

**CITY OF PARK RAPIDS
AIRPORT COMMISSION
SPECIAL MEETING
JANUARY 8, 2014, 11:00 A.M.
City Hall Conference Room
Park Rapids, Minnesota**

1. CALL TO ORDER: The January 8, 2014, Special Airport Commission Meeting was called to order at 11:02 a.m. by Don Douglas.

2. ROLL CALL: Present: Commissioners Donald Douglas, Noel Allard, Dan Dyre, Dave Konshok, Thom Peterson and Councilmember David W. Konshok (arrived at 11:15). Staff present: John McKinney, Scott Burlingame and Carmen L. Lockhart. Absent: Dan Walker. Others Present: John DeCoster and Tom Hass.

3. ADOPT AGENDA: A motion was made by Allard, seconded by Peterson, and unanimously carried to adopt the Agenda as presented.

4. APPROVE MINUTES OF OCTOBER 2, 2013 REGULAR MEETING: A motion was made by Konshok, seconded by Allard, and unanimously carried to approve the minutes of the October 2, 2013, Regular Meeting.

5. FINANCIAL REPORT: No comments.

6. GENERAL BUSINESS:

A. REPORT ON STATUS OF AIRPORT DEVELOPMENT STUDY: DeCoster said we have developed the minimum standards and have those at the City's Attorney's office in St. Paul and they have gone a little off to the side where McKinney and I were at and I've prepared a response as what we are wanting to do is get back into some of the specifics and as you recall we talked about taking hard numbers out of the agreement and deal with those in the actual agreement with the tenants, so they are trying to get that back in and I absolutely don't agree with it. DeCoster advised there is a conference call tomorrow among ourselves and I prepared what I would recommend to be the responses to the suggestions they made that were okay and the ones that I think we should probably hold the line on. DeCoster said he did the same thing with the template with the lease agreement and as soon as we get the City Attorney to buy off, we will then be distributing those. DeCoster advised he met with the two primary tenants out at the airport just to get their feel for things and we will be setting up this agreement with them but not changing the economic conditions of where they're at but just a way of trying to get it memorialized so we have a reasonable agreement in front of everybody and have a contract in place with our primary tenants. DeCoster stated he thinks we are close to be honest and thinks the issues we have on the minimum standards and on the lease agreement are really just housekeeping items and I'm working actually on a couple other similar projects right now and I think we're very consistent so we are very much in line with what we do. Decoster

said once we get the minimum standards and the lease through the attorney issues we will get the draft documents out to the tenants, Rydell and keep pushing this forward.

McKinney added that the attorneys are not quarreling with what we've done, it's just the format that we're going to present it and the format that we have prepared is based on DeCoster's and my experiences in the past and it gives us more flexibility to have a standard set of documents and then you plug in the differences in the individual contracts. The attorneys have suggested that ought to be in the master so that everybody does the same, well they're not all the same and that removes our flexibility and we don't need permission to do this. He has given advice and we will take it under consideration and then respond and we're going to go that way so that we can be more flexible and we can sit down with each individual situation and deal with it and that's basically the best way to do it.

DeCoster stated one of the reasons we want to stay away from specifics is because we don't want to give anybody a chance by saying well you are supposed to be open from 6 in the morning to 8 o'clock at night and they drive by one day and say you're not open today and you're violating your contract and unfortunately that's what happens when somebody is trying to get an easy buck and so we are trying to stay clear of that to make sure our tenants who we have great trust in are just trying to run businesses and get what they need to get done, done and support the airport and make it a comfortable environment for them. So as McKinney said, we are not at odds, it's not like there are legal issues, we are just trying to set up the administration of the minimum standards and the lease in a more rational manner.

6B. CROSSWIND RUNWAY PROJECT UPDATE: Burlingame stated the gravel was put down and they will be back in the spring to put the electrical and the asphalt down. Douglas inquired if they were putting grass seed down? Burlingame said most of that is done actually. Konshok said I think they are in real good shape. Burlingame said it went really well and they got a lot more done than anticipated. Konshok stated they moved a lot of dirt out there. Konshok said he talked to John Peterson of TKDA yesterday and he said everything is going along okay. Konshok stated he will be meeting with Peterson on Friday in St. Paul. Hass asked if they will be closing the runway when paving? Burlingame said they will for a bit, but they are going to try to keep the runway open and close the taxiway. Hass asked if they have a time to finish, is it 2 weeks or 6 weeks? Burlingame said he would have to look at the contract for the completion date and the engineer knows that.

7. INFORMATIONAL/DISCUSSION: There was discussion concerning the grass runway, the length, condition and maintenance. Konshok advised that the lighting was changed to the other side.

David W. Konshok arrived at 11:15 a.m.

There was discussion concerning the Legislature action restoring the \$15 million they previously took from the aeronautics department and the allocation of those funds. Konshok said this will be discussed on Friday. DeCoster said those funds were used to

balance the budget in 2009 when we were upside down in the billions and technically what they did was illegal because the aviation fund has to stay in aviation so I am sharing in Konshok's surprise that they have restored the funds. DeCoster suggested the airports find a way to get it allocated out immediately. Konshok stated he hopes that Park Rapids can benefit and he and David W. Konshok will be at the Capitol on March 5th to talk to Senator Skoe. Konshok said there are no promises but one of the things he is working on is this 3 million dollar crosswind runway is 90-10 federal funding and that jumped back and forth many times – 95-5 and 90-10. They actually left it under 90-10 so the city is responsible for 10%. Konshok said we're going to be talking to Skoe to see if there is anyway we can get another 5%. Bemidji got it and they were one of the few in the state and it was on a much bigger project than ours.

Hass asked about DeCoster's his statement about a new lease with the current tenants – you said non-economical? DeCoster responded the economics will not change. Hass inquired if there is anyway we can review that? Hass said I just want to throw it out there it's not something for today. DeCoster said he will have to refer that to McKinney. McKinney asked to you have something specific in mind or just a general review? Hass said his lease now is from here to here and I would like to see it go out 20 years? DeCoster and McKinney said you're talking about term and if you're paying x today, we're not going to make it x plus 10% just because it's there. Hass said he was thinking the other way around, stretch out the term and lower the price. DeCoster recommended entertaining those conversations. Hass said he wanted to bring it up now so it gets in the thought process as that is what he would like to do. Hass asked when the contracts for like Rydell would be available and said he is renting three t-hangars at other airports and would entertain this, but needs to see what you are doing? McKinney and DeCoster said tomorrow morning we will bring closure to the discussion after speaking with the attorneys.

There was further discussion concerning the process. McKinney said once we receive the drafts, it will be brought back to the Airport Commission for review.

Peterson said what mechanism does a new party go through? McKinney said up till now if we had any deals, they would have all been unique and that isn't the case now, we are going to have a set of standards. Peterson asked what channel or who does someone contact if interested? McKinney said he would be the contact. DeCoster said the document we've drafted is for someone to develop their own facility and we've incorporated development information in there too. McKinney said you will have access to the basic documents and then we would have to negotiate the particulars. DeCoster said he doesn't want to have a fixed term because term should be related to investment, stability and the core business and this is something we want to sustain, it's all those things and we should be willing to talk about longer terms. That said, the FAA will weigh in on ridiculously long terms but I think we've got the option to take it definitely two figures.

Konshok said the bottom line is there is no state or federal money towards this kind of thing and the only way that we can get help for this type of thing is to get some state money for a hangar loan, not the hangar itself but the ramp. If that ramp is adjacent to your corporate priced ones, that's a plus, it won't do them any good to just put asphalt in front of their place you have to get somewhere so there's where we can help as the state

and the city, that's what we are working on and another reason we are really pushing for a new big 16 unit t-hangar because the hangar is one thing but the ramp mechanism is really badly needed. Without the ramp we really can't offer private ones or anything out there so we are working on that.

McKinney said what we are really trying to transition into is instead of being reactionary somebody comes to us and asks us what we will do, we want to get in a position where we can go after people and suggest to them a positive that we have.

David W. Konshok said the draft has to come back to the Airport Commission before it comes to the City Council. McKinney agreed.

There was discussion concerning the timeline of getting this process approved, the ramp area and possible funding.

It was agreed DeCoster would have initial discussions with Hass.

Dyre inquired what is the status of building a new t-hangar? Konshok said we have a request in for a 16 unit t-hangar. Konshok stressed that what is important about it is that we need that and have the demand for it and the mechanism is there but what we also need is the ramp which is a key to the corporate hangars because without it they could still put tar out in front of their place but they would still end up on dirt to get somewhere so the two are locked together so the new hangars are much needed but it also the ramp which would facilitate this other project. Funding mechanism, one would be a hangar loan repayable and one would be a participation thing with the state and I can't remember the formula right now. The state might be more receptive now that they have money to allocate. Burlingame said there is a lot of work we have to do on the existing ramp and the cracks as the feds have said flat out that if we want funding for other things, that has to get done first. Konshok said there are certain conditions that have to be met which are really important.

McKinney said a special Airport Commission meeting will be held to review the draft once it is completed. There was discussion concerning scheduling the meeting and getting it to the City Council.

David W. Konshok commented his schedule has changed so it the commissioners would like to change the time of the meeting that can be done.

A motion was made Konshok, seconded by Peterson and unanimously carried to change the time of the Quarterly Airport Commission Meetings to 9:00 on the first Wednesday of the month.

8. ADJOURNMENT: A motion was made by Allard, seconded by Konshok and unanimously carried to adjourn the meeting at 11:41 a.m.

Don Douglas, Chairperson

Carmen L. Lockhart
Recording Clerk