

Annual Meeting

Tuesday

January 24, 2006

The Annual Meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, January 24, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Pawluk, Macdonald

Absent: None

Others: Stewart, Williams

Chairman Macdonald presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held December 22, 2005:

The minutes of the regular meeting of the Municipal Airport Authority held December 22, 2005, were approved without objection.

Approved the Airport Vouchers Totaling \$54,559.73:

Mr. Pawluk moved to approve the airport vouchers totaling \$54,559.73.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Dr. Clark moved to approve the individual voucher in the amount of \$18,476.32 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the Runway 17/35 Reconstruction Project, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to the Federal Aviation Administration:

Dr. Clark moved to approve the individual voucher in the amount of \$107,543.87 to the Federal Aviation Administration for partial payment request (final) for construction of navigational aids in connection with the Runway 17/35 Reconstruction Project, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Dr. Clark moved to approve the individual voucher in the amount of \$2,300.00 to Sixel Consulting for December air service passenger payment.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Dr. Clark moved to approve the individual voucher in the amount of \$54,642.80 to Shafer Contracting for Partial Payment Request #14 for construction of Runway 17/35 Reconstruction Project, Phase I, AIP29.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Dr. Clark moved to approve the individual voucher in the amount of \$29,179.80 to Shafer Contracting for Partial Payment Request #5 for construction of Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Dr. Clark moved to approve the individual voucher in the amount of \$9,735.96 to Flint Communications for payment request for airport marketing program.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Northstar Aviation Insurance:

Dr. Clark moved to approve the individual voucher in the amount of \$76,970.00 to Northstar Aviation Insurance for 2006 airport liability insurance premium.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to Peer Associates:

Dr. Clark moved to approve the individual voucher in the amount of \$320.00 to Peer Associates for payment request for consultant's fee for review of sweeper bids.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Dr. Clark moved to approve the individual voucher in the amount of \$9,366.85 to TL Stroh Architects for payment request for architectural/consulting services in connection with the Terminal Expansion Study.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson, Pawluk and Macdonald voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Adopted Resolution of Sympathy to the Family of Sid Cichy:

Mr. Anderson offered the following resolution of sympathy to the family of Sid Cichy and moved its adoption:

WHEREAS, It is with profound sorrow that the Municipal Airport Authority has learned of the death of its longtime and very valued member, Sid F. Cichy, who served as a member of the Municipal Airport Authority of the City of Fargo for twenty years from 1976 to 1996, and

WHEREAS, Mr. Cichy gave generously and unsparingly of his time during his years of service of the Municipal Airport Authority, serving several terms as Chairman, and was instrumental in the growth and success of Hector International Airport over those year, and

WHEREAS, The absence of Sid Cichy will leave a void that will be felt by the entire community and the Cichy family, as there was only one Sid Cichy.

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby express its heartfelt and deepest sympathy to Mrs. Elaine Cichy and the entire Cichy family.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent records of the proceedings of the Municipal Airport Authority and that a certified copy be sent to the family of our dear friend, Sid Cichy.

Second by Dr. Clark.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Kilander now present.

Authorized Attendance at the 78th Annual AAEE Conference, April 23-26, 2006, San Diego, CA:

Mr. Pawluk moved the Airport Authority authorize attendance at the 78th Annual AAEE Conference, April 23-26, 2006, San Diego, CA, by board members and staff.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Change Order #12 Request from Shafer Contracting for a Deduct of \$6,400.00:

Mr. Jeff Klein, Ulteig Engineers, Inc., was recognized and stated Change Order #12 for a deduct of \$6,400.00 is part of the runway surface sensor system. He stated the original plan called for fiber optic cable to be installed but it was later decided to use radio transmission signal instead of the fiber optic. He stated the change resulted in a savings of \$12,800 and the contract allows for the contractor to receive 50% of any savings for valued engineering solutions to a problem.

Mr. Pawluk moved to approve Change Order #12 for a deduct of \$6,400 to Shafer Contracting, Runway 17/35 Reconstruction Project.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Recommendation to Purchase a Replacement Airfield Utility Tractor:

The memorandum dated January 19, 2006 from Darren Anderson was received and filed without objection.

Dr. Clark moved to authorize the purchase of the Case DX45 utility tractor at a cost of \$30,900.00.

Second by Mr. Kilander.

Mr. Pawluk stated he was curious how we came up with a recommendation to purchase a unit with a lower operating capacity and a higher price than the lowest bid (Caterpillar).

Mr. Dobberstein stated the airfield maintenance staff solicited informal bids on this utility tractor and spent a great deal of time trying out the various units. He stated the airfield staff is recommending the purchase of the Case DX45 for five reasons listed.

Mr. Kilander stated he feels for the very small difference in price the board should accept the recommendation of the airfield staff and those who will be operating the unit.

Mr. Anderson stated he agrees we should approve the staff's recommendation.

Chairman Macdonald called for a vote on the motion.

Members Clark, Kilander and Anderson voted yes.

Pawluk and Macdonald voted no.

The motion was declared carried.

Received Update Regarding Airport Land Acquisition:

Mr. Dobberstein stated he anticipated having something to report at today's meeting but he will report at the next meeting.

Received Update on Terminal Expansion Study and Consider a Proposed Contract Agreement with TL Stroh Architects:

The Executive Summary for the Terminal Expansion Study from TL Stroh dated 1/22/06 was received and filed without objection.

Mr. Dobberstein stated he previously provided the board members with some information including estimated project costs but he stated those numbers have also been updated and he provided the members with those updated numbers.

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated today he is planning on going over some details and cost estimates.

Mr. Stroh stated one of the items that has been discussed is the existing elevator. He stated after reviewing the matter in great detail we feel we can leave the existing elevator in place and design the new stairs in a way that will expose the elevator and people will be able to see it. He stated right now it is hidden behind the stairway and people cannot see it so they do not use it.

Mr. Stroh stated during the expansion study process we have always acknowledged that the airline ticket offices (ATO) would be modified at some time but because of the unknowns with the baggage screening technology no definite plans or time have been indicated. He stated the

Received Update on Terminal Expansion Study and Consider a Proposed Contract Agreement with TL Stroh Architects: (Continued)

Executive Summary actually recommends that the ATO area be modified. He stated as we have discussed before, this portion of the project is something that can be done at any time and does not depend on any other portions of the project.

Mr. Stroh reviewed the Summary of Estimated Project Costs and those items they are recommending we move ahead with. The first item is the security checkpoint improvements with the addition to the north at an estimated cost of \$3,540,435, which is eligible for 92% funding by the FAA. He stated the other items are terminal improvements:

- Roof replacement estimated to cost \$190,000, eligible for 95% FAA funding.
- Building sprinkler system, estimated to cost \$251,000, eligible for 95% FAA funding
- Electrical items (farm alarm and electrical panel upgrades, lighting improvements) estimated to cost \$455,000, eligible for 50% FAA funding. He stated since the ceilings will be down for the installation of the sprinkler system it will be an ideal time to replace the existing lighting, as it is 20 years old and has been experiencing problems. He stated this is also eligible for partial FAA funding and the more energy efficient new lighting will result in future energy savings.

- Mechanical system improvements
 - filter domestic water
 - water heater replacement
 - update temperature control system
 - heating coil conversion
 - moving mechanical to accommodate expansion
 - replace heat pumps

Mr. Stroh stated all of these mechanical items will be looked at from an energy cost standpoint. He stated the heat pumps in the building are getting to the point where they will need to be replaced and many have already been replaced, but again, when the ceilings will be down is a good time to replace them. He added that the mechanical engineers will be taking a good look at the heating system as we are adding to the building and the cooling tower will be affected by building expansion. He stated we are also going to look at the feasibility of a geo thermal system for the building.

Mr. Stroh stated this would be a good time to update the interior finishes in the building. He stated some of the wall coverings need to be changed. He added that there are some things in the building that cannot be changed so they will be working within the existing color palette but trying to add some warmth to the appearance of the building. None of these costs would be eligible for federal funds.

Mr. Stroh stated they are exploring some options on what can be done with the canopy in front of the building. He stated they would like to come up with something a little more exciting and functional but it is not a priority at this time. He stated the priority right now is to keep the paint from falling off.

Mr. Stroh stated they are estimating the replacement of the emergency generator at \$600,000, which is eligible for FAA funding, but that does not include any trade-in value of the existing

generator. He stated another option is to use that generator for the airfield lighting, which the airport is looking at replacing.

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Received Update on Terminal Expansion Study and Consider a Proposed Contract Agreement with TL Stroh Architects: (Continued)

Mr. Stroh stated they are estimating \$150,000 for civil/site work around the terminal building, which is also eligible for federal funding.

Mr. Stroh stated one big item on this improvement list is the windows along the south side of the terminal. He stated they have talked to several window manufacturers and one in particular indicated really the only way to fix the problem is to replace all of the windows. He stated they have estimated this at \$550,000. He stated right now they are not sure any of those costs would be eligible for federal funding but some of it may be. He stated in checking on the history of this window project, apparently the terminal project was over budget and the windows that were installed were at a cost savings, however, the windows were not designed to be installed at a slant. Mr. Stroh stated as far as he knows they have caused trouble since day one.

Mr. Dobberstein stated the windows did leak but we have had some success with the window sealant put on several years ago, however, the sealant is coming to the end of its useful life. He stated as far as the energy efficiency of the windows he does not know.

Mr. Anderson stated he has some question and concern about how we will operate the flights during construction with only two gates.

Mr. Dobberstein stated it will require some accommodation and some flights may need to be boarded from the ramp rather than a jetway. He stated it may also take some coordination of flights on the part of the airlines.

Mr. Stroh stated we have discussed the matter with Mr. Tom Schauer, FAA in Bismarck, and he is not so opposed to adding a fifth gate as he is to the whole proposed west addition. He stated they are trying to work out a way to get a fifth gate and a third baggage claim device yet design those additions in such a way that the rest of the west addition could be constructed at a later date. Mr. Stroh stated we are not looking at a bid date before August so we have some time to work through that.

Mr. Anderson stated he does not like the idea of passengers boarding on the ramp during the winter months. Mr. Anderson stated as far as geo thermal, he stated historically the payback on geo thermal systems have not been good and he want to see some figures on that before he would be in favor of that.

Mr. Stroh stated they plan on doing some cost analysis on geo thermal.

Chairman Macdonald stated he feels the best way to go is to build a small west addition to have a fifth gate available when the other gates are taken out for construction. He stated we should look at the cost to do that and see if it meets our project bond capability.

Mr. Pawluk stated he thinks that is a good idea as the additional gate and the expanded security checkpoint area are the most important items in this project.

Mr. Stroh stated when he and Mr. Dobberstein discussed this with Mr. Schauer, he did not rule out a smaller west addition to provide a fifth gate during construction.

Mr. Kilander stated he feels it is important to keeping passengers as comfortable as possible during their airport experiences.

Received Update on Terminal Expansion Study and Consider a Proposed Contract Agreement with TL Stroh Architects: (Continued)

After further discussion, Mr. Anderson moved to authorize TL Stroh Architects to proceed with the security checkpoint improvements (Item A) and the other terminal improvements (Items E-O) as listed on the Summary of Estimated Project Costs, and also to investigate a west addition with a fifth boarding gate.

Second by Dr. Clark.

Chairman Macdonald asked Mr. Stroh if this action is adequate for him to move forward.

Mr. Stroh stated he thinks that is exactly what they need and they will be back before the board with many more decisions to be made.

Chairman Macdonald stated from today's discussion the three major points we need to look further into are as follows:

- possibility of a geo thermal system
- window replacement
- design of a limited west addition

Ms. Mollie Crawford, TSA, was recognized and stated she has been in contact with the TSA's industrial engineering and she has submitted the proposed plans to them. She stated she thinks the ultimate solution for baggage screening in Fargo is to go with an automated explosive detection system. She stated she feels we are more likely to get this system sooner if we have a place to put it. She stated the checkpoint is her first priority as well but she would hate to miss out on the opportunity to pick up an automated explosive detection system because we do not have a place to put it, and it would not be placed in the lobby. She stated she does not want to lose the window of opportunity.

Mr. Kilander asked if it would be helpful to have the airport authority on record as supporting changes in the airline ticket office area to accommodate explosive detection equipment.

Ms. Crawford stated that would be helpful but she has provided him with everything she has received to date and he does plan to make a site visit.

Mr. Dobberstein stated if the TSA is able to get the equipment in Fargo we will accommodate it.

Chairman Macdonald suggested that Mr. Stroh meet with Ms. Crawford to get further details on what would be needed for space and cost estimates.

Chairman Macdonald called for a vote on the motion.

All members present voted aye and the motion was declared carried.

Mr. Kilander moved the Airport Authority to direct Mr. Stroh and Ms. Crawford to work on an alternate to the estimate for the ATO area and provide costs and funding information to the board on how to accommodate the explosive trace detection equipment so that it may be presented to the TSA in the most positive manner possible.

Second by Dr. Clark.

All members present voted aye.

Reviewed 2006 Airfield Improvement Projects and Consider Proposed Contract Agreement with Ulteig Engineers, Inc.:

The proposed contract agreement with Ulteig Engineers, Inc. was received and filed without objection.

Mr. Dobberstein stated Attorney Stewart has reviewed the proposed document and found things to be in order. He stated Mr. Mark Bittner, Fargo City Engineer, has conducted an independent review of the contract and associated fees and found the proposed fees are well within guidelines and probably lower.

Mr. Dobberstein stated he found out yesterday that our entitlement funds for 2006 will be \$2,141,734.00, based on 2004 enplanements. He stated that will be the grant for our construction this year, which includes shoulder rehabilitation of Taxiway A, terminal Taxiway D, and continue our south general aviation apron rehabilitation. He stated this will get Ulteig through the bid phase.

Mr. Pawluk stated he has previously brought up his concern that there are not enough checks and balances with our engineering contracts. He stated he is very pleased with the job that Ulteig Engineers does, but he has always had a concern over the closed system for engineering services. He stated he just wants to know that the airport's best interests are being served.

Mr. Anderson stated he has had the same concern but since we are locked into the FAA's system of hiring on a performance base and cost is negotiated later.

Mr. Dobberstein stated we interview engineers and select one firm for a five year term. He stated each project during that term has its own agreement for engineering services, which we have reviewed by our attorney and an independent engineer, and if there is ever a discrepancy and a fee is unreasonable it can be negotiated. He stated he feels we have done our due diligence to make sure we are keeping our engineering firm on track.

Mr. Kilander moved the Airport Authority accept the proposed agreement between the Municipal Airport Authority and Ulteig Engineers, Inc. dated 12/22/05.

Second by Dr. Clark.

Chairman Macdonald called for a vote on the motion.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Ms. Mollie Crawford, TSA, was recognized and stated the airport is in a position, based on enplanements, to petition the TSA Administrator for a change in category status from Category 3 to Category 2. She stated a Category 2 status has some advantages in that it would move us closer to getting our explosive trace detection equipment. She stated it would also afford additional support staff.

Mr. Darren Anderson stated our concern would be any additional costs to the airport to meet security requirements of a Category 2.

Clark now absent.

Elected Chairman of the Municipal Airport Authority for Calendar Year 2006, as per Bylaws:

Mr. Anderson moved to elect Mr. Ken Pawluk as Chairman of the Municipal Airport Authority for the calendar year 2006, as per bylaws.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson and Macdonald voted aye.

Absent and not voting: Clark

Mr. Pawluk passed his vote.

The motion was declared carried;

Elected Vice Chairman of the Municipal Airport Authority for Calendar Year 2006, as per Bylaws:

Mr. Kilander move to elect Mr. Bob Anderson as Vice Chairman of the Municipal Airport Authority for the calendar year 2006, as per bylaw.

Second by Mr. Pawluk.

On the call of the roll, members Kilander, Pawluk and Macdonald voted aye.

Absent and not voting: Clark

Mr. Anderson passed his vote.

The motion was declared carried.

Adopted Resolution of Appreciation to Outgoing Chairman, Gen. Alexander P. Macdonald:

Mr. Anderson offered the follow resolution of appreciation and moved its adoption:

WHEREAS, Gen. Alexander P. Macdonald has just completed a year as Chairman of the Municipal Airport Authority, and

WHEREAS, During the year of Gen. Macdonald's chairmanship, the Municipal Airport Authority and Hector International Airport have moved steadily and successfully forward, completing improvement projects, beginning the process of terminal expansion, and experiencing the all time boarding record for passengers flying out of Hector International Airport, and

WHEREAS, Gen. Macdonald has labored diligently and given unsparingly of his time and efforts in many areas serving as Chairman of the Municipal Airport Authority.

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby commend Gen. Macdonald for his effective efforts on behalf of the Municipal Airport Authority and Hector International Airport.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent minutes of the Municipal Airport Authority and a certified copy of the herein resolution be forwarded to Gen. Alexander P. Macdonald.

Second by Mr. Pawluk.

On the call of the roll, members Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Clark

Macdonald passed his vote.

The resolution was declared to have been duly passed and adopted.
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Other Business:

Mr. Dobberstein stated the ND DOT had a meeting here recently with airport tenants and representatives of other property owners near the airport regarding the work on I-29 this summer. He stated he reviewed the planned detours during construction and indicated that work could begin as early as March 15.

Mr. Pawluk stated he would like to see us work with Clay County on better signage directing people to the airport from Clay County. He stated he does not feel their signage is adequate to give people proper direction to the airport.

The Annual Meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, February 14, 2006, at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 9:25 a.m.

Regular Meeting

Tuesday

February 14, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, February 14, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Kilander, Anderson, Macdonald, Pawluk

Absent: Clark

Others: Tjon, Williams

Chairman Pawluk presiding.

Approved the Minutes of the Annual Meeting of the Municipal Airport Authority Held January 24, 2006:

The minutes of the Annual Meeting of the Municipal Airport Authority held January 24, 2006, were approved without objection.

Approved the Individual Vouchers to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,010.00 to Sixel Consulting for payment request for the quarterly airline report.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,474.00 to Sixel Consulting for payment request for January air service.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$3,563.00 to TL Stroh Architects for payment request for architectural/consulting services in connection with the Terminal Expansion Study.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$5,000.00 to Shafer Contracting for Partial Payment Request #12 (Final) for the NDANG north/south arresting barrier system.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$12,035.00 to Shafer Contracting for Partial Payment Request #6 for construction of Runway 17/35 Reconstruction Project, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Received 2005 Airport Construction Fund Report:

Mr. Dobberstein reviewed the 2005 Airport Construction Fund Report indicating the fund had a balance of \$4,493,864.85 as of January 1, 2006. He stated that out of that amount will come funds for a pending land purchase and the purchase of our airfield sweeper, which together total almost \$2 million.

The 2005 Airport Construction Fund Report was received and filed without objection.

Received Preliminary 2005 Statement of Operations:

Mr. Dobberstein stated he distributed the preliminary 2005 Statement of Operations. He stated the report is not yet final and there will be some adjustments. He stated one of those will be a portion of the \$10,000 credit extended to Allegiant Airlines for landing fees and boarding bridge fees. He stated another adjustment will be to our Xcel Energy charges. He stated we have seen a lot of changes in their billing process and as a result our main natural gas meter for the terminal has not been sending the readings so we are anticipating a large billing from them at some time in the near future. He stated he made a notation of the pre-petition bankruptcy amounts owed by Northwest Airlines and Mesaba Airlines. He stated we also have an outstanding interest amount owed by Fargo Jet Center of approximately \$12,000, which he is working with them on paying. He stated before these adjustments the operational variance is \$892,694.65.

The preliminary 2005 Statement of Operations was received and filed without objection.

Received 4th Quarter PFC Report:

Mr. Dobberstein distributed the 4th Quarter 2005 PFC report. He stated total PFC receipts for 2005 were \$1,112,779.28.

The PFC report was received and filed without objection.

Received Passenger Terminal Expansion Study Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated they started on the process to incorporate the revisions discussed at the last meeting and in subsequent meetings with engineers, tenants, etc. He stated it looks like we will be able to relocate the existing stairway which leads to the basement so that we can change the elevator door so that you can see it from the front entry making it more accessible.

Mr. Stroh stated they have been working on plans to make the west addition as small as possible yet be able to get a third baggage claim device on the lower level and a fifth gate on the second floor. He stated they anticipate by the next meeting they will have some preliminary estimates on that portion of the project with some different options. He stated the plan is to design this smaller west addition in such a way that it will be easy in the future to add to the structure for further expansion.

Mr. Stroh stated he was hoping to have a comparison and analysis on the geo thermal vs. a boiler/chiller system but Obermiller Nelson Engineering will not be able to have it ready by then. He stated that should be ready for the first meeting in March.

Mr. Stroh stated they have set up a schedule and starting this month they will have weekly meetings in their office as well other meetings with engineers, etc.

Gen. Macdonald asked if the west addition could be bid this spring.

Mr. Stroh indicated it could be bid this spring.

Gen. Macdonald stated by doing the west addition this summer we could bid the larger expansion this fall.

Mr. Stroh stated they are going to set up the project in such a way that it could be bid as one project but it could be broken into alternates. He stated he would recommend doing it that way rather than splitting it up into separate bids. Mr. Stroh asked Mr. Anderson to give his thoughts on that as a Regular Meeting Held February 14, 2006

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Received Passenger Terminal Expansion Study Update: (Continued)

contractor.

Mr. Anderson agreed it should be bid as one project with alternates.

Gen. Macdonald stated as long as we can step the project so that we have the fifth gate available when we have to close two of the other gates during construction. He stated having the ability to keep passengers from having to board from the ramp would be worth the cost of the west addition. He stated he has concerns about security, safety, passenger comfort, etc.

Mr. Stroh stated he will report back at the next meeting with some cost estimates.

Authorized Attendance at the Upper Midwest Aviation Symposium:

Mr. Kilander moved to authorize attendance at the Upper Midwest Aviation Symposium, March 5-7, Bismarck.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated there is a March 21 bid opening for the summer construction projects.

Mr. Dobberstein stated our construction this year consists of the removal of the asphalt shoulders along Taxiway A and they will be returned to grass. He stated we will be upgrading the lighting along the entire Taxiway A circuit to the new LED bulbs. He stated we will also be continuing the south general aviation apron rehabilitation.

Mr. Darren Anderson stated we are continuing discussion on the possible change from a Category 3 to a Category 2 airport.

Other Business:

Mr. Dobberstein stated we received the leakage study conducted by Sixel Consulting for the 12 month period ending September 30, 2005. He stated the leakage was less in this analysis than the last one so we are capturing more of our market. He stated he and Mr. Sixel are still working with some additional air carriers.

He stated we are still waiting for an update of the abstract for our pending land acquisition.

Mr. Kilander stated he has heard positive feedback on our new advertising campaign.

The meeting was adjourned until the next regular meeting to be held Tuesday, February 28, 2006 at 8:00 a.m.

Time at adjournment was 8:36 a.m.

MUNICIPAL AIRPORT AUTHORITY

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Regular Meeting

Tuesday

February 28, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, February 28, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk
Absent: None
Others: Stewart

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held February 14, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held February 14, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$62,788.00:

Dr. Clark moved to approve the airport vouchers totaling \$62,788.00.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$37,468.00 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 2006 Airport Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$5,420.00 to Ulteig Engineers, Inc. for partial payment request (final) for engineering services in connection with the NDANG north/south arresting system project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$42,187.50 to TL Stroh Architects for partial payment request for architect/consulting services for the terminal expansion design.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Update Regarding Airport Land Acquisition:

Attorney Stewart stated that as of Friday they have received the abstracts in their office and hopefully will have something to report by the next meeting.

Discussed Cooperative Marketing Program with Hub Airports:

Mr. Dobberstein stated in 1999 we entered into a cooperative marketing agreement with the Denver International Airport for the "Destination Denver" promotion. He stated the agreement was that they would provide up to \$25,000 in matching marketing funds which created a \$50,000 program to market the airport. He stated that was quite effective for us and it used radio, newspapers, direct mail and billboards. He stated in fairness to the other hubs to which we had service (Minneapolis and Chicago) we made the same offer to them but at the time they declined.

Mr. Dobberstein stated with some anticipated announcements coming up in the near future he has been working with the marketing director at another hub airport regarding a similar cooperative marketing program and they have offered up to \$10,000 if we match that amount. Mr. Dobberstein stated we do have some money in the marketing budget for such expenditure and could also transfer some funds from the improvement fund for this purpose. He stated there is the potential that we could see the other hubs (Minneapolis, Denver, Chicago and Las Vegas) participate as well.

Gen. Macdonald moved to authorize the expenditure of up to \$10,000 in cooperative marketing funds for advertising with a hub airport to be announced.

Second by Mr. Anderson.

Discussed Cooperative Marketing Program with Hub Airports: (Continued)

Mr. Dobberstein stated the carrier from which we anticipate an announcement from soon will have access to up to \$8,000 in marketing funds and \$10,000 in waived landing fees and boarding bridge fees for the first six months. He explained that these items were included in our air service grant which was offered to America West, but they declined, and the board agreed to offer these same incentives to other airlines that would provide new service to Fargo.

Chairman Pawluk asked if we are redirecting part of our current marketing budget or if we are taking new dollars.

Mr. Dobberstein stated he will be redirecting some of the budgeted funds in the improvement account. He stated he does not anticipate Minneapolis, Chicago or Las Vegas to change their minds and wish to participate, but there is the potential for up to three other destinations we could see yet this year.

Mr. Kilander stated he would look at this in addition to our existing marketing budget.

Chairman Pawluk stated his comment is that if we have other airports interested we could look at using some of our existing marketing budget for that rather than additional funds.

Gen. Macdonald suggested we cross that bridge when we come to it.

Mr. Kilander stated he feels our current advertising budget has been well thought out and is where it should be so he would consider these additional dollars to be spent.

Chairman Pawluk called for a vote on the motion.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated at the last meeting he promised the board that he would have some cost estimates for the west addition. He stated they first came up with an estimate for the west expansion without the completion of the relocated administrative office space. He stated that portion of the second floor would just be shelled. He stated the first floor would have a vestibule entrance, lobby, baggage claim and tug concourse area. He stated the second floor would have the departure lounge, additional restrooms in the departure lounge and the shelled area for future office relocation. He stated the estimate for that portion is just over \$2 million. He stated the jetway is shown separately and he checked with Steve Synhorst, Ulteig Engineers, and his estimate for a jetway was \$400,000.

Mr. Stroh stated the estimate for the alternate work including finishing the administrative office area and remodeling the existing MAA space for the TSA and remodeling the finishes in the Boardroom is estimated at just under \$200,000.

Mr. Stroh stated if we received bids on this portion of the project this summer it would take about six months for construction and with the addition of the fifth gate we would be ready to move ahead with the north expansion in 2007. He stated if the entire expansion was bid as one project we would probably be looking at a fall bid date and fall construction start finishing with the west expansion in the spring and then getting started with the rest after that is completed.

Mr. Anderson asked Mr. Dobberstein to review the financial details again.

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Received Passenger Terminal Expansion Update: (Continued)

Mr. Dobberstein stated after discussion with the FAA Airports District Office last week they earmarked us for \$2.9 million in discretionary funds for the terminal expansion. He stated the confidence level that we will get that amount seems very high. He stated we would also have to commit our 2007 entitlement funds for the terminal expansion. He stated as the President's budget sits right now we will get about \$1 million, or about half of what we are going to receive this year, unless Congress comes up with more money. He stated we should have about \$3.9 to \$4.1 million, unless the AIP program comes through with the full funding which would give us another \$1 million. He stated the majority of the funding will have to go through the cash flow analysis for revenue bonds, backed by PFC funding, the application for which Ulteig Engineers is already in the process of preparing. He stated our recent bond analysis shows we can comfortably bond up to \$8 million over a 20 year period.

Mr. Pawluk stated the west addition seems to be a pretty important piece of the overall project since it gives us the fifth gate to use during construction and we should move ahead with the west addition.

Gen. Macdonald stated it is important to remember that a portion of the bonded amount can be received through our PFC funds.

Mr. Dobberstein stated based on our current collection rate, our PFC funds are extended out to 2012 to pay off our bonds for the runway project. He stated if our collection rate continues to increase we will finish that collection sooner.

Mr. Anderson stated he gets the feeling that is the consensus of the board members that the west addition with the fifth gate is an important part of the project so we have that gate in place before the rest of the project begins.

Chairman Pawluk stated he feels it is as important as any other components of the construction.

Gen. Macdonald stated he does not want to see us loading passengers on the ramp.

Mr. Anderson stated at the last meeting we talked about one contract for the entire project and today it looks like two.

Mr. Stroh stated the west addition is reasonably simple compared to the rest of the project. He folding that into the rest of the project he thinks we could bid the entire project at one time, completed in phases, with the west addition starting in August being completed in spring 2007. He stated he feels one big project is the best way to go.

Mr. Anderson stated he agrees and his concern is price protection for all of the products that go into that north addition. He stated we will need a huge staging area in which to store materials. He asked Mr. Stroh if he could have the design for all phases done and ready for bid July 1.

Mr. Stroh stated they could be ready by July.

Mr. Kilander stated he keeps thinking that the west addition has to be completed before we have a disruption of what is happening in security right now. He stated there are a lot of things that could be done before there is a break through of that wall.

Mr. Anderson stated it is not unusual in the construction business to let a project that is not going to start for nine months.

Mr. Stroh stated he would rather not see two different contractors involved in the project. He would rather see it bid as one project and done in phases.

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Received Passenger Terminal Expansion Update: (Continued)

Chairman Pawluk stated he would like to discuss the jetways. He stated we currently own three and will be adding a fourth and he is wondering if we put the new jetway on the west addition or relocate one of the others to that position and put the new one on another gate.

Gen. Macdonald stated he thinks we should delay the \$400,000 expenditure for the new jetway as long as we can.

Mr. Stroh stated he thinks it is a matter of timing and how long it would take to move a jetway.

Mr. Dobberstein stated if the pedestal is ready a jetway can be moved in a couple of days.

Mr. Darren Anderson stated we could move the jetway at Gate 4 to Gate 5. The specifications for the bridge at Gate 1 were written such that it has to be on the end of the building. He added that when Gate 2 is completed we will probably have to move the bridge from Gate 1 to Gate 2 so that aircraft will have the room to turn out since the expansion to the north will have an effect on the bridge at Gate 1.

Chairman Pawluk stated he thinks it makes sense to wait as long as possible before spending the funds for a jetway as the best location for each particular bridge will be clearer further into the project. He stated his other question is do we fit up the new administration office space or do we wait.

Mr. Kilander stated his thought is we would wait on that until we have worked through all of the shared funding sources.

Mr. Dobberstein stated we will have a lot of work to do with the General Services Administration on the TSA leased space, as well as the renewal of the airlines leases which are up at the end of this year.

Gen. Macdonald moved that the board direct TL Stroh Architects to move ahead with the west addition design and plans to bid the project.

Second by Mr. Kilander.

Gen. Macdonald stated he feels that Mr. Dobberstein, Mr. Darren Anderson and Mr. Stroh can work out what will be logical to put in as alternates.

Mr. Pawluk stated he does not get any sense that the board is tied into finishing the office space at this point if it is not logical.

Mr. Dobberstein stated further reinforcement for the need for the west addition is the lack of restroom facilities in the departure lounge. He stated there was a delayed flight the other morning in addition to the other early morning departures and the one set of restrooms we have in the departure lounge is just not adequate.

Chairman Pawluk asked if the architect will get a percentage fee on the cost of the jetway as with the rest of the project.

Mr. Stroh stated typically they would not take a percentage on that item. He stated he does not believe they will be involved in the selection of a jetway and the work in connection with the jetways will probably not be done by the general contractor, it will be a separate item.

Chairman Pawluk asked for a vote on the motion.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated the only thing he had to mention today is that we still need to come up with a daily amount for liquidated damages should the contractor not finish this year's project on time. He stated so far he has come up with \$1,500 per day for substantial completion date and \$750 per day for final completion. He asked the board members if they were comfortable with those amounts.

Chairman Pawluk stated with no objections being voiced he felt the amounts recommended were reasonable.

Bid opening will be March 27, 2006 at 2:00 p.m.

Chairman Pawluk stated he feels it would be helpful to have Mr. Dobberstein provide a list of the projects which have been approved and are currently going.

Mr. Darren Anderson stated we have drafted a letter requesting a change in our airport status from Category III to Category II. He stated our request is based on our past growth and passenger increase. He stated this change will help the TSA with their staffing and equipment acquisition.

Mr. Jon Holman, TSA, was recognized and stated this change would move us up higher on the list of airports eligible for explosive trace detection equipment and other technology.

Chairman Pawluk asked how long the process would take.

Mr. Darren Anderson stated he does not think it takes that long once the request is made.

Mr. Holman stated the ceiling for a Category III airport is 250,000 passengers and Fargo has exceeded that amount for the past three years. He stated with increases in staffing they would be able to staff two lanes at the checkpoint and keep the wait times down.

Chairman Pawluk stated we are seeing the challenges brought about by increased boardings and our goal is to create the conditions that will allow those numbers to grow.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, March 14, 2006 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 8:52 a.m.

Regular Meeting

Tuesday

March 14, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, March 14, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Macdonald, Pawluk
Absent: Anderson
Others: Stewart, Williams

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held February 28, 2006:

Mr. Kilander did request one change to the minutes which was noted.
Without objection, the minutes were approved with the recommended change noted.

Approved the Airport Vouchers Totaling \$34,543.64:

Dr. Clark moved to approve the airport vouchers totaling \$34,543.64.
Second by Mr. Kilander.
On the call of the roll, members Clark, Kilander, Macdonald and Pawluk voted aye.
Absent and not voting: Anderson
The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$64,687.50 to TL Stroh Architects for partial payment request for architectural services in connection with the terminal expansion design, Project APFC07.
Second by Dr. Clark.
On the call of the roll, members Clark, Kilander, Macdonald and Pawluk voted aye.
Absent and not voting: Anderson
The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,232.00 to Sixel Consulting for payment of February air service fees.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Macdonald and Pawluk voted aye.

Absent and not voting: Anderson

The motion was declared carried.

Terminal Expansion Project Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated that Mr. Dave Obermiller, Obermiller Nelson Engineering, is also here today to discuss their analysis of a geothermal system.

Mr. Stroh stated that they are continuing on with the process. He stated we will be meeting with the FAA Airports District Office tomorrow to talk about the plan as a whole. He stated they are also setting up further meetings with the airlines to discuss their ticket counter area. He stated today Mr. Obermiller will give us his analysis of a geothermal system vs. mechanical.

Mr. Obermiller was recognized and stated right now the airport has what is called a California heat pump system. He stated there are both an electric and gas boiler inside and a cooling tower outside. He stated in the summer the cooling tower gets rid of the heat from the water and in the winter the boiler adds heat to the water. He stated the water temperature in the building is kept at 70-90 degrees and the heat pumps themselves decide whether they should draw heat out of the water or put heat into the water. He stated the reason they call it a California heat pump system is that this is the type of system they use in California and in warmer climates. He stated while he feels the heat pump system within the building is a good heat pump system, the cooling tower portion of the system was designed by an engineer who came from Texas. He stated in this climate we typically have geothermal systems so instead of the boiler and the cooling tower we drill wells 120-200 feet into the ground. He stated because of the soil in the Red River Valley it is easier to drill down only 120 but drill larger fields since the deeper you drill the more rock you hit and the more difficult it is to drill. He stated a general rule of thumb is that the well field will equal the footprint of the building. He stated that will vary from building to building.

Mr. Obermiller stated the current system will be too small for the proposed expansion and it is borderline too small now. He stated there are days in the summer when the water in the cooling tower is getting up to 95 to 100 degrees and heat pump systems do not work well at those temperatures. He stated they designed some changes to the cooling tower a few years ago and did the best they could with the limited budget for the project.

Mr. Obermiller stated the existing cooling tower will have to be replaced because it is in the way of the building expansion and it will also be too small for the expansion. He stated the type of cooling tower he would recommend contains ¾ inch copper tubes throughout and the water goes into the tubes and fans cool the water dissipating the heat. He stated a new cooling tower will not be cheap, it will be about \$200,000. He stated the reason for the high cost is the copper tubing, which has gone up significantly over the past few years but has stabilized somewhat now. Mr. Obermiller stated besides the cost of the cooling tower there will be the cost of the heat exchanger.

Terminal Expansion Project Update: (Continued)

Mr. Obermiller stated the difference between the current system and a geothermal system is that the current system adds new energy in the winter through the boiler and it dissipates the heat out of the system through the cooling tower fans in the summer. He stated with a geothermal heat pump system during the summer months the water in the system heats up and is kept in the ground and then extracts the heat during the winter months and then cooling the ground for use in the summer. He stated the whole point of going with a geothermal system is the energy you are saving in the ground. He stated the heat pump then extracts the energy from the well field.

Mr. Obermiller stated in their analysis they compared the cooling tower/boiler system with the ground source system. He stated their analysis shows that the current system does take more than a geothermal system, which is what we would expect.

Mr. Obermiller stated keeping the system as it is but putting in a new cooling tower would be about \$250,000 less than a geothermal system. He stated it is hard to estimate the cost of the well field system because the cost of drilling each well has gone up and down quite a bit the past couple of years. He stated they have had prices for each well such as \$1,700, \$1,900, \$2,100 and recently they had a project for \$1,300 per well. He stated they used an estimate of \$1,700 per well.

Mr. Obermiller stated the bottom line is they tried to use numbers in their analysis that would not rig the numbers one way or another. He stated it is fairly easy to get energy evaluations to go one way or another, depending upon the numbers used. He stated they tried to use a conservative estimate in the cost of the well field and if it would actually cost less than estimated then the payback time would be shortened. If the cost were higher then the payback time would go up.

Mr. Obermiller stated what they came up with when they put all the numbers together is about a 15 year payback for a geothermal system, based on the difference in cost of \$250,000 and based on current energy costs.

Gen. Macdonald asked Mr. Obermiller if he could tell us how much it would cost to run each of the two systems for one year.

Mr. Obermiller stated they did not address that as they do not know how much energy will cost next year, or two years from now. He stated from everything he hears it is probably not going to go down.

In answer to a question from Mr. Stroh, Mr. Obermiller stated there is more cooling than heating done in this building. He stated the square footage of this building is small compared to the volume of the building. He stated the ceilings are high and the entire south side is glass. He stated the sun coming through the windows in the winter helps to heat the building but the hours of sunlight are not that many.

Mr. Stroh stated he has heard that when a building has a lot of internal heat sources, such as an office building with a lot of computers, there is too much heat put into the ground and the ground itself heats up so the system loses efficiency.

Mr. Obermiller stated they have seen systems like that but with the systems they have designed they have been conservative and tend to sink more wells than initially appears to be needed but they have found it better in the long run. He stated every building is different but the terminal is fairly even and there are not a lot of sources of internal heat gain.

Terminal Expansion Project Update: (Continued)

Gen. Macdonald stated he stopped at Shanley High School and talked to the building engineer and he likes the geothermal system, except they are not able to keep the filters on the heat pumps clean. He stated he would assume if we have heat pumps now we would be experiencing the same problem.

Mr. Obermiller stated that is correct and the terminal has that problem now. Mr. Obermiller stated that early in the terminal expansion study project he and Mr. Stroh discussed the possibility of converting the heat pump system to a conventional system and there is just not enough space above the ceilings to add a ventilation system, without major renovations to the building.

Gen. Macdonald stated he is strongly in favor of a geothermal system because he feel energy costs are going to continue to increase. He asked if the size of a field could be increased after a system has been installed if we ran into problems.

Mr. Obermiller stated he does not think we would have any problems with an undersized well field because the engineering for these systems has improved over recent years because of experience and the increased number of geothermal wells.

Chairman Pawluk asked Mr. Obermiller what would be the difference in cost between our current system with a new cooling tower and a geothermal system, based on today's energy costs.

Mr. Obermiller stated their data showed a savings of \$16,000 per year with a geothermal system.

Chairman Pawluk stated we seem to be approaching this on the assumption that energy prices are going to keep going up and not come down, but recent history shows us that is not always the case. He stated during the energy crisis in the 70's we never expected the price of oil to come down again but he does remember that it did go down to about \$15 a barrel in the 90's.

Mr. Stroh stated most businesses would look at a reasonable payback to be in seven to eight years. He stated he agrees with Mr. Bob Anderson that he would like to see a five year payback or we shouldn't do it. He stated he has had assurances from Mr. Obermiller that either system will work so it is a decision by the board of whether or not they want to spend the extra \$250,000. He asked Mr. Obermiller if there are any life cycle issues with a geothermal system.

Mr. Obermiller stated any problems with a geothermal heat pump system tend to be with the heat pumps themselves, not with the well field. He stated with a cooling tower system you may find the cooling tower needs to be replaced after a time.

Mr. Dobberstein stated he agrees that a 15 year payback is not a payback.

Mr. Kilander stated he would agree that a life cycle payback does not pay back.

Mr. Obermiller stated the State of North Dakota does have energy grants available for public facilities and recently both North Dakota and Minnesota changed their programs to require 10 year paybacks rather than 15 years.

Gen. Macdonald stated he will continue to push as hard as he can to go with a geothermal system.

Mr. Dobberstein stated he has heard about the problems that Bobcat and Microsoft have had with their geothermal systems and asked Mr. Obermiller if he was familiar with those.

Terminal Expansion Project Update: (Continued)

Mr. Obermiller stated he has been working on both of those systems but he did not design either of those systems. He stated the problems with those systems is that both buildings have a tremendous amount of internal heat output and also the well fields are too small. He stated it typically takes 7-10 years for those problems to appear but in both of these cases it happened fairly quickly.

Chairman Pawluk stated he would like to have Mr. Stroh review the data provided by Mr. Obermiller and refine it a little more so that the board can make a decision.

Mr. Obermiller stated he will go through the data again and see if there are some areas where the data can be more accurate.

Mr. Stroh stated he would like to know what the board considers a payback.

Chairman Pawluk stated they should tell the board how many years it would take for a payback and the board will determine if that is worth it.

Gen. Macdonald stated the items that influence him most on payback is the life of the system and also the life of the building. He stated he thinks everyone is confident that this building will be here for another 20 years and we would probably not have to replace the system but rather the components that we would have to replace anyway, such as the heat pumps. He stated he feels anything under 20 years is a positive for us.

Mr. Kilander stated the wells themselves are not mechanical so we should not have to worry about those. He stated the heat pumps are going to be the same whether we go with the well system or the cooling tower systems, so it gets back to the decision as to where do you get your relatively constant temperature.

Gen. Macdonald stated if we look at a couple of years ago, we put in a bigger long term parking lot. He stated for a long time there were one or two cars parked in that lot. He stated if you look at it today it is almost full. He stated he looks at this geothermal system the same way. He stated there is no doubt in his mind that energy costs are going to do nothing but go up.

Chairman Pawluk directed Mr. Stroh and Mr. Obermiller to bring us a little more information at the next meeting for further discussion as he assumes we are near the point where the board will need to make a decision as to which system to choose. He stated when he hears about these horror stories about geothermal if those building owners would still put geothermal in if they had it to do all over again. He stated maybe we are at a point where we have learned about the problems and they don't happen any more. He stated he would like to hear some success stories before making a decision.

Mr. Dobberstein stated he does not think you can compare a school building to the airport terminal.

Mr. Stroh stated he had nothing else to report on the terminal expansion project, other than the meeting with the FAA representatives tomorrow.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated the bid opening for the 2006 improvement projects will be on Monday, March 27, and they have had a lot of interest shown.

Mr. Darren Anderson stated he had nothing to report on airport security.

Gen. Macdonald asked about our request for a change in airport category from Category III to Category II.

Mollie Crawford, TSA, was recognized and stated the request has arrived on the desk of those who make the decision. She stated she attended an FSD conference recently and took the opportunity to personally present our case to the TSA. She stated there may be a move afoot to change the entire reclassification process for airports so she is hoping that we got in under the wire and hopefully we will have our change before that examination takes place. She stated the change would assist them in acquisition of equipment and maintaining of staff.

Chairman Pawluk expressed his appreciation to Ms. Crawford and Mr. Jon Holman for their participation on behalf of the TSA.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, March 28, 2006 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 9:06 a.m.

Regular Meeting

Tuesday

March 28, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, March 28, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk
Absent: None
Others: Stewart, Williams

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held March 14, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held March 14, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$28,753.56:

Mr. Anderson moved to approve the airport vouchers totaling \$28,753.56.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$77,920.00 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with 2006 Airport Improvements, Project AIP31.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$3,120.00 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with PFC application, APFC07.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received 2005 PFC Audit Report from EideBailly:

The 2005 PFC Audit Report prepared by EideBailly was received and filed without objection.

Mr. Dobberstein stated the audit found everything to be in order.

Received Bid Tabulation and Recommendation of Award from Ulteig Engineers for the 2006 Airfield Improvement Project, AIP31:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated we opened bids for the 2006 airfield improvement projects yesterday. He stated the work this year involves two projects, the first being the new edge lighting along Taxiways A and D and removing the asphalt shoulders and replace them with grass. He stated we received three bids and the low bidder was Strata Corporation at \$1,274,178.10. He stated everything in their bid was in order and it is his recommendation that the project be awarded to Strata.

Mr. Klein stated the second project is for renovations to the southeast general aviation area (panel replacement, joint sealant replacement, remove abandoned fuel facility). He stated there was one alternate item to pave a triangle area which is currently grass. He stated the low bidder on this project was Northern Improvement at \$102,996.95 and \$36,632.80 for the alternate. Mr. Klein stated his recommendation is to award both of these items to Northern Improvement.

Mr. Klein stated the total cost of construction and engineering is roughly \$1.8 million and the FAA will fund 95% of that. He stated the allowable AIP funding for the year is \$2.1 million so we have a remaining balance of approximately \$421,000, which could be applied to the terminal project or elsewhere.

Mr. Williams now present.

Gen. Macdonald moved to award the projects to Strata Corporation and Northern Improvement as recommended by Ulteig Engineers.

Second by Mr. Kilander.

Gen. Macdonald stated both projects came in under the engineer's estimate.

In answer to a question from Mr. Anderson, Mr. Klein stated the testing and site inspection fees are included in the engineering cost of \$298,000. He added that figure was based on asphalt shoulders for the taxiways but since we have decided to go with the grass shoulders there will not be as much inspection time.

Received Bid Tabulation and Recommendation of Award from Ulteig Engineers for the 2006 Airfield Improvement Project, AIP31: (Continued)

Chairman Pawluk called for a vote on the motion.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Metro COG Presentation Regarding Metro Transit Plan:

Mr. Wade Kline, Community Development Planner, FM Metro COG, was recognized and stated the reason for his visit today is to let the airport know about their transit plan update process and also to get feedback from the airport. He stated Metro COG has hired a consultant to conduct a systems analysis for their five year transit plan (2007-2011). Mr. Kline reviewed some of the highlights of the plan update process.

Gen. Macdonald asked if the airport is on the transit plan's radar screen.

Mr. Kline indicated it is on the radar, but the use is quite sporadic. He added that they are currently doing a survey among people who do not use public transit.

Mr. Dobberstein stated there have been several studies done over the years and there has been very little interest shown in bus service to the airport.

Chairman Pawluk stated the board appreciated Mr. Kline's visit today and the Airport Authority will look forward to learning the results of the transit plan update and working with Metro COG in the future should the need for public transit at the airport arise.

Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated we had a good meeting last week which included Mr. Tom Schauer, FAA Airports District Office in Bismarck and Jim Young, URS. He stated the FAA received final passenger numbers from 2005 and it looks like we are going to reach the level of boardings previously projected for 2010 this year. He stated Mr. Schauer wants to make certain that any expansion is large enough so that we are not coming back in five years with a request for expansion as we did not build big enough now. He stated in previous meetings with the FAA they were concerned that the west expansion was not adequate.

Mr. Stroh stated we have decided to give up on the idea of designing space for US Customs in the terminal and at some point in the future if we need to accommodate space for US Customs we will address that in a separate structure rather than try to fit it into the space we have. He stated with that change we will now have room for another "L" shaped baggage claim belt rather than the linear belt proposed earlier.

Mr. Stroh stated it was also determined that the Enterprise Car Rental booth will be relocated to where the current west entrance doors are and create a new west entrance.

Mr. Stroh stated we also decided to locate the new generator in the west addition so that it can be in place and operational before the existing one is removed.

Mr. Stroh stated the west addition as it is planned now does not affect the car rental parking lot. He stated it does require relocation of the cooling tower but we have planned that all along as the tower has to be replaced.

Passenger Terminal Expansion Update: (Continued)

Mr. Stroh stated they are working with Ulteig Engineers on the placement of the passenger boarding bridges.

Gen. Macdonald asked if Mr. Stroh had given thought to an entrance door on the west side to be used as an exit to the car rental parking lots.

Mr. Stroh stated that would require a vestibule, which would be expensive, so they have not proposed that.

Chairman Pawluk stated he agreed with Gen. Macdonald and that is something we should consider, unless the vestibule gets too costly.

Chairman Pawluk stated as he looks at the plans for the security checkpoint and the adjacent gates he sees it is quite possible that it will become a choke point. He stated he does not think it looks like there is enough space.

Mr. Anderson state he would agree with Mr. Pawluk's concern about the flow issue.

Mr. Stroh stated they feel there is enough room but they will take another look at that area.

Mr. Kilander stated he felt the FAA was very positive in their direction for us to look at us expanding the terminal based on the new passenger numbers we were talking about.

Gen. Macdonald stated he also got the feeling that the FAA was enthusiastic about making the expansion as large as possible and making as many areas eligible for federal funding as possible.

Chairman Pawluk asked if there was discussion on the airline ticket counter areas.

Mr. Dobberstein stated there has not been much conversation about that area at this time because the space needs there are technology driven and right now we would just be guessing.

Chairman Pawluk asked Mr. Dobberstein if he is comfortable with where we are at with the project.

Mr. Dobberstein stated he is comfortable with the project so far. He stated based on what we know now we are moving in the right direction. He stated US Customs has three people in Washington assigned to review what we had originally laid out and we will get their confirmation on that at some time in the future. He stated we know all of that is in another phase at some time in the future. He stated while they may approve the layout proposed there is no guarantee they will ever provide the staffing.

Mr. Stroh stated keeping the potential space for US Customs separate from the rest of the project is a good idea because we don't have to work around that space and we know that we can make it work at any time in the future.

Mr. Stroh stated we did receive an updated report from Obermiller Nelson Engineering which updates some of the numbers and revises the payback period to 13-16 years. He stated other than that the information in the report is the same as was presented at the last meeting. Mr. Stroh stated they have talked to a lot of mechanical contractors in town and they are skittish about a geothermal system. He stated there are a lot of variables about the wells and Obermiller has looked at a number of different wells for comparison.

Mr. Stroh stated his opinion is that there are two major issues when it comes to geo thermal. He stated the first is the uncertainty of what really happens with the well field down the road and will you have to end up spending a lot of money to heat it up or cool it down, depending on what the

Passenger Terminal Expansion Update: (Continued)

facility does. He stated a cooling tower is an engineered product and more of a sure thing. He stated a cooling tower does require maintenance while a well field should be maintenance free. He stated he was talking with Mr. Jim Gibb the other day regarding the well field for Bremer Bank and in trying to solve a problem for them they found out the well field was full of mud. He stated the wells were not properly sealed. He stated there are economic advantages of a geothermal system but the certainty of a cooling tower is also something to consider.

Mr. Stroh stated from an architectural standpoint he would be in favor of a geothermal system if it paid for itself over a shorter period of time but with the projected payback he would rather take the extra \$250,000 and put it somewhere that it will be noticed by people. He stated the board needs to decide if it makes sense from a financial standpoint. He stated if he was talking to a private business that was considering this he would not recommend it because of the payback time.

Mr. Kilander stated he thinks it would be a "no brainer" to go with a geothermal system if we were able to get a guarantee from the installer that if the system does not work they will replace it, and since no one is ever going to provide that kind of a guarantee and without that kind of a guarantee he has a real hard time spending money on that kind of a system.

Chairman Pawluk stated he feels the board needs to make a decision today on this matter.

Gen. Macdonald stated his concern is not knowing what is going to happen with the cost of energy in the future and if it continues to go up the payback with a geothermal system could be shortened to five years.

Mr. Kilander stated that concerns him a great deal as well, however, the other side of his concern is that if we make the expenditure on the system and then end up chasing it for the next 20 years that would probably burn up a whole lot of increased energy costs.

Gen. Macdonald stated there are maintenance costs on the cooling tower that are probably not figured into the equation. He stated geothermal is an emerging technology and it may turn out in the long run not to be reasonable for certain types of buildings. He stated every time he has done any research on a specific building they either have a terrible design or, as in Shanley's case, they don't like the heat exchanger and the filters, but we are going to have that regardless.

Mr. Kilander stated in the past two weeks he has done some research on the matter and the predominant information he gets is the big question is soil type. He stated geothermal has a higher success rate in drier, sandier soil rather than our type of soil.

Mr. Anderson stated Olaf Anderson & Son has done geothermal projects in the past that have been successful. He stated you cannot find anyone to stand behind a conventional mechanical system beyond a normal warranty period either. He stated this is a business decision and a 13 year payback is not a good business decision. He stated we are dealing with public funds here and even if we had excess funds he would not spend it on something with a 13 year payback.

Dr. Clark stated she has done some research as well and she feels a geothermal system is a luxury and it would be nice to try but she feels it would be a risk we would not want to take.

Mr. Kilander stated he would love to see us go with a geothermal system, but he would hate to face the people who fund us and explain that we did it as an experiment and explain why.

Mr. Anderson stated geothermal is not something new; it has been around for a long time. He stated it just does not always work in our area.

Chairman Pawluk stated it seems we have our decision. He stated he believes geothermal is a proven theory, however, the practical application for our region has not been proven.

Airport Construction and Security Update:

Mr. Dobberstein stated we had a bid opening yesterday and the bid results were discussed earlier in the meeting. He stated another matter discussed yesterday was the 32nd Avenue North (cemetery road) paving project. He stated we will wait for a schedule from Shafer Contracting so that we are able to advise the cemetery associations.

Mr. Darren Anderson stated he had nothing to report on security.

Adopted Resolution of Appreciation to Maury Morgan:

Gen. Macdonald offered the following resolution of appreciation and moved its adoption:

WHEREAS, Mr. Maury "Motor" Morgan, Airport Operations Attendant, has recently retired as of March 17, 2006, and

WHEREAS, Mr. Maury Morgan was employed by the Municipal Airport Authority for almost 22 years, and

WHEREAS, The Municipal Airport Authority has appreciated the service of Mr. Maury Morgan for these past many years.

NOW, THEREFORE BE IT RESOLVED, That the Municipal Airport Authority does hereby thank Mr. Maury Morgan for his years of service and does hereby congratulate him on his retirement and wishes he and his wife, Sharon, many happy years in retirement.

Second by Dr. Clark.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Other Business:

Chairman Pawluk congratulated Gen. Macdonald on his reappointment to the Airport Authority for another term and thanked Gen. Macdonald for his valuable service to the board.

Mr. Dobberstein stated we received notice from the FAA of their plans to decommission the south end outer marker for Runway 36 (located near Discovery School).

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, April 25, 2006 at 8:00 am in the Airport Boardroom.

Time at adjournment was 9:31 a.m.

Regular Meeting

Tuesday

April 25, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, April 25, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Pawluk
Absent: Macdonald
Others: Stewart

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held March 28, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held March 28, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$46,204.60:

Mr. Anderson moved to approve the airport vouchers totaling \$46,204.60.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Dr. Clark moved to approve the individual voucher in the amount of \$47,891.25 to TL Stroh Architects for partial payment request for architectural services in connection with the terminal expansion project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Dr. Clark moved to approve the individual voucher in the amount of \$4,654.00 to Sixel Consulting for payment of air service fees for March.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Dr. Clark moved to approve the individual voucher in the amount of \$43,248.62 to Flint Communications for partial payment request for 2006 airport marketing program.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Dr. Clark moved to approve the individual voucher in the amount of \$960.00 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the PFC 07 application.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Dr. Clark moved to approve the individual voucher in the amount of \$19,951.54 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Dr. Clark moved to approve the individual voucher in the amount of \$591.20 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Received First Quarter 2006 PFC Report:

Mr. Dobberstein distributed the PFC Report for the first quarter of 2006.

The report was received and filed without objection.

Authorized Execution of Contract with Northern Improvement Company for the South General Aviation Area Rehabilitation Project, AIP31:

Mr. Kilander moved to authorize the execution of the contract with Northern Improvement Company for the South General Aviation Area Rehabilitation Project, AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Authorized Execution of Contract with Strata Corporation for Taxiway A Edge Lighting and Shoulder Removal, AIP31:

Mr. Kilander moved to authorize the execution of the contract with Strata Corporation for Taxiway A Edge Lighting and Shoulder Removal, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Reviewed and Approved Property License Agreement to Accommodate a Military Construction Project:

Mr. Dobberstein introduced Lt. Col. Mark Ugelstad, Base Engineer, ND Air National Guard 119th.

Mr. Dobberstein stated the Guard has submitted a request for a license agreement to install a fence and a water main along property where the former Hertz maintenance facility was and where the current FAA storage garage is located in the south general aviation area. He stated this is to accommodate activities in the building adjacent to the area and future expansion.

Reviewed and Approved Property License Agreement to Accommodate a Military Construction Project:

Mr. Dobberstein added that Attorney Stewart has reviewed the agreement.

Lt. Col. Ugelstad was recognized and stated they have previously expressed an interest in including this area in their lease.

After discussion of the proposed project, Mr. Anderson moved to approve the property license agreement with the North Dakota Air National Guard to accommodate a military construction project.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated they do not have many changes to report today. He stated they did update the exterior plans.

Mr. Stroh stated at the last meeting Chairman Pawluk expressed some concern about a chokepoint and congestion after the checkpoint area so they have expanded the north expansion another eight feet. He stated the new checkpoint area will be so different from what we have now.

Mr. Stroh stated at the second meeting in May they may have some better idea on estimates for mechanical and electrical systems.

Chairman Pawluk stated the rendering presented today does not show the canopy extended to include the west addition.

Mr. Stroh stated they did not include the canopy on this particular rendering because they wanted the board to be able to see the west addition. He stated the canopy definitely needs to be extended but the existing canopy has some issues. He stated they would like to replace the canopy completely but realize that is not in the budget at this time so they do have some ideas for improvements to the existing canopy, including enclosing the interior upper portion with some type of soffit to eliminate the bird problem and also the peeling paint issues. He stated they will have some plans to present to the board soon.

Mr. Dobberstein stated he will provide the FAA with the revised terminal study numbers as soon as URS is finished. He stated the previous summary was based on traffic and airline operations as we knew them through June 2005. He stated URS has revised those numbers and taken into consideration new airline operations since that time.

Ms. Mollie Crawford, TSA, was recognized and stated she was in Washington last week and was talking with the TSA's equipment people and they indicated to her that if the space for equipment is available they will provide the equipment. She stated they will be making a site visit sometime in May. She stated their problem right now is the space constraints with the baggage inspection which slows them down and requires more manpower than the passenger screening process.

Mr. Dobberstein stated that like any other airport we still have the problem of too many people showing up just a short time before their flight.

Reviewed Annual Airport Capital Improvement Program as Requested by the FAA:

Mr. Dobberstein stated the annual Airport Capital Improvement Program has been submitted to the FAA. He stated we reviewed the items on the program with Mr. Jeff Klein and Mr. Steve Synhorst, Ulteig Engineers. He stated we have committed our 2007 entitlement funds, which should total about \$2.1 million, to the terminal building expansion. He stated we have also been placed on a priority list as far as the state's aviation improvement projects for \$2.9 million in discretionary dollars. He stated we will also use the estimate carry-over from the 2006 projects which would give us a total of \$5.4 million. He stated we would be able to bond the remainder of the project costs (sponsor share) of approximately \$5.5 million and recover those through PFC collections.

Mr. Dobberstein stated we are planning to construct Taxiway I in 2008, which will connect the terminal ramp with the extended Runway 9/27.

Mr. Dobberstein reviewed some of the projects for subsequent years.

After further discussion, Mr. Kilander moved to approve the Airport Capital Improvement Plan as presented.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

There was discussion on security issues during the upcoming construction process.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he and Mr. Dobberstein met with the parties involved in the 32nd Avenue North paving project. He stated that project should begin as soon as the load restrictions come off, which should be about the middle of May.

There was discussion on the NDANG's plans for possibly having their main entrance off 32nd Avenue North at about 200' west of University. There was the question brought up on why we would finish it with asphalt now just to have it torn up later to be replaced with concrete. Mr. Dobberstein stated that matter had been discussed with all of the parties and it was agreed that they still wanted to move ahead with the project even if there is the possibility of it being replaced at some time in the future, as there is always the possibility that the Guard may change their plans for their entrance and we did not want to miss the opportunity to improve it now.

Mr. Klein stated they have started to put the topsoil back in the runway staging area.

Mr. Klein stated there is an outstanding issue with the land and hold short lights on the runway project. He stated the lamps are burning out due to vibration from certain aircraft so the light supplier is working on that problem.

Other Business:

Mr. Dobberstein stated we have verbally received notice from the FAA Flight Standards District Office that they will be moving out of their office space in the Eastside Terminal to office space in Amber Valley Parkway. He stated they have not signed a contract but are working on that change. He stated he is not certain about FAA Airway Facilities and whether or not they will stay.

Chairman Pawluk stated for them to move that far from the airport does not make sense to him. He asked what we could do to try to get them to stay.

Mr. Dobberstein stated that they are required every five years to look at other comparable office space and in the past they have always decided to stay. He stated they have adequate space and could have more space if they requested it and they are aware of that. He stated that all of their issues have been addressed and we are making an effort to convince them to stay.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, May 9, 2006, at 8:00 a.m. in the airport boardroom.

Time at adjournment was 9:18 a.m.

Regular Meeting

Tuesday

May 9, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, May 9, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk

Absent: None

Others: Stewart, Williams

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held April 25, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held April 25, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$23,064.43:

Mr. Anderson moved to approve the airport vouchers totaling \$23,064.43.

Second by Dr. Clark.

On the call of the roll, members Clark, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Kilander

The motion was declared carried.

Kilander now present.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,010.00 to Sixel Consulting for quarterly airline passenger report.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$3,050.00 to Sixel Consulting for payment request for April air service fee.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$44,531.25 to TL Stroh Architects for partial payment request for architectural services in connection with terminal design, terminal expansion project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Received Request from Dakota Export to Lease Eastside Terminal Office Space:

Mr. Dobberstein stated we received a request from Mr. Dmitry Kovalyov, Dakota Export, dated May 4, 2006, requesting to lease office space in the Eastside Terminal. Mr. Dobberstein stated the space he is interested is just one small office on the first floor but he may be interested in additional space in the future.

Mr. Dobberstein stated that Dakota Export does a lot of the export coordination for businesses in Fargo, such as Titan and others. He stated Mr. Kovalyov was involved in the Foreign Trade Zone project.

Mr. Dobberstein stated the lease will be for a one year term at the rate of \$6 per square foot and it will be going to \$7 in 2007.

Mr. Anderson moved to approve the request from Dakota Export to lease space in the Eastside Terminal.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Gen. Macdonald stated he is very disturbed by the FAA's proposal to move out of their space in the Eastside Terminal. He stated to him it is incomprehensible that they would want to move off the airport. He stated if they are really serious he thinks we need to go political and go to the head of the FAA and get across the point that by moving off the airport they are going to make it harder for those who use their services. He stated he does not think it is reasonable and we should not allow it to happen.

Chairman Pawluk stated he agrees.

Mr. Dobberstein stated following the last meeting the North Dakota delegation was contacted and they assigned the issue to Melanie Rinehart from Congressman Pomeroy's office and she has been in contact with the FAA's real estate office.

Received Request from Dakota Export to Lease Eastside Terminal Office Space: (Continued)

Chairman Pawluk stated he thought it was a decision that was too far into the process to reverse.

Mr. Dobberstein stated the decision is happening right now.

Mr. Anderson asked if they are getting a better deal at another location.

Mr. Kilander stated it is his understanding that they want newer office space and they have it in their budget. He stated he agrees that it is ludicrous that for the amount of work they do on the airport that they have to send their people here on a regular basis.

Chairman Pawluk stated if the space they are in is lacking and they need some improvement he does not think there is any objection on our part to making improvements.

Mr. Dobberstein stated we just replaced some of the windows and they do get new carpet every five years. He stated it is an old building.

Chairman Pawluk stated it is a local decision that is directed to their people in Chicago. He asked Mr. Dobberstein if there was anything he would like the board members to do.

Mr. Dobberstein stated the board gave the directive at the last meeting to engage the North Dakota congressional delegation and that was done even before that point. He stated he has not received any response from calls or emails to the local people but he knows they were at a conference last week. He stated he has talked to Ms. Mary Berthlein, Real Estate Contracting Officer.

Chairman Pawluk stated he will make some phone calls and visits.

Authorized Attendance at the Airports Council International Airline Conference, June 14, 2006, Austin, TX:

Mr. Dobberstein stated he tried to attend this conference last year with Mr. Mark Sixel, Sixel Consulting, but was not able to do so. He stated JumpStart was formed in 1997 by ACI-NA as a forum to improve the communication process in the air service arena between airports and airlines. He stated this is an excellent way to meet with several airlines during one trip rather than arranging several different meetings in different cities. He stated Mr. Sixel will be representing other airports as well but he will go ahead and schedule meetings with airlines that have an interest in this market.

Mr. Kilander moved to authorize attendance at the Airports Council International Airline Conference, June 14, 2006, Austin, TX.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Stewart now present.

Received Notice from Victor Gelking Regarding Facility Lease Change:

Mr. Dobberstein stated we received a communication dated May 4, 2006, from Mr. Victor Gelking, informing us of changes of use of his facility effective May 1, 2006. Mr. Dobberstein stated that Mr. Gelking and Fargo Jet Center have come to terms for Fargo Jet Center to lease space from

Received Notice from Victor Gelking Regarding Facility Lease Change: (Continued)

Mr. Gelking. He stated Mr. Gelking's lease calls for him to get approval from the Airport Authority for any changes. He stated it does not really change anything that Mr. Gelking is doing or his relationship with Lyle Andvik, Red River Aero. He stated Fargo Jet Center will be recruiting flight instruction customers and aircraft sales customers at Vic's location. He stated this would allow Fargo Jet Center to incorporate their signage with Vic's.

Mr. Jim Sweeney, Fargo Jet Center, was recognized and stated Mr. Gelking has been doing less and less flight instruction over the past couple of years so they are going to work in conjunction with Vic's. He stated they have a lot of walk in traffic in Vic's building so they will have someone manning their office in the building.

Gen. Macdonald moved to approve the proposed facility changes in the lease with Vic's Aircraft Sales.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Received Update on Possible Revenue Bond Issue for Proposed Terminal Project:

Mr. Dobberstein stated we have officially engaged Springstead to formulate some numbers, review our past revenue history, etc., in anticipation of a revenue bond issue for the terminal expansion project and potentially another large concrete paving project. He stated they are proceeding to update some records for us to see what the maximum threshold for a bond issuance would be. He stated they did some preliminary estimates for \$8 million over 20 years and now that our 2005 revenues are available they can adjust the figures. He stated we could be looking at a bond issuance of as high as \$11 million. He stated that amount was based on the local share of the terminal expansion project (approximately \$5 million) and a potential concrete paving project estimated at about \$7 million.

Mr. Dobberstein stated he has invited Springstead to attend a meeting at some time in the near future.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he did not have much to report today. He stated both Strata and Northern Improvement are planning to get started on this year's airfield improvements on May 15.

Mr. Darren Anderson stated we are still waiting for word on our request for a change in status to Category II. He stated the change is imminent, we are just waiting for official word. He stated that he and Gen. Macdonald saw a lot of security technology at the AAE Conference in San Diego.

Airport Construction and Security Update: (Continued)

Ms. Mollie Crawford, TSA, was recognized and stated that an industrial engineer for the TSA has committed to a site visit in Fargo for May 23. She stated he is the key to getting approval for the proposed renovations for the baggage screening platform. She stated once the airport's status is changed to a Category II that will also open the door for more screeners and explosive trace detection equipment. She stated it has been clearly confirmed to her by the industrial engineer that once we have a platform they can provide us with the trace detection equipment almost immediately.

Mr. Dobberstein stated possibly in our first meeting in June we will direct TL Stroh to begin the airline ticket office area, which has always been considered a "stand alone" project.

Ms. Crawford stated the TSA screeners are overwhelmed with more bags than passengers at the checkpoint.

Gen. Macdonald stated he has heard some talk of a proposal that some airports will be designated and allowed to collect an additional \$1 fee for security.

Ms. Crawford stated she has heard nothing about that.

Mr. Anderson stated he has vaguely heard something about that but nothing specific.

Mr. Dobberstein stated he did get a call from the General Services Administration (GSA) about some additional space for the TSA. He stated Northwest Airlines recently vacated a 73 square foot area that the TSA would like to incorporate it into their current lease. He stated last December we got an estimate from MinKo Construction of time and materials not to exceed \$2,100 to make the necessary modifications to turn the space into an office. He stated the GSA proposed to incorporate these costs in with their square footage rate. He stated none of that may happen if we move ahead with the ATO portion of the project first.

Other Business:

Mr. Mike Williams, Fargo City Commission, updated the board on the clean renewable energy grants the City of Fargo has been working on for two projects, the first a methane gas project at the landfill and a wind turbine project for the wastewater treatment plant.

Mr. Dobberstein read the initial findings from the FAA regarding a 100' wind turbine tower near the airport which indicated the structure exceed obstruction standards and would have an adverse physical or electromagnetic interference affect upon navigable airspace or air navigation facilities. He stated the finding went on to say that the FAA would have to object to any wind turbine proposal located within the line of site or approximately 40 nautical miles of air traffic control radar facilities.

Mr. Williams stated if this site does not work they are going to continue looking for another site.

After further discussion, Chairman Pawluk stated his opinion, in general, is that he supports such efforts but cannot give blanket endorsement without knowing the affect on the airport.

Mr. Kilander stated he agrees completely that we need to investigate alternative energy sources, all within the caveat put forth by the FAA.

Other Business: (Continued)

Gen. Macdonald stated he came away with many interesting ideas and information from the AAAE Conference in San Diego. He stated one item that caught his interest was the idea of "cell parks" at airports. He stated these are designated areas where people can wait in their cars until their passengers call them on their cell phones and let them know they are in front of the terminal and ready to be picked up. He stated there were a lot of airline representatives giving speeches. He stated one that impressed him was Air Tran and it makes you concerned over the future of high cost carriers. He stated we will see more and more airlines fighting with their pilots, crews, and employees to cut costs. He stated he did leave with a good feeling about what we are doing with our terminal building.

Chairman Pawluk directed Mr. Dobberstein to come up with some thoughts on the cell park project and use it as a marketing/advertising tool as well.

Mr. Dobberstein stated Darren Anderson is working on some options for us to use the money we received from the North Dakota Aeronautics Commission last year for an internship this summer.

Chairman Pawluk stated coming in from the parking lot today he noticed a lot of potholes in the lot that should be filled.

Mr. Dobberstein stated the parking lot has it on their list of things to do.

Mr. Dobberstein stated we have come to terms with the Harris family on the purchase of almost 300 acres of land north of the airport. He stated Attorney Stewart has been working with the family representative for months on the purchase. He added that Southeast Cass Water will be participating in \$50,000 of the purchase price and the airport will then provide an easement for expansion of County Drain 10. He added that we anticipate a closing date at the end of the month.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, May 23, 2006.

Time at adjournment was 9:05 a.m.

Regular Meeting

Tuesday

May 23, 2006

The regular meeting of the Municipal Airport Authority was held Tuesday, May 23, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Pawluk
Absent: Macdonald
Others: Stewart

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held May 9, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held May 9, 2006 were approved without objection.

Approved the Airport Vouchers Totaling \$19,324.59:

Mr. Kilander moved to approve the airport vouchers totaling \$19,324.59.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$360.00 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the PFC07 application.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$1,386.53 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$2,537.75 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 2006 Airfield Improvements, AIP31.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Mr. Anderson moved to approve the individual voucher in the amount of \$17,913.99 to Flint Communications for partial payment request for 2006 airport marketing program.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting Group:

Mr. Anderson moved to approve the individual voucher in the amount of \$372.00 to Sixel Consulting for payment request for print production for Delta marketing campaign.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Received Notice from the FAA Regarding Eastside Terminal Office Space:

The communication from Ms. Mary Berthlein, Real Estate Contracting Officer, Federal Aviation Administration, dated May 11, 2006, was received and filed without objection.

The communication stated that the FAA plans to relocate the Flight Standards District Office currently located at 1801 23rd Avenue North (Eastside Terminal). In accordance with Article 3 of the FAA Lease, this letter is formal notification that said lease shall be terminated effective July 1, 2006.

Mr. Dobberstein stated he has not heard from FAA/Airway Facilities but he has verbal indication that their lease will be renewed but no written confirmation.

Mr. Anderson asked how we will market the space.

Mr. Dobberstein stated we have placed ads in The Forum from time to time but they have not generated any calls. He stated it is probably time now, with this much space available, to engage the services of a real estate professional to find a tenant. He stated he did confirm with Dr. Schnell, NDSU, that they do not need any additional space at this time.

Mr. Anderson stated he feels the staff can handle the matter and it is not necessary to bring proposals back to the board for approval.

Mr. Kilander stated he could name four or five commercial brokers that he could recommend. He stated he would simply interview them and ask for their marketing plan. He stated he would anticipate it could take up to a year to lease the space. Mr. Kilander stated he would agree that Mr. Dobberstein could make the decision.

Receive Proposal to Upgrade Runway Friction Testing Vehicle/Equipment:

The quotation from Tradewind Scientific Ltd. was received and filed without objection.

Mr. Dobberstein stated we budgeted \$150,000 in our PFC #6 application to replace our runway friction testing equipment, which is currently a 1990 Saab equipped with computer equipment to measure friction during snow/ice situations. He stated there is no problem with the vehicle itself but the computer equipment needs updating. He stated Darren Anderson found a supplier to upgrade that equipment for under \$15,000.

Mr. Darren Anderson stated we contacted the companies that handle these types of units. He stated Tradewind Scientific, Ltd. is the company that actually made our unit back in 1990. He stated they were here a couple of years ago and indicated the car itself is in good shape but the computer is a 1990 model and when it goes down we will not be able to get parts. He stated they are proposing to come here, install a slightly used unit, which was used only for testing, for \$11,335.00. He stated that will be a significant savings.

Mr. Anderson moved to approve the proposal from Tradewind Scientific Ltd. in the amount of \$11,335.00 to upgrade the runway friction testing vehicle.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Received Grant Allocation Notice from the North Dakota Aeronautics Commission:

Mr. Dobberstein stated we received notification from the North Dakota Aeronautics Commission that we were awarded with \$146,552 in state grant funds for airport improvement projects. He stated the stated had \$788,750 to disburse at their grant meeting on May 10. He stated we submitted a request for projects totaling \$2,966,559 and were awarded with the \$146,552. He stated they have indicated there is still a small remaining balance available so we may see a little more. He stated all of the airports typically request more funding than they know they will get but it does show the need airports have for funding.

Mr. Dobberstein stated we did receive \$3,000 last year from the Aeronautics Commission, which the Airport Authority would have to match, for the hiring of an intern. He stated they are going to give us another \$3,000, which we will have to match, which will make a total of \$12,000. He stated the intern will be paid on an hourly basis at \$11.50 per hour and will be non-benefited. He stated we have started the interview process and there is at least one UND graduate interested in the position. He stated that intern would have to follow curriculum set forth by the university.

Review and Approve Proximity Agreement Associated with Martin Property Located North of the Airport:

Mr. Dobberstein stated that Attorney Stewart, in conjunction with the City of Fargo Planning Office, has drafted a proximity agreement for the Martin property, which the owners are proposing to develop, recognizing the proximity and existence of the airport.

Attorney Stewart stated the Planning Office had some concern over a drain near this property. He stated the Planning Office also requested a proximity agreement recognizing the sewage lagoons. He added that the Planning Office has been doing this to recognize the airport for some time now and make potential buyers aware of possible noise issues. He stated he has heard from the Planning Office that the property owners are not happy with the "burdensome and oppressive agreement." He stated if there have been any modifications he will bring it back to the Airport Authority for review and approval. He stated this agreement is really no different than what we have asked for other property developments in the past.

Mr. Kilander stated the big thing here is that we are on record with the Martins saying that this is the standard we have set and relieves the Airport Authority of any responsibility for disclosure of airport noise issues, etc.

Attorney Stewart stated the zoning is contingent upon having these agreements in place.

Mr. Anderson moved to approve the proximity agreement for the Martin property located north of the airport.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Received Communication Regarding Kitchen Equipment Upgrade:

The notice dated March 20, 2006 from Nardini Fire Equipment Co., Inc. to The Barnstormer was received and filed without objection.

Mr. Dobberstein stated Pete Haug received this notice from Nardini Fire Equipment regarding the commercial cooking hood fire suppression system. The equipment was manufactured and installed prior to November 21, 1994, when the current UL300 standards became effective. Nardini has indicated that due to liability concerns, insurance requirements, and the potential loss due to fire suppression failures of non UL300 systems they can no longer service our system without providing this notice to us and documenting that we are aware of this issue. He stated we received an estimate of \$2,725.00 to update the system and bring it up to code.

Mr. Anderson moved to authorize the replacement of the cooking hood fire suppression system.

Second by Dr. Clark.

Chairman Pawluk asked if we should get another proposal and compare prices.

Mr. Dobberstein stated he is not sure another supplier could update this system but he will check into getting another proposal.

Chairman Pawluk asked for a vote on the motion.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Ms. Mollie Crawford, TSA, was recognized and stated their industrial engineer will be here for his site visit tomorrow. She stated they will be meeting with him internally and also with the airport's architect and airport stakeholders to discuss proposed changes to the terminal and after that we should have a better idea on what type of equipment we will be getting.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated both contractors, Strata and Northern Improvement, have started on their projects. He stated the south general aviation fuel farm that was removed did contain some contaminated soil but the state inspector was on site and he directed them to remove the top one foot of soil, dispose of it at the landfill, and bury the rest. He stated the staging area from the runway project should be completed and returned to its original condition this week.

Mr. Darren Anderson indicated he had no security matters to discuss.

Other Business:

Mr. Dobberstein stated he had contacted Habitat for Humanity regarding the old house on the Teslow/Marcil property we purchased recently. He stated a representative did come out and look at the structure but indicated it was too far gone to be moved but there might be some salvage value in

Other Business: (Continued)

parts of the structure (woodwork, etc.). He stated he has not heard back from him so he must have decided there was not enough value in what was there. He stated our next step is to contact the local SWAT team to see if they want to conduct any exercises in the house. He stated he is not sure the Fire Department will want to use it as an exercise.

Chairman Pawluk stated he mentioned some of the bad areas in the parking lot at the last meeting. He stated he thinks some of those areas should be concrete rather than asphalt, since it is such a high traffic area.

Mr. Dobberstein stated Standard Parking has been working on the matter of repairs in the parking lot and the last he heard was that they were waiting for the hot mix plants to open. He stated he would discuss the concrete option with the parking lot manager.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, June 13, 2006 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 8:27 a.m.

Regular Meeting

Tuesday

June 13, 2006

The regular meeting of the Municipal Airport Authority was held Tuesday, June 13, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk

Absent: None

Others: Stewart, Williams

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority:

The minutes of the regular meeting of the Municipal Airport Authority held May 23, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$30,702.11:

Mr. Kilander moved to approve the airport vouchers totaling \$30,702.11.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,134.00 to Sixel Consulting for payment request for May 2006 passenger fees.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$89,062.50 to TL Stroh Architects for partial payment request for passenger terminal design.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,532.50 to Shafer Contracting for partial payment request for construction of Runway 17/35 Reconstruction Project, AIP29.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$50,000.00 to Shafer Contracting for Partial Payment Request #7 for construction of Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Northern Improvement:

Gen. Macdonald moved to approve the individual voucher in the amount of \$109,706.90 to Northern Improvement for Partial Payment Request #1 for construction of 2006 Airfield Improvement Project, AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$301,639.46 to Strata Corporation for Partial Payment Request #1 for construction of 2006 Airfield Improvement Projects, AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved Agreement with Foreign-Trade Zone Corporation to Prepare Compliance Documentations:

Mr. Dobberstein stated that the next step in our foreign-trade zone application process is to authorize the Foreign-Trade Zone Corporation to prepare the compliance documents. He stated we need to have on file with the Commerce Department documentation on how we as the sponsor and potential users plan to operate the zone and the fee structure.

Mr. Dobberstein stated that Case New Holland/CNH Global is actively pursuing activation and they have retained a firm to put together their package for compliance within the FTZ. He stated other firms are starting the process but he is not sure how far along they are. He stated there is another firm in Jamestown that is exploring FTZ benefits.

Mr. Dobberstein stated there is a lot of interest in the FTZ and he would recommend approval agreement with the Foreign-Trade Zone Corporation. He stated this is a one time charge of \$13,500 plus reimbursement of related out-of-pocket expenses. He stated we will also involve the Foreign-Trade Zone Corporation to assist us with the quarterly and annual reports we will have to file with the Department of Commerce.

Mr. Dobberstein stated the reason we are the lead agency in the foreign-trade zone is because airport authorities are typically the lead agency because US Customs is located at airports. He stated we are not setting this up as a profit center for the airport, we just want to break even and are creating this FTZ as an economic development tool.

Mr. Anderson moved to approve the agreement with the Foreign-Trade Zone Corporation to prepare our New Grantee Compliance Package.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Reviewed Options to Repair Cass County Drain #10 at 32nd Avenue North:

Chairman Pawluk introduced Mr. Jeff Volk, Moore Engineering, representing the Southeast Cass Water Users District, and Dr. Vern Bennett, Chairman of the Cass County Commission.

Mr. Dobberstein stated he has provided the board members with copies of the proposed options to repair Cass County Drain #10 at 32nd Avenue North.

Mr. Volk was recognized and stated that the site we are talking about today is Drain #10 just west of the airport's maintenance building. He stated the banks of the drain in this area, as well as the bridge, have been a problem for about 10 years or more. He stated it is pretty much concentrated in that area. He stated the first time a slide occurred we got some FEMA money to go in and replace some of the soil but that failed.

Mr. Volk stated looking at some of the history of the drain, during the summer flood in June 2001, there was a large backup on Drain #10 and the output capacity was not matching the needs. He stated after that, SE Cass started the process of replacing bridges along the drain at Highway 31, County 20 and 25th Street. He stated the only bridge left is north of the airport and it is his understanding that the airport has purchased the land and is working with SE Cass on eliminating that bridge. He stated when that is done the capacity of the system on the north end will be increased.

Mr. Volk stated these bridge replacement projects have helped to place the SE Cass maintenance fund for Drain #10 about \$1 million in the hole. He stated Mr. Dobberstein has been

Reviewed Options to Repair Cass County Drain #10 at 32nd Avenue North: (Continued)

persistent in requesting SE Cass to do something about the slide at 32nd Avenue but has continually been told that they have bigger priorities so that has been moved down on the priority list. He stated last fall during the budgeting process SE Cass told the Cass County Commission that if they would raise the mill levy for SE Cass from 3.6 mills to 4.0 mills they would put the difference (approximately \$150,000) toward this project and they did agree to that so this project has moved up on their priority list.

Mr. Volk stated their dilemma is that the slide area is near a bridge they are finding that the cheapest alternative is to move the drain and if the drain is moved then the bridge is in the wrong spot. He stated they have come up with three alternatives:

1. Move the drain away from the building and flatten the slope that has failed.
Estimated cost: \$640,000
2. Use metal sheet piling walls to try to stabilize the walls where they are now.
Estimated cost: \$725,000
3. Enclose the drain for the entire length of the problem area:
Estimated cost: \$1,700,000

Mr. Volk stated they did look at a soils stabilization product (geo grid) but the soils engineers indicated the site is not suitable.

Mr. Volk stated when SE Cass looked at these options, they felt with their budget problems that the most they could do is move the drain and not replace the bridge. He stated the bridge was built by the Airport Authority and since they did not build the bridge SE Cass did not feel they should have to rebuild the bridge. He stated SE Cass has indicated they would participate up to \$240,000, which is the portion of Option 1 for moving the drain. The other \$400,000 in that option is the estimated cost to move the bridge. He stated they indicated the airport wanted to go with another alternative they would just turn over the \$240,000 to the airport for the project, or they also offered to administer the construction of the contract to move the drain and use the airport's money to construct the bridge. He stated the reason this item was on the agenda today was to begin the discussion of where the money for the bridge will come from.

Chairman Pawluk asked Mr. Volk if relocating the drain will provide the protection that the maintenance building needs, as there will still be a slope there.

Mr. Volk stated we would have to fill where the existing drain is and then redirect the drainage coming off the parking lot. Mr. Volk stated it is interesting that the problem pretty much follows the area of the parking lot by the maintenance building, but he is not going to say that caused the problem because you can go up and down the entire length of the drain and find similar problems in other areas where there are no parking lots.

Mr. Anderson asked how imminent this problem is and if the parking lot is in danger of damage in the immediate future.

Reviewed Options to Repair Cass County Drain #10 at 32nd Avenue North: (Continued)

Mr. Volk stated the slide has been in the same condition for at least five years. He stated the dilemma is we don't know when the next slide is going to occur. He stated right now the slope is right up to the edge of the concrete driveway. He stated the next failure could be under the concrete.

Mr. Anderson asked why we need the bridge.

Mr. Dobberstein stated it does provide access if something happens west of the airport. He stated we could get along without the bridge but we would have the issue of fencing through the channel for security and keeping out wildlife.

Mr. Anderson asked if we have funds in the budget for this project and if not where would the funds come from?

Mr. Dobberstein stated we do not have specific funds budgeted for this. He stated it is possible that the County may participate since it is a section line crossing. He stated we may also look for some funds from the City of Fargo as the drain benefits the city more than the airport. He stated there are times when there has not been a drop of rain at the airport yet the drain can be half full so someone other than the airport is benefiting. He stated we can argue whether or not we need the crossing but it is there and it is a matter of convenience and he would like to maintain it.

Chairman Pawluk stated he feels it is important to maintain an alternative route to the terminal should something prohibit use of the access road (airplane crash, etc).

Gen. Macdonald asked if we move the drain now could we replace the bridge at a later date or would it have to be done at the same time.

Mr. Volk stated he feels the bridge could be replaced at any time and the only difference would be an increase in cost due to any increase in material prices.

In answer to a question from Gen. Macdonald, Mr. Volk stated he could not guarantee that moving the drain would not result in any further sliding.

Gen. Macdonald asked if Option #2 (pilings) would guarantee no further sliding.

Mr. Volk stated no one could guarantee no sliding with the pilings either. He stated he would suggest that Option #1 would be the safer option. He stated he is not a soils expert but when he talked to their soils people about this project they recommended moving the drain. He stated you can stabilize the slopes better with a flatter slope than trying to put sheet piling into the ground and stabilizing it that way. He stated they even considered concrete liners but the soils engineers indicated those would push right out. He stated there are very limited alternatives for the soil condition in this particular area.

Mr. Anderson asked if this is a matter than can wait a year so we could budget for it.

Mr. Volk stated they have moved forward on this at the urging of Mr. Dobberstein. He stated if the Airport Authority wanted to wait he is sure SE Cass would hold the funds for this project.

Gen. Macdonald asked how much the county would participate in the bridge replacement.

Mr. Volk cited state law which says if you replace a bridge over a legal drain which is on a township or county road system the county pays 40% of the cost of the bridge. If it can be determined that portion of 32nd Avenue is part of the township road system the county has to pay 40%.

Gen. Macdonald stated that the Airport Authority, in its recent land purchase north of the airport, is doing everything it can to make sure that the county does not have to pay 40% of another bridge in that area so they may be very willing to cooperate on this bridge.

Reviewed Options to Repair Cass County Drain #10 at 32nd Avenue North: (Continued)

Gen. Macdonald moved to approve Option #1 for Cass County Drain #10 Slope Repairs and Improvements, as presented by Moore Engineering, subject to Cass County participating in 40% of the cost to replace the bridge.

Motion died for lack of a second.

Mr. Dobberstein stated the board should keep in mind that the area on the west side of the bridge is the only area that has been identified for expansion of car rental service facilities. He stated that Enterprise has expressed an interest in building a facility in that location.

Chairman Pawluk asked Attorney Stewart for his opinion on the matter.

Attorney Stewart stated he has not yet had a chance to visit with Mr. Mark Bittner, City Engineer, but if we have a year to plan this that would seem to be advantageous.

Chairman Pawluk stated the reason there is so much money being spent on Drain #10 is the tremendous volume of water it handles as it drains the city and we have to be clear on that. He stated if the drain did not carry the volume that it does we probably wouldn't be having this problem.

Chairman Pawluk stated he feels we need to start the process on this project.

Gen. Macdonald moved the Airport Authority approve the concept of Option #1, subject to Cass County providing 40% of the cost of bridge replacement.

Second by Mr. Kilander.

Chairman Pawluk asked for any comment from County Commission Bennett.

Dr. Bennett was recognized and stated he would assume that the drain was there before the maintenance building and he would ask if the maintenance building was built too close to the drain.

Mr. Volk stated he is not prepared to blame anything.

Mr. Anderson stated he thinks there are too many unanswered questions at this point to make a decision on this and feels we should take our time making a decision.

Chairman Pawluk stated he will be voting in favor of the motion because it works towards a solution. He stated the ultimate solution may change but at least we are moving forward.

Chairman Pawluk called for a vote on the motion.

On the call of the roll, members Clark, Kilander, Macdonald and Pawluk voted aye.

Mr. Anderson voted no.

The motion was declared carried.

Received Notice from the FAA Regarding Eastside Terminal Office Space Changes:

Mr. Dobberstein stated we received notice from the FAA Airways Facilities Office advising they will be vacating their space in the Eastside Terminal and relocating to the tower building.

Mr. Dobberstein distributed a floor plan of the Eastside Terminal showing the various tenants and their leased space. He stated at a recent meeting we received notice that the FAA Flight Standards District Office will be vacating their space in the Eastside Terminal effective July 1, 2006. He stated there is one FAA employee, Mr. Larry Miller who reports to someone in a Washington office, who would like to lease space for a small office. Mr. Dobberstein stated the board could tentatively approve the lease for Mr. Miller's office. He stated at the last meeting he was directed by the board to contact four commercial real estate agents and obtain proposals on how they would find

Received Notice from the FAA Regarding Eastside Terminal Office Space Changes: (Continued)

tenants for the buildings. He stated he has met with three agents so far and one feels he may have a tenant for the entire second floor, so until we hear for sure on that he does not want to move ahead with any further changes. He stated we have not heard back from that agent but if that tenant is interested then we would have to move the other tenant on the second floor (Agri-Imagis) which is on a month to month lease basis. He stated until then he does not want to make any further changes.

The communication from the FAA was received and filed without objection.

Mr. Kilander moved to approve the lease of Room 228 to Mr. Larry Miller, FAA, subject to relocating on the first floor if necessary.

Second by Gen. Macdonald.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Request from Northstar Insurance to Relocate Their Office Within the Eastside Terminal:

Mr. Dobberstein stated he received a request via e-mail from Mr. Marc Lepage, Northstar Insurance, requesting they be allowed to move from their existing office to the office space being leased by the FAA on the first floor. He stated they are interested in making some alterations to the space (taking down one wall) and are proposing to do it at their cost. He stated we do have a current tenant (Dakota Export) interested in leasing the current Northstar space.

Gen. Macdonald stated he feels the board is becoming too involved in this and he would suggest that the board allow Mr. Dobberstein to handle the various requests from tenants in the Eastside Terminal.

Chairman Pawluk stated the board would have to approve the eventual lease but it was the consensus of the board to allow the Executive Director to handle the leasing of space and tenants in the Eastside Terminal.

Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated they are about 80% complete with the documents, but that does not include anything with the Airline Ticket Offices (ATO) or the baggage screening.

Mr. Stroh stated just to give the board an update on what is going on in the construction industry today, they are working with Cass County Electric on a possible project similar to a building they finished just a little over a year ago. He stated the difference in prices today over last year are running about 20-25% more for electric, 30% for steel, 10% more for concrete, 20% more for roofing, 15% more for carpeting. He stated averaging that out it was an increase of about 15% for construction costs. He stated they are estimating approximately \$2 million more than our last estimate (\$12.5 million to \$14.6 million).

Passenger Terminal Expansion Update: (Continued)

Mr. Stroh stated we are still working with Mr. Tom Schauer, FAA Airports District Office in Bismarck, on the portions of the project that are eligible for either AIP or PFC funding and the last figure was about 85%, which could go a few percent either way. He stated the news on increases in costs was not what they wanted to hear but that is the world of construction today and he has a hard time believing it is going to go backwards.

Mr. Anderson stated the timing of this project is good and contractors will be looking for work so we should get good bids.

Mr. Dobberstein stated we are proceeding with the ATO portion of the project as a stand alone project. He stated we met with the TSA's industrial engineer and we are proceeding with plans and all of that is separate from the rest of the terminal expansion project. He stated we are proceeding on the basis that if we build that space the TSA will provide the baggage screening equipment. He stated the airlines have some good ideas about that space and ways to save money.

Mr. Williams now absent.

Chairman Pawluk asked the board members if anything presented today gives them any cause for concern.

Mr. Dobberstein stated we have authorized Mr. Stroh to proceed up to the point of opening bids.

Received Information from Interspace Airport Advertising Regarding Consent to Change in Stock Ownership:

The communication from Interspace Airport Advertising dated May 30, 2006, was received and filed without objection.

Mr. Dobberstein stated that Interspace Airport Advertising was purchased by Clear Channel Outdoor and this is mainly just an FYI.

Gen. Macdonald moved to authorize the change in the lease with Interspace Airport Advertising recognizing the change in ownership.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Mr. Darren Anderson indicated he had nothing to report on security matters.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he does not have that much to report. He stated both Strata and Northern are working on their projects. He stated Strata is about 25% complete and Northern is probably about 50% complete. He stated that Asplin has started on 32nd Avenue North.

Other Business:

Mr. Dobberstein stated he and Attorney Stewart are currently going over a draft lease with the Fargo Park District on the neighborhood park near the Riviera Heights Trailer Park.

Mr. Dobberstein introduced our airport intern, Mr. Liberty Peterson, who will be with us for about six months. He stated the ND State Aeronautics Commission is participating in 50% of his salary through a grant we received.

Chairman Pawluk stated he would still like to see a plan for a possible Cell Phone Park.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, June 27, 2006 at 8:00 a.m.

Regular Meeting

Tuesday

June 27, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, June 27, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Kilander, Anderson, Macdonald, Pawluk
Absent: Clark
Others: Stewart, Williams

Chairman Pawluk presiding.

Approved the Airport Vouchers Totaling \$17,226.36:

Mr. Kilander moved to approve the airport vouchers totaling \$30,702.11.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Gen. Macdonald moved to approve the individual voucher in the amount of \$25,882.63 to Flint Communications for partial payment request for 2006 airport marketing program.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$14,153.60 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the cargo area plan update.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$38,604.82 to Ulteig Engineers, Inc. for payment request for engineering services in connection with 2006 Airfield Improvements, AIP31.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,793.00 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the PFC07 application.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,539.95 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$550.87 to Sixel Consulting for payment request for reimbursement for expenses in connection with air service development meeting.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Received and Reviewed Preliminary 2007 Budgets:

Mr. Dobberstein stated the board members had been provided with copies of the preliminary 2007 budgets for Operations and Maintenance and the Improvement Fund. Mr. Dobberstein stated the amounts are preliminary and the main unknown is the cost of living raise for staff which is determined by the City Commission, and any change in health insurance costs.

Mr. Dobberstein reviewed the various accounts and answered questions.

Mr. Kilander moved to receive and file the preliminary 2007 budget and that it be approved, subject to changes yet to be determined (salary and benefit items).

Second by Gen. Macdonald

All members present voted aye and the motion was declared carried.

Mr. Dobberstein stated at the next meeting the board will certify the mill levy to the Board of City Commissions. He stated it is his intention that it not exceed two mills.

Discuss Air Carrier Operating Agreement Lease Extension:

Mr. Dobberstein stated our leases with the air carriers expire December 31 of this year and that is the end of a five year term. He stated we are going to have a PFC consult meeting sometime in July with the air carriers to review our new PFC application with them. He stated with the concurrence of the board, he would recommend that we offer the airlines a one year extension of the current lease and operating agreement with no increase in lease amounts, landing fees, etc. He stated the reason for one year is that we will know more about any adjustments in terminal fees when we know more about the terminal expansion. He stated he has been working with the properties people of each of our airlines and they have been advised each step of the way on the terminal expansion.

Gen. Macdonald moved to offer the air carriers a one year extension on the operating agreements and leases at the current rates.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Received Update Regarding Eastside Terminal Proposed Marketing Plan:

Mr. Dobberstein stated that four commercial real estate agents toured the Eastside Terminal and one of those declined to offer a proposal. He stated one agent offered a one time showing agreement with Mr. Jim Roers for the period June 23-30, 2006 and after review by Attorney Stewart we granted that agreement. He stated it seems to be the consensus of the other firms that we will have to put some money into remodeling the building in order to lease it. He stated that would require finding a financially sound tenant to enter into a five to ten year lease agreement in order for us to amortize our costs. He stated we may look at providing a tenant allowance which would require that we be made whole at the end of the lease agreement. He stated at the same time we want to be able to accommodate our current tenants on the first floor and he has already visited with those and also those with gratis space.

Chairman Pawluk stated if we are going to look at spending any money on that building it would be nice to look at having some green space around the building as it is currently all concrete and asphalt. He stated it would be a positive development to secure a major tenant and have to remodel the building.

Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, stated that yesterday he had a lengthy conversation with Mr. Tom Schauer, FAA Airports District Office. He stated the fact that we have an existing terminal complicates the process for the FAA in determining which costs are eligible for federal funding. He stated they will be working on a spreadsheet of every individual space in the facility. He stated the four possible categories are:

1. AIP eligible
2. PFC eligible
3. Non-eligible
4. Build-out non eligible

Mr. Stroh stated now is when we get into more detail as far as federal funding and he will work closely with Mr. Schauer on that process.

Mr. Stroh stated they are about 85% complete with the bid documents and are now getting into finishes, mechanical/electrical specifics and light fixture selections, etc.

Mr. Stroh stated we are on track to bid the project in August.

Mr. Stroh stated at the next meeting they will have a rendering for the checkpoint area.

Chairman Pawluk asked if we will have boards on display for the public.

Mr. Stroh stated they are working on that.

Mr. Williams encouraged Mr. Stroh to check into federal energy grants as there is money available for alternative methods.

Mr. Stroh stated so many things that are done today are about as energy efficient as you can get but they will look into those things.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated they are working on the 32nd Avenue North cemetery road project while maintaining access to the cemeteries at all times. He stated Northern Improvement will probably be done in a week or two. He stated Strata is going to begin night work this evening so there is less disruption during those hours.

Mr. Darren Anderson stated he had nothing to report on security.

Ms. Mollie Crawford, TSA, was recognized and stated the TSA for about the last year and a half has been going through a re-organization of hubs and spokes at the national level. She stated they are moving closer to having the final design. She stated at this point it appears that because of the rural nature of the state of North Dakota we are going to be structured to have one Federal Security Director in the state serving all eight airports. She stated that person will be located in the hub which is in Bismarck. She stated there is discussion about whether or not she will remain in Fargo, what her title would be, who will serve Fargo and in what capacity. She stated North Dakota received a total of nine staff people for the entire state to serve all eight airports and it looks as if seven of those will be employed in Bismarck at the hub and we will go down to skeletal staffing in Fargo and there will be no staff at the other six airports in the state. She stated this does not refer to screening staff, it refers to administrative staff. She stated they do not have final figures and titles, which drives the square footage for how much office space they will be allocated. She stated they hope to have closure on these issues in the next two to three weeks.

Ms. Crawford stated the good news is that our request for explosive detection system equipment is moving forward. She stated the industrial engineer's visit was very helpful to get us to this point.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, July 11, 2006 at 8:00 a.m.

Time at adjournment was 9:07 a.m.

Regular Meeting

Tuesday

July 11, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, July 11, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Macdonald, Anderson
Absent: Pawluk
Others: Walaker

Vice Chairman Anderson presiding.

Vice Chairman welcomed newly-elected Mayor Dennis Walaker who will now be serving as the City Commission's liaison to the Municipal Airport Authority.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority for June 13 and 27, 2006:

The minutes of the regular meetings of the Municipal Airport Authority held June 13 and June 27, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$27,971.36:

Dr. Clark moved to approve the airport vouchers totaling \$27,971.36.

Second by Gen. Macdonald.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,687.81 to Sixel Consulting for payment request for reimbursement for expenses in connection with air service development meeting.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson vote aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,878.00 to Sixel Consulting for payment request for air service passenger fees (Delta) for June 2006.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$2,606.00 to Sixel Consulting for payment request for air service passenger fees (Allegiant) for June 2006.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$236,434.50 to TL Stroh Architects for payment request for architectural/engineering services for terminal expansion project.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to Northern Improvement:

Gen. Macdonald moved to approve the individual voucher in the amount of \$205,384.23 to Northern Improvement Company for Partial Payment Request #2 for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$283,343.34 to Strata Corporation for Partial Payment Request #2 for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Macdonald and Anderson voted aye.

Absent and not voting: Pawluk

The motion was declared carried.

Received Second Quarter 2006 PFC Report:

The 2006 Second Quarter PFC Report was received and filed without objection.

Received Change Order #1 Request from Strata Corporation in the Amount of \$15,500.00, 2006 Airfield Improvements, AIP31:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated this change order includes several items, including two manholes along Taxiway A that needed to be larger and the removal of a threshold bar.

Mr. Kilander moved to approve Change Order #1 to Strata Corporation in the amount of \$15,500 for 2006 Airfield Improvements, AIP31.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Received Change Order #1 Request from Northern Improvement in the amount of \$12,037.23 for 2006 Airfield Improvements, AIP31:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated this change order for Northern Improvement includes several items, a different type of casting for the tie downs in the south general aviation area, a reduction in the cost of removal of soil in the fuel farm that was removed, repair manholes, etc.

Gen. Macdonald moved to approve Change Order #1 to Northern Improvement in the amount of \$12,037.23 for 2006 Airfield Improvements, AIP31.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized presented the board with a visual of what the security checkpoint area on the second floor looking toward the north addition. He stated they are about 90% complete with the plans and specifications.

Mr. Stroh stated their interior designer is putting together some color samples and will have a meeting on Friday morning which Virginia Clark will attend. He stated they want to do some things with the color scheme in the building to warm it up a bit, but at the same time working with the color palette already in place.

Mr. Stroh added that we are in line with the time schedule that has been discussed and expect to have the project out for bid as planned.

Certify Mill Levy to the Board of City Commissioners for 2007 Improvements, as per Section 2-06-14 of the North Dakota Century Code:

Mr. Dobberstein stated he indicated to the board when he presented the preliminary 2007 budget that he wanted to have a discussion with Mr. Mike Montplaisir, Cass County Auditor, regarding the ND Century Code and the mill levy. He stated it came to light after the budget was published last year that the amount we actually received was less than 2.0 mills. He stated that Mr. Montplaisir suggested the Airport Authority certify a dollar amount but not to exceed 2.0 mills. He stated the amount Mr. Montplaisir suggested was \$540,000, which is larger than he had anticipated.

Mr. Kilander moved to certify to the Board of City Commissioners a mill levy for airport improvements for 2007 in the amount of \$540,000, not to exceed 2.0 mills, as per Section 2-06-14 of the North Dakota Century Code.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Ms. Mollie Crawford, TSA, was recognized and stated their request for approval of explosive trace detection equipment is now at their headquarters and hopefully we should hear very soon that everyone has signed off on that request. She stated we are also still waiting word on the change in airport category from III to II.

Dr. Clark stated she has done a lot of traveling in the last month and she noticed that you cannot find a nicer place to go through security than in Fargo.

Ms. Crawford thanked her for that comment and indicated she would pass that on to the screeners.

Other Business:

Dr. Clark stated she was at the airport in Charlotte, NC recently and noticed they have a cell phone park.

Mr. Dobberstein stated we are continuing to work on that.

Mr. Dobberstein stated Northwest Airlines is moving forward with their old fuel farm in the south general aviation area.

Mr. Dobberstein stated he has nothing to report on the Eastside Terminal. He stated the FAA has moved out completely. He stated he is still waiting to hear from all of the realtors that were contacted.

Gen. Macdonald asked Mr. Kilander if he felt it will be possible for us to lease that space.

Mr. Kilander stated he definitely feels the space has possibilities although there will be some things that need to be addressed for a tenant.

Mr. Dobberstein stated we are not able to demolish the Marcil farmhouse until the asbestos is removed and that started yesterday. He stated we have hired Northern Improvement to demolish the house. He stated we have been working with the SWAT team to conduct an exercise before demolition.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, August 8, 2006 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 8:30 a.m.

Regular Meeting

Tuesday

August 8, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, August 8, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk
Absent: None
Others: Tjon, Walaker

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held July 11, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held July 11, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$59,691.00:

Mr. Kilander moved to approve the airport vouchers totaling \$59,691.00.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sheehan Mack Sales:

Gen. Macdonald moved to approve the individual voucher in the amount of \$440,880.00 to Sheehan Mack Sales for the purchase of a 2006 Oshkosh runway sweeper, Project APFC06.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$36,111.71 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 2006 Airfield Improvements, AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc. :

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,624.73 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the Runway 17/35 Reconstruction Project, Phase II, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$4,192.44 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with PFC07 application.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,010.00 to Sixel Consulting for payment request for the first quarter 2006 passenger report.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$7,572.00 to Sixel Consulting for July passenger fees for Delta and Allegiant.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$343,671.89 to Strata Corporation for Partial Payment Request #3 for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Northern Improvement:

Gen. Macdonald moved to approve the individual voucher in the amount of \$12,803.50 to Northern Improvement for Partial Payment Request #3 for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$268,050.00 to TL Stroh Architects for partial payment request for architectural services in connection with the terminal expansion project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$156,426.58 to Shafer Contracting for Partial Payment Request #1 for paving project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$108,833.00 to Shafer Contracting for Partial Payment Request #16 for the Runway 17/35 Reconstruction Project, Phase II.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and presented visuals of the new lower level stairs and escalator area and also the west end departure lounge expansion. He stated the additions will be easy but the renovation portions of the project, such as the stairs and escalators, will be challenging. He reviewed the plan for the center section of the project and how the alternate stairs will be set up.

Chairman Pawluk expressed concern that the temporary stairway be wide enough to accommodate all of the people using the stairs while the escalators are out of service.

Mr. Kilander asked Mr. Stroh if he is doing everything he can with this project to help us avoid the situation where we have to go to Germany to buy \$400 light bulbs, etc.

Mr. Stroh stated there are a lot of different types of lamps available and it is their goal to narrow that down so that the airport will not have to stock that many different types of lamps and those will be standard items.

Gen. Macdonald asked what affect taking the elevator out of service will have.

Mr. Dobberstein stated during that time the airlines will have to use the freight elevator on the east side of the building and they will come through the restaurant and we will make arrangements for that.

Mr. Stroh stated the elevator will be out of service for about four to six weeks, but the new escalators will be operational before the elevator is taken out of service.

Mr. Kilander stated he knows we have discussed this before, but is there a way to include in the specifications the requirement for additional staff or shifts for these critical areas so they can be completed in fewer days, even if the cost is higher.

Mr. Bob Anderson stated most contractors in this area don't have enough people for three shifts. He stated you may see two, but not three. He also stated that a contractor typically chooses to conduct the real noisy work (jack hammering, etc.) at night when there are fewer people in the building.

Mr. Stroh stated as far as getting the escalators done on an expedited basis, the crew that would install that is probably not from this area as there are not that many escalator installations in a year.

Mr. Anderson stated that the actual installation of an escalator goes quite fast, it is the preparation that takes so much time.

Mr. Stroh stated some of those things have already been put in the specifications, but with the limited number of escalator installations in the area we are probably not going to get any company to put in two shifts per day.

Mr. Stroh stated the advertisement for bids started on Monday and bids will be received on August 31.

Mr. Stroh reviewed the Summary of Cost Eligibility which he has put together with Mr. Tom Schauer, FAA Airports District Office. The bottom line cost of the project is estimated to be \$14,615,401, of which \$11,158,240 will be eligible for federal funding, leaving \$3,457,162 of costs that are not eligible for federal funds. He stated one of the items still under consideration for federal eligibility is the rehabilitation of the windows along the south side of the building. He stated the first indication was that it would not be eligible but Mr. Schauer is still working on that. Total estimate for that item is \$550,000 and is an alternate in the project.

Received Passenger Terminal Expansion Update: (Continued)

Mr. Dobberstein stated he and Mr. Stroh met with bond counsel yesterday and Mr. Stroh will put together a cash outflow schedule as if the \$14.6 million is the actual cost and he will have that ready next week so that they can look at the timing of when the bond issue may have to happen. He stated the dilemma we have with the federal funds, as we do every year, is when those funds will be available. He stated since it is an election year the DOT funding bill may not be passed until after the first of the year. He stated if we write a contract for more than we have available in funds we have a plan in place to handle that. He stated our two options would be to borrow internally from the City of Fargo or work directly with a local financial institution for a short term loan. He stated he is confident that all of the federal dollars will come through.

Mr. Anderson stated the beauty of bidding this project all at once is the contractor can protect the prices on all of the steel and that industry is very volatile right now. He stated any contractor would want to start on the concrete work and get it done yet this fall.

North Dakota Aeronautics Commission Presentation Regarding Aviation Impact Study:

Mr. Mark Holzer, Aviation Planner, North Dakota Aeronautics Commission, was recognized and introduced RaeAnn Severson, Flint Communications. He stated the Aeronautics Commission hired Flint Communications to conduct a study of the impact of aviation on the local economy. He distributed copies of the study findings done for 2004, showing comparisons to 1994. The various facts and figures related to the impact of aviation and aviation related industries on employment, expenditures by the aviation industry, air traveler expenditures, etc. Included in the study were the results of passenger surveys conducted in the summer and fall of 2005, showing things such as where the passenger flying out of Fargo come from, reasons they are flying, dollars spent in the community, etc.

Review Preliminary Fargo Growth Plan Update Information with Fargo Planning Department Staff:

Mr. James Hinderacker, Fargo Planning Department, was recognized and stated Mr. Dobberstein invited him today to talk about the growth plan update for the extraterritorial areas of the City of Fargo.

Mr. Hinderacker distributed a number of maps and pointed out the North Fargo Tier 1 East. He stated this is the area that is important to the airport. He stated this particular area is probably not going to see a lot of development pressures in terms of residential development as we will see to the south, because of the constraints with the airport and NDSU and the fact that there is not a lot of land available for those types of residential activities. He stated that the plans for the area between 25th Street North and County Road 31 north of County 20 has changed significantly since the last growth plan was done. He stated the plan now reflects that it is probably better to leave the area open and agricultural rather than commercial development as shown previously.

Mr. Hinderacker stated the Planning Department is looking for some feedback from the Airport Authority to make sure they are headed in the right direction with their growth plan. He stated we could see some industrial development on the west side of 25th Street .

Review Preliminary Fargo Growth Plan Update Information with Fargo Planning Department Staff:
(Continued)

Mr. Kilander pointed out on the North Tier 1 West map that it does not appear to show adequate noise contours for the planned extension of Runway 9/27.

Mr. Hinderacker stated that was a good point and that is exactly the type of feedback they are looking for. He stated there is also a Tier 2 map and he would provide those to Mr. Dobberstein.

Mr. Hinderacker stated the Planning Commission currently has a request before them for a zoning change from Agricultural to General Commercial and General Office for a tract of about 50 acres at 5703 25th Street North. He stated that was to be before the commission tomorrow but he understands the property owner has requested a continuance.

Mr. Dobberstein stated that is the Martin property between 25th Street and County 31. Mr. Dobberstein stated the biggest change as far as residential north of this area is a continuation of the Stockman Addition. He stated we have talked with the Planning Department about this in the past, as well as with Mr. Tom Martin, and it is possible that some residential development could go along the west side of County 31, in line with the west property line of the Stockman Addition. He stated we could probably support that with some sound proofing covenants.

Mr. Dobberstein stated the biggest change in the use from Commercial/Industrial to Agricultural Research is an improvement over the last plan. He stated he thinks the major factor in that change is the recent BRAC Commission (Base Realignment and Closure). He stated the consultant hired by the local BRAC Committee emphasized the importance of the lack of encroachment and buildings in a base remaining open.

Chairman Pawluk stated he would echo those comments and concerns with respect the Martin property. He stated he would allow limited development and nothing within the sound contour. He stated he feels there will be an impact by the future north/south runway.

Gen. Macdonald stated he would suggest an Airport Master Plan overlay on the City's growth plan.

Mr. Kilander stated we need to be emphatic as an authority that a covenant be required in the building permit process making it clear that it is the developer's and owner's responsibility to build with noise abatement.

Chairman Pawluk stated he feels it is important for the Planning Department and the Mayor to recognize that if we want to know where we are going to be in 30 years just look at other cities around the country where development has encroached on the airport and the difficulties that presents those communities. He stated the Airport Authority has gone to great efforts and expense to protect the airport buy purchasing land around it. He stated we want our efforts bolstered by what the City of Fargo and their Planning Department does.

Gen. Macdonald stated unfortunately we cannot count on future City Commissions and Planning Commissions to not change zoning in areas that would affect the airport so that is why we need to have ownership of as much land as needed.

Mr. Hinderacker agreed it is important to be as forward looking as possible.

Mr. Dobberstein stated the Airport Authority has had a good relationship with the Planning Department in the past but it is a constant education of new planning commissioners and city commissioners as they come along. He stated the airport cannot be good neighbors if they do not help us.

Review Preliminary Fargo Growth Plan Update Information with Fargo Planning Department Staff:
(Continued)

Mr. Dobberstein stated he feels that Planning is on the right track and he will work with Mr. Hinderacker and report back to the board on any changes. He stated he will look for that North Tier 2 map to address Mr. Kilander's concern on the east/west runway extension.

Chairman Pawluk suggested the airport support further limitation of development in the area west of County 31.

Mr. Hinderacker stated they will take a closer look at the noise contours for that area and make any changes necessary.

Mr. Darren Hall, Fargo Jet Center, was recognized and stated nothing was mentioned about the residential development east of North University Drive which is east of their facilities.

Chairman Pawluk stated the Airport Authority objected to that development and comments such as this are exactly what we are trying to avoid.

Mr. Dobberstein stated the Airport Authority and the FAA did their due diligence at that time to oppose it but the City Commission at that time did not listen.

Received Request from Dr. Tom Nagle to Extend His South General Aviation Area Hangar Ground Lease:

Mr. Dobberstein stated we received a request from Dr. Tom Nagle on August 1, 2006, requesting a five year extension of his land lease for his hangar in the south general aviation area.

Gen. Macdonald moved to approve a five year extension of the hangar lease with Dr. Tom Nagle.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Update Regarding Proposed Cell Phone Park:

Mr. Dobberstein stated Mr. Darren Anderson and our intern, Mr. Liberty Peterson, have been doing some research on airport cell phone parks. He stated one of our thoughts is that we are going to work with Flint Communications on a press release to educate the public on cell phone parks. He stated our viewing park is currently being used for exactly that purpose, we just don't call it a cell phone park. He stated with some creative ideas in a press release and possibly advertisements we will promote the idea.

Mr. Kilander stated he would like to look at the possibility of taking proposals from anyone who may be interested in a coffee vendor locating a stand and then we should consider placing a FIDS monitor on the side of that structure so that people can see arrival information.

Reviewed Proposed Departure Lounge Television Project:

Mr. Darren Anderson stated we have been considering installing a couple of televisions in the departure lounge to broadcast news channels (FOX, CNN). He stated we do not have cable running to the airport so we would have to go with a satellite dish network. He stated we will move ahead with this before the terminal expansion as they could easily be moved at a later time. He stated if we go with 42", flat screen plasma televisions the cost of equipment will be about \$3,000 with additional for electrical work and then the monthly fee for service.

It was the consensus of the board to move ahead with the project.

Received Update Regarding Proposed Cass Drain #10 and 32nd Avenue North Project:

Mr. Dobberstein stated that earlier this summer Mr. Jeff Volk, Moore Engineering, representing Southeast Cass Water District, presented the Airport Authority with options to repair the sliding banks on Cass County Drain #10 in the area of 32nd Avenue North. At that meeting the Airport Authority voted to authorize the option that would move the drain away from the building and flatten the slope that has failed at an estimated cost of \$640,000, which would include relocation of the bridge, subject to Cass County participating in 40% of the cost to replace the bridge.

Mr. Dobberstein stated he attended the Cass County Commission meeting yesterday and they voted unanimously to contribute a maximum of \$160,000 toward the project to reroute County Drain #10 in the area of 32nd Avenue North. He stated the City of Fargo's Public Works Progress Evaluation Committee will recommend to the City Commission that they contribute \$100,000. Southeast Cass Water Resource District will contribute \$230,000, leaving a balance of \$150,000 which would be paid by the Airport Authority. He stated as soon as he receives confirmation from Mr. Mark Bittner, City Engineer, that the City has agreed to participate he will contact Keith Berndt, Cass County Engineer, and they will engage the engineer on behalf of Southeast Cass.

Gen. Macdonald offered the following resolution of appreciation to the Cass County Commission and moved its adoption:

WHEREAS, It is with appreciation that the Municipal Airport Authority of the City of Fargo, North Dakota, does recognize the monetary contribution by the Cass County Commission for the improvements to Cass County Drain #10, and

WHEREAS, The Municipal Airport Authority does appreciate its good working relationship with Cass County and specifically the cooperation on this project which benefits not only the airport but the City of Fargo and Cass County, and

WHEREAS, The Municipal Airport Authority looks forward it its continuing relationship and cooperation with Cass County.

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby express its appreciation to Cass County and its commissioners.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent records of the proceedings of the Municipal Airport Authority and that a certified copy be sent to the Cass County Commission.

Second by Mr. Anderson.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Airport Construction and Security Update:

Mr. Darren Anderson stated he had nothing to report on security.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated the 32nd Avenue North paving project (cemetery road) is taking a little longer than anticipated but they are proceeding. He stated the airfield projects are nearing their final phase and Strata should be done around September 1. He stated Northern Improvement will have their portion of the project done before then.

Ms. Mollie Crawford, TSA, was recognized and stated they are moving forward with getting their explosive detection equipment on site as quickly as possible. She stated they have a couple of guests with them today, Mr. Joel Guttenson, FSD for the State of North Dakota, and TSA Area Director, Mr. Leo Vasquez.

Adopted Resolution of Sympathy to the Family of C. Warner Litten:

Gen. Macdonald offered the following resolution of sympathy to the family of C. Warner Litten and moved its adoption:

WHEREAS, The community has recently lost a very loved and valued citizen, Mr. C. Warner Litten, and

WHEREAS, The contributions of Mr. C. Warner Litten, both in his professional life and his role as a citizen over the years are too lengthy to mention, and

WHEREAS, Some of those selfless contributions of time and effort have benefited the airport in many ways and we are honored to have a grove of trees planted on the airport in his honor.

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby express its heartfelt and deepest sympathy to the family of C. Warner Litten and may they forever be proud of his legacy.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent records of the proceedings of the Municipal Airport Authority and that a certified copy be sent to the family of C. Warner Litten.

Second by Dr. Clark

All members present voted aye and the motion was declared to be duly passed and adopted.

Other Business:

Mr. Kilander stated after the next meeting he will be tendering his resignation from the board to Mayor Walaker so he is sure the Mayor would appreciate any ideas from the board members regarding someone to fill his chair. He stated he feels this is a great opportunity in timing to invite Cass County to be both a formal and financial participant in the Airport Authority, expanding it beyond just Fargo. He stated he feels the numbers in the economic impact study presented by the ND Aeronautics Commission today should encourage that kind of expansion on the Authority.

Chairman Pawluk thanked Mr. Kilander and stated he is sorry to see him leaving the board.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, August 22, 2004 at 8:00 a.m. in the Airport Boardroom.

Regular Meeting

Tuesday

August 22, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, August 22, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk
Absent: None
Others: Tjon

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held August 8, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held August 8, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$30,095.55:

Mr. Anderson moved to approve the airport vouchers totaling \$30,095.55.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Mr. Kilander moved to approve the individual voucher in the amount of \$6,501.43 to Flint Communications for payment request for airport marketing program.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Kilander moved to approve the individual voucher in the amount of \$33,795.77 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 2006 Airfield Improvements, Project AIP31.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers:

Mr. Kilander moved to approve the individual voucher in the amount of \$4,066.92 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the PFC07 application.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Considered Change Order #2 to Northern Improvement for a \$12,500 Increase for Drainage Improvements in the 2006 Airfield Improvements, Project AIP31:

Gen. Macdonald moved to approve Change Order #2 in the amount of \$12,500.00 to Northern Improvement Company for drainage improvements in the 2006 Airfield Improvements, Project AIP31.

Second by Dr. Clark.

Mr. Dobberstein stated this change order is for some drainage improvements in the area of the south perimeter road, which was constructed in 2005.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Passenger Terminal Expansion Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated the plans for the project are now out on the street. He stated there are a couple of contractors who did not attend the mandatory meeting prior to bidding. He stated these mandatory meetings are a common practice in the industry. He stated these meetings are not always mandatory but the advertisement for bids was very clear that the meeting was mandatory. He stated there is one contractor in particular who is challenging this but we are confident in our position.

Mr. Stroh stated he and Mr. Steve Synhorst, Ulteig Engineers, had a good conversation with Mr. Tom Schauer, FAA Airports District Office, yesterday and we will be changing our number with regards to the number of dollars eligible for federal funding. He stated they have not had a lot of calls from contractors yet but it is typical for them to wait for the last week before the bid.

Received Passenger Terminal Expansion Update: (Continued)

Mr. Dobberstein stated he did get a phone call from one contractor who did not attend the mandatory meeting. He stated the advertisement for bids was clear that the meeting was mandatory and it did not matter who the representative from the company was, they just had to have someone attend the meeting. He stated he does not see how we can make any exceptions as there may be another contractor who did not attend the meeting and will not submit a bid because he did not attend the mandatory meeting. He stated if we then allowed someone else to bid without attending the mandatory meeting we would be opening a can of worms.

Mr. Stroh stated they had this situation on a recent project at NDSU and the contractor was one that they wanted to bid the project, but they did not attend the mandatory meeting so they were not able to bid. He stated he has mixed feelings on the matter but it is not that difficult to send someone to the meeting. He stated the requirement is pretty plain.

Chairman Pawluk stated he has a couple of conflicting thoughts. He asked how we enter into possibly a \$14 million contract with a group who is challenging us from the get go on the legitimacy of the rules and regulations we have set down.

Mr. Stroh stated right now we are telling those contractors that they will not have the opportunity to bid.

Chairman Pawluk stated he would support that, yet how do we then get the best price for the public. He stated if we have the ability to address this at this early opportunity we should, such as offering a second mandatory meeting. He asked if that would be in the public's interest.

Mr. Stroh stated one of the contractors seemed to think that because there were federal dollars involved they could not be kept from bidding. He stated he indicated to the contractor that he would turn the matter over to the Airport Authority's attorney to be researched.

Attorney Stacy Tjon stated she was contacted by Mr. Stroh on Friday and she did about 45 minutes of research on the matter and she could find nothing that required open bidding because you have federal dollars involved in a construction project. She stated she also consulted with Attorney Stewart and he had no knowledge of any such requirement. She stated she then called the contractor, who was unavailable, but she left a message conveying her findings. She stated she has not heard back from him.

Mr. Steve Synhorst, Ulteig Engineers, was recognized and stated one of the main purposes of the meeting was to brief the contractors on the security issues with this project and what will be required.

Chairman Pawluk asked Mr. Bob Anderson, to comment on the matter since he has considerable experience as a contractor.

Mr. Anderson stated it is a "slam dunk." You just don't open the bid. He stated if they were not here, they are not on the list and you don't open their bid.

Chairman Pawluk asked if that is the way we get our best price.

Mr. Anderson stated that is the way it is laid out and we are doing it the way it should be done. He stated one of the big issues is making sure after we award the contract that we meet with the general contractor and make sure they understand the importance of things like rocks on the runways, etc. He stated representatives from Olaf Anderson & Son were at the meeting and they indicated there are a lot of issues involved with this project because it is an airport and Olaf Anderson has decided not to bid the project because there is enough other work out there. He stated after the

Received Passenger Terminal Expansion Update: (Continued)

bids are received we need to sit down and interview the contractor and go over all of the requirements in detail. He stated it would be in our best interest to have Mr. Stroh call the contractors who are protesting this advise them that their bids will not be opened.

Attorney Tjon stated she will follow up with the contractor and advise him of her findings.

Mr. Synhorst stated Mr. Stroh referred to their telephone conversation with Mr. Tom Schauer yesterday and there were some changes in items eligible for PFC funding. He stated we will be able to incorporate those changes in our PFC application. He stated we did have a scheduled consultation meeting with the air carriers last week, which is a requirement of the PFC application process, and there was no representation present from any of the airlines.

Airport Construction and Security Update:

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated that Northern Improvement is almost done with the south general aviation area rehab with just a few small items left. He stated Strata should be done with their portion of the project on Taxiway A sometime this week, with the exception of seeding, which has been put off a while since it has been so dry. He stated the 32nd Avenue North paving project is also nearing completion.

Mr. Dobberstein stated that on August 10 we saw some significant changes in restrictions for carry on items. He stated the traveling public responded well and with the help from the TSA things were operating smoothly by afternoon. He stated these changes also restricted the sale of beverages in the departure lounge. He stated if the beverage machines in the departure lounge are turned on again it would require an additional check at the gate before entering the aircraft.

Ms. Mollie Crawford, TSA, was recognized and stated allowing the beverages after the checkpoint slowed them down a bit since they had to do the additional gate check. She stated they are considering allowing cans to be sold in the departure lounge as those are not resealable. She stated this has not been an issue at big airports since they all have restaurants within the sterile area. She stated she is hoping we can come to a common sense solution.

Mr. Darren Anderson stated we had our FAA certification inspection last week and the inspector left pleased with our airport.

Mr. Dobberstein stated he would like to credit Mr. Darren Anderson, Mr. Henry Swedberg and the airfield staff for the perfect inspection as they are responsible for the condition of the airfield, as well as Ulteig Engineers for their design of the airfield.

Mr. Anderson stated the first time our current inspector, Mr. Birke Rhodes, was here was when we opened Runway 18/36 after construction and he could not believe that we could open a new runway and everything be perfect.

Chairman Pawluk stated when we receive his written report he thinks we should do some type of a press release, as this is a well-run operation and the public deserves to know that.

Other Business:

Mr. Dobberstein stated that Northstar Insurance is moving from their current office space in the Eastside Terminal to space previously occupied by the FAA/FSDO. He stated we have also been working with US Customs to eliminate the window between the US Customs office and the former FAA/FSDO space. He stated US Customs also required a refrigerator and microwave upgrade.

Mr. Dobberstein stated we received a request from Standard Parking for an extension of their lease. He asked the board members to review the proposal, which was handed out just today, and be ready to make a decision at the next meeting. He stated Standard Parking is proposing to upgrade the equipment in the parking lot so that it is in place before the winter season. He stated that will be an investment of about \$240,000 on their part. He stated they also received an estimate of approximately \$400,000 from Ulteig Engineers for a mill and overlay of the parking lot. He stated Standard Parking would participate in \$200,000 of that and the Airport Authority the other half. He stated they are also proposing a rate increase in long term from \$5.00 per day to \$5.50 and in short term the rate for each half hour would remain at 75 cents but the daily maximum would go from \$7.50 to \$8.00. He stated they would increase our annual minimum from \$270,000 to \$850,000 and they have slightly adjusted the caps on percentages we receive.

Mr. Dobberstein stated when the airport started the pay parking lot back in 1970 it was APCOA Parking and they recently transitioned into Standard Parking, but we have had the same parking provider since then.

Mr. Bob Anderson expressed concern about repairing the parking lot now and then having it damaged during the construction project if part of the short term lot was used as a project staging area.

Mr. Dobberstein indicated that the staging area is no longer planned for the short term lot.

Mr. Steve Synhorst, Ulteig Engineers, was recognized and stated the parking lot is beyond just a seal. He stated we would not want to do the project until next spring so that would mean bidding it in late winter.

Mr. Dobberstein stated the Chairman may wish to appoint a subcommittee to review this proposal and make a recommendation to the board.

Mr. Kilander stated this proposal seems to be pretty straight forward and nothing out of the ordinary.

Mr. Dobberstein stated he would agree with that. He stated Gen. Macdonald has been a party to the contract extensions with the parking lot over the years and is very familiar with the process. He stated if we were to solicit proposals we probably wouldn't see anything different. He stated they have always met any requirement we have set forth. He stated the most critical item right now is their equipment. He stated we have never required them to update their equipment but it is getting to the point where it is causing problems.

Gen. Macdonald stated one of the neat features of the proposed equipment is where you can just insert your credit card for payment and you are done.

Other Business: (Continued)

Chairman Pawluk stated Standard Parking represents our interests very well and he has no reason to be concerned that they will not continue to do so. He stated what he doesn't like is the practice of a tenant coming to us one year before a contract is up and offering improvements if the contract is extended, essentially locking out anyone else from ever making a proposal to the airport. He stated he has been on the board for at least 12 years and this is the third extension we have granted and we have never sought additional proposals. He stated he feels what they are offering is good; however, he just likes to see the free market work and have the opportunity to consider others. He stated it is advantageous to have the new equipment in place a year earlier than we would otherwise, however, does this board feel that it is worthwhile to allow others to submit proposals.

Gen. Macdonald stated he would be interested in checking with other airports of comparable size who are working with other parking lot operators to see how this proposal compares.

Mr. Dobberstein stated there aren't that many companies who offer this service and most of the airports in our region (Bismarck, Duluth, Rapid City, Sioux Falls) have stayed with the same operator for as long as we have.

Mr. Dobberstein stated we will make some calls to other airports and gather information.

Chairman Pawluk stated there is no dissatisfaction with Standard Parking, but he just does not want to lock out any other companies.

Mr. Anderson asked that the board members be given time to review this proposal and to continue the discussion at the next meeting.

Gen. Macdonald stated for some time now the Airport Authority has been interested in purchasing an 8.5 acre plot at the corner of County 20 and North University which is owned by A.W. Larson. He stated he got a call from Mr. Larson the other day indicating his interest in talking about that parcel and possibly trading for another parcel owned by the Airport Authority.

After further discussion, it was the consensus of the board that Gen. Macdonald should continue his discussions with Mr. Larson and in the meantime the Airport Authority members will have a chance to take a look at the area.

Mr. Kilander stated due to business commitments his resignation from the board will be effective at the end of August. He stated he was thankful for the opportunity to serve on the Airport Authority.

Mr. Bob Anderson offered the following resolution and moved its adoption:

WHEREAS, Mr. Don Kilander has advised of his resignation from the Airport Authority effective the end of August, due to business commitments, and

WHEREAS, The Airport Authority has greatly benefited from the service of Mr. Kilander since October 2000, and his expertise in real estate and experience in many other areas, and

WHEREAS, Mr. Kilander has served diligently in the capacity of board member, Vice Chairman and Chairman and has given unsparingly of his time during his service on the board.

Other Business: (Continued)

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby extend its thanks to Mr. Don Kilander for his years of service and does wish him the best in his future endeavors.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent minutes of the proceedings of the Municipal Airport Authority and that a copy be sent to Mr. Don Kilander.

Second by Gen. Macdonald.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Gen. Macdonald stated he would like to see some type of a "maintenance free" piece of steel artwork in the C. Warner Litten tree park at the entrance to the airport. He indicated he does not have anything specific in mind but has noticed quite a few such structures in his travels through many airports throughout the country.

It was the consensus of the board that this suggestion be considered and discussed in the near future.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, September 12, 2006 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 9:12 a.m.

Regular Meeting

Tuesday

September 12, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, September 12, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk

Absent: None

Others: Tjon, Walaker

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held August 22, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held August 22, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$47,488.47:

Dr. Clark moved to approve the airport vouchers totaling \$47,488.47.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$6,976.00 to Sixel Consulting for payment request for August passenger fees, Allegiant and Delta.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$195,291.50 to TL Stroh Architects for payment request for architectural services in connection with the Terminal Expansion Project, APFC07.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$18,657.99 to Shafer Contracting for Partial Payment Request #2 for the 32nd Avenue North paving project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Northern Improvement:

Gen. Macdonald moved to approve the individual voucher in the amount of \$62,490.88 to Northern Improvement for payment request for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$361,517.88 to Strata Corporation for Payment Request #4 for construction of 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Gen. Macdonald moved to approve the individual voucher in the amount of \$11,087.54 to Flint Communications for payment request for 2006 airport marketing program.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received and Awarded Bids for Airport Farmland, 2007, 2008, 2009 Crop Years:

Mr. Dobberstein stated that every three years we advertise for proposals for the farmland we lease out. He stated we received bids on August 29 for the 2007, 2008 and 2009 crop years. He stated the average lease amount per acre increased from \$69.06 to \$76.11. He stated Borgen and Stenerson were the successful bidders on the seven tracts. He stated the lease amount paid for the other tracts which we lease to NDSU, Fargodome and the Fargo Park District automatically increase to the average amount per acre, which is \$76.11. He added that we had a lot of interest in the land and a number of bidders.

Mr. Anderson moved to receive and file the bid tabulation and that we accept the bids from Mr. Bill Borgen and R and T Stenerson Farms and that leases be awarded.

Second by Gen. Macdonald.

All members present voted aye and the motion was declared carried.

Received Proposed Cost-Share Agreement with SE Cass Water Resource District Association with Drain #10 Project:

Mr. Dobberstein stated this cost share agreement is a formality to the previous discussions regarding the Cass County Drain #10 repair project. He stated this agreement was put together by the attorney for the Southeast Cass Water Resource District and shows the various entities and the amount of participation from each.

Mr. Kilander moved to authorize execution of the cost-share agreement for the Cass County Drain #10 repair project.

Second by Dr. Clark.

All members present voted aye and the motion was declared carried.

Received License Agreement with Vision Bank for Access to Their Property Via the Airport Access Road Known as 23rd Avenue North:

Mr. Dobberstein stated this is an agreement that goes back some months ago. He stated after the Airport Authority approved the concept, Attorney Stewart worked with Vision Bank and their attorney to draft this license agreement.

Chairman Pawluk stated for all intents and purposes the Airport Authority basically abandoned 23rd Avenue North when the NDANG requested that it be closed. He asked if this agreement causes the Airport Authority to assume any financial responsibility for maintenance of this access.

Mr. Dobberstein stated this does not give the Airport Authority any financial responsibility for maintenance of the access.

Dr. Clark moved the Airport Authority authorize execution of the license agreement with Vision Bank.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Bid Tabulation and Recommendation of Award from TL Stroh Architects for the Passenger Terminal Expansion and Modification Project:

Mr. Terry Stroh, TL Stroh Architects, was recognized and distributed an updated summary of cost for eligibility based on conversations with Mr. Tom Schauer, FAA Airports District Office. He stated this summary in comparison to the last summary shows a higher estimated cost for the project but the percentage of the project which is eligible for federal funding is higher so the airport's share will be lower than previously estimated. The breakdown is as follows:

Total Estimated Project Cost	\$15,157,926
Total Eligible Costs	\$12,297,051
Non-Eligible Costs	\$ 2,860,875
Total PFC Eligible Costs	\$ 48,990

Mr. Stroh stated bids were received and opened on August 31 and while we would have liked more bidders they felt good with the fact that the bids were very close.

Mr. Stroh stated the apparent low general contract bidder was TF Powers with a base bid of \$6,376,000, \$298,700 for Alternate #1 (reroof existing), \$622,000 for Alternate #2, adding fascia to canopy, and \$1,025,000 for Alternate #3 (renovate existing roof/windows).

Mr. Stroh stated the apparent low bidder for the mechanical contract was Grant's Mechanical at \$2,292,464, with no alternates. He stated there are a couple of items which were missed on the specifications for the mechanical contract. He stated they have met with Grant's Mechanical and those items should not total more than \$50,000. He stated Grant's Mechanical has a great staff and they have been working with their engineers on the items.

Mr. Stroh stated the apparent low bidder for the electrical contract was Bergstrom Electric with a base bid of \$2,434,700 and \$22,300 for Alternate #1 (canopy electrical work), \$18,900 for Alternate #2 (tug concourse lighting), and \$80,100 for Alternate #3 (lightning protection removal and installation).

Breakdown as follows:

Total Construction Costs (with all alternates)	\$13,080,164
Fixed Fee (A&E)	950,000
Contingency	610,000
Furniture	500,000
Construction Administration Fee	400,000
Soil Testing	2,700
Surveying	6,700
TOTAL PROJECT COSTS	\$15,549,564

Mr. Stroh stated he would like the board to discuss the alternate items. He stated he feels that General Alternate #1 (Reroof Existing) definitely needs to be done as the building is 20 years old. He stated it was put in as an alternate so that we could identify the cost more easily. He stated the canopy fascia and window replacement alternates are the ones the board really needs to make decisions on.

Received Bid Tabulation and Recommendation of Award from TL Stroh Architects for the Passenger Terminal Expansion and Modification Project: (Continued)

Mr. Bob Anderson stated before he makes a decision on alternates he wants to know if we are going to be able to pay for everything. He stated he thinks it would be nice to do everything so we could have a facility that looks the same in the end. He stated the issue for him is how we are going to pay for it.

Mr. Kilander stated he would like some clarification on the baggage explosive detection equipment and what building renovations will be required for those.

Mr. Dobberstein stated we are still waiting for the TSA to come back with a design for where those machines will be placed. He stated we had a plan in place but it changed because Skywest was not happy with that plan. He stated we believe the machines will come, we just don't know whether we will put them in the lobby and make the passengers carry their luggage to a central location between the Northwest and United counters, which is kind of a step back, but at the same time it would expedite the clearance of bags. He stated in order to facilitate getting the machines up and running in place as soon as possible (because they could show up in the next 30-60 days) our only option would be to put them in the lobby area. He stated another option we are going to look at today would be the former airline operations/office area between Northwest and United which has been occupied by our maintenance staff for many years. He stated that space could be modified on a somewhat temporary basis. He stated he does not want to move forward until we know for certain that the machines are coming.

Mr. Dobberstein recommended we move into the next agenda item discussing the possible revenue bond sale which should answer some questions on funding.

Adopted Resolution Associated With Possible Revenue Bond Sale for Terminal Construction Project:

Mr. Dobberstein stated our bond counsel, Erik Johnson, is here today, along with Mr. David MacGillivray, Chairman, Springsted Incorporated. The board members received a communication from Springsted dated September 8, 2006, and also a computation of revenue available for debt service dated September 12, 2006.

Mr. MacGillivray was recognized and stated he would be reviewing the content of the letter dated September 8. He stated the work done so far has been a joint effort on the part of Mr. Dobberstein, Erik Johnson, Mr. Paul Tietz, Bond Counsel, and himself.

Mr. MacGillivray stated their approach to this project has been to look at the project costs, look at other sources of funding available and then determine the remaining amount of debt to be bonded. He reviewed the three sources of intergovernmental revenues:

1. 2006 Entitlements - \$400,000
2. 2007 Entitlements - \$2,200,000
3. Discretionary funding of \$2,900,000 (consideration of this funding would come in 2007, and would only be available to fund eligible costs for which expenditures have not already been made)

Adopted Resolution Associated With Possible Revenue Bond Sale for Terminal Construction Project:
(Continued)

Mr. Dobberstein clarified that we would not start the portion of the project which will require discretionary funding until we know for certain that we have received it. However, even if we do not receive the \$2.9 million in discretionary we will still be able to complete the project. He stated if we get any discretionary funding it will be a gift. He added that this project will compete with others in the region for discretionary funding and unfortunately terminal projects carry a low priority for discretionary funding. He stated the ideal situation for us would be to have to bond for \$4.5 million but we are capable of bonding for the \$7.5 million. He added that this project is a priority for the ND Aeronautics Commission and the FAA Airports District Office in Bismarck so they will do what they can to make sure we get the maximum funding available.

Mr. MacGillivray reviewed the following breakdown:

Project Estimated Cost	\$15,549,564
Less: Cash to date	(776,250)
Less: 2006 Entitlements	(400,000)
Less: 2007 Entitlements	(2,200,000)
SUBTOTAL ROUNDED	\$12,173,000
Less: Improvement Fund Reserves	(1,200,000)
Less: O&M Reserves	(3,500,000)
 SUBTOTAL	 \$ 7,473,000*
* plus financing costs	

Mr. Anderson asked if there is any question as to whether the City of Fargo will guarantee these bonds.

Mr. Dobberstein stated that Kent Costin, Finance Coordinator, City of Fargo, has also been a party to this process, as the Airport Authority uses the City of Fargo to guarantee its bond issues and we are not aware of any problems.

Mayor Walaker stated he does not see any problem with the City's backing of these bonds.

Mr. Anderson stated he is looking for assurance that the Airport Authority is financially able to handle this amount of debt. He wants us to be able to do the whole project but wants to know for sure it is the fiscally responsible decision.

Mr. Dobberstein reviewed the balances in the various airport accounts and the balances that would remain after expending funds for this project, also taking into consideration funds for additional land acquisitions. He stated he feels we are well covered for this project. He stated he is the last one to recommend going into debt as he hates being in debt.

Mr. Kilander stated the bond people are definitely in the business of selling bonds, but it is also their business to know that the bonds are going to be covered and if their scrutiny of our budget shows we can do this then that makes him feel good. He stated also the fact that the City has no problem with this bond issue is also reassuring. He stated he is satisfied that we are financially covered.

Adopted Resolution Associated With Possible Revenue Bond Sale for Terminal Construction Project:
(Continued)

Gen. Macdonald stated he feels we are being very conservative and he is comfortable with funding the entire project.

Mr. Kilander moved that the Airport Authority authorize the expenditure of \$15,549,564, and move forward with the addition and remodeling as illustrated by the handout summarizing the bids, using the low bidder as recommended by our architect, including all alternates, subject to the City of Fargo authorizing the bond issuance requested.

Second by Gen. Macdonald.

Mr. Erik Johnson stated the formal resolution required will come once the Airport Authority initiates the formal bonding process. He stated we could certainly get some sort of resolution of intent before the City Commission so that the project contract could be awarded.

Mr. Stroh stated we could at least issue a Notice to Proceed so the contractor could proceed with getting purchase orders and locking up prices on materials. He stated it usually takes several weeks before we get an actual contract. He stated if for some reason the project had to be stopped we would be obligated for some items, such as shop drawings, etc.

Mayor Walaker stated he had a discussion with the City's Director of Finance and he gave the bonding process a green light.

Mr. Anderson stated this is a nice project and we have good numbers and he feels we should move ahead. He stated we could delay some of the items such as the windows, but we would only be looking at higher prices at a later date.

Chairman Pawluk stated to not go ahead and do the entire project would be an oversight on our part. He stated when the project is done it should look complete and it should look like a new terminal.

Chairman Pawluk called for a vote on the motion.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Gen. Macdonald moved that the Airport Authority waive the reading of the resolution declaring the official intent of the Municipal Airport Authority of the City of Fargo, North Dakota to reimburse itself from the proceeds of debt for capital expenditures and costs of issuance temporarily funded from revenues or other sources.

Second by Mr. Anderson.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Continued Discussion Regarding Standard Parking Lease Amendment and Extension:

Mr. Dobberstein stated at the last meeting the Airport Authority discussed a request from Standard Parking for an extension of their lease. He introduced Mr. Jack Ricchiuto, Senior Vice President of Standard Parking.

Mr. Ricchiuto was recognized and stated that Standard Parking has been a partner with the airport for many years. He stated they have invested in the infrastructure of the parking lot and they feel they have developed a very successful parking program that has contributed to the airport's financial success.

Mr. Ricchiuto stated Standard Parking has been around for a long time and has been an industry leader in operating airport parking concessions around the country and currently operate at over 60 airports. He stated their airport division is very focused and very familiar with how airports operate. Mr. Ricchiuto stated they are proposing to remain the parking lot operator at Hector International Airport for at least six additional years and they are proposing to install \$250,000 worth of new parking lot revenue control equipment as well as improvements to the parking lot pavement. He stated to offset some of these costs they are proposing a modest rate increase as well as a change in the rent structure. Mr. Ricchiuto stated the new equipment will allow customers to insert their parking ticket and swipe their credit card, which will free up some of the time of the parking lot manager to spend with his many other duties.

Mr. Kilander stated it is his impression that there is quite a change in the rent structure. He stated in order for Standard to make the investment there must be a return on the investment, however, the Airport Authority also has a major responsibility to see that our revenues from the parking lot continue to increase as our passenger count increases. He stated he is not very comfortable with the large decrease in the percentage of revenues to the airport being proposed.

Mr. Ricchiuto stated they are proposing to invest \$450,000 to be spread out over a six and a half year period and there is only so much to go around in terms of repaying that. He stated there were a number of options in restructuring the rent but they decided to propose giving the airport more on the top end. He stated the lion's share of future growth and revenues will go to the airport, yet they are trying to recapture some of their investment as well as their operating expenses. He stated it is in the best interest of the Airport Authority that they have a solid parking program as they will protect that revenue.

Mr. Anderson now absent.

Mr. Kilander stated the two items mentioned that Standard would like to recapture is the \$250,000 for the equipment and \$200,000 for the parking lot maintenance. He stated he feels that Standard Parking has already made a commitment in its present lease to keep the parking lot in good repair so he feels they should just be looking to recapture the \$250,000.

Mr. Ricchiuto stated the way the rent has been structured over the years and the rent paid to the airport has been very aggressive. He stated if they had been required to do a major overlay with their return in the last four years it would have taken everything they made. He stated there were a number of years after 9-11 where their profits were either marginal if not in the red but they hung in with the airport. He stated Mr. Dobberstein could verify that about 85% of the profits in the parking lot are turned over to the airport.

Continued Discussion Regarding Standard Parking Lease Amendment and Extension: (Cont'd)

Mr. Dobberstein stated the parking lot manager, Robert Kinnoin, does a phenomenal job of operating the parking lot. He stated the Airport Authority staff does not have to worry about snow removal, sanding during icy conditions, etc.

Gen. Macdonald stated if his calculations are correct, the new formula will give Standard an additional \$58,500 annually for each \$1 million in revenue, or approximately \$350,000 for the six year period.

Mr. Ricchiuto stated they have tried to structure this so that the airport's cash flows stay consistent or improve, and he thinks they will improve. He stated they have also changed their minimum guarantee from \$270,000 to \$850,000. He stated they feel they are offering the best proposal they can.

Gen. Macdonald moved to approve the Standard Parking lease for an additional six years, based on the parking rates and the return to the airport as outlined in Mr. Ricchiuto's letter of August 21, 2006.

Second by Dr. Clark.

Mr. Dobberstein stated most of the repair work in the lot will be done in the short term lot. He stated the long term lot is in better shape. He stated we have also discussed making the center drive lanes from the flag poles to the exit lanes being done in concrete.

Mr. Ricchiuto stated if the equipment cost comes in less than \$250,000 the remaining dollars will go toward the parking lot maintenance. He stated they are committed to the full amount.

Chairman Pawluk stated he feels Standard Parking has offered the Airport Authority a very attractive proposal, but like other board members he shares some concerns about the decrease in net revenue on the top that goes to the airport. He stated he has expressed concern at other meetings that in the fifth year of a six year contract Standard Parking is coming to the Airport Authority with an offer to do these things if the contract is extended another six years. He stated the net result is that we never really get to see what another service provider would do for us. He stated he would recommend opening this contract up for bids, but that recommendation does not come from dissatisfaction with what Standard Parking does for us. He stated he just feels since this is a public entity it should be open to other proposals.

Mr. Jim Sweeney was recognized and asked why the Airport Authority would not put this contract out for bids and at least announce to the public that you are considering renewal of a contract or accepting offers.

Chairman Pawluk stated he thinks it is probably the expedience factor of not doing that. He stated we could accept proposals for this contract that expires in 13 months, but on the other hand, we have a vendor with which we have zero dissatisfaction who has come forward with an attractive proposal that fills the needs of the Airport Authority.

Mr. Ricchiuto stated he is proud of the fact that 25 airports around the country have been with Standard Parking in excess of 20 years.

Chairman Pawluk called for a vote on the motion.

Members Clark, Kilander and Macdonald voted aye.

Pawluk voted no.

Absent and not voting: Anderson

The motion was declared carried.

Review and Authorize Execution of Annexation Petition to the City of Fargo for Airport Property Located North of County 20 Between County 31 and North University Drive:

Mr. Dobberstein stated the parcel in question is the portion of our recent Marcil property purchase which the Fargo Park District will be leasing for a new park. He stated in order for the Fargo Park District to develop the park it must be within the city limits and right now it is not. He stated we thought the Park District had taken care of this matter over a year ago but now the City of Fargo/Planning Department is requesting that the Airport Authority petition the City of Fargo to annex this property rather than the City taking the action.

Gen. Macdonald moved that the Airport Authority petition the City of Fargo to annex the parcel in question in order for the Fargo Park District to develop a park on the land.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Airport Construction and Security Update:

Mr. Jon Holman, TSA, was recognized and stated they are still asking when the explosive detection system (EDS) machines are actually coming. He stated we have had a different TSA industrial engineering representative assigned to us so we are working with a different person now.

Mr. Holman stated since the change in security procedures effective August 10 regarding liquids in carry-on baggage we have seen an increase of about 20% more checked bags per day. He stated they are now handling more bags than passengers and that would be the thing that has jammed us up with any airline delays.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he does not have a lot to report. He stated the projects are in the wrapping up stages taking care of final details.

Mr. Darren Anderson stated last week we had our TSA comprehensive annual inspection and all is well. He stated he and Liberty Peterson are working on the cell phone park. He stated they are working with 3D Specialties on signage and also with Flint Advertising on a press release.

Other Business:

Mr. Dobberstein stated we have had a storm sewer issue in the south general aviation area come up which needs immediate attention. He stated this involves the installation of some storm sewer on the north side of the Dakota Air Parts hangar (formerly MAA Hangar #2).

Mr. Steve Synhorst, Ulteig Engineers, was recognized and stated this storm sewer project was one that was started by the Guard years ago but then they ran into the area with soil contamination from the former Northwest fuel farm and had to halt the project. He stated the Guard has purchased the materials but are out of funds to complete the project so we are proposing a change order to Northern Improvement's contract for the south general aviation area to complete the project this year. He stated this storm sewer drains the south general aviation area so it is important that this be completed. He stated the estimate of the change order is \$30,000, which should be grant eligible.

Other Business: (Continued)

Gen. Macdonald stated he visited further with Mr. A.W. Larson regarding the parcel of property the airport wishes to purchase from him. He stated he has made it clear to Mr. Larson that he is just one member of the board and cannot speak for the entire board. He stated he and Mr. Larson arrived at a possible resolve of the negotiations. He stated one portion of the transaction would be that the Airport Authority plant trees along the west side of North University Drive, and the second portion is trading those 8.5 acres for about 16 acres in Highland Park. He stated Mr. Larson did not give final agreement to that proposal but he is considering it. He stated he asked Mr. Larson to have his real estate representative to take a look at the land we are proposing to trade.

Mr. Kilander stated he would have no objection to moving forward with that. He stated he just wants to make sure that somehow the deed contains adequate recognition of the existence of the airport.

Chairman Pawluk stated he does have reservations about taking the land that we bought to buffer the airport and creating housing on it.

Mr. Kilander moved to authorize Gen. Macdonald to bring to the Airport Authority a formal agreement for consideration.

Second by Dr. Clark.

Chairman Pawluk stated we need to consider that the estimate we received to plant the trees was approximately \$38,000.

Gen. Macdonald stated he knows we can cut that amount down considerably. He would not be in favor of that amount.

Mr. Kilander stated if we are looking at that much of an investment in trees we definitely need to have a better idea on the assessed values of each parcel of land.

Chairman Pawluk called for a vote on the motion.

All members present voted aye and the motion was declared carried.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, September 26, 2006.

Time at adjournment was 9:50 a.m.

Regular Meeting

Tuesday

September 26, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, September 26, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Pawluk

Absent: Macdonald

Others: Tjon

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held September 12, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held September 12, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$33,855.22:

Mr. Kilander moved to approve the airport vouchers totaling \$33,855.22.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Mr. Anderson moved to approve the individual voucher in the amount of \$18,580.60 to Ulteig Engineers, Inc. for Partial Payment Request for engineering services in connection with the 32nd Avenue North paving project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson and Pawluk voted aye.

Absent and not voting: Macdonald

The motion was declared carried.

Received Terminal Expansion Project Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated they are in the process of drafting the written contracts which normally takes a little while. He stated there are a number of items required of the contractors and those can take weeks to complete. He stated with the board's approval we have sent out notice to proceed letters. He stated the contractors would like to get started as close to October 1 as possible. He stated we are going to meet briefly following today's meeting to set a date for the pre-construction conference. He stated this meeting will be a little more involved than most pre-construction meetings because of the airport security requirements involved.

Mr. Kilander moved the Airport Authority authorize Chairman Pawluk to sign the construction contracts, subject to review and approval by legal counsel.

Second by Mr. Anderson.

Attorney Tjon stated that they are reviewing the contracts to make certain the language includes provisions related to the receipt of federal funding for the project.

Chairman Pawluk called for a vote on the motion.

All members present voted aye and the motion was declared carried.

Received Update Regarding Eastside Terminal Project:

Mr. Dobberstein introduced Mr. Jim Gilmour and Mr. Jim Roers of Keller Williams Roers Realty, who has been retained by the Airport Authority to secure tenants for the Eastside Terminal.

Mr. Gilmour was recognized and stated part of the challenge in the marketability of the building is giving it a new name other than the "old terminal." He stated they would like to engage the services of an architect on a limited scope. He stated one of the great advantages of the building is that there is adequate parking. He stated they feel they can bring the rent up from the current \$6-\$7 per square foot to something that is more profitable for the airport.

Chairman Pawluk asked the board members if they are committed to improving and marketing the Eastside Terminal.

Mr. Dobberstein stated we have done a number of improvements in the building and have advertised it for lease and have received no response. He stated at one time we thought that NDSU was interested in the former restaurant space which was renovated for a potential tenant but that no longer seems to be the case. He stated depending on what the tenant needs we may not need to make renovations to the space.

Mr. Kilander stated that north Fargo is in need of good commercial space. He stated we have a nice location and great parking and maybe to make this thing go we may have to do something more expansive.

Chairman Pawluk stated he is convinced that we will own the building for the long run and that we will want to maintain the building and upgrade it as the market demands.

Mr. Dobberstein stated the realtors' fee will be 6% of the lease amount. He stated if we do put money into improvements, any lease would provide for us to recover those investments.

Mr. Gilmour stated these listings would not be exclusive. He stated these would be shared with other realtors.

Mr. Kilander stated he does not want to see us restrict our thinking on this and the more expansive we can be the better we will be able to serve ourselves and the community.

Chairman Pawluk stated at this point all of the options are on the table.

Received Update from Fargo Park District Regarding North University Neighborhood Park Project:

Mr. Dave Leker, Fargo Park District, was recognized and stated after the Park District came forth with their plans for the neighborhood park north of the airport they were approached by the Fargo School District regarding some possible football/soccer practice fields in that proposed park, as they recently lost some space they used at Yunker Farm. He stated they have talked with Mr. Dobberstein about extending the lease another 240 feet to the south. He stated the Park District is not looking at any changes to their space. He stated they are still looking at open space with no lights. He stated the School District is considering irrigating two fields and fencing those fields so they are used only for practice. He stated they need a higher grade turf on their fields to cut down on injuries.

Mr. Kilander stated he thinks this is a tremendous opportunity for the airport to be a great neighbor. He stated we have purchased this land to protect the airport and as long as this is an approved use it should be used rather than sit empty.

Mr. Anderson stated he does not see adequate parking on the plan.

Mr. Leker stated in a typical neighborhood park setting they do not have parking lots because they assume the neighbors will walk to the park.

Mr. Kilander stated as someone who has had kids in soccer he knows it is typical to park in a ditch and walk half a mile to the field. He stated he sees parking here as a problem and so as not to create problems in the neighborhood the parking should be addressed. He stated we need to give instruction to the Park District and the School District on points of access as we don't want to disturb the neighborhood too much.

Chairman Pawluk stated he feels the Airport Authority has no problem with the concept of this proposal, but the Park District and the School District need to evaluate the parking needs. He stated there is enough property to develop the parking that will be needed.

Mr. Leker stated the biggest thing he is asking for today, on behalf of the School District, is would the Airport Authority allow a security fence around two fields, a double stall storage garage, and irrigation of two fields.

Mr. Dobberstein stated as long as they know that they could build it today and the Airport Authority may have to take it back tomorrow if necessary.

Mr. Pawluk stated one of the conditions he would offer is that we require a sign stating the park is on airport property, similar to the sign at the soccer complex. He stated as far as the storage garage, he would not want to see a building at the end of a runway centerline.

Mr. Leker asked if the storage building could be placed in another location.

Mr. Pawluk stated the building could be in another place. He stated he also has some concern about the fence and any obstruction it may present.

Mr. Dobberstein stated the total leased area will be 25.44 acres (18.66 of which is tillable acreage).

Mr. Kilander stated he does not really think this could be considered a neighborhood park as people will probably not be walking to the park, they will drive.

Mr. Leker stated the City of Fargo is working on more recreational trails so that more people can get to the park on trails.

Received Update from Fargo Park District Regarding North University Neighborhood Park Project:
(Continued)

Mr. Kilander stated he does not have any problem with the chain link fence proposed, as we have chain link around the entire airport.

Chairman Pawluk directed Mr. Leker to come back to the board with a final version.

Airport Construction and Security Update:

Mr. Darren Anderson stated there have been some new security mandates from Washington, one of which is to design an air cargo security area.

Mr. Jon Holman, TSA, was recognized and stated that effective this morning the TSA lifted some of the restrictions on liquids and gels past the security checkpoint. Any items must be three ounces or less and contained in a quarter size sealable plastic bag.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he did not really have anything to report on the construction projects. Northern Improvement is working on the drainage improvements along Joe Parmer Drive.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, October 10, 2006.

Time at adjournment was 8:37 a.m.

Regular Meeting

Tuesday

October 10, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, October 10, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Anderson, Pawluk
Absent: Kilander, Macdonald
Others: Tjon

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held September 26, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held September 26, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$27,347.25:

Mr. Anderson moved to approve the airport vouchers totaling \$27,347.25.
Second by Dr. Clark.
On the call of the roll, members Clark, Anderson and Pawluk voted aye.
Absent and not voting: Kilander, Macdonald
The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Dr. Clark moved to approve the individual voucher in the amount of \$8,289.12 to Flint Communications for payment request for 2006 airport marketing program.
Second by Mr. Anderson.
On the call of the roll, members Clark, Anderson and Pawluk voted aye.
Absent and not voting: Kilander, Macdonald
The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Dr. Clark moved to approve the individual voucher in the amount of \$4,002.00 to Sixel Consulting for September passenger fees for Delta and Allegiant.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson and Pawluk voted aye.

Absent and not voting: Kilander, Macdonald

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Dr. Clark moved to approve the individual voucher in the amount of \$19,369.50 to Shafer Contracting for Partial Payment Request #18 (Final) for runway 17/35 Reconstruction Project, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson and Pawluk voted aye.

Absent and not voting: Kilander, Macdonald

The motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Dr. Clark moved to approve the individual voucher in the amount of \$55,221.05 to Strata Corporation for Partial Payment Request #5 for construction of Runway 17/35 Reconstruction Project, Phase II, AIP31.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson and Pawluk voted aye.

Absent and not voting; Kilander, Macdonald

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Dr. Clark moved to approve the individual voucher in the amount of \$88,982.37 to Shafer Contracting for Partial Payment Request #3 (Final) for 32nd Avenue North paving project.

Second by Mr. Anderson.

On the call of the roll, members Clark, Anderson and Pawluk voted aye.

Absent and not voting: Kilander, Macdonald

The motion was declared carried.

Passenger Terminal Project Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated they had their first construction meeting yesterday. He stated they hope to start working on site preparation any day now. He stated they have been working with the electrical contractor on matters dealing with the generator. He stated rather than the airport trying to market the existing generator, Bergstrom will take the unit and allow a trade-in value which will be deducted from the project. He stated generators are a very marketable commodity so they will have no problem finding a place for it. He added that the new generator will be in service before the old one is taken out.

Foreign Trade Zone Update:

Mr. Dobberstein stated since the Airport Authority is the grantee under the Foreign Trade Zone, the members of the Airport Authority will serve as the Foreign Trade Zone Commission. He stated Mr. Craig Pool, Foreign Trade Zone Corporation, was in town last week setting up our FTZ guidelines for operations. He stated we are trying to stay in constant communication with Case New Holland as they go through their activation process, which will probably be another four to six months. He stated our guidelines will lay out what we will charge in terms of our costs to operate the zone. He stated so far we have estimated our annual costs to operate the zone to be about \$16,000-\$17,000 per year. He stated our goal, in conjunction with the Greater Fargo-Moorhead Economic Development Corporation, is that we would charge enough to break even on this project. He stated the costs will be split evenly among the users. He added that the process is going well.

Airport Construction and Security Update:

Mr. Darren Anderson stated he had nothing new to report on security. He reported that the Cell Phone Park sign is up and we expect to have a news release later this week.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated both Strata and Northern are still working on wrapping up their projects.

Mr. Steven Synhorst, Ulteig Engineers, was recognized and stated before 9-11-01 the Guard started a storm sewer project in the area of their ramp by old Hangar #2 which was destroyed by a wind storm. He stated the Guard had an open end contract to remove the ramp, replace the storm sewer and re-grade the area but when they started the project they ran into contaminated soil and problems with the contractor and then ran out of money and the contractor was not able to finish the project. He stated the Guard tried to do the work themselves but ran into some difficulty.

Mr. Synhorst stated the bottom line is this situation affects the drainage on the west side of the hangars in that area. He stated he talked to Mr. Dobberstein and he authorized him to get quotes from three contractors as follows:

Northern Improvement	\$68,500
Sherman Excavating	\$52,600
Sellin Brothers	\$49,800

Airport Construction and Security Update:

Mr. Dobberstein stated that Northwest Airlines is still working with the State of North Dakota to get the contaminated soil cleaned up. He added that this project is far enough away from the contaminated soil that one does not affect the other. He stated this project would be eligible for PFC funding so we could get our money back.

Mr. Dobberstein stated as far as the contaminated soil, the Guard feels they have enough information from the State Health Department that they have no liability in the soil contamination. He added that we need the storm sewer in this area to connect to the rest of the storm sewer in order to get property drainage. He stated the bids came in higher than we estimated but we need to get this project done.

Chairman Pawluk asked what would happen if we asked the Guard to complete the project.

Mr. Dobberstein stated it probably would not be completed.

Mr. Bob Anderson stated if this was originally a Guard project it should have been bonded and then the bonding company should have finished the project.

Mr. Synhorst stated he is not sure they required a bond on this project.

Chairman Pawluk stated it sounds like if we want the project done we are going to have to do it ourselves.

Mr. Anderson stated he feels like it is being shoved down our throats.

Chairman Pawluk stated he can't think of a time when we haven't done whatever the Guard has asked us to do and typically we bend over backwards to accommodate them.

Mr. Anderson asked what the worst case is if we leave this go for a while.

Mr. Synhorst stated the water will continue to collect in that area.

Mr. Anderson stated for \$50,000 he is inclined to wait with the project.

Chairman Pawluk stated the solution will probably be the same in the spring as it is now.

Mr. Synhorst stated one positive thing about doing this now is that when the Airport Authority is ready to expand with additional hangars in that area the site will be ready as far as storm sewer.

Dr. Clark stated she is inclined to go with Mr. Dobberstein's recommendation.

Dr. Clark moved the Airport Authority award the contract for the storm sewer improvements in the south general aviation area to Sellin Brothers based on their proposal of \$49,800.

Chairman Pawluk relinquished the chair to Vice Chairman Anderson.

Mr. Pawluk seconded the motion.

Chairman Pawluk returned to the chair and called for a vote on the motion.

Members Clark and Pawluk voted aye.

Anderson voted no.

Absent and not voting: Kilander, Macdonald

The motion was declared carried.

Other Business:

Chairman Pawluk stated the monthly statistics for September were distributed and passenger boardings through September are up 12%.

Other Business: (Continued)

Mr. Dobberstein stated he has been working with the FAA regarding a white storage building (garage) on the southeast end of the airport and is now within a fence around NDANG property. He stated he has been working with Roger Kotchitan, FAA, and the FAA Real Estate Office and the paper trail seems to end in 1986 when the FAA terminated the lease and tried to turn it over to the Civil Air Patrol. He stated the CAP never occupied the building and the FAA continued to occupy it. He stated the FAA was aware that the building would be within the Guard's fence and if they needed access they would have to coordinate that with the Guard.

Mr. Dobberstein stated the FAA is no longer interested in occupying the building and they are planning to expand their building by the tower or construct a new storage facility. He stated last week the FAA officially turned the building over to the Airport Authority. He stated it is within the Guard fence and probably does not have any value. He stated we will probably just leave the building as it is until the Guard wants it out of the way and at that time we may ask them to remove it.

Chairman Pawluk asked for an update from Northwest Airlines.

Mr. Michael Murphy, NWA station manager, was recognized and stated as of November 14, 2006, Northwest Airlines will be outsourcing their employee positions here in Fargo and services will be provided by Worldwide Flight Services. He stated Mr. Bob Camp will be the local manager and Mr. Camp will report to him. He stated he will be the only Northwest employee on site.

Mr. Murphy stated with regard to Mesaba Airlines (Northwest AirlinK) they will run out of cash as of October 13. He stated the RJ (regional jet) is out of the Northwest schedule as of October but he does not see any impact to the Fargo schedule and the number of seats.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, November

Time at adjournment was 8:32 a.m.

Regular Meeting

Tuesday

November 14, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, November 14, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Kilander, Anderson, Macdonald, Pawluk
Absent: Clark
Others: Tjon

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held October 10, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held October 10, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$44,832.89:

Mr. Kilander moved to approve the airport vouchers in the amount of \$44,832.89.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,971.08 to Ulteig Engineers, Inc. for partial payment request for professional services in connection with the PFC07 Application.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$826.00 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 32nd Avenue North paving project.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$13,371.57 to Ulteig Engineers, Inc. for partial payment request for engineering services in connection with the 32nd Avenue North paving project.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Dawson Insurance:

Gen. Macdonald moved to approve the individual voucher in the amount of \$16,335.00 to Dawson Insurance for Builder's Risk coverage for the terminal expansion project.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Tradewind Scientific:

Gen. Macdonald moved to approve the individual voucher in the amount of \$11,335.00 to Tradewind Scientific for the upgrade to the Saab runway friction tester.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,010.00 to Sixel Consulting for airline passenger report for the second quarter of 2006.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$4,918.00 to Sixel Consulting for October passenger fees (Delta/Allegiant).

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Rising Sun Construction:

Gen. Macdonald moved to approve the individual voucher in the amount of \$46,244.00 to Rising Sun Construction for full and final payment for south general aviation area apron storm sewer project.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Gen. Macdonald moved to approve the individual voucher in the amount of \$7,947.49 to Flint Communications for payment request for 2006 airport marketing program.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$25,410.00 to TL Stroh Architects for partial payment request for architectural services in connection with the terminal expansion project, APFC07.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to TF Powers Construction:

Gen. Macdonald moved to approve the individual voucher in the amount of \$195,700.00 to TF Powers Construction for Partial Payment Request #1 for general construction of the terminal expansion project, APFC07.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Grant's Mechanical:

Gen. Macdonald moved to approve the individual voucher in the amount of \$20,925.00 to Grant's Mechanical for Partial Payment Request #1 for mechanical construction of the terminal expansion project, APFC07.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Shafer Contracting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$4,825.50 to Shafer Contracting for Partial Payment Request #19 (Final) for the Runway 17/35 Reconstruction Project, AIP30.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Northern Improvement:

Gen. Macdonald moved to approve the individual voucher in the amount of \$18,239.70 to Northern Improvement for Partial Payment Request #5 (Final) for 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Strata Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$27,610.55 to Strata Corporation for Partial Payment Request #6 (Final) for 2006 Airfield Improvements, Project AIP31.

Second by Mr. Anderson.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Received Third Quarter 2006 PFC Report:

The PFC Report for the third quarter of 2006 was received and filed without objection.

Mr. Dobberstein stated that since the last meeting we have received word from the FAA that our application for PFC07 has been approved. He stated that will be the PFC collection for our building expansion project for which we will be issuing bonds.

Received Change Order Request G-1 for an Increase of \$1,557.00, G-2 for an Increase of \$2,045.00 (Hydrants) and E-1 for an Increase of \$4,961.00 (poles/circuits/exit light):

Mr. Dobberstein stated the only change order request he has documentation for is G-1 in the amount of \$1,557. He stated when TF Powers removed the siding on the wall on the north side of the building for the temporary overhead door they found the elevation of the door and the terminal ramp were off by five inches so they had to remove some concrete and pour a new drive.

Mr. Dobberstein stated G-2 in the amount of \$2,045.00 was for a change in the underground main for an existing fire hydrant. He stated in his opinion, the plans showing this were correct and available for review but this was something that was missed.

Mr. Terry Stroh, TL Stroh, was recognized and stated the amount will actually be \$1,635.00 instead of \$2,045.00. He stated the hydrant was correctly shown on Ulteig's plans. Mr. Stroh stated that legitimate change orders are changes to a project that the owner would have had to pay for anyway. He stated there are things that come up during a project that do get missed. He stated he

Received Change Order Request G-1 for an Increase of \$1,557.00, G-2 for an Increase of \$2,045.00 (Hydrants) and E-1 for an Increase of \$4,961.00 (poles/circuits/exit light): (Continued)

discussed the matter with Mr. Steve Synhorst, Ulteig Engineers, and they recognize that it should have been a simple thing to catch so Ulteig will pay 20% of the change order. He stated the cost of change orders are typically not at bid prices so since the change order was at a premium price they will pay for 20% of the cost. He stated if this had been caught earlier in the project the airport would still have had to pay for the work that was done.

Mr. Stroh stated Change Order E-1 in the amount of \$4,961.00 is for a parking lot light pole which should have been located by North Dakota One Call. He stated they did the survey of the area prior to the project and this was missed. He stated the cable was not severed but they found this cable and had to relocate it.

Mr. Stroh stated we will also be requesting Change Order E-2 which involves the sluice gate which was shown on the Houston Engineering plans. He stated that change order is estimated to cost \$7,281.00 and Ulteig has also offered to pay 20% of this change order or \$1,460.00.

Mr. Stroh stated they carefully review every change order before presenting them and we are dealing with reputable contractors so he is confident that these amounts are not out of line.

Mr. Bob Anderson stated he would recommend that the Airport Authority not take any action on these change order requests at this time. He stated he would like to see a detailed breakdown of costs (material, labor, overhead and profit) for each of these change orders before approving them. He stated he plans on having his nose in every aspect of this project and is going to make sure everything is fair and equitable.

Mr. Dobberstein stated he has documentation only for G-1. He asked the board members to review the documentation and see if the format is adequate and enough information is provided.

Mr. Stroh stated for future change orders he will provide detailed documentation to all board members by e-mail so they have adequate time to review each change order.

Chairman Pawluk stated he appreciates Mr. Anderson's perspective on this project as he has a lifetime of construction experience. He stated the board will continue to look to Mr. Anderson for guidance.

Chairman Pawluk stated we will address these change orders at the next meeting.

Passenger Terminal Construction Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated the project is under way and we have run into everything possible during the excavation process. He stated most of the footings have been dug and many of them have been poured. He stated we have been very fortunate with the weather we have had both with the warm temperatures and dry conditions.

Gen. Macdonald stated it is his understanding that the interior work on the escalators and stairs will start the first of the year.

Mr. Stroh stated that is correct but we will not start until absolutely all of the materials are on site. He stated the escalator and stair area will be closed off with a temporary wall and a temporary stairway will be built near the giftshop. He stated the absence of the escalators will be the most inconvenient part of the whole project for the passengers and that process will take about four months.

Passenger Terminal Construction Update: (Continued)

Gen. Macdonald stated he thinks the most important thing for passengers will be adequate signage so they know where to go.

Mr. Stroh stated there will be adequate signage for passengers and also directing traffic to elevator access, which will remain available until the escalators are finished.

Chairman Pawluk asked if the temporary stair will be wide enough since it will be handling both up and down traffic. He stated the hardest thing will be people carrying their bags, but he has noticed lately that because of carry-on restrictions people seem to be taking smaller bags.

Chairman Pawluk stated his concern is that the stairway will be wide enough. He asked if we could use the stairways on either end of the building.

Mr. Dobberstein stated making those available would be an option.

After further discussion, it was the consensus that as things progress we will come up with a plan to use the east and west stairways as well as the temporary stair.

Mr. Kilander suggested we do as much as we can with public service announcements and the media to help people understand the situation during the construction.

Receive Update Regarding the Proposed Lower Level Ticket Counter/Operations Area Baggage Screening Modification:

Mr. Dobberstein stated that Mr. Devin Mogck, TL Stroh Architects, has been working on the proposed lower level ticket counter/operations area baggage screening modifications. He stated the TSA still has a desire to get EDS machines here but they would like to just drop them off and not budget any funds or make any provisions to move them to their ultimate location. He stated we have budgeted \$750,000 for renovations to this area and to accommodate this equipment. He stated his preference is that the machines are placed in their ultimate location from the start.

Mr. Dobberstein stated the latest plan we have been working on is to renovate the existing airline space next to Northwest Airlines. He stated the space is currently housing the airport building maintenance staff and that office will be relocated. He stated we anticipate that once the TSA tells us the equipment is coming we will have 90-120 days to prepare the space. He stated we could have built the space prior to receiving notice from the TSA but then they might change their minds on the type of equipment we will receive and the space could be all wrong for the equipment. He stated we are also going to try to use as much of the existing baggage conveyor system we have and we are working with the RAPAT company from Hawley, MN, who specializes in conveyor systems. He stated he does not want to move the machines once they arrive because the cost to recalibrate the machines is expensive. He stated he does not want to start this project until we have a letter from the TSA in hand advising when the equipment will arrive.

After further discussion, Mr. Stroh was directed to get the ticket counter/operations area project ready for bid.

Airport Security and Construction Update:

Mr. Darren Anderson stated things have changed drastically for ingress into all areas of the airport for private pilots and others. He stated all access card holders will be required to provide information similar to that required for a federal I-9 form, which is basically a passport or a driver's license and a social security card.

Mr. Dobberstein stated that Mr. Darren Anderson will be attending the FAA Great Lakes Region conference starting tomorrow in Chicago. He stated Darren will be representing the airport to accept the FAA Great Lakes Region Airport Safety Award for 2006. He stated it is appropriate that Darren be the one to accept the award as he, along with Henry Swedberg and the airfield maintenance staff, maintain the excellent safety record at the airport.

Mr. Bernie Ness, Avis and Budget, was recognized and stated as a vendor on this airport he would like to say that "life is good at this airport." He stated that there are so many positive things happening at the airport and any inconvenience that will have to be endured due to the construction will be minor.

Other Business:

Chairman Pawluk stated as long as he has been a member of the Airport Authority we have been trying to attract and keep general aviation as an active part of the airport. He stated we have had some success but we really have not had great success. He stated we have seen success with commercial aviation and a lot of that credit goes to Fargo Jet Center for that type of traffic. He stated we seem to have maintained the amount of general aviation activity but we have not seen the growth that they have seen in Casselton, West Fargo, Hawley or Moorhead. He stated there are a lot of factors that probably conspire against us such as the tower presence, security requirements, etc., but the fact is that we have a lot of things to offer general aviation pilots that those airports don't, such as 24 hour aircraft rescue and fire fighting services. He stated you would think that all of the pilots are aware of these advantages, but apparently they must think that the disadvantages are too great. He stated he wishes we could capture some of the growth going to those other airports because we do have so much to offer.

Gen. Macdonald stated yesterday was the last day for the Northwest Airlines employees in Fargo. He offered the following resolution of appreciation for their service and moved its adoption:

WHEREAS, The Municipal Airport Authority would like to recognize its long standing relationship with the Fargo employees of Northwest Airlines, and

WHEREAS, The Northwest Airlines employees in Fargo served their last day on the job at Hector International Airport on November 13, 2006, and

WHEREAS, Many of these Northwest Airlines employees have served in excess of thirty years and many of them their entire years of service at Hector International Airport.

Other Business: (Continued)

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority does hereby thank the Fargo employees of Northwest Airlines for their many years of dedicated and professional service to Hector International Airport and the Fargo area passengers, and do wish them the very best in their future endeavors.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent minutes of the Municipal Airport Authority and that a certified copy of the herein resolution be forwarded to each of the Fargo Northwest Airlines employees.

Second by Mr. Anderson.

All members present voted aye and the motion was declared to have been duly passed and adopted.

Other Business: (Continued)

Mr. Dobberstein stated he met with Bruce Grubb, Pete Bilstad and Jim Hausauer from the City of Fargo, along with Mr. Eric Dodds with a local engineering firm. He stated they will be coming before the Airport Authority at the next meeting to request consideration to lease two acres of airport property to build a lift station. He stated they plan to put in a major sanitary line around County 20. He stated they will have further details at the next meeting. He stated this is not a project that will be assessed through specials.

Mr. Anderson now absent.

Mr. Dobberstein stated on the next agenda will be a request from Fargo Jet Center for a cooperative marketing agreement. He stated Mr. Darren Hall, Fargo Jet Center, is here today to provide a written proposal for the board members' review before the next meeting.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, November 28, 2006 at 8:00 a.m.

Time at adjournment was 9:27 a.m.

Regular Meeting

Tuesday

November 28, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, November 28, 2006 at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Kilander, Anderson, Macdonald, Pawluk
Absent: Clark
Others: Tjon, Walaker

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held November 14, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held November 14, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$30,768.66:

Gen. Macdonald moved to approve the airport vouchers totaling \$30,768.66.
Second by Mr. Anderson.
On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.
Absent and not voting: Clark
The motion was declared carried.

Approved the Individual Voucher to Foreign-Trade Zone Corporation:

Mr. Anderson moved to approve the individual voucher in the amount of \$1,804.26 to the Foreign-Trade Zone Corporation for payment request for reimbursable travel expenses.
Second by Mr. Kilander.
On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.
Absent and not voting: Clark
The motion was declared carried.

Continued Discussion Regarding Change Order G-1 for an Increase of \$1,557.00:

Mr. Dobberstein stated this was on the agenda at the last meeting but since that time the board members have been provided with documentation on the change order. He stated this is for the temporary overhead door in the tug concourse area for use during construction.

Mr. Anderson moved to approve Change Order G-1 to the Terminal Expansion Project for an increase of \$1,557.00.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Continued Discussion Regarding Change Order G-2 for an Increase of \$2,045.00:

Mr. Terry Stroh, TL Stroh, was recognized and stated Change Order G-2 is for a fire hydrant that was not located properly during the survey so it had to be moved.

Mr. Steve Synhorst, Ulteig Engineers, was recognized and stated they were involved in this matter and after reviewing it they feel it was an oversight on their part and they are willing to pay the amount that would be considered overhead and profit on this change order, which they estimate to be about \$400.00.

Mr. Anderson moved to approve Change Order G-2 to the Terminal Expansion Project, in the amount of \$2,045.00.

Second by Mr. Kilander.

On the call of the roll, members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Passenger Terminal Construction Update:

Mr. Terry Stroh, TL Stroh Architects, was recognized and stated things are going well with the project. He stated there has been some vibration on the building during construction which caused one of the existing light fixtures in the main lobby area to fall. He stated after that incident Modern Electric was directed to look at all of them and found five or six more that were cracked and worn from the heat of the lamps over 20 years. He stated this building vibrates a lot more than other buildings they have worked with probably due to the fact that the building is big and open. He stated other than that the project is moving along well.

Mr. Stroh stated at the last meeting they were directed to move ahead on the modifications to the baggage check-in area where the baggage screening devices will be located. He stated those plans should be ready by the end of December and we should be ready to go to bid in January. He stated we have not been able to get a price from the company who will be doing the work on the conveyors, but it looks like otherwise we are well under the original \$750,000 estimate.

Mr. Dobberstein stated he met with Anthony from Grant's Mechanical yesterday and they are proposing to take over all of our HVAC maintenance effective January 2. He stated Robert Gibb & Sons has been doing all of our HVAC maintenance to this point.

Receive Update on Pending Bond Issue:

Mr. Dobberstein stated he provided the board members with the latest information from Mr. David MacGillivray, Springsted, with their latest review of our pending bond issue. He stated after reviewing the cash outflow statements from the three contractors it is estimated that in February 2007 we will be in need of the bond funds. He stated we still do not know what Congress will do with the AIP bill. He stated once we have that information we will know how much we will have to bond and we do not want to bond too much because we are anticipating discretionary AIP funds. He added that he has had discussions with Mr. Kent Costin, Finance Director for the City of Fargo, regarding some short term, interim financing.

Received Update Regarding Eastside Terminal:

Mr. Dobberstein introduced Mr. Jim Roers and Mr. Gerry Gilmour, Keller Williams Roers Realty. He stated he met with them last week to review their proposed plans for the Eastside Terminal, which is part of a marketing strategy to attract tenants to the building. He stated they engaged the services of JLG Architects and are working with Mr. Lee Dobrinz on a concept for the building.

Mr. Roers presented some proposed floor plans and options for the building. He stated they are not saying this is what the building will ultimately look like but they need to have something to take out to the market to show potential tenants. He stated the building needs an elevator and it will work very well in one of the existing stairwells. He stated both stairwells are not necessary for egress requirements. He stated the bathroom facilities are appropriately positioned but they need to be updated and they need to be made smaller because they are too big and taking up too much space. He stated they are proposing no changes to the US Customs space or the Northstar Insurance space other than some small modifications. He also presented the proposed changes to the exterior of the building.

Mr. Roers stated they are looking for approval from the Airport Authority to take these plans to the marketplace to potential tenants. He stated if the Airport Authority approves this preliminary plan they will begin to surround this plan with some dollars and cents and then if we find interested tenants we will be able to figure out construction costs, what potential revenues will be and how much of the project will be feasible.

Mr. Roers stated they have also taken a preliminary look at the overall site plan and how it can be enhanced from an architectural and visual point of view. He stated they feel the parking is not adequate and they are looking at possibly twice as much parking. He added that if they are able to create the demand they think they will be able to create, there may be need for more than just the existing building.

Mr. Roers stated they have also discussed a new name for the building rather than the "old terminal." He stated suggestions have been "Hector Airport Office Park" or "Hector Airport Business Park."

Received Update Regarding Eastside Terminal: (Continued)

Gen. Macdonald asked what percentage of the building would have to be spoken for before we proceed with any improvements.

Mr. Kilander stated it is typical in the development business that you want a certain percentage of the building spoken for before you pull the trigger and go into major renovations.

Mr. Roers stated there is no debt on the building so he would recommend requiring one third of the building spoken for and then there would be positive cash flow. He stated as we get further into the development process it is a good thing to have a number of different tenants rather than just one major tenant.

Chairman Pawluk stated we have to have in the back of our mind who the target tenant would be and he can't help but think that a good target for this structure would be the NDSU Tech Park clients.

Mr. Roers stated it was their intention to contact NDSU right away. He stated right now they are looking for the Airport Authority's approval on these preliminary plans.

Mr. Kilander moved to approve the concept presented by Keller Williams Roers Realty and give them the opportunity to take it to the next step, continuing with marketing plans and costs.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Request from the City of Fargo to Locate a Sanitary Sewer Lift Station on Airport Property:

Mr. Bruce Grubb, Enterprise Director for the City of Fargo, was recognized and stated about a year and a half ago the City of Fargo completed a comprehensive Master Plan process for its water and wastewater utilities. He stated they wanted to evaluate the performance of the existing infrastructure and also determine what future improvements might be needed to handle future growth. He stated the study identified a need for a third interceptor in Fargo for added capacity. He stated in addition they want to attempt to control sanitary sewer overflow during wet weather events.

Mr. Grubb stated they looked at property along County 20 and the site on the airport's property south of County 20 at about 33rd Street was the preferred site. He stated initially they were looking at leasing one to two acres but in order to preserve the shelterbelt they would look at leasing three acres.

Chairman Pawluk asked if the City would be purchasing the land from the airport.

Mr. Grubb stated they would prefer to buy the land.

Mr. Dobberstein stated he would prefer to lease the land to the City because the process to sell land which was purchased with federal funding is a complicated and lengthy process. He stated we would lease the land at the same average rate as our farm leases, which changes every three years.

Chairman Pawluk asked if the proposed site is the ideal site or if they have a range or possibilities.

Mr. Grubb stated it is ideal for them due to the overflow component as it is directly south of the wastewater lagoons, so geographically it is ideal, however, the master plan just indicated a site somewhere along County Road 20 for a third interceptor.

Received Request from the City of Fargo to Locate a Sanitary Sewer Lift Station on Airport Property:
(Continued)

Chairman Pawluk asked if the project would be hurt if the location would be moved to a site where there would be no chance of any building on the site.

Mr. Grubb stated the location is ideal but they could find another location if necessary.

Chairman Pawluk stated this location is not a problem now as it is just farm land, but in 20 years from now it will be valuable real estate. He added that it is also important to have city utilities operating properly.

Mr. Dobberstein stated we would prefer to have the site as close to County 20 as possible as we have had interest shown in developing about 25 acres in that corner and putting a sewer lift station in the middle of that site would not make sense.

Mr. Anderson stated that Mr. Dobberstein hit it on the nose and we need to preserve that area for future development.

Mr. Kilander asked why they need three acres.

Mr. Eric Dodds, Advanced Engineering and Environmental Service, Inc., was recognized and stated the reason for the amount of land requested and the access road around the lift station is for semi truck access for chemical deliveries. He stated another reason for the three acres was for the tree rows.

Chairman Pawluk asked if there is anything about this location that in 20 years will make us sorry we approved this now.

Mr. Dobberstein indicated he did not think so. He stated during the County Road 20 Corridor Study this was considered and this would be located on any access road into development on airport property.

Gen. Macdonald moved to approve the request from the City of Fargo to lease airport land for a lift station, subject to moving the station as far north and as far west as possible, in conjunction with final approval from the Executive Director.

Second by Mr. Kilander.

Chairman Pawluk asked Mr. Grubb if he had any questions on the concerns of the Authority.

Mr. Grubb indicated he did not have any questions.

Chairman Pawluk called for a vote on the motion.

All members present voted aye and the motion was declared carried.

Discussed Joint Marketing Proposal from Fargo Jet Center:

Chairman Pawluk stated the board members received the information at the last meeting for review and discussion at this meeting.

Mr. Darren Hall, Marketing Manager, Fargo Jet Center, was recognized and distributed a global map showing some of the routes they are specifically targeting in their marketing. He stated they just returned from an aviation trade show in Los Angeles where they were able to meeting with about 100 contacts and prospects who either own or manage aircraft and schedule routes. He stated they are trying to establish relationships with these companies and encourage them to schedule their stops in Fargo during international travel.

Mr. Hall stated the things that are important to these companies are: fuel price, Customs service, quick turnarounds, 24 hour tower, ARFF services, etc.

Discussed Joint Marketing Proposal from Fargo Jet Center: (Continued)

Gen. Macdonald stated this type of traffic has a long range impact on maintaining our Customs service at the airport and also our air traffic control operations. He stated on December 7 we have a meeting with the FAA discussing radar coverage for the tower and 24 hour coverage.

Mr. Dobberstein stated he would recommend that the Airport Authority partner with Fargo Jet Center in their marketing program but that we start slow and target key events, probably a maximum of four per year, and participate in 50% of the booth costs. He stated the money is in the marketing budget for this type of joint effort.

Mr. Kilander stated he feels efforts of this type go a long way in helping with the critical need to sustain our 24 hour tower and US Customs and anything we can do to help in that effort is money well spent.

Chairman Pawluk stated he would agree with that but if we are spending public funds he would like some way to measure results. He stated he feels rather than send our own people to these events that we partner with Fargo Jet Center, as they are already attending these events.

Mr. Kilander stated he thinks having one of our people attend an event would certainly add credibility to the presentation, however, he sees great return to the airport by just assisting Fargo Jet Center by participating in the costs to attend these events.

After further discussion, Chairman Pawluk recommended we approve a certain dollar amount, whether or not any of our people participate which would be left up to the Executive Director, and that we request progress reports and review the matter again as we go forward before we jump into it with both feet. He recommended that we start with a \$5,000 appropriation.

Gen. Macdonald moved the Airport Authority authorize participation of \$10,000, leaving the discretion up to the Executive Director.

Second by Mr. Kilander.

Chairman Pawluk stated he feels we would like to know that our dollars are producing results.

Chairman Pawluk called for a vote on the motion.

Members Kilander, Anderson, Macdonald and Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Discussed 2007 Airport Marketing Plan:

Mr. Dobberstein stated at our December meeting Flint Communications will present their marketing proposal for 2007. He stated new commercials were produced in 2006 so a lot of the budget went toward production but now in 2007 more money will be spent on actual advertising. He stated Flint continually monitors which type of advertising gives us the most bang for our buck.

Gen. Macdonald stated he thinks the commercials have been fantastic.

Chairman Pawluk stated he would like to see a concentrated effort on public service announcements keeping the public updated on the construction project and what to expect as far as inconveniences.

Mr. Dobberstein stated we have a public relations marketing fund in our Operations and Maintenance Fund which we will use to cover costs to get those messages out.

Airport Construction and Security Update:

Mr. Darren Anderson indicated he had nothing new to report on airport security.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated they are working on project close-outs.

Discussed December 2006 and January 2007 Meetings:

Mr. Dobberstein stated he is proposing to have just one meeting in December on Tuesday, December 19, 2006, and also just one meeting in January, which will be our Annual Meeting on Tuesday, January 16, 2007.

Other Business:

Chairman Pawluk stated he would like to advise everyone of the meeting Senator Dorgan has requested with the FAA on December 7, 2006 at 7:00 pm at the Fargo Jet Center, to discuss air traffic control tower operations.

Mr. Dobberstein stated this meeting is actually a pilot's event, but Senator Dorgan has requested this meeting with the FAA and the pilots (general aviation, commercial, military, airline) will have a chance for questions and answers. He stated the recent changes with the FAR ATCT and approach control have resulted in some delays for pilots. He stated there have been situations where multiple aircraft coming into or departing the Fargo airspace have experienced delays. He stated this is an opportunity for the pilots to voice their concerns to the FAA.

Mr. Kilander stated he feels it is important for the Airport Authority to have a real presence on this matter.

Gen. Macdonald stated it would help to adopt a formal resolution and request that the Fargo City Commission do the same.

Gen. Macdonald offered the following resolution and moved its adoption:

WHEREAS, The Municipal Airport Authority of the City of Fargo, North Dakota, has learned of a recent operational service change made by the Federal Aviation Administration whereby Radar Approach Control Services for operations at Hector International Airport between the hours of 11:00 p.m. and 6:00 a.m. Monday through Friday, and between the hours of 10:00 pm and 7:00 a.m. Saturday and Sunday, have been transferred to the Minneapolis Air Route Traffic Control Center located in Farmington, MN, and

WHEREAS, The Municipal Airport Authority of the City of Fargo, North Dakota, has been made aware of concerns from the aviation community that this change is impacting the aircraft operators' efficient use of Hector International Airport, and

Other Business: (Continued)

WHEREAS, The Municipal Airport Authority has major concerns the effect this change is having on the levels of service and safety to the airport as well as the impact on the aviation community to include the time critical accommodation of emergency medical flights and the ability of passenger aircraft as well as freight/cargo aircraft to operate safely and efficiently.

WHEREAS, The Municipal Airport Authority feels it is imperative that we maintain the previous level of safety and service, which included the Fargo Tower providing 24-hour Radar Approach Control Services rather than the current practice of fractional control from Minneapolis Center.

NOW, THEREFORE, BE IT RESOLVED, That the Municipal Airport Authority of the City of Fargo does hereby go on record as opposing the transfer of Radar Approach Control Services to Minneapolis Center and request that this service be reinstated immediately to allow the Fargo Tower to permanently provide this service 24 hours a day.

BE IT FURTHER RESOLVED, That this resolution be inscribed upon the permanent records of the proceedings of the Municipal Airport Authority and that certified copies be sent to the Federal Aviation Administration, members of the North Dakota Congressional Delegation, and Governor John Hoeven.

Second by Kilander.

All members present voted aye and the resolution was declared to have been duly passed and adopted.

Chairman Pawluk stated his concern is that this change is just one step closer to the FAA not providing 24 hour service and closing the tower during the night hours.

Mr. Dobberstein stated he and Attorney Tjon have been working with an existing tenant regarding lease agreements dating back as far as 1977. He stated during this review we have discovered that the current tenant may not have been aware of an amendment to the lease in 1980 to add property to the lease to accommodate footage containing a 10,000 gallon underground fuel tank. He stated North Dakota law requires that abandoned fuel tanks be removed and the tenant feels it is not his responsibility as he was not aware of the tank.

Attorney Tjon stated she reviewed all of the leases and amendments and the problem with the 1980 amendment adding footage to the lease is that the amendment has no reference to the reason for the amendment but the only reference to the fuel tank is in the Airport Authority's minutes from the meeting approving the request for the amendment to include footage for the tank. She stated there have been a series of owners since that time and the current owner asserts no knowledge of the tank and the fact that the ground lease includes that tank. She stated she feels the Airport Authority would spend more money engaging in a legal battle than it would to pay to have the tank removed.

Mr. Dobberstein stated he will solicit proposals to remove the tank.

Chairman Pawluk indicated the matter would be discussed further after more information is received.

Other Business: (Continued)

Mr. Dobberstein stated that Mr. Liberty Peterson has been our student intern since June under a program with the North Dakota Aeronautics Commission where they contribute a grant of up to \$6,000 to match any funds we spend on his salary. He stated we are coming to the end of that pool of funds but Mr. Peterson has done a great job and with the recent security directives we have received from the TSA he would like the Airport Authority to extend his internship through March 31, 2007 so that he can assist with carrying out those security directives.

Mr. Anderson moved to authorize the extension of the internship of Mr. Peterson through March 31, 2007, subject to formal approval at the next meeting.

Second by Mr. Kilander.

Chairman Pawluk stated since this is a financial matter and it was not on the agenda he would like formal extension of this internship to be on the agenda at the December meeting.

All members present voted aye and the motion was declared carried.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, December 19, 2006 at 8:00 a.m.

Time at adjournment was 9:21 a.m.

Regular Meeting

Tuesday

December 19, 2006

The regular meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, December 19, 2006, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Clark, Kilander, Anderson, Macdonald, Pawluk

Absent: None

Others: Tjon, Walaker

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held November 28, 2006:

The minutes of the regular meeting of the Municipal Airport Authority held November 28, 2006, were approved without objection.

Approved the Airport Vouchers Totaling \$27,801.48:

Mr. Kilander moved to approve the airport vouchers totaling \$27,801.48.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Flint Communications:

Gen. Macdonald moved to approve the individual voucher in the amount of \$8,410.95 to Flint Communications for partial payment request for 2006 airport marketing program.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$490.20 to Ulteig Engineers, Inc. for payment request for engineering services in connection with 2006 Airfield Improvements, Project AIP31.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Sixel Consulting:

Gen. Macdonald moved to approve the individual voucher in the amount of \$5,638.00 to Sixel Consulting for November passenger enplanement fees (Delta - \$3,386.00 and Allegiant \$2,252.00).

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Cass County Treasurer:

Gen. Macdonald moved to approve the individual voucher in the amount of \$6,615.94 to the Cass County Treasurer for 2006 Special Assessments.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Cass County Treasurer:

Gen. Macdonald moved to approve the individual voucher in the amount of \$3,610.22 to the Cass County Treasurer for 2006 property taxes on the Gill Estate property (part of purchase price in purchase agreement).

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk vote aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Cass County Treasurer:

Gen. Macdonald moved to approve the individual voucher in the amount of \$4,199.02 to Cass County Treasurer for 2006 property taxes on Harris Estate property (part of purchase price in purchase agreement).

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to City of Fargo:

Gen. Macdonald moved to approve the individual voucher in the amount of \$34,917.29 to the City of Fargo for payment of special assessments (Paving ID 534100).

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TF Powers Construction:

Gen. Macdonald moved to approve the individual voucher in the amount of \$234,175.00 to TF Powers Construction for Partial Payment #2 for general construction of the Terminal Expansion Project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Grant's Mechanical:

Gen. Macdonald moved to approve the individual voucher in the amount of \$30,150.00 to Grant's Mechanical for Partial Payment #2 for mechanical construction of the Terminal Expansion Project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Bergstrom Electric:

Gen. Macdonald moved to approve the individual voucher in the amount of \$30,685.00 to Bergstrom Electric for Partial Payment #2 for electrical construction of the Terminal Expansion Project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to TL Stroh Architects:

Gen. Macdonald moved to approve the individual voucher in the amount of \$4,139.00 to TL Stroh Architects for partial payment request for architectural services in connection with the Terminal Expansion Project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Midwest Testing:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,560.30 to Midwest Testing for payment request for testing services in connection the Terminal Expansion Project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,560.30 to Ulteig Engineers, Inc. for payment request for engineering services in connection with the 2006 Airfield Improvements, Project AIP31.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$240.00 to Ulteig Engineers, Inc. for payment request for engineering services in connection with PFC07 application.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Approved the Individual Voucher to Ulteig Engineers, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$1,586.60 to Ulteig Engineers, Inc. for payment request (Final) for engineering services in connection with south general aviation area storm sewer project.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye. No member being absent and none voting nay the motion was declared carried.

Considered Change Order E-1 for an increase of \$4,961.00:

Mr. Dobberstein stated the board members were provided with documentation for Change Order E-1 to Bergstrom Electric for an increase of \$4,961.00. He stated E-1 included some changes to relocate existing light poles and extend existing circuit (unforeseen condition) and adding emergency exit lights (code review issue).

Chairman Pawluk asked if this was a surprise that the existing lights were in the location they were.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he was not directly involved in the electrical portion of the project but it was his understanding that there were not very good "as built"

Considered Change Order E-1 for an increase of \$4,961.00: (Continued)

plans from previous parking lot projects. He added it was not the location of the lights but the power feed for the lights.

Chairman Pawluk stated he does not understand how it would be that difficult to ascertain the power feed for those lights. He stated he realizes this is just nickels and dimes compared to the entire project but he does not see how something like this could be overlooked.

Mr. Anderson moved to approve Change Order E-1 for an increase of \$4,961.00.

Second by Mr. Kilander.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Considered Change Order E-2 for an Increase of \$7,281.00:

Mr. Dobberstein stated the board members were provided with documentation for Change Order E-2 to Bergstrom Electric for an increase of \$7,281.00 involves relocating control wires and power for the existing sluice gate.

Chairman Pawluk asked if this change order is a similar oversight.

Mr. Anderson stated that the airport has had more than one engineering firm do projects on the airport and apparently not all of the "as built" drawings are accurate.

Mr. Kilander moved to approve Change Order E-2 in the amount of \$7,281.00.

Second by Mr. Anderson.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Authorized Extension of Student Intern Program Through March 31, 2007:

Mr. Dobberstein stated that at the last meeting we discussed the extension of the student internship through March 31, 2007. He stated the board approved the request but since it was not on the agenda this will formalize the request and action.

Gen. Macdonald moved the Airport Authority extend the student internship of Mr. Liberty Peterson through March 31, 2007.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Reviewed 2007 Airport Marketing Plan:

Ms. Jaci Christman and Ms. Kimberly Matter, Flint Communications, were recognized. Ms. Christman reviewed the plan for 2007 and stated that last year we created a new three year plan with new commercials so this will be the second year of that plan. She stated they plan to continue the same mediums of television, radio and print and this year get back to some live radio interactives.

Chairman Pawluk stated with our construction project we need to relay some of that information to the public so they are not surprised when they are slightly inconvenienced by the construction. He asked if those would be addressed in the live interactives.

Reviewed 2007 Airport Marketing Plan:

Mr. Dobberstein stated that is more of a public relations matter and will be handled differently than the advertising as we have a separate budget for public relations. He stated he anticipates we will be addressing that soon as the contractor will begin working on the escalator/stairs area in the next couple of weeks.

Gen. Macdonald moved to approve the 2007 marketing proposal, subject to the Executive Director having authorization to implement changes as needed throughout the year.

Second by Mr. Anderson.

All members present voted aye and the motion was declared carried.

Received Update Regarding 2007 Airport Liability Policy:

Mr. Marc Lepage, Northstar Aviation Insurance, was recognized and stated at this time it looks like the renewal will stay with the incumbent carrier, AIG, and has been the carrier of this coverage for seven years. He stated there may be a slight increase in premium partially due to the fact that the number of passengers has increased. He stated he is waiting on information from ACE, which would be an alternate. He stated the premium might be slightly less but he would recommend continuing the coverage with AIG. He stated AIG is able to underwrite the entire coverage where ACE would have to write part of the coverage on a surplus lines basis.

Mr. Dobberstein stated he would recommend the board affirm Mr. Lepage's recommendation to continue the coverage with AIG.

Mr. Lepage stated he would still get the quote from ACE and provide those figures to the board.

In answer to a question from Gen. Macdonald, Mr. Lepage stated the coverage would include a contingent air show endorsement clarifying that the Airport Authority does not sponsor the air show but would cover the airport's exposure as a result of an air show.

Mr. Kilander moved to accept the recommendation from Mr. Marc Lepage, Northstar Insurance, and that the airport liability coverage renewal be placed with AIG.

Second by Dr. Clark.

On the call of the roll, members Clark, Kilander, Anderson, Macdonald and Pawluk voted aye.

No member being absent and none voting nay the motion was declared carried.

Received Update Regarding Baggage Screening System Project:

Mr. Dobberstein stated Mr. Devin Mogck, TL Stroh Architects, is here today to update us on the proposed renovations for the baggage screening units. He stated this has always been a stand alone project separate from the rest of the terminal expansion project as we still do not know what type of equipment we will be receiving. He stated some airports are locating their baggage screening equipment in front of the ticket counters and he feels that is a huge step backward. He stated it is our plan to construct their ultimate location before the units arrive but not to start the project until we receive written confirmation from the TSA that the equipment will be delivered.

Received Update Regarding Baggage Screening System Project: (Continued)

Ms. Mollie Crawford, TSA, was recognized and stated she has an update on the project. She stated they have been assigned a new industrial engineer but there seems to be some confusion at headquarters as to who has authorization power. She stated she has conveyed to them that we will not accept a lobby solution and she feels that is wise. She stated although a site survey had already been done a number of months ago the newly assigned engineer feels he needs to do one as well so she is arranging that with him. She stated we are hoping that is in the very near future and he has assured her that he is the one that can send the recommendation forward.

Mr. Mogck stated initial estimates for this project are \$350,000-\$400,000. He stated that since the project will be bid separately there is a possibility that we will have a different general and electrical contractor for this project. He stated the fire sprinkler and mechanical work are so minimal that they were covered under the contracts for the terminal expansion project so the existing contractor will handle that work. He stated we will probably be getting bids early in February but all of that will be contingent upon receiving written authorization from the TSA.

Mr. Dobberstein stated he does not foresee any roadblocks with the airlines and they have all approved of this plan.

Mr. Anderson asked if all of the plans are ready.

Mr. Mogck stated there are some final details to refine relating to the baggage conveyors and the fire doors. He stated they would be finalized just after the first of the year.

Received Passenger Terminal Project Update:

Mr. Derek Diers, TL Stroh Architects, was recognized and stated the contractor is continuing progress on the west addition. He stated the plan is still on track to begin with work on the escalator/stair area in January.

Received Update Regarding Revenue Bond Sale Associated with the Passenger Terminal Expansion Project:

Mr. David MacGillivray, Springsted, was recognized and he was before the board a few weeks ago and we discussed options and concepts and from that discussion we took away a number of objectives, the first those being to minimize the amount of debt and the term of debt to the extent possible but still provide adequate funding for the project on a timely basis. He stated the second was to make sure that the debt service part of this cash flow is adequate, and thirdly, do all of these in the most cost effective way. He stated we are also working to blend in the cash contributions, entitlements, discretionary funding, etc.

Mr. MacGillivray stated they have been working closely with Mr. Dobberstein on the projected cash flow of the project.

Mr. MacGillivray reviewed the various term options and also any pre-payment options.

Mr. Dobberstein stated we do not want to get into a situation where we over issue bonds should the federal funds come through as expected. He stated we are working on identifying in the bond documents other eligible projects that would meet the criteria of bonding requirements.

Received Update Regarding Revenue Bond Sale Associated with the Passenger Terminal Expansion Project

Mr. MacGillivray stated the rate on the 2004 bond issue is 3.2% and the rate on this bond issue will probably not be as low, although the bond market is still in a 40 year low without much incentive to raise the rates.

Mr. MacGillivray stated that under the Tax Reform Act of 1986 there is a requirement that because public entities such as airports have a relationship with private industry (airport tenants, airlines, etc.), there must be a public hearing before the bonds are issued.

After further discussion, Mr. Dobberstein stated he would recommend the shorter term.

Mr. Kilander moved the Airport Authority proceed with scenario #2, to issue airport reserve revenue bonds for a term of 11 years, including an option to prepay the bonds.

Second by Gen. Macdonald.

Mr. Dobberstein stated he has had discussions with Mr. Kent Costin, Finance Director for the City of Fargo, regarding internal borrowing from the City of Fargo for interim financing. He indicated the rate would be at prime plus one which was an interesting amount. He stated that is an option but he stated he has had several contacts from Wells Fargo and they have a program that airports in Montana have used and it may be a more favorable rate. He stated this is a very streamlined process where you can get the money today and pay it off tomorrow.

Chairman Pawluk called for a vote on the motion.

All members present voted aye and the motion was declared carried.

Received Proposals to Remove South General Aviation Area Fuel Tank:

Mr. Dobberstein stated this matter was discussed at the last meeting and he was directed to get proposals for the removal of the tank.

Chairman Pawluk asked who installed the tank.

Mr. Dobberstein stated Dakota Aero Tech installed the tank sometime in the late 1970's. He stated the tank is located between the Fargo Aero Tech hangar and Dr. Nagle's hangar.

Mr. Dobberstein stated he received a proposal from Asplin Excavating for \$5,720, not including the disposal of any contamination. He stated the other proposal was from L2 Contracting and they were considerably higher.

Mr. Dobberstein stated if they do run into contamination, Miles Schacher, the City of Fargo's Environmental Health Practitioner, has confirmed with a property owner near Argusville that they will land farm the contaminated soil for \$29.50 per cubic yard, which is substantially less than what L2 Contracting proposed.

Chairman Pawluk asked if we could land farm it on our own property.

Mr. Dobberstein stated the Guard has a site but actually it would be easier to take it to an approved site.

Mr. Anderson stated he has not personally been out to look at the tank site but he has heard information that we might be too close to the footings of one of the buildings and the tank may be deeper than the footings. He stated he feels we should have a structural engineer look at the project.

Received Proposals to Remove South General Aviation Area Fuel Tank:

Mr. Dobberstein stated structural engineer Jim Heyer was present when Asplin looked at the site and the only way to know for sure is for him to be there when they excavate and dig and he has agreed to be involved in that. He stated if the removal of the tank would jeopardize the adjacent structure the tank would be left in place and filled.

Chairman Pawluk stated he is still uncomfortable with the fact that this is the Airport Authority's problem.

Mr. Kilander stated he would agree but as the board discussed at the last meeting it seems it would be more difficult and expensive to litigate this matter than to pay for the removal of the tank.

Mr. Anderson stated he feels we should accept the proposal from Asplin.

Chairman Pawluk stated he agrees and we really have no option, but someone along the line someone dropped the ball with these leases and documents if we have assumed the responsibility of the tank.

Gen. Macdonald stated when this tank was installed we did not have the removal requirements and environmental concerns that we do today.

Gen. Macdonald moved the Airport Authority accept the proposal from Asplin Excavating and authorize them to move forward with the tank removal.

Second by Kilander.

All members present voted aye and the motion was declared carried.

Received Communication from Mr. David Lundeen:

Mr. Dobberstein stated the communication dated December 15, 2006 is actually from Mr. Lowell Bottrell, Anderson & Bottrell, on behalf of Mr. David Lundeen. He stated this is a deal that has been in the works for several months but basically they are informing us of Mr. Lundeen's intention to sell his two hangars and fuel farm (Fargo Aero Tech) to a group of Fargo business people referred to as Group VI, LLC. He stated the lead contact for this group has been Mr. Dave Selland and he has had several conversations with him and Attorney Tjon has been provided with any documents prepared to date to review. He stated the date of the sale is contingent upon the resolution of the underground fuel tank issue and some other on site fuel tanks they will have to work out with the City of Fargo and the Fargo Fire Department.

Mr. Dobberstein stated the next step is for Group VI to come forward with information on the use of the hangars. He stated as far as he knows the hangars, as well as the fuel farm, will be for private use and they do not intend to be in the aeronautical service industry. He stated if that is not the case or if it should change in the future they would need to come before the Airport Authority for that authorization.

Mr. Dobberstein stated Attorney Tjon is working on two ground leases, one for the original hangar and one for the new hangar which is attached to the airport's Hangar #4 so a party wall agreement will also be required. He stated we will create a fuel farm lease as well.

Mr. Dobberstein stated that Dakota Jet operates through the Fargo Aero Tech FBO lease and he has advised Mr. Lundeen that he would need to notify Dakota Jet of his intentions to cease his FBO operation so that they are able to make other arrangements for their operation.

Received Communication from Mr. David Lundeen: (Continued)

Dr. Clark moved the Airport Authority authorize the sale of the two hangars and fuel by Mr. David Lundeen to Group VI, LLC and that the Airport Authority enter into lease agreements and a party wall agreement with Group VI, LLC, contingent upon Group VI, LLC providing information of their intended use of the facilities.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Reviewed Proposed 2007 FAA Capital Improvement Program:

Mr. Dobberstein stated this is our annual submission required by the FAA and he and Mr. Jeff Klein, Ulteig Engineers, have been working on this program. He stated the FAA has changed the format somewhat and we have a little more flexibility in identifying projects and changing their order.

Mr. Dobberstein stated the next project identified after the Terminal Expansion Project is Taxiway I, which will be the connecting taxiway between the terminal apron and Runway 9/27. He stated this plan also shows proposed PFC funded projects.

Mr. Anderson moved to approve the 2007 FAA Capital Improvement Program as presented.

Second by Mr. Kilander.

All members present voted aye and the motion was declared carried.

Air Service Update:

Mr. Dobberstein stated November 2006 was another record month and if December continues on that path we should see 305,000-308,000 passengers for CY2006, which would be up from 275,200 in CY 2005. He stated those figures do not include any of our charter passengers, which are down significantly due in part to some of those companies no longer exist and Allegiant has regular service to Las Vegas filling that need.

Mr. Dobberstein stated we are continuing to work with the DOT on a small community air service development grant which we applied for assuming America West would be in the market. He stated that did not happen so Plan B was to solicit service from Delta and we are working with the DOT to award that grant to Delta to help sustain and support their existing service to Salt Lake City and we in the final stages of getting an agreement worked out with them and so far the DOT has been looking favorably on that.

Mr. Dobberstein stated we are also working on two other proposals with Mr. Mark Sixel, which contain incentives similar to those in our grant offer. He stated a key part of what we can do is provide marketing dollars.

Airport Construction and Security Update:

Mr. Darren Anderson stated he had nothing new to report on airport security.

Mr. Jeff Klein, Ulteig Engineers, was recognized and stated he had nothing to report on their airport construction projects other than they are working on the closeout process.

Ms. Mollie Crawford, TSA, was recognized and stated the passenger loads are up and wait times in the screening line are a little longer than they would like. She stated they did get their screener allocation model numbers and those were increased.

Mr. Dobberstein asked Ms. Crawford to comment on the TSA's program for reimbursing airports for the cost of the armed guard at the checkpoint and if that is going to continue.

Ms. Crawford stated there is a real possibility that funding will be discontinued. She stated the regulatory requirement is for response from the local police department and there is no regulatory requirement to have the armed guard at the checkpoint. She stated she feels we all get a lot of added value by having a guard there but if the funding is cut off that is a decision the airport will have to make if they want to continue funding that function. She stated when the new checkpoint design is completed it may mitigate some of the need for the armed guard just by the new design of the checkpoint.

Mr. Dobberstein stated the cost of the armed guard is approximately \$9,000 per month.

She stated there is also the possibility that the TSA will be taking over the function of document verification, which is presently being provided by the airlines through a contractor.

Other Business:

Chairman Pawluk stated he attended the recent meeting with the FAA to discuss concerns over changes in tower operations. He stated never have so many people sat for so long and heard so many words that said so little. He stated while the FAA was accommodating they were using this as a problem solving meeting rather than a resolution of the circumstance that everyone there wanted to see changed.

The meeting was adjourned until the Annual Meeting to be held Tuesday, January 16, 2007 at 8:00 a.m. in the Airport Boardroom.

Time at adjournment was 9:30 a.m.

