

**ERIE REGIONAL AIRPORT AUTHORITY  
WORK SESSION  
Thursday July 23, 2009**

Minutes of a Work Session of the Erie Regional Airport Authority duly posted and advertised. Held in the Conference Room of the International Trade Center located at 3837 West 20<sup>th</sup> Street in Millcreek Township, Erie County, Pennsylvania.

**The Work Session Opened at 11:30 AM**

**Attendees:**

Lou Porreco	Chris Rodgers
Sumner Nichols	Mari Anne Clark
Frank Stefano	Ian Bogle
Lou Bizzarro	Michelle Magee
Lisa Cappabianca	Rick Robie
Charley Augustine	Bob Spaulding
Dale Roth	Tyrone Clark
Tim Wachter	Ed Kissell
Whitey Cleaver	

**Topics of Discussion:**

**Runway Extension Status**

Chris Rodgers reported that he just got word from the Knox Law Firm. We have acquired Tri Penn Tool. As of today we have 100% possession of the private property that we need for this project. Activity in the mobile home parks continues. The team expects to have all of the remaining mobile home park residents relocated by Labor Day. Mr. Rodgers added that demolition is expected to started sometime in September after Labor Day.

Lou Porreco asked if our team has looked at our property acquisition funds yet. Do we have enough money left to acquire the properties we still need to acquire? Mr. Rodgers said that we do. We are in line with the Plan of Finance (POF) as expected.

Mr. Rodgers reported that earlier this week he received 30% Powell Avenue design completion drawings from C&S. We are on schedule. Seventy percent design completion drawings are expected in October and 95% design completion drawings are expected in December. Mr. Rodgers stated that the drawings are available for review in our second floor conference room and asked that anyone interested in reviewing the drawings contact Michelle Magee to schedule a time to do so. The FAA ADO would like to discuss the drawings at the end of August. That gives us a month to complete our internal review. Mr. Rodgers said that our Operations Foreman Rick Robie has already briefly reviewed the drawings and noted one issue pertaining to the distance remaining markers and snow removal operations. This will be addressed with C&S. There is plenty of time to make revisions.

Mr. Rodgers stated that the updated Plan of Finance was distributed to the Board last week by Kim Scharrer. Mr. Rodgers highlighted that \$48.6 million from the FAA is now included in the POF and the THUD funds have been removed as a funding source. As of June 30<sup>th</sup>, the project has expended \$17.2 million dollars which equates to 20.7% of the total.

Mr. Rodgers reported that originally the Wetland was going to be included in the Part B AIP application. With recent discussions pertaining to the necessary permits for the Wetland construction, we now plan to apply for funds along with the Powell Avenue and Storm Water Management Area in our FFY10 grant application.

Mr. Rodgers reported that we are very close to approval from the FAA for the accelerated schedule: completion of the RSA in July 2012 and completion of the capacity portion in December 2012. Mr. Rodgers commented that he hopes to report to the Board the “greenlight” for the accelerated construction schedule at the August Board Meeting.

The Board received a report from Mr. Rodgers on a recent meeting between team members and Rick Morris of Millcreek Township (July 10<sup>th</sup>). Mr. Rodgers said that the meeting went very well and the team is working through Millcreek’s land development planning checklist and their approval process. We have been given dates and a process to follow. The first thing we will be submitting to Millcreek is a preliminary land development plan that should be available within 6 to 8 weeks. This will start the ball rolling towards the necessary approvals from Millcreek. Dale Roth added that Millcreek has been very helpful. Millcreek has expressed their appreciation to the Authority for our efforts. Mr. Roth explained that the key component to the storm water management and getting our storm water consistency letter from Millcreek hinges on the recommendation of Hill Engineering. If Hill agrees then Millcreek will sign off on it. Mr. Roth plans to meet with Hill Engineering very soon. Mr. Porreco and Mr. Rodgers thanked Mr. Roth and agreed that a meeting with Hill would be very helpful.

Frank Stefano has one concern regarding land use which he said he already mentioned to Mr. Roth. Is there going to be a change in land use? Will we be looking at having to do a zoning variance? Mr. Roth explained that this came up in discussions. It was left as open for discussion. Mr. Roth explained that this issue did not raise any red flags but C&S is researching the issue. Mr. Stefano said that if we have to go to a zoning hearing that will add more time to the schedule (60 days).

Mr. Porreco asked Mr. Roth and Mr. Rodgers to explain what the H2O grant is. He added that Millcreek is very interested in the Authority receiving this grant. Mr. Roth explained that the H2O grant came about after he had discussions with Senator Earll and Janet Anderson. C&S is researching one element. Mr. Roth explained that there is an east and west wetland area. The east area was designed with a flood control basin where water can be collected. Water can not be collected in the west area. Millcreek asked C&S to look at the design again to see if that can be made available. If we can reconfigure the west area of the wetland to increase capacity we may be able to take advantage of this grant. Mr. Roth said that he asked George Willis of Urban on behalf of

the Authority and at no cost to the Authority to take a look and determine if another detention basin can be constructed below the planned detention basin as a grant application project. Mr. Roth said that Millcreek was very pleased that we brought this forward.

Mr. Rodgers shared with the Board an email from Ed Oris of the DEP stating that the DEP can issue the permit within 1 month of receipt of the storm water consistency letter from Millcreek (barring any unforeseen circumstances). This email has been forwarded to the FAA already.

### **Terminal Tenant Considerations**

Mr. Rodgers reported that solid traffic so far this summer is benefiting both the restaurant and the gift shop. Lisa Cappabianca said that one of her agents heard from a client that the client recently had a bad experience at the airport restaurant. She ate there and then got ill. The client said that it was dirty. Ms. Cappabianca said that she did not know if this person was going to call the Health Department or not. Ms. Cappabianca wanted to know who is liable for this, the airport or Kathy. Mr. Rodgers explained that Kathy/the restaurant is responsible. The restaurant operates independently from the airport. Mr. Rodgers added that he as well as many airport employees and tenants eat at the restaurant on a regular basis. He commented that this is the first report he has heard concerning someone becoming ill after eating at the restaurant. Mr. Porreco added that the airport restaurant is subject to health department inspections as all restaurants in Erie are.

Mr. Porreco said that there have been previous discussions regarding the gift shop and restaurant working more closely together in an effort to increase business for both. Mr. Rodgers said that this has been discussed with both Carol and Kathy. Kathy is in favor of such an arrangement; Carol is not.

### **Financial Report**

Mr. Rodgers reported that due to Sheilah Bruno's vacation, the June financials will be provided with the July financials at the August Board Meeting. He added that there have been no interruptions in our financials and support staff has done a great job in Sheilah's absence.

### **County Liaison Report**

Charley Augustine is the ERAA Liaison to the County. He reported that he spoke to Sue Ellen Pasquale and Joe Maloney. Both voiced concerns over how our financial reports are presented to the County. Mr. Augustine scheduled a meeting for July 29<sup>th</sup> at the airport to address the County's issues and to iron out any differences. Mr. Rodgers commented that the most recent audit by Malin Bergquist of the Authority's 2008 financials was without findings. This audit was readily accepted by the FAA. It is very frustrating that we can't close the gap with the County. Mr. Rodgers feels that this meeting will help close that gap.

### **Exercising Call Option on Bonds**

Sumner Nichols explained that at last month's Board Meeting, the Board approved the proposal from Erie Bank subject to approval from our Bond Counsel at the Knox Firm.

Mr. Nichols said that he received an analysis earlier in the week from Jacobs which shows us on a somewhat marginal basis. What we did was change the assumptions a little bit. Mr. Nichols distributed a spreadsheet to the Board. He explained that with assumptions on the prime rate, we would save about \$100,000 over the period of time. He explained that the problem with assumptions is that they can be exceeded. These bonds are at 5 and 7/8<sup>th</sup>; the top rate we could have is 7 and a quarter. Mr. Nichols said that he spoke to Bill Deluca at Erie Bank yesterday. Mr. Deluca agreed to put a floor of 3.85% and a ceiling of 5% on the first year. That means we are guaranteed to be ahead in the first year. Starting with the 13<sup>th</sup> month the interest rate shall have a floor of 3.85% and a ceiling of 7.25%. Mr. Nichols said that in his opinion this makes the deal favorable. To summarize, Mr. Nichols explained that last month the Board approved a proposal subject to our attorney's approving the idea that would require short term retirement of the bonds with the other Erie Bank loan. With this new Erie Bank proposal, this deal is on a stand alone basis. Mr. Nichols explained that this would clear the bonds which currently encompass most of our assets and they are picking up the parking lease. We would have one lender and the principle security for this deal would be the parking lease. Mr. Nichols feels that this is a good deal because it is flexible and takes us out of our bond situation. We are taking about \$350,000 that is sitting there at 2% and apply it to retire the bonds therefore getting the equivalent of 5 and 7/8<sup>th</sup> on that portion of it. Even though it is a taxable loan and we can't use the other money, Mr. Nichols thinks that the deal is worked out now that it is enough of a savings that it makes sense. If we have an upturn in cash flow, it will be very easy for use to advance payments on the loan if we are in the position to do so.

Mr. Porreco asked if there is a penalty on paying off the loan early. Mr. Nichols said that there is no penalty. Mr. Porreco asked what will happen if we get the PIB loan. Mr. Nichols explained that a PIB loan will give us some leverage with Erie Bank on our deposits.

Mr. Roth said that we are going to need some substantial letters of credit for this project. We need to start planning for this now and decide what bank (financial institution) we are going to get letters from. Mr. Porreco said we may have to tie something like this in with the County and the County commitment of funds because Erie Bank is limited with the amount they can commit to anything and we are very close to that limit now. Mr. Roth said that the engineer is going to talk to the Millcreek Supervisors about allowing the airport a waiver, but it is very difficult for a township to try to treat someone differently than they treat everyone else. They have standards and procedures that they follow. Mr. Roth said that they may be able to reduce the value, but a waiver is unlikely.

Mr. Porreco suggested that we talk directly to the Millcreek Supervisors to find out whether or not they are going to require a letter and if so at what amount.

Mr. Rodgers reiterated for the County's benefit that this bond issue has nothing to do with the runway project or the funds for the project.

The Board asked Attorney Tim Wachter to prepare a resolution to accept the Erie Bank proposal with a 5 % interest cap. This will be resolution 2009-30.

### **Bills Payable**

Mr. Stefano said that he had a question pertaining to the bill from Vnet for memory for the new server. Why are we buying memory for the new server? Shouldn't it be part of

the project? He already addressed his concern with Chief Bogle prior to the start of today's Work Session. Chief Bogle is looking into it and will email the answer to Mr. Stefano.

Mr. Stefano asked about the bill from Newco for runway lighting. He asked why Newco came out and what was done. Rick Robie will look into it for an explanation.

Mr. Porreco asked about the bond administration fee charged by Bank of NY (formally JP Morgan). Is it an annual or quarterly fee? Mr. Rodgers explained that it is an annual fee.

### **Master Tracking List**

Mr. Rodgers reported the runway markings project is complete. Other projects include follow up to our recent Part 139 FAA Annual Inspection, the PC units for the Jetways, and preparation for grant submittal (July 27<sup>th</sup>). Urban Engineers is proceeding with bids for the HVAC replacement (Knox has advised that the project has to be bid), the Oil/Water Separator project (this has been an issue for years and stems from the paint spill in the Maintenance Building), and the 4160 splices. Mr. Porreco commented that he thought the Oil/Water Separator was fixed years ago. Mr. Rodgers explained that it was never fixed. A temporary fix was done instead. Mr. Stefano asked why 4160 splices are necessary. Mr. Robie explained that it is related to the transformer fire we had a few months back. The splices have been opened and resealed several times and should be cleaned up. Our electrician Mark Kapen can offer more detail if the Board would like further explanation.

### **Activities Report**

Mr. Rodgers reported that there is one issue to be addressed as a result of this year's Part 139 FAA Annual Inspection. Mr. Rodgers said that it is a turf taxiway issue at Hangar 20 (a tenant in the middle of the airfield). There is not a paved taxi way to the hangar. Hangar 20 has a land lease with the airport. They built and own the building. Mr. Rodgers explained that the FAA safety inspector has taken note of the fact that there are no other turf taxi ways in the Eastern Region leading to an active runway. While the inspector was here, a plane from Hangar 20 came out, got radio clearance from the tower, taxied out onto the active runway, and took off. The inspector said that in order for the planes from Hangar 20 to continue in this manner one of two things must happen: 1.) we have to have some enhanced markings for this turf taxi way or 2.) we have to direct the aircraft out to a non-runway paved surface. Mr. Rodgers said that Urban is looking into both and putting together the costs for compliance with either of the above described options. Mr. Rodgers added that Hangar 20 wants to keep using the turf taxi way. We have until December 31, 2009 to deal with this finding from the inspection.

Mr. Porreco said that per the lease Hangar 20 is required to be in compliance with all federal, state, municipal, etc. regulations. Any costs associated with the necessary signage are the tenant's responsibility. He asked that legal counsel take a look at the lease. Mr. Rodgers expects to schedule a meeting with the Hangar 20 people once the cost estimates are available.

Concerning the Lehman property, Mr. Rodgers explained that the window of time to demolish this property is closing. The contract that was awarded last fall to demolish two

houses on Powell Avenue was held back 10% until spring so the demolitions could be inspected. Mr. Rodgers said that he spoke to Doug Murphy of Weber Murphy Fox. Mr. Murphy said that we could do a change order to include the demolition of the Lehman property and one remaining cinder block building at Orchard Park that we still have to take down. Mr. Murphy advised that we can demolish both buildings under a change order for the existing contract. The cost would be out of our general fund and would be \$5,000 for the one and about \$1,500 for the other plus a \$500 asbestos cost for testing first. Mr. Rodgers said that we would have to have the change order by Labor Day. That means the Board would have to approve the change order at the August Board Meeting. Mr. Rodgers recommendation is that this is financially acceptable. Mr. Rodgers added that due to the amount, the Board may not have to approve it. Mr. Porreco asked for verification as to whether or not the Board has to approve the change order. There is a very strong likelihood that if we don't do this now, the cost to demolish these two buildings will be much higher. Mr. Rodgers said that in his opinion, it is financially acceptable to put forth this one time expense to demolish these two buildings. Mr. Porreco asked that this item be included on next month's work session agenda. Mr. Augustine asked if we would move the fence out if we demolished the building. Mr. Rodgers explained that the property which is outside the fence today is not currently a Keystone Opportunity Zone (KOZ). We applied back in December for a designation for it. The state has not made any approvals yet. This will dictate what we do with the fence. Mr. Rodgers explained that we can adjust the fence line depending on the tenant that would occupy the area. Mr. Augustine asked if there are tanks under the building. Mr. Rodgers explained that part of the cost here is to go in and inspect for underground tanks.

### **Buildings and Grounds**

Mr. Rodgers said that there seems to be some confusion on the generator issue. The terminal generator is installed and fully operational. The maintenance building generator is the generator replacement that is up today for consideration in Resolution 2009-29.

Mr. Porreco asked Mr. Rodgers to explain to the Board the details of a recent accident report. Mr. Rodgers explained that we were notified recently of a slip and fall in the long term parking lot back in February 2009. Mr. Rodgers said that not much else is known about the accident or the individual. There was no report filed with our Public Safety Office. There is no record of the slip and fall. Mr. Rodgers added that the parking lot operator is required by lease to hold the airport harmless in events such as this one. They will be required to defend the airport on this matter. Mr. Rodgers said that the parking lot operator has been notified as well as our own insurance company (as a formality).

### **Air Service Update**

Mr. Rodgers reported that the upward trend in air traffic continues through June. June was ERI's best single month in the past 10 months. Our year to date traffic decline improved to -9.7% with Northwest/Delta carrying 50.5% of the traffic for the month. Mr. Rodgers said that fall reductions in off peak times are expected industry wide. He said that he would not be surprised if this happens at ERI. Mr. Rodgers added that it has happened before and is very likely this fall.

Mr. Porreco asked if US Air is using regional jets instead of turbo props this summer as previously reported. Mr. Rodgers said that the early morning and afternoon flights are regional jets as well as the overnight plane. Mr. Rodgers said that he expects to see the turbo props back in the schedule in November. This will probably be an annual exercise until the runway is operational.

### **Asbury West**

Mr. Rodgers said Urban is still working on our Noise Reuse Plan. There are currently bills out with both the House and the Senate pertaining to how noise money can be reinvested. The industrial development on the Asbury West property is directly related to what the House and Senate vote.

### **Parking Lease Agreement-Republic Parking**

Mr. Nichols explained the letter he recently sent to Republic Parking pertaining to utilities and credit card charges. Mr. Porreco commended Mr. Nichols for his efforts. The Board advised Mr. Nichols to proceed with sending Republic Parking a bill for monies owed over the past 10 years to put the ball directly in their court. A formal resolution to proceed in this manner is not necessary.

Mr. Roth asked if we can put a deadline on installation of the sub-meter with stipulations that if it is not done by the deadline that we will install it and charge the cost to Republic. Tim Wachter advised that he would have to review the specifics of the lease to make a determination.

Lisa Cappabianca asked when we last had an increase in parking rates. Mr. Rodgers said that we last had an increase in January 2006.

Mr. Augustine said that in every airport he has visited has a lease with someone to run the parking lot. Is it such a disadvantage to operate the parking lot ourselves? Mr. Porreco said that that exact issue was discussed years ago when the current lease was being considered. Mr. Porreco said that he was not sure why the Board decided on a 20 year lease with Republic Parking rather than operating it ourselves since per the lease we own the equipment because he was not on the Board at that time.

Mr. Rodgers commented that he feels that it would be a disadvantage to the airport if we were to operate the parking lot ourselves.

### **Wall of Fame**

Mr. Rodgers reported that our most recent Wall of Fame Famous Aviator unveiling ceremony went very well. The family of Lt. Col. Magee Fuller was very pleased with the ceremony.

Mr. Porreco read a letter he just received from AJ Scolio. He is interested in nominating his friend John (Jack) Siegel. Mr. Porreco asked Michelle Magee to contact Mr. Scolio to request more information.

### **Travel Requests**

Mr. Rodgers described again the details of the 14<sup>th</sup> Annual Aviation Forecast Summit hosted by the Boyd Group in Lexington, Kentucky in early October. At last month's meeting, both Mr. Nichols and Mr. Stefano expressed interest in also attending. Upon reviewing the information about the conference provided by Mr. Rodgers both Mr.

Nichols and Mr. Stefano are still interested in attending. Mr. Stefano added that although he would really like to attend and feels it would be very beneficial, we need to be financially prudent. The Board already approved Mr. Rodgers' attendance and does not oppose the attendance of both Mr. Nichols and Mr. Stefano. Mr. Porreco advised that Mr. Stefano review with Mr. Rodgers and then make a decision as to whether or not to attend the conference.

### **Resolutions**

Resolution 2009-28- Intent of the Erie Regional Airport Authority to Comply With and Follow the Procedures of Retention of Records Set Forth by the Municipal Records Schedule

Attorney Tim Wachter explained that it is a requirement of the Municipal Records Act that the airport comply with rules of retention and disposition of records. We are currently working on an electronic document handling plan for the airport.

Resolution 2009-29- Award Contract for Emergency Generator

Mr. Rodgers explained that the Board approved this last month at a not to exceed amount of \$85,000. All of the bids came in at quite a bit higher so a new resolution has been prepared for consideration to award the contract to the lowest, responsible bidder, Connecto Electric, Inc. at a not to exceed amount of \$97,900

Resolution 2009-30- Acceptance of Erie Bank Proposal

This resolution was prepared during the Work Session by Attorney Wachter as a result of the bond report that Mr. Nichols gave earlier in the Work Session. Mr. Porreco read the resolution to the Board.

### **Other**

Mr. Rodgers explained to the Board that the airport's access control system is in need of required updates: some software and some hardware. Chief Bogle has been exploring options and funding sources. We have a quote of about \$100,000 from our current integrator. Mr. Rodgers added that the access control system needs to be upgraded by the end of the year. Mr. Porreco advised staff to proceed with identifying a funding source. Mr. Rodgers explained that it is part of our FAA requirements to be able to operate as an airport that we do these necessary upgrades. Ms. Cappabianca asked what options are available for funding; PFC's? Mr. Rodgers explained that we hope for a combination of state and federal funding.

**Work Session Adjourned: 1:01 PM**

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Lou Bizzarro, Secretary

