Metropolitan Airports Commission

Full Commission

Regular Monthly Meeting Minutes
Monday, September 21, 2009
7:00 pm

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Call to Order
A Regular meeting of the Full Commission, having been duly called, was held Monday, September 21, 2009 at the Crowne Plaza Hotel, 2700 Pilot Knob Road, Eagan, MN 55121. Chairman Lanners called the meeting to order at 7:00 p.m. The following were in attendance:

Commissioners: Boivin, Geisler, Harris, Landy, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, Williams and Chairman Lanners


Others: John Bergmarton, Karen Erazo, Ulstan Duggan, NOC; Greg Alberg, HNTB; Tom Yardiz, Flannery Construction; Martin Kuppenman, MCH; Aaron Dean, Shawn Nizack, Greg Boulder, Crossroads Construction; Kent Kersten, ASIG; Sheldon Strom, CEE; James Casper; Carol Whisnant, Eagan ARC; Jeff Davidman, Best & Flanagan; Larry Murphy, Eagan; Darin Andries; Monray; Liz Petschil, Mendota Hgts; Mike Minea; Nancy Olson, Thunderbird Aviation; Curt Aljets, Eagan Airport Relations Comm; Chauncey Case, Met Council; Merland Otto, City of Mpls.; Robert Friskeny, James Spensley, Dick Saunders, SMAAC; Jerry Miranowski, Faegre & Benson

OPEN FORUM
No one requested to speak.

AWARDS
2009 Excellence in Airport Marketing and Communications Award
Chairman Lanners stated each year Airports Council International (ACI) conducts a contest to identify and honor the best airport marketing and communication efforts in North America. In 2009, sixty-two airports and airport authorities submitted 250 contest entries. MSP earned second place for its new mspairport.com site which was launched in May. He congratulated the Public Affairs, Marketing and IS staff members who worked to make MSP’s website among the best in the nation.

CONSENT ITEMS
The following Consent items were approved by roll call vote as indicated. This includes the issues discussed at the Committee meetings during the month of September which were approved by unanimous or majority vote and, in the opinion of the Committee Chairperson and Staff, should be routine or non-controversial.
COMMISSIONER MCKASY MOVED AND COMMISSIONER STENERSON SECONDED
APPROVAL OF THE CONSENT AND COMMITTEE AGENDA ITEMS AS LISTED BELOW. The
Motion carried on the following roll call vote:

Ayes: Twelve Commissioners, Boivin, Geisler, Harris, Landy, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, Williams, and Chairman Lanners

Nays: None
Abstain: None
Absent: Three Commissioners McDonald, Rehkamp and Sigel

Reports
1. Passenger and Operations Summary

Approval of Minutes
1. August 17, 2009

Finance, Development and Environment Committee - Board File No. 13260
A1 Reports
   b. Statements of Revenue and Expenses and Changes in Net Unrestricted Cash - July 2009
   c. Accounts Receivable Summary
   d. Change Management Policy and Project Status Report

A2 Final Payments - MAC Contracts
   a. Tug Drive Floor Waterproofing Rehabilitation - Phase 1
   b. Humphrey Terminal Parking Ramp Expansion #R1 Site Prep and Building
   c. Humphrey Terminal Parking Facility Expansion - BP #R2 - Finishes & LRT Modifications
   d. Humphrey Terminal Parking Expansion BP#R3 - Signage and Revenue Control
   e. AVI Reader Installation

A3 Bids Received - MAC Contracts
   a. 2009-2010 Glycol Recovery Program
   b. Lindbergh Terminal Transit Gates
   c. DISCUSSION: Noise Mitigation Program - Phase 2A Windows/Doors - Part II
   d. Flying Cloud Airport - Mustang Lane Hangar Removal
   e. 2009 Multi-Family Sound Mitigation - BP#2

A4 Architectural Services Continuing Consultant Selection

A5 Recommendation Regarding Adoption of Resolution No. 2115 - Series 1999B and/or Series 2000B Bond Refunding

A6 Request to Issue Proposals for Underwriter Services

A7 MAC Employee Pay Rate Adjustments Audit Report

A8 DISCUSSION: Hertz Corporation Car Rental Audit

A9 DISCUSSION: Flying Cloud Airport Long Term Comprehensive Plan (LTCP) - Revised Preferred Alternate

A10 Preliminary 2010-2016 Capital Improvement Program

A11 Flying Cloud Airport Runway Incursion Project
   a. Flying Cloud Airport Runway Incursion Reduction - Runway Guard Light Installation
   b. Flying Cloud Airport Runway Incursion Reduction - Security Gates and Taxilane Improvement
Management and Operations Committee - Board File No. 13261
B1 Request Authorization to Issue Request for Proposals (RFP) for a Telecommunications Concession
B2 Request Authorization to Issue Request for Proposals (RFP) for Maintenance of Automation Systems
B3 Request Authorization to Negotiate a New Agreement with Honeywell for Fire Alarm System Maintenance
B4 Request Authorization to Issue Request for Proposals (RFP) for Maintenance of Facilities Monitoring Systems (FMS)
B5 Request Authorization to Hold a Public Hearing on a Revised MAC Ordinance No. 88
B6 Recommendation Regarding Liquid Deicer Bids
B7 DISCUSSION: Request Authorization to Negotiate Renewal of the Humphrey Terminal Agent and Passenger Loading Bridge Maintenance Agreement
B8 Request Approval to Purchase Software to Manage Fiber Optic Cable Infrastructure
B9 Flying Cloud Airport Runway Incursion Reduction Project
   a. Flying Cloud Airport Runway Incursion Reduction - Runway Guard Light Installation
   b. Flying Cloud Airport Runway Incursion Reduction - Security Gates and Taxiway Improvements

Financial Report - Board File No. 13262
Approval of the total amount of $13,714,459.01 for payment and transfer, subject to audit.

Airport Leases - Board File No. 13263
Minneapolis-St. Paul International Airport
Approval of a lease agreement with the FAA for 30,636 sq. ft. in support of its ADO, FIDO and MIDO operations at the airport. Approval of a lease agreement with the U.S. Corp of Engineers (US Navy) for 8,977 sq. ft. in support of its operations at the airport

Flying Cloud Airport
Approval of a new commercial lease with a ten year term and ten year renewal for Beech Transportation, Eden Prairie, MN Flight School.

Crystal Airport
Approval of a lease transfer form Francis Griffin, Lot 72B to Craig Gifford, Mpls, MN.

Anoka County-Blaine Airport
Approval of a sublease between Anoka Airport Development, Blaine, MN, and MSP Aero LLC, Mpls, MN. Approval for a consent to sublease between Anoka Airport Development, Key Air, Twin Cities and the Hertz Corporation, Park Ridge, NJ. Approval for a sublease between Anoka Airport Development and Malibu Aerospace, Blaine, MN. Approval of a lease amendment and new aircraft storage lease for Anoka Air Charter to sell one of the hangars under their lease to Baker Planes, LLC. Approval to amend AAC's lease on Row 9, Lot C,D,E,F, G and H to remove Lot C,G and H and to remove any reference to commercial rights under the lease. The resulting lease will authorize the storage aircraft only on Lots D,E, and F. Lots G and H will be returned to the MAC. Approval for a new aircraft storage lease with a ten year term on Row 9, Lot C for Baker Planes, LLC, White Bear Lake, MN. Approval for a consent to leasehold mortgage and subordination agreement from Baker Planes, LLC, Row 9, Lot C to American Bank, St. Paul, MN and a subordination agreement from
Baker Planes LLC to American Bank and MAC conditioned upon review of documents by MAC Legal Counsel. Approval of a lease transfer from Robert Krueger, Lot 37E to Ronald Barrows, Lino Lakes, MN. Approval for a storage lease transfer from Jeffrey Loeffler, Lot 43A to David Vandegrift, St. Paul, MN.

APPROVAL OF THE ABOVE TO AUTHORIZE THE LEASES, CONSENT TO TRANSFERS, AMENDMENTS, ASSIGNMENTS, CONSENT TO SUBLEASES, LICENSES AND OTHER ACTIONS AS INDICATED.

ALL SUCH APPROVALS ARE SUBJECT TO PAYMENT OF ALL RENT OR MONEY OWED THE COMMISSION, COMPLIANCE WITH THE TERMS OF ALL EXISTING AGREEMENTS AND PAYMENT OF APPLICABLE ADMINISTRATIVE FEES, IF ANY,

AUTHORIZE THE EXECUTIVE DIRECTOR OR A DESIGNATED REPRESENTATIVE TO EXECUTE THE NECESSARY DOCUMENTS.

DISCUSSION ITEMS - Board File No. 13264

Finance, Development and Environment Committee
A8 Hertz Corporation Car Rental Audit

Mike Willis, Assistant Director, Internal Audit, stated the final results of the audit identified minor underpayments of various fees and underreporting of some revenue. Included were underpayments of facility charges, underreporting of revenue related to satellite radio rentals, and underreporting of revenue related to some miscellaneous charges. He stated that Hertz has expressed concern regarding the audit which relates to certain miscellaneous rental charges. The Auditor's position is that fees such as car washes, towing charges, impound fees, etc., are not identical to the actual costs of repairs and replacement of vehicles and should not be excluded from revenue based on a strict interpretation of the lease terms.

Commissioner Landy stated it wasn't made clear at the meeting if Hertz took in more money than the costs of towing, impound, keys, etc., and that was why he requested that this action be delayed another month. He asked whether Hertz collected more than what the costs were to replace those items. Mr. Willis responded that it is very difficult to determine exactly what the charges of the customers were in relation to actual costs.

Commissioner McKasy stated that the Committee raised some valid questions based on what Hertz presented and it was the consensus of the Committee to approve the recommendation as brought by the audit department and to have staff review the issues and determine whether there is an equitable way of approaching the issue in the future.

COMMISSIONER MCKASY MOVED AND COMMISSIONER STENERSON SECONDEd ACCEPTANCE OF THE HERTZ CORPORATION AUDIT REPORT, CONCLUSIONS AND RECOMMENDATIONS. The Motion passed on the following roll call vote:

Ayes: Ten Commissioners, Boivin, Geisler, Harris, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, and Chairman Lanners

Nays: Two Commissioners Landy and Williams

Abstain: None

Absent: Three Commissioners McDonald, Rehkamp and Sigel
Commissioner Westerberg stated he would like to know how agenda items are determined for each of the Committees. Jeff Hamiel, Executive Director, explained the process by which agenda items are divided among the FD&E Committee, M&O Committee and the HR/AA Committee. He stated that Staff is looking for a balance of agenda items for each of the Committees so that the financial issues are brought to the FD&E Committee and the operational and maintenance issues are dealt with by the M&O Committee. Chairman Lanners suggested that Commissioner Westerberg talk to staff ahead of the finalization of the agendas to voice his opinion on the delegation of issues to each Committee.

COMMISSIONER WES TERBERG MOVED AND COMMISSIONER LANDY SECONDED
APPROVAL OF THE FOLLOWING:
1. THAT THE RECOMMENDATIONS IDENTIFIED IN THE SUMMARY AND
RECOMMENDATION REPORT CONTAINED IN THE COMMITTEE PACKAGE FOR THE FLYING
CLOUD AIRPORT BE APPROVED FOR INCLUSION IN THE FLYING CLOUD AIRPORT LTCP
UPDATE; AND
2. THAT STAFF BE AUTHORIZED TO COMPLETE THE DRAFT LTCP UPDATE DOCUMENT
AND MAKE THE DRAFT AVAILABLE FOR A 30 DAY WRITTEN PUBLIC COMMENT PERIOD.
The Motion passed on the following roll call vote:

Ayes: Twelve Commissioners, Boivin, Geisler, Harris, Landy, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, Williams, and Chairman Lanners

Nays: None
Abstain: None
Absent: Three Commissioners McDonald, Rehkamp and Sigel

B7 Request Authorization to Negotiate Renewal of the Humphrey Terminal Agent and Passenger Loading Bridge Maintenance Agreement

Dan Foster, Asst. Director MSP Operations, stated staff presented a recommendation to negotiate a renewal of the ASII contract at the Humphrey Terminal. The contract is nearing its initial three year term expiration. Staff sought renewal with ASII under the motivation that they do an excellent job. Both MAC staff and ASII are interested in extending the contract. The contract does not provide in the extension year for an increase in fees and ASII expressed an interest to renew but sought an increase in their fees. Staff considered issuing an RFP and realized that the total annual cost of fees from the next lowest proposal is higher than the fees recommended for the two renewal years under the current ASII contract. Staff recommends increases that were the same as the original three year term of 2% on the annual agent fee and 3% on the passenger service fees.

A Commissioner commented that he hopes a precedent is not being set for future contracts.

COMMISSIONER STENERSON MOVED AND COMMISSIONER WES TERBERG SECONDED
AUTHORIZATION TO NEGOTIATE RENEWAL OF THE HUMPHREY TERMINAL AGENT AND
PASSENGER LOADING BRIDGE MAINTENANCE AGREEMENT WITH ASII FOR A TWO YEAR
PERIOD TO INCLUDE A 2% INCREASE PER PASSENGER/PUBLIC ASSISTANCE
REPRESENTATIVE FEE; AND AUTHORIZE THE APPROPRIATE OFFICER TO EXECUTE THE
NECESSARY DOCUMENTS. The Motion passed on the following roll call vote:
Ayes: Eleven Commissioners, Boivin, Geisler, Landy, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, Williams, and Chairman Lanners

Nays: One Commissioner Harris

Abstain: None

Absent: Three Commissioners McDonald, Rehkamp and Sigel

NEW BUSINESS - Board File No. 13265
There was no new business.

OLD BUSINESS - Board File No. 13266
1. Report on the Results of the Noise Oversight Committee (NOC) Meetings

Chad Leqve, Manager, Aviation Noise and Satellite Programs, recognized NOC members that were in attendance: Ulton Duggan, Mendota Heights; Liz Petschil, NOC alternate for Mendota Heights; John Bergman, Councilman from City of Apple Valley; and Karen Erazo, Sun Country Airlines. Mr. Leqve praised them for their contributions, professionalism and collaboration at the Noise Oversight Committee meetings.

Mr. Leqve provided a review of the NOC meetings and a presentation regarding the success of the Runway 17 RNAV Departure Procedures. He stated at the September 16, 2009 NOC meeting the Committee unanimously recommended MAC’s approval and submission of the Runway 17 RNAV departure procedures to the FAA for approval as public use RNAV departure procedures.

This was an information item. No Commission action was requested.

2. MSP Long Term Comprehensive Plan (LTCP) Update

Dennis Probst, Deputy Executive Director Planning and Environment, stated the Long Term Comprehensive Plan (LTCP) work for MSP continues with the anticipated Preferred Alternative. Mr. Probst presented the preliminary Preferred Alternative for the ongoing development of MSP and discussed the anticipated schedule and sequence of projects required to execute the proposed alternative from 2010 to 2030 as follows:

- MSP 2020 Conceptual Plan
- Aviation Enplanement Forecasts
- Aircraft Operations Forecasts
- Key Factors for 2030
- Key Factors Today
- Public Parking Requirements
- Phasing and Key Decisions
- Areas of Further Evaluation

Staff anticipates presentations to the City Councils of the noted communities between September 21, 2009 and October 15, 2009 and will be hosting two public meetings to hear from surrounding residents during this same period. Mr. Probst responded to questions and comments from Commissioners.

John Bergman, City of Apple Valley, stated he feels fortunate to be able to be a member of the NOC meetings. He recognized FAA Representative, Carl Rydeen and also thanked Dennis Probst and
Chad Leqve for their efforts in presenting the Long Term Comprehensive Plan to the City of Apple Valley.

Ulton Duggan, City of Mendota Heights, requested that staff provide him with the anticipated increase in the labor force for the Long Term Comprehensive Plan.

Jim Spensley, SMAAC, stated the Long Term Comprehensive Plan is too costly but agrees there will be an increasing demand for local and international air travel through MSP. Everything in the plan is more costly than it needs to be. It isn't necessary to have more restrooms, gates or parking. Unless there is something done about airline competition, making the airport larger won't serve the economic needs of the City.

Bob Friskney, SMAAC, commented on the presence and impact of expanded operations of Southwest Airlines at MSP.

This was an information item. No Commission action was requested.

3. Bids Received - MAC Contracts
   c. Noise Mitigation Program - Phase 2A Windows/Doors - Part II

Tom Anderson, General Counsel, stated the FD&E Committee made a recommendation to award a contract for Phase 2A of the Noise Mitigation Program to Flannery Construction. After the Committee meeting staff received a protest letter from Crossroads Construction. Commissioners were provided the protest letter from Crossroads and subsequently Flannery Construction's reply and a legal analysis that Mr. Anderson prepared with a factual background.

Aaron Dean, Legal Counsel for Crossroad Construction, stated that Crossroad is protesting the award of MAC's contract to Flannery Construction and asked the Commission to do the following:

- Reject the bid by Flannery Construction outright
- Reject all bids and order a rebidding
- Conduct an audit of both bids as Crossroad believes the audit will show there was an impermissible weighting of the bids by Flannery Construction that will harm the homeowners because it will diminish their purchasing power on the $4,000 to $4,500 that has been allocated.
- Crossroad is asking that the Commission delay making the decision tonight because more information is forthcoming and they need more time to review everything.

Mr. Dean argued, on behalf of Crossroad, their grounds to protest the bid:
- Flannery's bid is non-responsive
- Flannery is not a responsible bidder
- Real ambiguity in MAC's specifications

Martin Kappenman, Legal Counsel for Flannery Construction addressed the Commission with a response to the claims by Crossroad Construction.

Tom Anderson, General Counsel, stated Commissioners have received the analysis by Faegre & Benson and John Nelson, on both the legal and factual background. Mr. Anderson provided a summary of the analysis.
Questions from Commissioners pertained to utilizing DBE’s, performance bonds, responsiveness of the bid, responsibility of the bidder, Flannery’s past performance with MAC, how many homes are in the contract and why Crossroad didn’t protest at the September 9, 2009 FD&E Committee.

COMMISSIONER MCKASY MOVED AND COMMISSIONER NELSON SECONDED ACCEPTANCE OF THE LOWEST RESPONSIBLE BID FOR PHASE 2A WINDOWS/DOORS - PART II OF THE NOISE MITIGATION PROGRAM FROM FLANNERY CONSTRUCTION, INC., IN THE AMOUNT OF $6,317,318.00. FURTHER, AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS AND ESTABLISH A CONSTRUCTION BUDGET OF $7,000,000. The Motion passed on the following roll call vote:

Ayes: Eleven
Commissioners, Boivin, Geisler, Landy, McKasy, Monaco, Nelson, Peilen, Stenerson, Westerberg, Williams, and Chairman Lanners

Nays: None

Abstain: One Commissioner Harris

Absent: Three Commissioners McDonald, Rehkamp and Sigel

ANNOUNCEMENTS
There were no announcements.

Chairman Lanners adjourned the meeting at 9:45 p.m.

Materials for this meeting are available at the following website:
http://www.metroairports.org/mac/meetings/fc.aspex