



Newsletter Anoka County Aviation Association ACAA

March, 2011

Next Meeting: **Monday, March 14, 2011 7:00 PM**
EAA Chapter 237 Hangar Anoka County Airport.

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Calendar

March 14, 2011 (Mon)	7:00pm	ACAA Meeting EAA Hangar
March 24 (Thu)	7:00pm	Safety Seminar Key Air
April 28-May 1 (Thu-Sun)		ANE Spring Cleanup Days
April 29, 2011 (Fri)		Newsletter Deadline Want Ads due
May 9, 2011 (Mon)	7:00pm	ACAA Meeting EAA Hanger

March Meeting

Join us at the March meeting for an update on what's happening at ANE and the MAC. We'll also be discussing the proposed lease changes and the RAAC response to them.

Family, friends, and members of other airport associations are cordially invited. The meeting starts at 7:00 PM on Monday, March 14, at the EAA 237 Hangar on the west side of the field. Doors open around 6:45. Refreshments will be provided.

Around the Airport

By Joe Harris, Airport Manager

Please mark your calendar for April 28 – May 1, 2011. MAC will be hosting a Spring Clean Up Days at the airport. During this timeframe several dumpsters will be located at the airport in which storage tenants will have the opportunity to properly dispose of material within their hangar. Look for a letter from MAC Staff providing the details of this event sometime in early April.

The airport development staff plans to reconstruct Taxiway Delta this summer. This project moved to the top of the priority list when funding became available based upon comments from the tenants at an ACAA meeting. The project may also include the reconstruction of the most southern taxilanes and roadway too.

We received a lot of calls in regards to the removal of trees on MAC owned property from airport users and community. The first area was north of Runway 18, northwest of the intersection of Radisson Road and Xylite Street. The second area was east of Runway 27, northeast of the intersection of Radisson Road and Naples Street. Both of these clearing operations were performed as routine maintenance and removal of obstructions to the runway approaches, as required by the FAA. Portions of these areas are located within the runway protection zones, FAA approach surfaces, and MnDOT clear zones. This work was performed by a private contractor.

With regards,
Joe

RAAC Report

By John Krack

A family emergency has pretty much kept me out of commission since January 1, but that is resolving favorably, and I'll be getting back on track. Our main focus has been on the Lease Policies and Forms drafts, and we've made a little progress on that. Following is an update, where available, on the items we've been tracking

Aesthetics/Maintenance Ordinance

Ordinance 112, the Aesthetics/Maintenance Ordinance, was passed by the full Commission on December 20, with an effective date of January 1. I'm still committed to put together a contractor list, which I hope to do by the end of April.

Financial Model

No update other than Jeff Hamiel's comments at the November 16 Commission meeting, as described in Vivian Starr's summary below.

Blaine Ballfield Lease. No update.

Lease Policy Changes and Lease Forms. We received the MAC draft in December, and it's been posted on their website at <http://metroairports.org/relievers>. We held a RAAC rep meeting in January to review the documents and list our concerns. We also received excellent input from several tenants. I documented our comments in draft form and sent them to the RAAC team for their agreement. The next step is to tweak the comments, forward them to the MAC, and schedule a meeting. Our main concerns and suggestions are summarized elsewhere in this Newsletter. If you have comments, please get them to me ASAP.

Revisions to Commercial Minimum Standards. Commercial Minimum Standards will be addressed as part of the airport analysis project.

We'll keep you posted as things develop.

As usual, if you have any concerns, issues, or suggestions regarding the Reliever Airports, let me, or any of the other RAAC reps, know.

The View From Here

By John Krack

No January Newsletter

As many of you are aware, my wife Carrie contracted meningitis on New Years day when we were visiting family in Akron, OH. (That's why there was no Newsletter in January.) This is truly a life-threatening disease, and her situation was quite fragile for a couple of weeks, but I'm happy to report that she has made remarkable progress. After almost 8 weeks of being comatose and then partially awake, she finally awoke fully on February 25, and has been making great strides ever since. She's in acute rehab now (still in Akron) to work on recovering her strength, and physical/mental skills. She's doing quite well, and we're hopeful that she'll recover with little or no impairment. Thanks to all of you who sent prayers, emails, cards, and support her way.

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The View From Here

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In Memoriam – Whitey Lares

It is with sadness that we note the passing of David “Whitey” Lares, a longtime ACAA member and hangar owner at ANE. Whitey was 88. Our condolences to his family and friends.

Safety Seminar

A Safety Seminar is scheduled for 7:00pm on Thursday, March 24 at the Key Air facility at ANE. The speaker is Dr. Randle Corfman, and the subject is “How to Become an Old, Bold Pilot: Medical Considerations,” where Dr. Corfman disproves the old adage about old, bold pilots.

You can sign up online at http://www.faasafety.gov/SPANS/event_registration.aspx?eid=36451.

Flight Physicals Back at ANE

Dr. Ronald Rehmann, certified FAA senior aviation medical examiner, has opened an office in the Cirrus building at ANE. We once again have the convenience of doing our FAA medicals right on the airport. Visit the Aviation Medical Minnesota website at <http://avmedmn.com/>.

Class B Airspace Meetings

The FAA has scheduled four informal meetings to explain proposed changes to and solicit public comments on proposed revisions to the MSP Class B airspace area. I don't have details on the proposed revisions, but the meeting dates and locations are:

Friday March 18, 2:00 to 4:00 pm at
Metropolitan Airports Commission Offices
6040 28th Ave. So., Minneapolis, MN

Saturday March 19, 8:00 to 11:00 am at
InFlight Training
10000 Flying Cloud Drive
Eden Prairie, MN

Monday March 21, 7:00 to 9:00 pm at
St. Paul Army Nat'l Guard
206 Airport Road
St. Paul, MN

Tuesday, March 22, 7:00 to 9:00 pm at
Metropolitan Airports Commission Offices
6040 28th Ave. So., Minneapolis, MN

Commission Changes

Daniel Boivin is the new Commission chair, replacing Jack Lanners. Dan has been the Minneapolis representative since May, 2002. To my knowledge, no other commissioners have yet been named. Currently, District E is vacant following Commissioner Westerberg's resignation, and the Minneapolis seat is open following Commissioner Boivin's appointment to the Chair. Other Commissioners whose terms expired January 3, 2011 are Sherry Stenerson (District A), Molly Siegel (District B), Robert Nelson (District F), Bert McKasy (District H), and Paul Rehkamp (Outstate – Marshall).

We'll potentially be seeing a lot of changes as Governor Dayton makes his appointments.

Andy Westerberg

Andy Westerberg resigned his Commission seat following his election to the Anoka County Board of Commissioners. Andy has represented District E (which includes ANE) since mid-2007. Andy has been a great advocate for the airport, and we thank him for his service and support. We look forward to continuing to work with Andy in his new role as County Commissioner.

Elections

All of last year's officers agreed to serve another year, and were unanimously re-elected at the November meeting. They are:

Michael Lawrence	President
Paul Thomas	Vice President
John Krack	Secretary
Vivian Starr	Treasurer

We thank them for their previous service, and for their willingness to serve another year.

Blaine Airport Promotion Group

The Airport Promotion Team, now known as the Blaine Airport Promotion Group (BAPG) continues to move aggressively on several fronts, including improved signage, better information for visitors, and education. Recognizing that young people are the key to our future, they're particularly focused on education, and Education Coordinator Roger Hansen has taken the lead in developing partnerships with Blaine area schools to promote aviation. Below are the minutes from the January meeting (from Roger Hansen), which give a flavor of what the group is doing.

Harvey Karth opened the meeting with information regarding signage. Verbal approvals have indicated that the sign can be placed as long as there is adequate set-back from the road. Design was not discussed.

Craig Schiller reported on finding an accurate airport map from the city of Blaine that has streets identified and can be used in promotion material. That project is underway as per artist's availability.

Roger Hansen presented a step by step review of the past month in efforts to reach out to the Anoka County School District to develop on the field educational venues and tours. His approach was to reach the decision makers that shape the school curriculum.

Craig Schiller had a group of 50 students and teacher, Mark Voigt from Spring Lake Park District 16. Roger wanted to meet Mark and learn from him how he worked with the teams on the field and what he wants for his students. Mark is ready to go with a program to develop an Aerospace curriculum in his school. Janese Thatcher had worked with Mark before so it was easy to re-connect Mark regarding the Adopt-A-School program with Mark.

Roger then connected with Lori Dykstra, Curriculum Coordinator, Center for Engineering, Math, and Science, Blaine High School. Lori forwarded names within the district that are currently developing curriculum materials: Amy Oliver, Integration Coordinator at University Elementary K-5; Dee McClellan, Jackson Middle School, Observatory 6-8; and District Supervisor Lynn Jaeck. The district has a charter to begin a curriculum called STEM Science, Technology, Engineering, Math.

Shelly Supan has been working with Amy Oliver for several weeks and will be incorporating a curriculum produced for K-5 and is being sponsored by Civil Air Patrol.

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The View From Here

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Spring Lake Park Youth Service Manager, Peter Yelle was contacted because he has an after school program and is involved with summer projects to connect students to industries and venues for hands on experiences.

On Wednesday the 12th the Star Tribune published a news release from Amy Oliver's University Elementary School.

School curricula are being written now so time requires that this short list be called to be able to have a start-up of an on-the-field program with the best chance of succeeding. The meeting was called for January 13th following the Promotion Group meeting. The meeting was held at Key Air. In attendance were: Mark Voigt, Peter Yelle, Mary Oliver. Harvy Karth and Roger Hansen represented Blaine Airport Promotion Group. Presenters were: Janese Thatcher, MnDOT, Mary Albright, Testing Control Officer, and Shelly Supan, Commander, of Civil Air Patrol.

Mark Voigt signed up for the Civil Air Patrol program on the urging of Janese and he was also given a CD containing all of the Adopt-A-School program. Mark has two requests for help. He has students from the tour that want to do special projects. One is to enter a contest for wing design and needs an engineer that can help his students. The second challenge is to acquire a grant to enable a small group to do air-to-ground photos of the school campuses and then display the photos at the school as their project achievements.

Peter Yelle will work with me for a possible summer project at the school or on the field.

A tour of the field followed the meeting with stops at Golden Wings Museum and TCA. A school group was just finishing their tour at the time so provided an additional opportunity to showcase our tour program.

If you're interested in participating on the Blaine Airport Promotion Group, contact Harvey Karth at hkarth99@comcast.net.

MAC Committee and Commission Meetings

By Vivian Starr

MAC Commission 16 November 2010

At the beginning of the Full Commission meeting, Chair Lanners announced that Gary Schmidt's father Claude had passed away. Our deepest sympathies are extended to Gary and his family.

The business meeting consisted of Executive Director Jeff Hamiel's presentation of the Draft Strategic Plan for 2011 to 2015. The plan outlines the MAC's vision, mission, and values.

Mr. Hamiel identified seven critical issues:

- Addressing the impacts of a sluggish economy on the industry.
- Diversifying the revenue stream.
- Transitioning the organization through changes in leadership.
- Nurturing MAC's organizational culture.
- Maintaining current and new infrastructure.
- Leveraging technology.
- Planning & strategizing for the financing & implementation of the 2015 long term comprehensive plan.

Five strategic goals are:

- Assuring financial viability.
- Providing a great customer experience.
- Matching employee talent with changing business needs.
- Leveraging resources & technology.
- Strengthening relationships and partnerships.

In discussing diversifying the revenue stream, Mr. Hamiel said MAC needs to focus on ways & methods to capture alternative revenue sources for the Reliever Airports as well as MSP.

Progressing to Changes in Leadership, Mr. Hamiel said that a majority of the executive leadership team will be eligible to retire between 2011 and 2015. There will also be retirements in a number of key technical and professional positions.

Under the Strategic Goal of assuring financial viability, Mr. Hamiel told the Commissioners that staff was working to develop a sustainable Reliever Airport financial model. [reporter's comment: The original model anticipated non-aeronautical revenue coming in by this time. Unfortunately, this has not happened and the threat of a surcharge on tenants is ever more likely. Staff has assured RAAC Chair John Krack that they are working on revising the model.]

When Mr. Hamiel reached the Customer Experience topic, he said MAC was partnering with TSA at both the local and national level to ensure a smooth introduction of new checkpoint technologies. Since new technology includes Body Scanners, the Commissioners launched a lively conversation! Fortunately, Tim Anderson has long been on an international committee that tries to evaluate and coordinate airport security/screening so was able to provide additional insight. TSA is completely committed to the new complete body scanners. Despite growing public furor, scanners are being installed in airports across the country at a brisk pace. Congressman Mica, R-FL, has been very critical of the TSA and has talked about privatizing screening. San Francisco has an airport that uses a private contract company to do their screening. They use the same technology, but with employees who are not on a government payroll. Our MAC Commissioners immediately raised their concern that there would be a liability risk in not using federal TSA employees. New body scanners cost about a quarter of a million dollars each. Commissioner Landy asked if the scanners would be able to detect explosives surgically implanted in a terrorist's body. The answer—No. Commissioner Landy concluded that MAC would then need to throw away these scanners and buy the next gadget. Tim Anderson noted that some other countries screen for people who are a threat, whereas the US screens for objects that are a threat. One major concern for MSP is that scanners take about 20-25 seconds per person whereas current portals take about 2 seconds per person.

The final portion of Mr. Hamiel's presentation included a review of safety statistics. For Reliever Airports, runway incursions have been a growing problem. In 2005, the Relievers had only 2 incursions. By 2008, there were 10 incursions. In 2009, there were 17! Most of these were at FCM. MAC worked diligently with the FAA to implement many airport improvements which appear to be improving FCM's situation. However, at MIC several hangar owners had hangar parties and some of their guests got confused and drove across active runways.

Lastly, in 2005, Relievers had 21,577 flight operations per full time employee (FTE). In 2009, the ops per FTE were 14,994. Over the same time period, tenants per FTE were fairly steady at 30.9 tenants. However, based aircraft per FTE declined from 87.7 aircraft per FTE in 2005 to 58.9 aircraft in 2009.

MAC Committees 8 December 2010

Management & Operations (M&O)

There was a Reliever topic on the agenda—a Hearing Officers review and discussion regarding the proposed Reliever Airports Aesthetics Ordinance. Kelly Gerads, Assistant Director of Reliever Airports, told the Commissioners there had been very little public

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MAC Committee and Commission Meetings

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comment at the Oct. 6 Public Hearing and no written comments were received. She complimented the Reliever Airports Advisory Council (RAAC) for doing a very good job of representing the Reliever tenants' interests during the preparation of this ordinance.

Jack Lanners, Chair of MAC, said that a significant step had been taken in preparing this ordinance. Staff's impressive performance in working with tenant reps during the process resulted in there being no "confrontational" and angry meetings. Truly a milestone in staff-tenant relations!

Mike Landy, M&O Committee Chair, said that he would like to see if a small loan program for a few of the hangars in the worst condition could be funded. He emphasized that this idea would be looked into after the Ordinance is adopted at the December 20, 2010 Full Commission meeting. This idea was originally proposed by John Krack, Chair of RAAC. It is noteworthy that MAC is willing to consider this suggestion, another example of improved staff-tenant relationships.

Later in the meeting, a redevelopment agreement between MAC and Thunderbird Aviation (FCM) was approved to be sent to the Full Commission for final approval.

Other news includes the retirements of Chauncey Case, Metropolitan Council Senior Aviation Planner, and Glen Orcutt, Community Planner at FAA Minneapolis Airports District Office. Both have been strong advocates for General Aviation and the Reliever system. They will be missed. We wish them all the best in their retirement.

MAC Committees 9 February 2011

Finance, Development, & Environment (FD&E)

Last year, Eden Prairie and MAC reached an agreement for the city to expand their athletic fields on MAC property at Flying Cloud. That construction will take place this year. Adjacent to those fields is a potential non-aviation revenue generating parcel of MAC land that needs drainage and grading improvements. Bridget Rief, Assistant Director-Airside Development, presented to the Commissioners a plan that would involve the city athletic field construction contractor doing the needed grading and drainage work on the MAC site at the same time as the athletic field development. The 2011 CIP has \$30,000 budgeted for the potential commercial site improvements. MAC will reimburse Eden Prairie for this work. MAC, of course, will not pay for any of the city athletic field development.

Management & Operations (M&O)

Gary Schmidt, Director of Reliever Airports, summarized a problem that has developed at FMC regarding commercial tenants connecting to sewer and water.

Ten years ago MN Pollution Control, Health Department, and Met Council insisted that MAC install sewer and water infrastructure on all Relievers and require tenants to close wells and holding tanks. Tenants were then given a choice between connecting or doing without. Connecting was expensive! MAC fees, WAC fees (city water availability charge), and SAC fees (city/Met Council sewer availability charge) were followed by plumbers' charges. A decade ago, ANE & MIC were the first to have water/sewer made available. Lake Elmo and Airlake tenants at this time have been required to close their wells and holding tanks, but water/sewer have not yet been made available by the cities involved.

Eden Prairie and MAC reached an agreement on airport improvements including the runway work and utilities. Following that phased development, tenants had two years to connect which brings us to the current issue. When Flying Cloud tenants went to the city to get their permits, they learned that Eden Prairie has an additional fee, called a "trunk fee." A very, very large fee!

Gene Dietz, Eden Prairie's Director of Public Works, attended the M&O meeting to explain the history, justification, and method of calculating their trunk fee. Eden Prairie is a relatively "young" city. They put in their water/sewer infrastructure more recently than many other areas in the metropolitan area. They also installed a water softening facility. Yes, Eden Prairie has soft water flowing from every tap. To pay for the switch from a rural community with widely scattered homes that had wells and septic systems to an up-scale community with state of the art water/sewer, they developed a formula to prorate the cost to every acre of land within the city. The footprint of a building is part of the calculation. Water usage does not figure into it. Since commercial tenants have large buildings used to store aircraft and typically small offices with just a few employees, their water usage is minimal but their trunk fee is huge!

Eden Prairie is treating tenants just as they would a warehouse, self storage facility, school, or housing area. Unfortunately, all of the above can have their trunk fees collected via an assessment on their property taxes. Hangars do not qualify for that treatment as they are built on leased land. If property taxes are not paid, the city can foreclose on, for example, a house and the land it is built on. If a hangar's personal property tax is not paid, the city cannot foreclose on the property because the hangar owner does not own the lot. Therefore, the city requires the fees be paid when construction permits are issued.

Joe Smith, Elliott Aviation, said his connection fees would be at least \$60,000. Kirt Schendel, Modern Avionics, said his fees would be \$43,000. Tim Ashenfelter, Modern Aero and ASI, said his fees would be \$180,000. Kurt Otteson, Executive Aviation, said he originally was told to expect to pay \$39,000, but then learned the total would be \$90,000. All of these aviation business owners detailed the impact of the recession on their finances, typically saying that business was off 50%.

The Commissioners asked numerous questions and were sympathetic. Eventually, they directed Gary Schmidt to put a hold on default actions and enter into discussions with tenants, Eden Prairie, and Met Council on the issues that had been raised.

November 8 ACAA General Meeting Minutes

The meeting was called to order at 1905 by President Michael Lawrence. Approval of the July minutes as published in the September Newsletter was moved, seconded, and approved by voice vote.

Treasurer Vivian Starr reported that our treasury balance was:

Checking:	\$1,066.64
Savings:	<u>5,906.35</u>
Total:	\$6,972.99

Airport Activity

Airport Manager Joe Harris said that there's not a lot going on from the MAC standpoint. He noted former tower chief Sig Berg's passing, saying that it's been a sad week. Because of the governor change, we'll have new Commissioners, and it's part of his job to share what's going on, including informing Commissioners through a MAC weekly update.

They'll be cutting down trees around the airport, including a bunch of trees north of Radisson Rd. that pose an obstruction to the runway 18 approach. They've already removed trees from outside the fence at the main gate, so traffic is now visible coming around the bend.

Wildlife control is ongoing. The USDA is engaged 12 months per year.

Craig Schiller asked why taxiway Delta resurfacing was pulled from the capital plan. Joe said he would follow up.

MAC tenants contribute the bulk of revenue to MnDOT, most of which is distributed outstate. MAC would like to see more of that come back to support the metro airports.

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November 8 ACAA Minutes

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Vivian Starr noted that the aeronautics fund was raided several years ago to the tune of \$15M, and asked if it is wise to let our preservation fund get too large.

Flight Line

Craig Schiller gave an update on the Flight Line Event Center and Restaurant project. They have a new billboard, have renewed their development agreement with MAC, and are working on a lease term sheet. They are seeking a partner for the restaurant side, and have confirmed that a liquor license will be available. They'll have their own gate, and MnDOT has approved their access and road layout plan. They're waiting to hear back from the Coon Creek Watershed on their development and construction plans.

Elections

All four officers (Michael Lawrence, President; Paul Thomas, Vice President; John Krack, Secretary; and Vivian Starr, Treasurer) agreed to serve another year, and were re-elected by unanimous voice vote.

The meeting was adjourned at 2015.

Respectfully submitted by John Krack, Secretary, ACAA.

January 10 ACAA General Meeting Minutes

The meeting was called to order by President Mike Lawrence at 7:15 PM. Attendance was light due to inclement winter weather. The Treasurer reported a checking balance of \$1376.85 and a savings balance of \$5906.64 for a combined total of \$7283.49.

Airport manager Joe Harris discussed our very snowy winter. So far, the wear & tear on the MAC snow removal equipment is equivalent to what they would see in two entire winters. The crews are working hard to keep runways open and clear. The guys said that December was the busiest in their entire careers. Our snow removal crew is Mark, Trini, and Bernie, who has come out of retirement to help due to Joe's medical leave. Thanks to their hard work, no ANE flights had to be cancelled. It really helped that pilots called the night before their anticipated flights to request that their alleyway and ramp be plowed. The MAC crew really appreciates this advanced communication.

Now, we all know our ANE crew work long and hard, but here is a story about just how far they will go to take care of us! Remember the huge snow after Christmas that was followed by heavy rain that turned to ice? Well, on NEW YEAR'S EVE Day, in the East side hangar area, water from melting snow and rain began backing up into the alleyways and was obviously going to get into hangars. The crew gathered up many hundreds of feet of hose, lots of pumps, and went to work pumping water from our Airport Road through snow "mountains" and into the ditch along Xylite. They also moved piles of snow to create temporary dams to block water from getting to hangars. This was a very unusual combination of weather events in a very difficult winter, but WOW do we have a crew that can meet the challenge! Thanks guys!!!

Another happy footnote—Joe Harris reports that 2010 ANE ops were up 14% over 2009.

We missed John Krack who remains with his hospitalized wife, Carrie, in northern Ohio. Please keep them in your prayers.

Respectfully submitted by Vivian Starr, substituting for John Krack, Secretary, ACAA

Any Budding Journalists Out There?

By John Krack

Now that my wife and I are both retired, I expect that we'll be traveling a bit more than before. There are times that we'll be out of town when Newsletter time rolls around, and it would be nice to have someone to pull things together and get it out on those occasions. If anyone is interested, please contact me to discuss.

WANT Ads

**1/4 SHARE- ANOKA BASED 1976 NAVION
RANGEMASTER AVAILABLE:**



Roomy, 285 hp, IFR certified, long range (6 hr) cruiser (145K) offered at \$17000 for quarter-share. Guaranteed buy-back after one year for full purchase price. Heated hangar for year round flying ease. Initial checkout, Flight Reviews, IPC's and other proficiency training at no charge by professional pilot/CFI co-owner. Call Paul Thomas, 612-804-9792

HANGAR FOR SALE: 2173 Kentucky Ave, on west side, south of tower. 2 story with office & bath room. End hangar with office overlooking the airport. Great view. 16 foot bi-fold door. 40x60. Call Paul at 651-483-3938.

HANGAR FOR RENT: South facing tee hangar with an overhead bi-fold door available for a Cessna type aircraft. The address is 2143 North Carolina, about 5 hangar rows south of the tower on the west side of the airport. Call George at 651/699-9133.

MnDOT is looking for donations to provide the awards for completing the three levels of the Fly Minnesota program. Contact Janese Thatcher at janese.thatcher@state.mn.us or 651-234-7183.

NOTE: The following three pages contain the draft RAAC response to the MAC Lease Policies and Forms drafts. If you have any comments on this response, or can shed any light on some of the questions raised (particularly on normal industry practices) please email John Krack at av8r00@gmail.com.

The draft MAC documents are available at <http://metroairports.org/relievers>

RAAC Comments and Concerns Regarding Draft Lease Documents

By John Krack

General Impression and Background

The impression is that MAC is trying to protect itself from every conceivable eventuality by putting the onus on the tenants, and leaving the door open to unilaterally changing the rules at any time to cover any unforeseen eventualities. Meanwhile, the tenants in good faith make substantial investments in their leaseholds, with the expectation that, except in a few very specific and published circumstances, they will be able to use their investments virtually as long as the airport remains an airport, and will be able to recover any residual value from those investments when they so choose.

It's not clear what MAC is trying to achieve by this, because it is very much in the best interest of both MAC and the tenants to maintain a robust and active tenant base. As these draft documents are worded, they put tenants at risk of losing their substantial investments with inadequate or no compensation, and incorporate an aura of uncertainty regarding their long-term ability to enjoy these investments. While we agree that as the landowner and airport operator MAC needs to maintain certain controls to police the safety and discourage abuse of these leaseholds, and needs the flexibility to grow the airports in productive ways, we also believe that as long as these airports exist, MAC's objective should be to keep good tenants on these airports as long as possible by providing all reasonable assurance that tenants in good standing will be able to enjoy their leaseholds as long as they desire, and to recover the leasehold's fair market value when they choose or are forced to depart. In the meantime, MAC benefits by collecting fees for the use of the land and the privilege of operating on the airport, but should have no significant interest in a tenant's affairs beyond that necessary to enforce safety and security, ensure viable airport operations, and verify proper execution of financial agreements.

The Dual-Track legislation passed by the Legislature in 1996 tasks MAC to "... develop and implement a plan to divert the maximum feasible number of general aviation operations from the Minneapolis-St. Paul International Airport to those airports designated by the Federal Aviation Administration as reliever airports for Minneapolis-St. Paul International Airport."

A major component of meeting this legislative objective is to make the Reliever Airports attractive to operators who would otherwise use MSP by providing infrastructure and competitively-priced services to give them an incentive to switch. Most Reliever Airport services are provided by commercial tenants, who are subject to these lease policies. To encourage their investment, growth, and competitive pricing structure, we need to:

1. Provide a reasonable cost structure, allowing them to competitively price their services.
2. Provide confidence that they will be able to continue in business at their discretion.
3. Provide a high degree of certainty that they will be able to recoup their investments through sufficiently-long lease periods, guaranteed lease renewal except in very unusual (and enumerated) circumstances, fair compensation when they are displaced for a greater good, and some protection against being "blindsided" by changing ground rules. Such assurances need to be provided through the lease mechanism.

Similarly, storage tenants provide vitality to an airport by making substantial investments in their leaseholds, justifying infrastructure improvements by demonstrating robust airport usage, providing a local customer base for commercial operators, and contributing revenue through lease fees and onsite fuel and service purchases to help operate the airport. Storage tenants need to be encouraged to base at and invest in Reliever Airports by:

1. Providing a cost structure that is competitive with other airports in the area.
2. Providing confidence that as long as they remain in good standing, they will be able to enjoy the use of their investments for as long as they choose to do so, except in unusual (and enumerated) circumstances.
3. Allowing them to recoup the fair market value of their investments when they no longer have need for them, or when they are involuntarily displaced for a "greater good."
4. Building an atmosphere of communication, cooperation, and trust between MAC and the tenant community.

While we are aware that historically MAC has not been heavy-handed in the enforcement of lease provisions (and in the opinion of some has been too light-handed in certain cases) we are concerned about the possibility that in the future someone will achieve a position of authority in MAC who decides to enforce these leases to the letter. Since these are legally enforceable contracts, such behavior under the current lease drafts would put tenants at a serious disadvantage. Although a court might agree to void certain questionable provisions, it would still be an expensive and time-consuming process for both the tenants and MAC to test it.

Specific Issues and Concerns

1. Reading between the lines, arbitrary involuntary taking is still a possibility. Given the concern with this over the years, and verbal statements from various MAC officials that there is no intent to involuntarily take property in any way other than specifically described in the lease and lease policies, we strongly recommend specific language indicating that MAC has no intention of acquiring tenant property without fair compensation.
2. Section 6.1 of the Storage Lease draft states that "In the event of a conflict between this Lease and a MAC ordinance, the ordinance governs." It's not clear whether this applies to current ordinances passed at any time in the future, or to ordinances in effect at the time the lease was signed. If the former, it makes one wonder if a signed lease has any value at all, since it would seem that MAC could change the terms of a lease at any time simply by passing an ordinance that creates a conflict with an existing signed lease.

Our concern here (and with several other areas such as the renewal provisions and acceptable use) is that MAC seems to want tenants to commit to very restricted behavior, while themselves not being willing to commit to a long-term agreement that tenants can rely on. This fuels a not uncommon perception in the tenant community that MAC cannot be trusted.

Our recommendation is that the lease should prevail, with any specific ordinance-based items that are subject to change (such as rates and charges) clearly enumerated in the lease.

3. Leasehold Taking / Condemnation
 - a. Section 15.1 of the Storage Lease draft states that: "MAC reserves all of its rights, as provides by law, to condemn, ..." It's not clear whether "law" in this context also includes MAC ordinances. If so, then we question whether this lease offers any protection at all, since MAC could simply pass an ordinance allowing it to condemn, at any time, for any reason, any property on the airport, which would in effect nullify the lease. Since the lease requires the tenant to comply with all ordinances, and ordinances prevail over leases, the tenant would presumably have no

legal argument since he agreed to it in the lease contract.

We recommend that any condemnation conditions imposed by MAC that are more lenient than state law be specifically enumerated in the lease, and that any other reason for condemnation must be in compliance with state law.

- b. Section 16.1 of the Storage Lease draft states that MAC may take all or part of leased property "for a public use." It's not clear whether "public use" includes taking for benefit of an FBO or other private entity. We believe it should not, and that any private entity who wants to acquire an existing leasehold should work out an agreement with the tenant, possibly with MAC acting as a mediator.

We recommend that this section define what constitutes a "public use," or provide sufficiently specific examples that the intent is clear.

4. Compensation

When a lease is not renewed or property is taken for other than gross default which the tenant refuses to cure, compensation should be based on fair market value. Straight-line depreciation certainly does not reflect fair market value, and the use of assessed value is questionable. We believe that this is largely because of a small comparable base to work from, causing many communities to simply use a formula based on who knows what. Further, in our experience, the assessor never looks inside the buildings, and a nicely-finished building would be worth a whole lot more than cold storage. *[This is true for me at ANE. Need to confirm for other airports.]*

Section 16.5 of the Storage Lease draft says that personal property will not be compensated. This needs to be clarified, since hangars are legally considered to be personal property.

5. Default Termination

- a. Once a lease is in default and has been terminated, the tenant's obligation to pay lease fees should stop if the space is re-leased. [Sections 19.2(iii) of both the Storage and Commercial leases imply that if a lease is terminated for default, the Tenant must cover all loss of rents for the remainder of the term.]
- b. If a lease is being terminated for default, and the improvements have not reached the end of their useful life based on building standards for structural integrity, the tenant should be given an opportunity to recover some or all of his/her investment by transferring the lease to a more acceptable Tenant who will agree to cure the default.

6. Lease Renewal – Term and Process

- a. The lease renewal term should be 10 years. Tenant investment in their leaseholds, and difficulty of moving improvements, argues for providing a high level of certainty that the relationship will be allowed to continue. The objective is to keep tenants. Why does MAC feel that a 5-year term is necessary?
- b. Lease renewal should be on a "Shall Issue" basis, rather than "May Issue." There should be specific enumerated reasons why a lease would not be renewed. Otherwise, it is in MAC's and the tenant's best interests to renew the lease.

Why do we need the uncertainty?

- c. The current practice of waiting for the lease to expire, then going into a holdover status until a new lease is issued, is very unprofessional and a disservice to the tenants. Lease renewal should start in advance of the expiration, possibly up to one year to accommodate tenants who spend part of their year out of state. Starting this process in advance would allow ample time for compliance inspections, default correction, and paperwork. The goal should be to never have to go into holdover mode.
- d. The current practice of holding all lease renewals once a decision is made to revise the lease policies and forms, then taking 2-3 years to make the revisions, is very unprofessional and a disservice to the tenants. Lease renewals should be executed based on the lease policies and forms in effect at the time the renewal is due.
- e. We see nothing in either of the Lease Forms about renewability of the lease. Since MAC can change the policy at any time, what assurance does a tenant have that the lease will be renewed?

7. Acceptable Use:

- a. The acceptable use provisions are much too restrictive. While we fully agree that these leaseholds must be used primarily for aviation purposes, we don't agree that they must be used exclusively for aviation purposes. If I have extra space in my building and can use it productively for non-aviation use, I should be permitted to do so. As it stands in the draft, I can't hold a hangar party or store a boat in my hangar because the lease does not explicitly allow me to do so. Nor can I store a car or boat or other non-aviation items, or set up a woodshop in the corner of my hangar.
- b. We agree that certain activities, such as operating a business, storing hazardous materials, living in the buildings, etc., should be specifically disallowed, and prosecuted. These should be enumerated, and any other use that does not endanger others or violate the law should be permitted.
- c. We need to come up with a clear set of sufficient conditions for what is considered primary aviation use.

8. Insurance Requirements for Contractors

Section XVI.H of the Lease Policies draft describes the contractor insurance requirements for construction projects. We have several questions and concerns regarding these requirements

- a. Is it reasonable to expect that all insurance policies required for contractors specifically indemnify MAC? It would seem that this would require the contractor to incur extra paperwork and possibly additional cost. Is this an industry standard practice? What is the benefit here?
- b. Is it reasonable to require contractors to have insurance with companies with a minimum A.M. Best rating? What value does this provide? Shouldn't insurance companies licensed to do business in MN be OK?

- c. Why is Builders Risk Insurance required? Isn't this between the tenant and the builder?
- d. Many of these requirements seem to be overkill for small projects. Perhaps tighter requirements are required for large projects such as construction of new buildings, but for something like painting a hangar or replacing a service door, these requirements seem excessive.
- e. If the contractor fails to comply with these requirements, it is considered a breach of the construction contract. But the contract is between the tenant and the contractor, so shouldn't it be up to the tenant?
- f. We recommend further review of the standard industry practices regarding contractor insurance and credentials, and that the requirements be built around those practices. It would seem that state licensing, possibly local licensing, general liability, and workman's comp should be sufficient in most cases.

a situation where a tenant who has signed a multi-year lease with a subtenant that does not meet the requirements of a new MAC lease would legally be in default of either the MAC lease or the sublease if he tried to change it mid-term. At a minimum, any existing subleases should be grandfathered in until they expire.

- e. Does section 18.3(ii) of the Storage Lease mean that a subtenant must carry the same all risk property insurance, general liability insurance, and indemnification agreement that the tenant must carry? On the surface, this seems like overkill, particularly if the tenant's policy covers it.

9. Sublease Restrictions

- a. There are many ambiguities and questions about these provisions. We can agree that since subleasing is a quasi-commercial operation, it is not unreasonable to require tenants to pay a reasonable fee for this opportunity. To enforce this provision probably requires some sort of registration, which has the added benefit that MAC can notify subtenants of any pertinent information. But from there, things get mushy.
- b. There seem to be two major categories of subleasing. The first is a storage tenant who owns an aircraft or two and has some extra space in a single leasehold that he or she rents out on a formal or informal basis to help cover expenses. The second is someone who owns multiple hangar spaces in one or more leaseholds and rents them out as a business venture. Should we distinguish between these two activities and possibly treat the second case more like a commercial activity, and drop the multitude of insurance and other requirements for the first?
- c. There need to be some guidelines on exactly what constitutes a sublease. Does it only apply to aircraft? Do they have to be airworthy? Does there have to be consideration? For example:
 - i. If I allow a friend to store an aircraft at no charge, do I need a sublease license?
 - ii. If I allow a friend to work on an aircraft construction or restoration project in the corner of my hangar, do I need a sublease license (a) if I charge him a small fee for the space, or (b) if I don't charge anything?
 - iii. If I allow a friend to store a car or boat for the winter, with or without a small charge, do I need a sublease license?

We would suggest that the sublease license/fee only apply to airworthy aircraft for which a fee is charged. Anything else will be extremely difficult to enforce.

- d. With the requirements to include the same restrictions and conditions in a sublease as are in the primary storage lease, we could envision

10. Anti-Discrimination Provisions

Non-discrimination is already covered in state and federal law. Is there anything unique about airports that requires that the provisions be spelled out in the leases? Can't the leases just say something like: "Tenant agrees to comply with all local, state, and federal laws prohibiting discrimination in hiring, access, and provision of services related to the leased property?"

11. Insurance, Notice, and Other Requirements for Events

We believe that Section XX in the Lease Policies pertaining to Events requires further research and review. While we understand that MAC is attempting to shield itself from lawsuits, and we agree that a notification requirement is reasonable, we are concerned that the insurance requirements may serve to kill certain low-risk smaller events, and that these need to be reviewed against the risks involved and what is currently customary in the aviation community.

In particular, we see a distinction between large events to which the public is actively invited, such as Discover Aviation Days or Blaine Aviation Weekend, and pilot-oriented events such as pancake breakfasts and fly-ins that generally involve only the aviation community. Events like the Young Eagles program probably fall somewhere in the middle.

It must be kept in mind that all owners of aircraft registered in MN are required to carry liability insurance, and it's likely that owners of aircraft registered in other states are required to do so as well. This insurance would presumably cover any injury or property damage for which an aircraft owner is liable. Events that are primarily pilot oriented are simply using the airport for its intended purpose (arrivals, parking, and departures) and, except for the fact that there are more operations during the time of the event, these operations represent normal airport activity, performed by trained pilots, and represent little additional risk over day-to-day activity. These present little danger to the public, and we believe that current aircraft owner insurance requirements should be sufficient.

By contrast, we agree that an event that is actively promoted to the public, and results in large numbers of non-aviation people visiting the airport, adds a new dimension to the risk factor and could justify some kind of "event insurance" to cover the organizers, the public, and the MAC. With Discover Aviation Days, such insurance was obtained through the EAA.

Events that only offer airplane rides to small groups of people, such as the Young Eagles and "Big Bomber" events that are occasionally held at ANE, the insurance normally held by the sponsoring organizations and participating pilots (private or commercial aircraft liability insurance, and EAA insurance for Young Eagles) should be sufficient. We believe it to be reasonable to require proof of such insurance, but suggest that it shouldn't be required to take out a specific

policy naming MAC as an insured.

We recommend that these situations be discussed with organizations sponsoring such events, and decide from there what policies are appropriate.

12. Complexity

Overall, this set of documents is quite complex, and for most tenants will require an attorney to interpret them. We recommend that any requirements be removed that are already embodied in Federal, State, or Local laws (such as anti-discrimination and environmental restrictions) and a general statement be included requiring compliance with all public laws.

Further, for the Storage Lease document in particular, and preferably for the other documents, we recommend that MAC take a page from the auto insurance companies and use plain English that can be understood by most tenants.

13. Cross-Default Provision

The provision in section 19.4 of the Storage Lease draft stating that a default of one agreement by a tenant automatically puts any other agreements by the same tenant in default seems unfair and unnecessary. Have situations been encountered where this makes sense? Because a tenant may be an entity, it would seem that one could avoid this situation entirely by simply setting up a separate entity (LLC, e.g.) for each lease. What purpose does it serve?

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ANOKA COUNTY AVIATION ASSOCIATION

The ACAA is an association of hangar owners, hangar renters, FBO owners, pilots, flight instructors, commercial operators, and anyone else with an interest in the future direction of the Anoka County Airport. Our mission is to actively promote a variety of interests and activities relating to the Anoka County Airport operation including:

- Safety
- Airport improvements
- Hangar use, lease contracts, and building/fire codes
- Relations with MAC, MnDOT, and adjoining communities
- Business and commercial interests
- Recreational Aviation
- Any other areas of interest to the membership

To get results, we need your support.

To join, either:

Attend the next meeting at the EAA Building, just north of the University of Minnesota facility. See the calendar on page 1 for the date and time of the next meeting.

Or:

Fill out the membership form on the back page, and send it with \$15 for one year, \$27 for two years or \$35 for three years to the address indicated on the form.

NEWSLETTER ARTICLES REQUESTED

Please send newsletter articles to:

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Email: av8r00@gmail.com

Articles may be typewritten, handwritten or on disk in Microsoft Word format or text file. See the calendar on page 1 for next newsletter deadline.

Newsletter Want-AD Service

As a benefit to members, a free want-ad service is available. Rules are:

1. Ads must be received by the date indicated in the calendar notes to be guaranteed to appear in the next newsletter.
2. Anyone or any business may submit an ad.
3. There is no charge for paid-up members.
4. Graphical images are OK if in a standard computer image file format (.gif, .jpg, .bmp, etc.). Hard-copy images are also acceptable.
5. Send ads to the Snail Mail or Email address shown above.
6. Want Ads will run for 3 issues, unless canceled early or renewed to run longer.

Email List

Vivian Starr maintains an extensive email list of people interested in what's happening in the Minnesota aviation community. She keeps us up to date with timely reports on MAC meetings, and other activity of interest. In fact, many of the articles in this Newsletter were originally distributed via email. If you're not on the list and want to be, send your email address to Vivian at DVStarr@aol.com.

