johnson explained that those businesses have apparently put some restrictions on their cards which cause them to be unusable at the exit gates of the lots. Republic Parking has had to ask those customers to come inside to have their card processed. Gershman said to alleviate some of the frustration of these customers and the cars in line behind them, an explanation letter should go out to the business owner who could in turn circulate it amongst the employees who use the parking lots at our airport.

2. Air Service Committee

Gershman reported that Senator Byron Dorgan has called a meeting in Bismarck to meet with Delta on December 4th. Gershman and Johnson plan to attend. Gershman said Matt Friebe plans to work for Delta's transition team. He said Friebe understands the interests of Grand Forks and it's airport.

Johnson said Allegiant will have a conference in February and suggested sending two people to that meeting. Gershman said those Allegiant meetings are important, and wants to take this opportunity to ask them for some Orlando flights.

Johnson said the airport director at Bismarck agreed to support his idea to make a proposal to Frontier to fly from Denver to Grand Forks with a stop in Bismarck.

Johnson said that he will be calling a meeting with the Small Community Air Service Grant committee to discuss costs and performance with regard to the new Allegiant service. Kuhlman asked Brent Seifert how the Allegiant service is going. Seifert said the new ground equipment has made it easy to service their flights, and that things are running very smoothly.

3. Land Acquisition

Scott Weekley has yet to sign the aviation agreement, but Johnson has again made contact with him. Weekley agreed to sign the purchase agreement and deliver the abstract to our attorney.

Johnson said the tree removal and leveling on the Dubuque property has been delayed because the weather has put our contractor (Zavoral) behind schedule.

C. Old Business

1. UND Leases

Kuhlman said he met with Chairman Becker, Steve Johnson and the airport attorney, Tim Dittus, to review the UND leases. He said they will move forward to consolidate all of the leases as soon as Dittus has finished reviewing them. They will base the consolidated ground site agreement on the already signed Ray hangar lease. Kuhlman said there will be discussion about generating revenue for the airport and that ab-initio fees may one factor.

2. Hangar #1

Johnson introduced Cassie McNames, a structural engineer from Ulteig who presented a report on her study of Hangar #1 and the adjacent apron. She described the damage to the northernmost arch, the stress in the foundation, the problems with the door and the issues related to the apron. She presented three options for repair: Option #1 would cost \$70-\$80,000 and could extend the life of the building approximately 10 years. Option #2 would cost about \$755,000 - \$775,000 and could extend the life 30-40 years. Option #3 was to replace the existing building and foundation at a cost of between \$1 million - \$1.27 million. Kuhlman asked UND to make a decision by the next board meeting as to whether or not they would accept the of the Authority's gift of the building as is. He added that if the Authority repaired the building and then leased it to UND, the cost of the repair would be included in the lease rate. He said he would try to get a lease rate determined and report back to them (UND) next week. Johnson said the Authority does not want to be responsible for keeping snow off of the roof. There was discussion on snow load and the risk of collapse if nothing was done to repair the building. Crystal said the building has insurance but it doesn't cover the contents. McNames said that the water drainage issue should be resolved. Johnson said the water drainage and the fact that there are two buildings close by on each side of the hangar is an issue that could be expensive. Kuhlman said a short term lease might be the best answer to give UND time to build new hangars elsewhere for the long term. He added that the roof's snow removal and liability insurance coverage might rest on UND. Malm said we need exact cost figures in order to make a decision to fix it our abandon it. Kuhlman said ordering a spec sheet from the engineers would be the next step. He

said that if UND doesn't want to sign a short term lease that would include them taking responsibility for the snow load and liability insurance and also allowing us to recover our repair expense, we would have to abandon the building. Rucinski and Audette said the building's design combined with the wind normally limits the amount of snow accumulation on that roof. Brent Seifert suggested hangar keeper's insurance. Kuhlman thanked Ms. McNames for her good work on the study.

3. 2009 Budget

Johnson explained the changes that were made to the draft budget over the last month: The final inflation number was changed from 5.401% to 4.94%, which slightly decreased the revenues and tenant's fees. There was a \$80,000 capital project added to repair some of the T-hangar taxiway. Johnson said the terminal project match for 2009 is still a question, depending on the amount of federal money we get. He said the budget allows us to match our matching percentage of a grant of up to \$16 million. He said the budget also allows for raises of 3% for non-exempt and 4% for exempt employees. The landing fees decreased due to increased landed weight, and the 04 cost center is budgeted for stable or decreased costs. Mutchler moved to accept the budget as presented. Beyer seconded the motion. **Action taken:** Motion carried unanimously.

C. New Business

1. Pay Parking Rates for 2009

Johnson said our contract with Republic Parking calls for an increase in the long term parking rate from \$6 to \$6.50 per hour on January 1. He added that Republic Parking is asking us to consider increasing the rate to \$7 instead. Fargo's rate is remaining at \$5.50. Johnson said the Economy lot will be \$5.00 per hour for 2009, the same as it is now. After discussion, the consensus was to keep the long term lot rate at \$6.50, the same as it was listed in the 2009 budget that was just passed.

Johnson said Northwest, Mesaba and Pinnacle flight crew is being charged \$10 per month to park in the Economy lot and asked if the Board wished to continue at that rate. Gershman moved to eliminate the \$10 monthly fee for the flight crews. Malm seconded the motion. Cronquist said the parking lot has been improved and the fee is minimal for them, and it's enough revenue for us to pay the light bill for the lot. Gershman, Mutchler and Malm voted in favor of the motion. Cronquist, Kuhlman and Beyer voted in opposition. **Action taken:** Motion failed.

2. Selection of Search Consultant

The Board reviewed the proposal from ADK, an executive search firm to help fill Mr. Johnson's position. Kuhlman said ADK has been interviewed and their references have been checked. Their fee is about \$25,000 plus about \$6,500 for incidental expenses. There will be additional expense to bring final candidates in for interviews. Johnson said Rich Becker is satisfied that ADK will meet all the needs of the search committee. Kuhlman said it will be money well spent in the long run. Gershman moved to approve spending up to \$50,000 to cover expenses in relation to hiring ADK as a search consultant. Mutchler seconded the motion. **Action taken:** Motion carried unanimously.

OTHER: Johnson asked the Board to pass Resolution #03-08: “Approved Sale of \$4.5 million of Tax Contingent Revenue Bonds to Finance Local Share of New Bond Terminal” and authorizes staff to use Springstad for the bond sale consulting services. Malm moved to pass the Resolution. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

Johnson reported that the Authority employee group has asked to shift their retirement plan from the current defined contribution plan with Alerus Securities to the ND PERS defined benefit plan. He asked for guidance as to whether the employees should be unanimous in voting to change or if the Board would approve allowing some to remain with a defined contribution plan with Alerus – if Alerus has a plan that allows them to. Johnson said the ND PERS plan allows current employees the choice either to join or stay in their current plan, but new hires must join ND PERS. Beyer asked if the Authority is required to guarantee any of the retirement benefits. Johnson and Crystal said no. There was discussion on how the ND PERS plan is guaranteed by the state. The Board’s consensus was to allow any current employee to join the ND PERS plan, contingent on Alerus’ ability to release them from the plan.

There was discussion about what Johnson and Gershman should request at the meeting with Senator Dorgan and Delta.

Brent Seifert asked about the status of Hangar #2 and UND. He said he turned the hangar over to UND as a goodwill gesture, and is getting no income for it. Johnson said there has not been any new information since he has not yet met with Al Palmer and Seifert.

The meeting adjourned at 10:07 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary

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

December 18, 2008

The Grand Forks Regional Airport Authority Board of Commissioners met in the Board Room of the Airport Authority on Thursday, December 18, 2008 with Chairman Rich Becker presiding. Those present were Commissioners Steve Kuhlman, Clark Cronquist, Gary Malm, and Brad Beyer; staff members Steve Johnson, Executive Director; Mary Jo Crystal, Director of Finance and Administration; and Rick Audette, Operations and Maintenance Manager.

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

A. Reading and Approval of Minutes

1. November 20, 2008 Board Meeting and November 20, 2008 Public Hearing:
Cronquist moved to approve both sets of minutes. Malm seconded the motion. **Action Taken:** Motion carried unanimously.

B. Reports

1. Financial Report

Mary Jo Crystal commented on the financial report and answered questions posed by Commissioners. The operating revenue is ahead of budget, and the capital fund's balance is negative \$1.136 million due to terminal planning payments that have not yet been reimbursed.

2. Air Service Committee

Johnson said the leakage study report has been completed and distributed to the Commissioners via email. The consultant will be answering questions at the January meeting via a conference call. Johnson suggested calling a meeting for the air service task force. He said the Bismarck Airport is amenable to working with us on a proposal for Frontier to add a flight from Grand Forks to Denver with a stop in Bismarck. Johnson reported that Mark Holzer from the NDAC said they are funding a study for Minot and Grand Forks to get Salt Lake City service through Delta. The study should be complete on January 15th for our review, and the NDAC will probably arrange for a meeting between our airport and Delta to make our proposal.

3. Land Acquisition

Johnson said the tree removal and leveling on the Dubuque property is almost complete.

Scott Weekley has turned over their abstract to our attorney for revision but we do not yet have a signed sales contract. According to our attorney, the signed sales contract is not a necessity to move forward with the aviation easement agreement.

Beyer said Strata has expressed their appreciation for understanding the delays in the runway project due to weather.

4. Executive Director Search Committee

Becker reported on the recent visit from ADK Executive Search consultants, Doug and Annell Kuelzman. Applications are due to them by January 16th and will be narrowed down to 6-8 candidates, who will each get a visit from ADK. The Authority Search Committee will then receive a list of 3-4 candidates, all of whom they will interview on February 20th. ADK has asked whether or not we would consider a Canadian citizen for the job. Becker said the Search Committee will reconvene in mid-January.

C. Old Business

1. UND Leases

Kuhlman said the goal is to have a new consolidated lease signed by January 1st, or at least charge UND the new rates effective January 1, 2009. Johnson said all of the UND leases except one have expired. The rate on new leases has already been set for \$.26 ft² incremented by CPI, or approximately \$.27 ft². Beyer said he wants Johnson to get the lease done before he leaves because of his knowledge of our lease history with UND. Irv Walen said UND's general council Julie Evans has been instructed by internal auditors to have a lease ready to sign ASAP. Crystal suggested completing the ground site leases and then work together to negotiate other revenue issues. Johnson said the old expired leases sometimes overlap the ground sites where UND may have been paying rent on the same property twice, and some property not at all. He said a survey was done to properly identify the parcels. Johnson added that a 1990 agreement was signed to update the ground site rent on all of the UND leases, but the new rates have never been changed and charged to UND. Kuhlman said that Al Palmer has asked that any extra charges with regard to ab initio students be figured into the fuel flowage fees. Kuhlman moved to begin charging UND the new budgeted rate for the proper square footage beginning January 1, 2009. Cronquist seconded the motion. Johnson and Kuhlman said the Hangar #1 ground site rent is an issue that should be resolved in the next topic. **Action taken:** Motion carried unanimously.

2. Hangar #1

Johnson introduced Cassie McNames, a structural engineer from Ulteig who presented another report on her study of Hangar #1. She described their recommendations to repair the building. The engineer's estimate was \$70,000-\$80,000 and a contractor's estimate was \$89,000 which includes adding new gutters and new roofing above the door. Kuhlman moved to spend \$127,500 to fix the hangar and apron for the purpose of renting the building to UND for \$3 ft² for five years, or \$45,000 per year. The Authority would be responsible for maintaining and keeping the building up to safety standards for those five years. Kuhlman added that the other option would be to give the building to UND unrepaired, and immediately begin charging them \$.27 ft² for ground site rent. The motion includes requiring UND to choose one of those two options by January 15, 2009. Cronquist seconded the motion. **Action taken:** Motion carried unanimously.

3. Hangar #2

Johnson reported on the meeting that was held between officials of the Authority, UND and GFK Flight Support to resolve the differences in proposed rental rates between UND and GFKFS for Hangar #2. The Authority had offered to rent the hangar to UND for a lower rate than GFKFS offered. UND asked GFKFS to lower their rate to match the Authority offer. Johnson said that should the Authority agree to waive it's hangar rent, ground site rent, and commission (from a sublease) from GFKFS for Hangar #2, then GFKFS can rent the facility to UND for the same rate that the Authority had quoted them, \$26,000. The Authority would forgo about \$10,762.00 each year for two years, 2009 and 2010. Malm moved to forgo the hangar rent, ground site rent and commission for Hangar #2 from GFKFS for 2009 and 2010. Kuhlman seconded the motion. **Action taken:** Motion carried unanimously.

Johnson said that the wording of the Hangar #2 lease with GFKFS was incorrect with regard to the recovery of GFKFS' investment in the event that the Authority ends the lease before it's term limit of twenty years. The language has been corrected and Johnson distributed a copy of the proposed change. He asked the board to approve the amendment to the agreement with GFKFS to implement the corrected Subsection 4.11. Beyer moved to approve the amendment. Malm seconded the motion. **Action taken:** Motion carried unanimously.

4. Airport Revenue Bond Resolution

Mary Jo Crystal asked that the resolution that was passed at the last meeting to authorize the \$4.5 million bond sale be upgraded to more specific language per the bond counsel's request. The new resolution was distributed and Cronquist moved to approve the it. Malm seconded the motion. **Action taken:** Motion carried unanimously.

5. Equipment Storage Building

Johnson reported on the status of the issue between the City and the Authority with regard to the equipment storage building. The City is requiring the Authority to meet a building code and Johnson said the issue is still unresolved. Malm moved to apply for a conditional use permit that waives the fire protection code because we have our own fire department. Cronquist seconded the motion. **Action taken:** Motion carried unanimously. Johnson said he would ask the airport attorney to do what he can. Becker asked if Commissioner Gershman could be included in those discussions.

C. New Business

1. Discretionary Transition Payment

Johnson described the discretionary transition payments that have been paid each year to seven Authority employees. These employees moved from the city's defined benefit plan to a defined contribution plan and would have experienced a short fall because of that move. The Authority Board has approved payments each year since 1999. Cronquist moved to approve the 2008 payments to those employees. Beyer

seconded the motion. Becker said other employees may not think they are being treated fairly. Cronquist said he read somewhere that the city has a problem with their defined benefit plan being underfunded by \$15 million, and doesn't want to end up like them. Johnson said he plans to write a letter to the other employees to explain this payment if it is approved. Beyer said the city of Duluth has a huge problem with underfunding their retirement plan also, and commended the Authority staff for seeing this problem so far in advance that it didn't become a larger problem. **Action taken:** Motion carried unanimously.

2. Rental Car Facility Task Force

Becker and Johnson reported on the need for discussions with regard to the new rental car facility that will be needed when the new terminal is built. Johnson asked the Commissioners whether they wanted to form a task force for these discussions or if it could be assigned to the existing tenant relations task force, which includes Mutchler and Cronquist. Chairman Becker assigned these discussions to the tenant relations task force. Johnson suggested including a representative from each car rental facility in the task force. Becker asked Cronquist to chair that committee.

3. Terminal Food Service Task Force

Johnson said the food service in the new terminal is an issue that needs to be discussed. He asked whether a new task force should be formed, or if it could be assigned to the terminal task force. Becker assigned the terminal food service issue to the terminal task force.

4. New Building South of FedEx

Kuhlman introduced Brent Seifert who proposed building a structure south of the FedEx complex. Seifert said UND would like to use the current FedEx maintenance building for their helicopters, so he would offer to rent a portion of this new building to FedEx for relocating its maintenance operations. Seifert said GFKFS would also use the building for equipment storage. Seifert asked if the Authority would support this idea. Becker said he supports anything that would promote good will with FedEx. Kuhlman asked UND representatives to find out for sure if UND is indeed interested in renting the current FedEx maintenance facility.

The meeting adjourned at 9:50 a.m.

Respectfully submitted,

Coleen Peterson, Board Secretary