



**Commission Minutes
for
Regular Session Meeting
(May 16th, 2007)**

Commission Members Present: Marshall Froyd (Commission Chairman)
Jack Frost (County) (Vice-Chair)
Ron Otterstad (County)
Onen Markeson (City Alternate)

Harold Van Leeuwen (Secretary)(Airport Manager)

Commission Members Absent: Ron Johnson (City)
Nancy Erickson (City)

Others Present: Mike Karvakko (Karvakko Engineering)
Keith Johanneson (Johanneson Inc.)
Cori Ruud (Bemidji Aviation)
Tom Angus (HNTB)

Approval of Minutes: The minutes for the April 18th, 2007 regular session were presented for review and approval by Manager Van Leeuwen. Motion to approve the minutes as written was made by Commissioner Otterstad and seconded by Alternate Commissioner Markeson . All present voted aye. Minutes for April 18th, 2007 were approved as written.

Approval of Bills for Payment: Bills in the amount of \$543,922.21 were presented for payment by Manager Van Leeuwen. Motion to approve payment in the amount presented was made by Commissioner Otterstad, seconded by Commissioner Markeson. All presented voted aye. Motion to pay the bills as presented approved.

Reports:

Enplanements: Manager Van Leeuwen presented the enplanement numbers for April, which were level with April of 2006. He updated the commission on the status of the NWA bankruptcy and stated that they should be exiting bankruptcy in late May or early June and that the judge had approved the reorganization plan. He went on to say as of yet there are no indications of what changes are in the planning as far as air service goes.

Budget: Mr. Maas provided the budget report for the commission to review, he did not highlight any areas of concern at this time. He was not present but provided the report in written format only. The next meeting he is required to attend will be the one following the end of the quarter unless an issue develops.

2007 Projects:

Update on 2007 (AIP – 17): Manager Van Leeuwen informed the commission that the FAA was providing a grant of \$8,133,554 and that the local share would be approximately \$428,082. He stated this was essentially full funding of the project by the FAA at the 95/5 split for federal projects under the Airport Improvement Program. This level of funding eliminated the need for state share/loan which had been a proposed solution when it was believed the FAA would only be providing \$7.1M. However, he stated there were several items which were removed from the current scope and delayed to next year unless funding is found, these items were: (1) the Compass pad, (2) both taxiways going into the JOBZ area.

Manager Van Leeuwen went on the request the commission determine its preference on how to support the local funding requirement. Direction by Commissioner Otterstad was for Manager Van Leeuwen to meet with the County Administrator and City Manager to develop the most likely options and what to include in the funding package. Immediate suggestions discussed were: (1) direct funding by the city/county of their share at the level required for the project, (2) bonding for the local share only (3) bonding for the local share plus the items not funded and a level of investment in additional hangars and ramps to incentivise airport growth and activity, (4) loan or bonding to be covered by repayment from PFC charges, however this was determined to be the least desirable since it eliminated the funds for local share on future AIP grant projects.

A requirement for a resolution to accept the Federal Grant was presented to the commission by Manager Van Leeuwen. The resolution (#121 attached to minutes) was presented by manager Van Leeuwen, the motion to adopt the resolution as written was made by Commissioner Otterstad with the stipulation that local funding would be assured either by provision from or as a fallback using PFC funds. The motion to adopt the resolution as written was seconded by Commissioner Markeson. All present voted aye, motion to adopt resolution #121 accepting the Federal Grant of \$8,133,554 carried.

Manager Van Leeuwen also described Task order #5 with HNTB, which allowed for the work associated with AIP 17 to be continue with the total engineering under this task order not to exceed \$980,000. Motion to approve the task order was made by Commissioner Frost seconded by Commissioner Markeson, motion carried.

Review of 2006 (AIP – 16):

The update of AIP-16 by Manager Van Leeuwen included informing the commission that the Precision Approach Path Indicators had arrived and were being installed. He also informed the commission that the new ILS for runway 25 required additional grading work and that it was estimated to be approximately \$80,000 in cost. This cost would be fully funded by the State through a grant to the Airport. This grant requires an resolution of acceptance also. The resolution

(#122, attached) was presented by Manager Van Leeuwen, the motion to adopt the resolution was made by Commissioner Markeson and seconded by Commissioner Frost, all present voted aye, motion to adopt resolution # 122 as written carries.

Legislative Issues review:

Manager Van Leeuwen provided an update of each of the outstanding legislative issues to the commission, these were:

1. Zoning Bill – he stated this bill appears to be inline for approval, that it will stand up a study group of legislators (4-6 total) with an advisory group including Manager Van Leeuwen as the MCOA rep to look at the zoning process in the state around airports.
2. Authority Bill – Manager Van Leeuwen indicated this bill also looked like it would be adopted allowing for airports and communities to develop “Airport Authorities”. It’s only real risk is if the Governor veto’s the Taxation bill which it is attached to. If so we will bring the bill back next year.
3. Aviation Taxation Study Group: Manager Van Leeuwen indicated this bill and its study group was in trouble in that it was attached to the Transportation bill which the Governor vetoed. He stated he would be pushing for MnDot Aeronautics to do the study regardless of the bill and have it ready to use as background should the issue resurrect itself in subsequent sessions.
4. JOBZ – the final bill of interest is the JOBZ bill, it appears the JOBZ effort is not in serious jeopardy, it will undergo some modification to limit benefits to companies relocating within the state. Changes will not affect ongoing efforts or proposals at the airport.

Air Service Unsolicited proposals: Manager Van Leeuwen deferred this decision because of the need for further discussion with the submitters to better understand their proposals. He again informed the commission that it was very likely the state would participate through a grant of 70/30 with the airport in this contract.

Marketing Grant: Manager Van Leeuwen reviewed with the commission the make up of the intermediate leadership group for this effort, the county Administrator, city manager, and airport manager with support from the JEDC in the administrative and functional areas. He further stated that Anchor Marketing would be bringing the contract proposal back to the group through the manager in the next week; he also stated he believed the chances were also good the state would share in the airports proportional share of the effort through a 70/30 grant also.

New Items:

Lease Agreement with Johanneson’s: Manager Van Leeuwen presented for consideration and approval a lease agreement for ground rental with Johnneson for placement of a aircraft hangar. Also presented was an addendum for approval of installation of onsite fuel storage and dispensing for their sole use.

1. The lease space was for appox 7200 square feet at 24cents per square ft per annum with escalation of the rental rate for inflation
2. The lease is for 5 years with three additional optional 5 year periods.
3. The addendum for fuel specified that all permits, plans and cost associated with the fueling facility were the sole responsibility of the Lessee, further it requires payment of fuel flowage based on validated deliveries.

There was significant discussion concerning the fueling issue with numerous concerns presented

Ms Cori Rudd of Bemidji Aviation concerning their opposition to owner fueling facilities and the impact on the FBO if this approval process becomes standard. As a result of this and general concerns expressed by the members, the commission directed Manager Van Leeuwen to work with the FBO to begin development of a set of Goals for the commission and best practices to be adopted that enhance and incentivise growth at the airport. Manager Van Leeuwen requested that a working session be held around the 10th of June for further guidance and discussion, at which time Mr. Diffley of the Bemidji Aviation could also participate with input. Commissioner Otterstad made the motion to develop these goals and best practices and Commissioner Markeson seconded the motion directing this effort, all present voted aye. Motion carried.

Manager Van Leeuwen indicated that a taxiway would have to be included in this years work to accommodate the hangar and to allow future construction. All present felt this was a necessity and that means of including the taxiway in the work should be developed. Manager Van Leeuwen suggested this be included the provisioning of funds for the local share of AIP-17.

As a side note Mr. Johanneson indicated a desire to work with the commission on possible further development of the hangar area in conjunction with the airport. There was no further discussion at this time of the issue

Miscellaneous:

Next Meeting: June 20th, 2007 @ 5pm

Adjourn: Motion to adjourn made by Commissioner Frost seconded by Commissioner Markesdon. All presented voted aye. Meeting adjourned at 6:30pm.

Respectfully submitted

Harold M. Van Leeuwen, Jr
Manager, Bemidji Regional Airport