

**ERIE REGIONAL AIRPORT AUTHORITY
WORK SESSION
Tuesday August 26, 2008**

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 11:29 AM

Attendees:

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| Lou Porreco | Ron Cleaver | Korin Giles, Urban |
| Tony Logue | Ruby Jenkins-Husband | Jeff Limpert, OR Colon |
| Lou Bizzarro | Chris Rodgers | Jim Carroll |
| Lisa Cappabianca | David Bagnoni | Paul Wagner |
| Sumner Nichols | Sheilah Bruno | |
| Dale Roth | Mari Anne Clark | |
| Janet Anderson | Michelle Magee | |
| Frank Stefano | Kim Scharrer | |
| Charley Augustine | Bob Spaulding | |
| Don Wright | Paul Spence | |
| Tim Zieziula | Tyrone Clark | |

Topics of Discussion:

PPC Plan

Korin Giles of Urban Engineers gave the Board a status report on the PPC Plan that Urban has been working on. Final drafts are prepared for the PPC/SPCC Plan, the Lockout/Tagout Plan, Hazard Communication, the Confined Space Program, and the Safety Inspection Program. She said that drafts of the Mutual Aid Response Plan and the Bloodborne Pathogen Program are still being prepared. She explained that letters were sent to all tenants requesting their plans and a list of chemicals they store on site. A first letter was sent in July with a second letter sent in August for those tenants who did not respond to the first request.

Lou Porecco asked if this is the same plan that we have been referring to as our PPC Plan. Ms. Giles said that it is. The PPC Plan is one of the programs that is being incorporated into the Emergency Preparedness and Response Plan for ERI.

Janet Anderson asked if tenants were provided with a list of what type of chemicals should be reported. Ms. Giles confirmed that this information was in the letter sent to all tenants.

Chris Rodgers asked if more follow up is planned. Ms. Giles said that follow up with the remaining tenants is planned and 100% participation is expected.

Runway Extension Status

Mr. Rodgers reported that demolition started in Zone I on September 2nd. Residential property owners in Zone I have been successfully relocated. The two houses on Powell Avenue are gone and the property is cleaned up nicely.

Mr. Rodgers said that there is a resolution to be considered today to purchase the first business in Zone I; Optimum Coatings. This is a real milestone for the project. Also, there is a resolution to be considered today for the purchase of the property for the wetland relocation site in Girard Township. This is another significant milestone for the project.

Mr. Rodgers reported that 7 homes will be acquired in fee simple in Zone II with 2 remaining homes requiring an avigation easement. The process has already begun. Four offers have already been made. Tri-Penn Tool is located in Zone II. Mr. Rodgers explained that a Phase I Environmental led to a Phase II Environmental. This effort is currently underway.

Regarding the golf course transfer, Mr. Rodgers reported that Millcreek and Erie have reached an agreement for the transfer. Members of our project team have been meeting with and participating in phone calls with the FAA to keep this effort moving towards final resolution. Two issues are: an amendment to the FONSI-ROD and then an amended 2000 MOU with Millcreek. A closing date will then be scheduled to actually transfer the course. Mr. Rodgers said that the process to revise a federal document is well underway. The process is being managed daily by our team.

Mr. Rodgers reported that on September 17th the Army Corps of Engineers and others visited ERI to view the current wetland area and the replacement site.

Mr. Rodgers stated that our demolition contractor is a DBE. This is very noteworthy as this bid is 10% DBE participation. The design team is working under the direction of the program manager on a revision to the project schedule and cost estimate as well as the cash flow and plan of finance now that the County's portion of the construction account has been funded. Dale Roth asked when the Board will see these updated schedules. Mr. Rodgers said that a draft of the cost estimates is expected the week of October 12th. A draft of the project schedule is expected the week of October 20th. A draft of the cash flow and plan of finance is expected the week of October 27th.

Sumner Nichols asked if there was some type of formula built into the avigation easements if we want to acquire the properties down the road. Mr. Spence answered that it is.

Mr. Porreco commented that it is strange that Powell Avenue was resurfaced considering part of it will be removed with the runway extension. Mr. Nichols and Mr. Bizzarro agreed. Mr. Nichols added that much of the public believes that the airport resurfaced Powell Avenue.

Restaurant Status

David Bagnoni said that Kathy has been struggling lately. She has had a reduction in personnel and business has been slow. Chief Bagnoni said that Kathy is just making it with her payroll and other expenses.

Chief Bagnoni explained to the Board that Carol Deraimo of the gift shop would like to open a bit later and close a bit earlier than she currently does. He reported that the Carol's Gift Shop is down \$4,500 from last year. Carol has indicated that she is really struggling. Mr. Porreco proposed 8:30 am to 5:30 pm or 9:00 am to 6:00 pm. Sumner Nichols suggested that the gift shop try new hours for three months and let's see what kind of feedback we get from our passengers. Mr. Porreco advised that the gift shop cut back until the week of Thanksgiving at which time it will return to the old hours. The Board agreed and will reassess the situation after the holidays.

Financial Report

Chief Financial Officer Sheilah Bruno reported that since we received our PFC approvals, we transferred professional services fees that were being paid out of our general operating into our capital account. We transferred almost \$45,000. This has helped our financials tremendously for the month of August. Ms. Bruno said that the FAA approved an AIP administrative reimbursement of \$15,000 which helped our August financials. Ms. Bruno said that we also transferred our term loan from National City to Erie Bank we did not incur the approximately \$13,000 that we would have paid for our term loan because there was no payment due in August. As a result of everything mentioned above, Ms. Bruno reported a surplus of \$87,863 this month and a year to date surplus of \$31,919. Year to date we are \$15,571 unfavorable when compared to budget. Ms. Bruno added that we do have other transfers that we can make that will help.

Mr. Rodgers commented that the fact that we are so close to budget is due to the great effort put forth last year when preparing the 2008 budget. Efforts for the 2009 budget will begin soon.

Mr. Porreco asked for a status update on our conversion to Erie Bank. Ms. Bruno explained that the General Operating Account is the only account left to move to Erie Bank. Mr. Porreco asked about the pension fund conversion. Ms. Bruno said that we are currently working on it with representatives from Erie Bank. The plan should be finalized within the next month.

Bills Payable

Ms. Bruno addressed the \$15,000 bill for the disaster drill. She said that the excessive amount requires Board approval. Mr. Porreco said that we discussed this last year. Would it be more cost effective to send our people to Pittsburgh for training or to continue to host our own disaster drill? Mr. Porreco said that the primary bill was a little more than \$15,000 and a second bill of \$2,200 for propane. Mr. Porreco asked if there were any other bills. Ms. Bruno said that we incurred approximately \$24,000. We were reimbursed by other organizations who participated in the disaster drill. Ms. Bruno said that our net cost was about \$14,000. It is more cost effective to hold our own drill here at the airport.

Mr. Porreco asked about the \$11,000 spent to refurbish the Executive Director's office. Mr. Porreco said that he does not recall the Board approving this expenditure. Mr. Rodgers explained that the furniture used by the previous Director is old and broken. The

carpet in the office is torn and burned in several areas. Mr. Rodgers said that now is the time to do this type of work since the office is empty. This is our one time opportunity to renovate. Mr. Rodgers further explained that the office space of the Executive Director needs to be more efficient and functional. The intended renovations will achieve this. Mr. Rodgers explained that there is extra money this month due to the situations that Sheilah explained earlier during her financial report.

Mr. Porreco said that it is too late now since the money has already been spent, but in the future this type of expense should have been authorized by the Board. Even though the amount is within the Executive Director's spending limit, Mr. Porreco said that large expenditures need to be brought before the Board. The Board does not like to be surprised by something like this.

Mr. Porreco asked if the vacuum expense for National will be billed back to National Car Rental. Ms. Bruno confirmed that it would.

Master Project Tracking List

Mr. Rodgers said we have quite a few smaller dollar amount projects either coming up or already underway. To make it easier to follow, Mr. Rodgers plans to prepare a project list which identifies the funding sources for the next Board meeting. We are managing these projects very closely so they are accomplished in the necessary timeline.

Building and Grounds

Mr. Rodgers said the contract to replace the terminal generator has been awarded and the installation of the Jetway units will be completed in 6 months. The HVAC replacement will be included on the small project list that was explained earlier.

Mr. Rodgers said that a Fall "clean up" of the terminal building and grounds began a few weeks ago. Light bulbs are being replaced where necessary and paint is being touched up in areas where needed in addition to extra cleaning to spruce things up before the cold weather gets here and our staff will have to spend more time clearing the snow and ice outside. Mr. Rodgers said that the "clean up" should be complete by October 31st.

Erie Otters Request

Mr. Rodgers explained that the airport has been a sponsor for the Otters since 2002. He reviewed the advertising package with the Board which includes a sign, an ad in the program, 2 gold season tickets, and participation in the Adopt a School Program for about \$3,700. Mr. Porreco asked what school we would be sponsoring if we chose this package. Mr. Rodgers explained that schools are chosen randomly and Vernondale Elementary School in Millcreek would be the airport's adopted school.

Dale Roth asked what the advantage to the airport is if we chose to advertise with the Otters. Tony Logue added that this has always been the issue with sponsorships. Mr. Rodgers explained that participating in the Otters season is advertising for the airport. Mr. Roth asked if we really need the advertising at the games? We are the only airport in Erie. Mr. Roth asked if the Erie Otters advertise at the airport. Mr. Rodgers said that the Otters do not advertise at the airport. Mr. Roth commented that advertising has to be a two way street.

Mr. Porreco polled the Board members regarding sponsoring the Otters for this season. The Board agreed that the airport would not be sponsoring the Erie Otters this season and the discussion ended.

Lehman Property

Chief Bagnoni recommended that the building be demolished. Chief Bagnoni showed on a map the 2 possibilities for the land. We can avoid the cost of a \$20,000 Phase II environmental if we lease our current property used only with the rest of the area being used as a parking lot. We would only have to do a \$2,000 Phase I environmental. We can then lease the space. We previously had a company (LTS) interested in the property. Chief Bagnoni said that he has already contacted Mr. Maslowski, the owner of LTS. This area is also in the KOZ which would result in tax breaks for the company.

Chief Bagnoni said that realtor Greg Rubino suggested that we make the land 1 acre. Currently the land is .32 acres. We could then market the land to Dunn Tire, Wendy's, etc. for example. Mr. Porreco said that the Board would prefer that the land be used for aviation purposes if possible. Chief Bagnoni said that the company he referred to earlier is more aviation oriented because the company meters gas on airports. Chief Bagnoni explained that we would have to go to the FAA to request permission to do whatever it is we decide to do with the property before we actually do it. Chief Bagnoni is waiting to hear back from the Mr. Maslowski of LTS.

Sumner Nichols asked if the space would accommodate another car rental agency. Mr. Rodgers said that it would. Chief Bagnoni said that he doesn't know of a car rental agency would have an interest. Thrifty completely pulled up stakes in Erie and Budget has a lot very near to the airport.

Air Service Update

Mr. Rodgers reported that August was almost identical to July. Northwest remains the market leader with 48.5% of the total market. Mr. Rodgers said that we are expecting an annual decline of 10% when compared to 2007.

Mr. Rodgers announced that the FAA approved a merger plan for Delta and Northwest yesterday. A shareholders meeting is planned for later this week and more will be known following that meeting. Government approvals outside of the FAA would also be needed.

Asbury West Property/Industrial Development

Mr. Rodgers explained the land reuse plan (which will be introduced in Resolution 2008-40). The FAA has notified ERI that we are one of about 100 airports that are required to do land reuse plan. There is no funding available to reimburse us for the plan so we have asked Urban Engineers as our on call engineers to prepare a scope of work. Mr. Rodgers said that it is included in the Board packet with the resolution.

Electrical Emergency Plan Status

Chief Bagnoni said that the plan should be completed by the end of October or beginning of November. Chief Bagnoni said that we are working with our mutual aide responders and offering them some additional training. In exchange they will help us redo our emergency plan. Chief Bagnoni explained that the training will be done in house at no expense to the airport.

Parking Lease Agreement

Sumner Nichols reported that his review of the parking lease agreement is not yet complete.

Wall of Fame Candidate-Gabreski

Chief Bagnoni reported that he still has not heard anything from the family of Lt. Col. Gabby Grabeski.

Airside Operations

Mr. Rodgers said that we are planning to include the cost of an outside sand storage building in the FFY 09 Grant to be submitted in January. He said that this will be a project for Spring 2009.

Travel Requests

Mr. Rodgers requested Board approval to attend a meeting in Arizona with other peer sized airports to discuss the industry, etc. A representative from US Air will also be in attendance. The meeting is October 23rd through the 25th. Mr. Rodgers reminded the Board that he will be at the Boyd Conference earlier in the month of October. Hotel and registration is \$650 and airfare is about \$500. Mr. Logue commented that US Air has always shown an interest in ERI. The Board agreed that it was okay Mr. Rodgers to attend.

Edinboro Art Display

Mr. Rodgers said that the contract has been reviewed and revised by the Knox Law Firm. It has been forwarded to Edinboro for review. We are still waiting to hear from Edinboro for final acceptance.

Erie Hall of Fame Request

Mari Anne Clark said that she received a letter from Interspace Advertising and they have no problem with the Erie Hall of Fame request to display a kiosk here at the airport. Mr. Logue suggested that the Erie Hall of Fame kiosk be set up by the gift shop in the terminal.

Airport 101/Orientation/Briefing

Mr. Rodgers said that the Bureau of Aviation (BOA) still plans to conduct a state grant presentation with details to come at a later date.

Mr. Rodgers checked with AAAE to see if their airport 101 training is scheduled anytime soon at any other location. There is no current schedule. We can still get a 1 day training

here for all of our people for \$4,800. Mr. Rodgers said that the agenda for the training in ERI would be ERI specific. Mr. Porreco asked that the Board see the agenda for the training prior to the Board's final decision. Mr. Rodgers said that the Boyd Group has an airline 101 program. More details to follow.

Wildlife Assessment Update

C&S Engineers will prepare a contract. They did our assessment before and the FAA would prefer that the same company do it again. Mr. Rodgers explained that having the same company do the assessment will reduce costs because they are already familiar with our program.

Business Air Travel Survey

Mr. Rodgers said that the data from the survey should be compiled in time to take to the Boyd Conference. The survey is being sponsored by the Chamber, the Manufacturer's Association, Visit Erie, and the Convention Center Authority.

Work Session Adjourned: 12:41

The Board met in an Executive Session from 12:42 PM until 1:08 PM.

Lou Bizzarro, Secretary