

**ERIE REGIONAL AIRPORT AUTHORITY
WORK SESSION
Thursday September 24, 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 20th Street in Millcreek Township, Erie County, Pennsylvania.

The Work Session Opened at 11:30 AM

Attendees:

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|-------------------|-----------------|------------------------------------|
| Lou Porreco | Chris Rodgers | via telephone: Mark Petranchuk and |
| Sumner Nichols | Sheilah Bruno | Bruce Clark, C&S |
| Frank Stefano | Ian Bogle | (11:30 to 11:50 am) |
| Lou Bizzarro | Mari Anne Clark | |
| Lisa Cappabianca | Rick Robie | |
| Dale Roth | Michelle Magee | |
| Charley Augustine | Irene Seyler | |
| Janet Anderson | Tyrone Clark | |
| Jennifer Gornall | Bob Spaulding | |
| Jim Thompson | Ed Kissel | |
| | Paul Wagner | |

Topics of Discussion:

Runway Extension Status

Bruce Clark reported on the progress of design (Powell Avenue) and local permitting. Mr. Clark said that the 70% design documents will be submitted next week. The due date is October 1, 2009. Lou Porreco said he thought that the due date for 70% design submittal was October 15, 2009. Mr. Clark explained that we have 2 submittals: the first package for 70% Powell Avenue design is due October 1st and the second package for the 70% Runway Extension is due October 15th. Mr. Clark expects that the package will include: contract drawings, contract specifications, some level of design report, and updated cost estimates. Dale Roth asked if the final storm water calculations will be included in the submittals as well as the other details required to get a final approval from Millcreek. Mr. Clark said that the storm water information has been submitted to Millcreek. It is being reviewed by Hill Engineers. Hill has since requested some additional specification information. The team will submit this additional info to Millcreek by mid October. Mr. Roth said that it was his understanding that the initial submission did not include any information pertaining to the proposed dam location. Mr. Clark clarified that the necessary information was submitted to Millcreek and Hill and that information is being "tweaked" right now. Mr. Clark said that we need to provide some additional specifications to move forward on the storm water consistency. This is all for the wetland permit. This permit is expected March 30, 2010. The dam permit is a

separate project. Mr. Clark confirmed that Millcreek needs to approve the dam design as part of the permit review process. Mr. Clark said that the dam permit is scheduled to be submitted on December 1, 2009 in accordance with the schedule. Mr. Clark reported that the team is ahead of schedule on this permitting issue and the application will be submitted in mid October. The dam permit approval is expected August 20, 2010. Mr. Roth asked how it is possible to bid Powell Avenue without the dam permit. Mr. Clark explained that it has always been in the schedule to bid Powell Avenue before we have the dam permit.

Mr. Clark explained that Bid Packet #1 will include: the wetlands, construction of the new flood detention basin, utilities (cutting down trees), and Powell Avenue. He explained that certain areas of Powell Avenue can be worked on, but the existing dam can not be disturbed until the dam permit is in place. We have done this before on other projects. We would need the agencies to buy into it.

Mr. Porreco asked Mr. Clark to take the proposed schedule, detail it, and put it in a chronological form for the Board to have a clear understanding of what needs to be done, what the milestone dates are, etc. Mr. Clark said that he would have this information to the Board by the end of next week. Mr. Roth asked that the 70% drawings be provided to Urban for review on October 1st. Please do the same with the balance of all the drawings on October 15th.

Tyrone Clark reported 1 remaining property to be acquired. Mr. Rodgers added that demolition has already started. Mr. Rodgers reported no significant changes to the Plan of Finance (POF) since last month. As follow up to a question from last month's meeting from Janet Anderson pertaining to property acquisitions and coming in under budget, Mr. Rodgers explained that using conservative assumptions, we expect to be about \$600,000 under our estimated cost for property acquisition. A more aggressive estimate would be a savings of \$1.4 million.

Tyrone Clark reported that we are in litigation concerning the 13 tax lien properties. The matter should be resolved within 30 days. Mr. Rodgers further explained that the Board is being asked to take approve today the filing on the 13 properties. We will file this afternoon if the Board gives approval to do so today.

Mr. Rodgers explained that we are probably looking at partial reauthorization again for the 3rd consecutive fiscal year. The project team is already planning for 2010 and working to protect the project schedule from partial reauthorization. We have more than one option, but need to do more due diligence. Mr. Rodgers will provide an update at next month's meeting.

Mr. Rodgers reported that he sent a letter to Millcreek yesterday asking for full relief of Millcreek's security requirements. He explained that other government projects (Tom Ridge Environmental Center, a Post Office project) have been granted full relief.

Millcreek is taking this under consideration. The letter starts the process.

Mr. Rodgers reported that a meeting was held on September 2nd pertaining to the widening of Asbury Road and bridge replacement project. PennDot, the FAA (Oscar Sanchez attended), Michael Baker, ERAA, and the air traffic control representatives in Erie. He explained that the FAA ultimately determines what PennDot can and cannot do. There will be no adverse impacts to airport operations. Most of the work will be done at night with curfews.

Terminal Tenant Considerations

Mr. Rodgers reported that both the restaurant and the gift shop have benefited from increased traffic at ERI. Mr. Rodgers met with Carol (gift shop) yesterday to discuss several issues. He said that we are looking at working towards a more traditional concession agreement with both the gift shop and the restaurant.

Mr. Porreco commented that Kathy is doing a great job running the airport restaurant. Her restaurant operation is the best we have had in years. Mr. Porreco advised to do what we can to keep her here. We need to give her a good lease.

Financial Report

Sheilah Bruno reported a net surplus after debt service of \$31,729 for the month of August. Year to date for 2009, we have a net surplus of \$193,564. Mr. Bruno reported that we are favorable when compared to budget \$40,766 year to date. Ms. Bruno explained that revenue is down quite a bit, but expenses are down more.

County Liaison Report

Charley Augustine reported that ERAA and the County finance people met and addressed the 12 issues raised by the County. Mr. Augustine commented that it appears that ERAA was able to satisfy all of the County's concerns. Mr. Rodgers added that the Authority and the County have a rolling meeting date (second Thursday every third month of a Quarter). We will have a meeting with the County after our end of the year meeting with the FAA.

Bob Spaulding added that the recent WebEx with the County and ERAA was very well done and very helpful.

Mr. Rodgers said that he hopes to be able to give the Board an update on the "delta" project schedule at the October meeting. Thus far everything has been the "alpha" schedule.

Exercising Call Option on Bonds

Ms. Bruno explained that she reviewed the bond refunding documents and language in the documents is stated as discussed at previous meetings. A meeting is scheduled for Tuesday September 29th at 9:00 AM to sign the documents. The Board thanked Mr. Nichols for his time and effort.

Regarding our PIB (PA Infrastructure Bank) Loan, Mr. Rodgers explained that the BOA required an amendment to our application. That amendment was submitted yesterday. A term letter is anticipated for Board consideration at the November Board Meeting. PFC's will be guaranteeing the PIB loan exclusively.

Activities Report

Mr. Rodgers reported that the Lehman garage has been demolished. The land is available for ground lease. The property includes over 200 feet of West 12th Street frontage. Mr. Nichols suggested the Authority explore the possibility of leasing this area to a restaurant and encouraging that restaurant to have a satellite operation in the terminal. Mr. Porreco said that there would not be enough land on the lot for a restaurant and parking. Mr. Porreco commented that the land may be best used for something that supports general aviation (or a future FBO). The fence line can be moved out. He advised the Board to be

careful not to let the land go for raw land use by existing tenants who would take it at the lowest possible lease rate and hold it to keep it from being used by some other operator. Mr. Rodgers added that a small block structure at Orchard Park has also been removed. Orchard Park is now completely bare.

Mr. Rodgers reported that the maintenance building emergency generator has been ordered. It is expected to be on site within 2 weeks; installation to follow. Once the new generator is up and running, the rented generator can be returned.

Mr. Rodgers reported that Chief Bogle is preparing the documents for bid for the HVAC project. This is a PFC project.

Mr. Rodgers stated that there is a resolution being presented to the Board today to award the contract for the 4160 splices to the lowest responsible bidder-NEWCO Electric. We are in the process of obtaining quotes to have a thermographic survey done at Frank Stefano's recommendation. Mr. Rodgers said that one quote has already been received and we are waiting on two more. We are looking at a cost of around \$1290.

Mr. Rodgers explained that the scope of the oil/water separator project had to be expanded because of site prep work and evaluation work. The project now exceeds the available funding in the PFC program. We are looking for additional funding.

Mr. Rodgers reported that he has had several meetings with representatives of Hangar 20 pertaining to the issue of the turf taxiway as a direct result of our most recent FAA Part 139 annual inspection. Hangar 20 accepts responsibility for making the necessary changes and the costs associated with making those changes. They are exploring options. They are working with Urban Engineers on the matter; updates to follow as needed.

Mr. Rodgers reported that there will be a planning session with the Bureau of Aviation (BOA) for our 12-year plan sometime in October. The date is yet to be determined.

Air Service Update

Mr. Rodgers reported that August 2009 traffic improved 4.0% over August 2008 levels. ERI year to date traffic is now off just 5.4% after eight months. Mr. Rodgers noted that we used a 5% decline in enplanements for 2009 as an assumption when budget planning last year. Continental had the highest gain at 18.9%. Northwest/Delta was second with a 7.2% gain. Mr. Rodgers reported that Continental had their highest market share ever in ERI at 29.3% while Northwest/Delta remained the leader with 45.9% of the market share. Mr. Rodgers commented that low fares continue to attract high load factors even though the summer travel season has ended.

Mr. Porreco asked how our numbers compare to other airports. Mr. Rodgers reported that Cleveland, Pittsburgh, and Buffalo all showed double digit declines.

Asbury West

Mr. Rodgers reported that Urban will submit our Noise Reuse Plan on time. There is one remaining open item to be concluded prior to submittal. Development plans for this property are on hold pending the results of the report.

Parking Lease Agreement-Republic Parking

Mr. Nichols explained that he has started looking at automated equipment for the parking lot. Based on a very brief review of equipment options, Mr. Nichols feels that based on the information he has gathered an automated system could cost under \$200,000. Mr.

Nichols explained that an advantage to this system is that people would have to use their credit cards to get out at night.

Mr. Roth asked if the Authority would run the lot if it were automated. Mr. Nichols said that it would make the most sense to run it ourselves if we had an automated system. We want a system in place that suits us if we are going to eventually operate the lot ourselves. Mr. Rodgers explained that the sub meter has been installed. We will have a good reading at the end of October to determine usage. He explained that we will be billing Republic for usage/demand as well as a 10% administrative mark up. Mr. Porreco said that we can not let these issues with Republic Parking fall through the cracks. Mr. Augustine asked about the impact operating the parking lot ourselves on the Authority's staff.

Wall of Fame

Michelle Magee reported that Mr. Scolio is still working on gathering more information on Jack Siegel. Mr. Nichols added that he is working with Attorney Will Schaaf's son to gather more information on Atty. Schaaf's military career.

Mr. Porreco suggested that the Board appoint an Independent Military Review Board for the purpose of screening and validating potential honorees. The Review Board members should be highly decorated retired officers of the military. He also suggested limiting the program to one honoree per year.

Mr. Rodgers added that we are working on putting Wall of Fame criteria and procedures on the Erie Airport website.

Travel Requests

Mr. Rodgers explained his request to attend the 2009 Sabre Consultant Group Airport Roundtable in Houston Texas November 2 through November 4, 2009. Mr. Rodgers said that airport personnel from our region will be in attendance to talk about how to bring in travelers. Continental Airlines is also headquartered in Houston. It is the intent of Mr. Rodgers to combine the conference with a visit to Continental's headquarters. The Board agreed that this trip would be beneficial and approved Mr. Rodgers' travel request.

Resolutions

Resolution 2009-38 Approval of Work Order #11-Program Management

Mr. Roth commented that just because we receive grant money doesn't mean that we have to spend it all.

Mr. Roth prepared a letter to be sent to dck. He distributed a copy of the letter to the Board. The Board gave authorization to Mr. Roth to proceed with the letter to dck.

Mr. Porreco added that we are obligated to do what we can to realize savings.

Resolution 2009-39- Award Contract for 4160 Splices Project

Mr. Rodgers explained that NEWCO was the lowest responsible bidder.

Resolution 2009-40- Acceptance of Aviation Development Grant Offer (ADG)

Mr. Rodgers explained that the grant is a state match grant. The amount of the grant is \$166,383.

Resolution 2009-41- Authorize Executive Director to Commence Condemnation Proceedings Against Abandoned Trailers

Other

Mr. Rodgers announced a Runway Project Stakeholders Meeting is scheduled for Wednesday September 30, 2009 at 8:30 AM at the Manufacturers' Association. He invited all interested Board Members to attend.

Work Session Adjourned: 1:03 PM

Lou Bizzarro, Secretary