

**ERIE REGIONAL AIRPORT AUTHORITY
WORK SESSION
Thursday March 26, 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:

Lou Porreco	Chris Rodgers	Ernie Dojack
Sumner Nichols	Sheilah Bruno	Dan Soria
Frank Stefano	Kim Scharrer	Ed Kissell
Lou Bizzarro	Mari Anne Clark	Paul Wagner
Lisa Cappabianca	Irene Seyler	
Dale Roth	Michelle Magee	
Charley Augustine	Ian Bogle	
Namon McWilliams	Tyrone Clark	
Janet Anderson	Bob Spaulding	
Don Wright	Kim Green	

Topics of Discussion:

Runway Extension Status

- Acquisition and Demolition- Chris Rodgers reported that there is one business (Tri-Penn Tool) and one residential property left outside of the individual mobile homes to acquire in Zone II. Offers have been made to 21 of the individual mobile home owners. We expect to start closing on some of the individual mobile home units in April. Mr. Rodgers said that now that the contract for demolition has been approved and is in place, demolition will begin once all of the properties have been vacated.
- Golf Course Transfer- Mr. Rodgers said that it is his understanding that the DEP is reviewing the mitigation plan that the City submitted. The plan is expected to be approved by the DEP tomorrow. In addition a Buyer/Seller Agreement will be presented to the City and Millcreek Township. Mr. Rodgers said that it is his understanding that City Council and the Millcreek Supervisors will need to formally approve both documents. Once that is done, Tim Zieziula will receive the documents to forward them to the County. The County has a protocol in place to proceed with setting a closing date. The funds have been previously drawn down and set aside by the County waiting for the closing. Mr. Rodgers said that he believes the closing will be in April possibly in the next few weeks. Mr. Porreco asked Bob Spaulding of the County if he could confirm what Mr. Rodgers just explained. Mr. Spaulding confirmed the timetable and added that it is his understanding that Millcreek is to

give the County a 4 day notice prior to the closing so the County can be ready to wire the funds.

- Plan of Finance- Mr. Rodgers explained the draft model spreadsheet Plan of Finance that was emailed to the Board prior to today's Work Session. Namon McWilliams asked Mr. Rodgers to explain what appears to be a 4 month overlap between the calendar year and the fiscal year. Mr. Rodgers explained that there is no actual overlap. It needs to be looked at from dollar one to the last dollar with a calendar year perspective and then looking at it again from a fiscal year prospective. The numbers should not be compared. The federal fiscal year starts October 1st and ends September 30th. The calendar year is January through December. Mr. Rodgers further explained that there are days in 2009 that are in both the federal fiscal year calendar and the calendar year but the dollars are not. Mr. Rodgers said that the model is a snapshot. When Kim Scharrer updates the project information/invoices on a daily basis, the numbers on the model will update. We will be still working towards a common end point where the budget is in balance and we have a current schedule without any consideration for stimulus funds. Mr. Rodgers said that stimulus funding would require us to revisit the schedule which will be depicted in future reports. Mr. Porreco asked Mr. Rodgers to provide a cover letter with the report. The cover letter should include explanations for changes, funding glitches, etc. when necessary. In the absence of a cover letter from Mr. Rodgers, the Board will assume there are no problems. Mr. Porreco said that Jacobs should also provide a cover letter. Sumner Nichols asked if Jacobs raised any new issues when they came on board to work on the Plan of Finance. Mr. Rodgers explained that Jacobs has been very involved with the processes for the Plan of Finance model. Representatives from Jacobs flew out to Syracuse for a sit down discussion with team members from C&S Engineers. Janet Anderson asked if the model will be accepted by the FAA, BOA, and the County. Mr. Rodgers explained that the model is an internal use document only and we will use the same back up as before for documentation for the FAA, BOA, and County. Mr. Rodgers added that the Jacobs' report should be distributed to the County Executive and the Mayor as well. Mr. Rodgers said we expect to distribute this report on the Tuesday before each monthly Board Meeting. Mr. Rodgers said the one more report is expected to come out of this also; a 2 page graphic that will show expenditures and cash flow issues to date of the project and construction progress to date. This graphic document will be available both on our website and to the public/media. Mr. Porreco asked that the model be enlarged prior to distribution and page numbers be added to the document. Mr. Rodgers said that he would instruct Jacobs to do both.
- Construction Funds/County- Mr. Rodgers reported that it is his understanding that everything will be finalized by the 31st of this month.
- SMART request- Mr. Rodgers reported that our application has been received and is eligible for funds. Our application is 1 of 6 to be ranked.

Mr. Rodgers said that he has an MPO meeting on April 15th. As a voting member of the MPO, he has been asked to rank the 6 applications.

- Stimulus Project- Mr. Rodgers reported Wayne Heibeck, formally the Harrisburg District Manager (we reported to him), of the FAA prepared the guidelines for stimulus funds. These guidelines were different than the guidelines that were first released by the House of Representatives. Mr. Rodgers said that components that we, with the assistance of Jacobs, thought would not be eligible are now eligible and vice versa. Our stimulus presentation is stronger now than we originally thought it would be. Mr. Rodgers said that he has been invited to the Eastern Region's office on April 1st to discuss our airport, our project, and specifically our stimulus effort.

Ms. Anderson said that she came from a lead team meeting prior to today's Work Session. Ms. Anderson said that she learned at that meeting that Tri-Penn Tool is not happy with the appraisal we did. Tri-Penn Tool did a \$500,000 addition and our appraisal was only \$500,000. Tyrone Clark explained that the team has been working with Tri-Penn Tool for some time and have asked them to involve their attorney. We asked Tri-Penn Tool to get another appraisal. Mr. Clark explained that our offer to them was based on a 2006 estimate which was prior to the addition. We can not make them a fair and final offer until we see their appraisal. Mr. Clark explained that once we receive their appraisal, we have 30 days to respond to it which we will do so.

Dale Roth said that since Tri-Penn Tool has added on since we did our last appraisal; shouldn't we do another appraisal? Mr. Clark explained that we will have a third party do a review appraisal of their appraisal and our original appraisal. Mr. Roth questioned this procedure because it does not seem like an "apples to apples comparison". Mr. Porreco agreed.

Mr. Porreco said that the owners of this company did an addition knowing that they were going to be acquired. We should take a really hard look at this. There could have been some ulterior motive behind doing the addition.

Ms. Anderson said that the owners of Tri-Penn Tool spoke to the airport's previous Executive Director before doing the addition and he encouraged them to proceed with the addition. Ms. Anderson said that Tri-Penn Tool was told by the previous Executive Director to proceed with operations as if they were not going to be acquired. We need to be cautious with this situation. Ms. Anderson stated that she believes that there are people present in this room today that were present when previous discussions were held with Tri-Penn Tool.

Mr. Porreco said that we can request that Tri-Penn Tool produce all the documentation associated with the cost of the addition. Mr. Clark said that they are obligated to do so. We are not sure what the outcome will be, but we do expect to have an appraisal from them within the next 2 weeks or so. Mr. Porreco said that in any event, this does not delay the project at all. Mr. Rodgers said that this is a process that plays out based on the federal relocation guidelines. The guidelines say that you can not prohibit an entity from expanding so by definition you are giving them permission to proceed as if the relocation will never happen. . Ms. Anderson said that Tri-Penn Tool has 28 jobs, but the owners of Tri-Penn Tool would like to relocate and resume business, but it is possible that they

will just close the business if they only receive \$500,000. Mr. Clark asked the GEIDC to meet with Tri-Penn Tool to explore potential alternative sites. We want them staying in Erie County. Mr. Porreco said that in exploring other sites, why not offer our own site for relocation? Mr. Clark said that we are considered one of the sites.

Terminal Tenants Considerations

Mr. Rodgers stated that the airport has been slightly busier as of late. We are out of our slow time and there are more passengers in the airport on a daily basis. The opportunity is there for the restaurant to see some more business. Mr. Rodgers said that Kathy has been buying her own supplies at Sam's Club and other grocery stores to cut down on her purchase costs. He reported that the restaurant is current on the rent and is on a month to month with us.

Financial Report

Sheilah Bruno reported a surplus for the month of February of \$627 bringing our year to date deficit to \$38,538. She reported that we are unfavorable just under \$30,000 when compared to budget year to date.

Ms. Bruno stated that our in-house audit has been completed by Malin Bergquist and there were no findings. The MD and A portion of the audit should be complete by the end of this month. We expect to have a draft audit to the Board on April 9th so the Board can review it and be prepared to vote on it at the April 23rd Board Meeting. Mr. Rodgers added that the audit took a total of 10 weeks last year and only 4 weeks this year.

Exercising Call Option on Bonds

Mr. Nichols gave an update on our bonds that are coming due soon. He said that the phone contact he was going to use was not a good phone number so he will have to send a letter regarding the bonds. We are trying to see if they will retire the bonds at a discount.

Bills Payable

Mr. Porreco asked if the cost of the rental emergency generator is being submitted to our insurance company. Mr. Rodgers said that it is.

Ms. Anderson asked about the plumbing costs from Winston Plumbing for the USDA Wildlife Management office. Mr. Rodgers explained that the USDA is contracted to do a wildlife study for us. Under the contract, we are to provide for their use a desk, a chair, and a filing cabinet. We intended to do this at our Airfield Maintenance Building. When they realized that we had space available at the ITC Building, they requested it instead.

Mr. Rodgers said that we set them up with access to the building for use (unless we would get a rent paying tenant). The USDA officials wanted some upgrades to the facilities so we did them and the costs are being billed back to them.

Frank Stefano asked about the Penelec bill. Why did we receive a \$7,000 credit for February? Mr. Rodgers explained that Penelec could not read the meter so estimated it. The estimate was much too high. Ms. Bruno explained that there are 2 meters over there; one was broken off of the wall and Penelec did not have access to read the other one.

Ms. Bruno said that once we discovered this, we had Penelec back out to read the meter

that they previously did not have access to. The broken meter was repaired by Penelec this morning.

Mr. Porreco asked if the payment for the economic trends report is our last installment. Mr. Rodgers confirmed that it is the last bill and we are not renewing our subscription. Mr. Porreco inquired about the Potraz bill for replacement Christmas decorations. Mr. Rodgers explained that some of the decorations that have been used for years around the terminal were beyond their useful life and in need of replacement. We reused what we could and threw out what we could not salvage. Mr. Rodgers said that this will not be a reoccurring cost.

Master Tracking List

Mr. Rodgers said that many of the projects that appeared on previous reports had an April start date. In reality those projects may not start until sometime this summer or even this fall. Mr. Rodgers explained that most of the projects on this list are directly related to our cash flows. The monies to pay for these projects will be built in to the cash flow model. Mr. Rodgers pointed out the replacement of the maintenance building generator. There is a resolution in the packet for consideration today. The resolution will approve the professional services of Urban Engineers for the generator replacement project. Mr. Roth said that if Urban (or any contractor) is going to sub out work; we should require that a minimum of 2 quotes be obtained. The Board agreed. Mr. Rodgers added that HF Lenz was the engineering firm involved with the terminal emergency generator project.

Activities Report

Mr. Rodgers said that the Activities Report is basically a text version of the Master Project Tracking List.

Buildings and Grounds

Mr. Rodgers reported that the only two items left for this project to be complete is the labeling of some components in the basement and a final test of the terminal emergency generator. This should be complete by the end of April.

Air Service Update

Mr. Rodgers reported that our year to date air traffic is -11.7% through the month of February with all 3 airlines reporting losses. The load factor for February was 64%. Mr. Porreco asked if there are any air service opportunities to explore. Mr. Rodgers said that no one is planning on expanding anytime soon. Mr. Rodgers said that by the end of 2010, all Northwest planes are expected to be painted with Delta logos. Mr. Rodgers reported that he has been invited to visit the CommutAir office. He will fly to Cleveland on April 3rd for the meeting.

Asbury West

Mr. Rodgers said that Urban Engineers continues work on our Noise Reuse Plan. We have a submittal date of October 31st. The plan will dictate what we can and can't do with the property. Mr. Rodgers reported that we recently received a ruling pertaining to the KOZ. We have no options. We can not do anything different but what we are doing

now. We cannot reassign the land. Mr. Rodgers thanked Janet Anderson for her efforts. Mr. Rodgers added that Katrina at the Economic Development office was a big help as well.

Parking Lease Agreement-Republic Parking

Mr. Nichols met with Lyle Electric after last month's Board Meeting. A sub meter can be installed for about \$3,000. Mr. Lyle estimated Republic's electric use for heat at about \$500 a month. Currently Republic Parking pays \$100 for electric. Mr. Porreco asked if RPS has ever received anything from the Authority stating that electric will cost \$100 per month. Where did that number come from? Mr. Nichols said that to his knowledge nothing formal has been established. From what he can tell, they have been paying \$100 a month for years. He added that he is not sure where that number originally came from. Mr. Nichols said that we will be auditing parking tickets for July and August. We will be looking for missing tickets. Republic is supposed to cover missing tickets. Mr. Nichols does not think that this is happening as the contract states.

Wall of Fame

Mr. Rodgers reported that efforts are well underway for honoring Maj. Earl Abbott and Col. Richard Hellwege. We are planning a May unveiling, something close to Memorial Day, for both honorees.

Mr. Rodgers distributed to the Board copies of a biography for Major Magee C. Fuller submitted by his family for consideration for this year also. Mr. Porreco asked that a representative from Major Fuller's family be present at the April 23rd Work Session to make a brief presentation to the Board.

Resolutions

Resolution 2009-12-Wall of Fame "Standards of Conduct"- Mr. Porreco said that this is a result of the discussion at last month's Work Session. Mr. Porreco said that he has some reservations. He asked Ms. Magee to read the resolution aloud for the Board. The Board commented that the language of the resolution is broad, but serves its purpose.

Resolution 2009-13- Acceptance of Scope and Budget for Replacement Emergency Generator

Resolution 2009-14- Acceptance of State Grant Offer-Aviation Development Grant (ADG)

Resolution 2009-15- Authorize Executive Director to Execute Necessary Documents to Implement Clean and Green Status

Resolution 2009-16- Authorize Executive Director to Execute Agreement with Midstate Consultants, Inc. for an Independent Fee Estimate (IFE)

Chamber Request

Mr. Porreco recalled that Jim Dible of the Chamber made a presentation to the Board at the last Work Session. Mr. Porreco explained that prior to Mr. Dible's presentation, the ERAA Board agreed that due to financial constraints and project costs, the Authority should explore other sponsorship levels below the \$5,000 we have done in the past. Mr. Porreco asked the Board to come to a decision today on a sponsorship level. Ms. Anderson shared info she gathered on the sponsorship levels of the other Authorities.

Mr. Roth said that as previously discussed it is important to maintain some type of relationship with the Chamber. Mr. Roth recommended \$2,000. Mr. Porreco said that \$2,000 seems like a good number. It is more generous than the \$1,500 minimum for a Silver Level of sponsorship. Mr. McWilliams recommended \$1,500. Ms. Anderson recommended \$2,000 or \$2,500. She said that we paid \$1,750 for the Visitor's Guide. We should do something above and beyond that for a Chamber sponsorship. Mr. Porreco pointed out that the Visitor's Guide is a division of the Chamber. Mr. Clark said that the Board could commit to a Silver level of sponsorship at \$1,500 with the intent to sponsor one of the Chamber's many events at a later date; for example purchasing a table at one of the Chamber's dinner events. The Board agreed by majority to a \$1,500 contribution and sponsorship of a future Chamber event. Mr. Nichols added that he feels we should commit to a \$5,000 contribution as in years past.

Interspace Advertising Program

The ERAA Board received a presentation from Ernie Dojack and Dan Soria of Clear Channel (Interspace). They distributed info to the Board pertaining to the status of the current plan. Mr. Soria stated that the revenue from this program is nowhere close to the revenue projections. Mr. Soria explained that projections were estimated using an 80% retention and a 90% occupancy rate. A 65% to 70% occupancy rate is more realistic. Mr. Dojack added that they were only able to retain 30%. Mr. Porreco asked for an explanation on how the profit sharing works by contract. Mr. Soria explained that by contract the Authority makes 30% on all static displays and 23% on the scrolling sign for a blended rate of 27.5%. Mr. Soria added that he and Mr. Dojack came here today because Interspace felt the ERAA Board deserved an in person explanation as to why the program is not performing as expected.

Work Session Adjourned: 1:07 PM

Lou Bizzarro, Secretary