



Newsletter

Anoka County Aviation Association

ACAA

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

November, 2011

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Calendar

Nov 14, 2011 (Mon)	7:00pm	ACAA Meeting EAA Bldg
Dec 30, 2011 (Fri)		Newsletter Deadline Want Ads due
Jan 9, 2012 (Mon)	7:00pm	ACAA Meeting EAA Bldg

RAAC Report

By John Krack

Aesthetics/Maintenance Ordinance

My understanding is that implementation is proceeding without much incident. Unless I hear otherwise, we'll consider this item complete and no longer track it. I'd still like to do a contractor sourcebook, but don't have the time right now.

Financial Model and Airport Funding

The Commission approved the Staff report in July. Six projects have been identified, and Staff continues to meet every two weeks with Commissioners Monaco and King to work through details. A draft revision of Ordinance 107 (which codifies Rates and Charges) is currently in senior management review, and is expected to be forwarded to the RAAC later this month, following which we'll be soliciting tenant feedback and compiling a response to MAC.

Blaine Ballfield Lease (and other community issues). No Update.

Lease Policy Changes and Lease Forms. The major changes in the revised draft were reported in the September Newsletter. Since then, we forwarded a RAAC response to MAC and raised several questions about some of the wording. (See this summary starting on Page 5.) I expect to review these questions with Staff later this month to clarify the wording. MAC is compiling a point by point list of the changes from the current lease, so we can easily tell what's being changed. The planned timeline for completing this project is:

- Hold tenant meeting(s) in early December to summarize the documents and solicit tenant comments
- Seek Commission approval in January
- Implement in the February/March timeframe to give tenants whose leases expire in May adequate notice.

As part of my analysis, I compiled a list of **my understanding of the various ways a lease can be terminated**. I've asked MAC to review this for accuracy and completeness, but have not heard back yet. In any case, here's my analysis. [The bold italicized items are concerns or observations that I want to discuss with MAC.] The documents are available at <http://www.metroairports.org/relievers/>

1. The tenant can sell the property at any time to a buyer acceptable to MAC, in which case MAC will issue a new lease to the buyer under the then-current lease terms.
2. The tenant can surrender the property at the end of the lease term by not renewing the lease.
 - a. Tenant may remove personal property and improvements (buildings), or they become MAC property with no compensation to tenant.
 - b. Tenant must remove or properly cap any tanks, wells, or septic systems, or may repair them as necessary to be transferred to a future tenant.
 - c. The same rules apply to subtenants.
 - d. [NOTE: *It appears that tenant is not required to remove dilapidated buildings or other personal property, nor can MAC do so and charge the tenant. This sort of makes sense as MAC would likely recover their cost when the property is re-leased.*]

November Meeting

Join us at the November meeting for an update on what's happening at ANE and the MAC. We'll also be holding officer elections for the coming year.

Family, friends, and members of other airport associations are cordially invited. The meeting starts at 7:00 PM on Monday, November 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

I am often asked by colleagues, community residents and business leaders to describe the activity at the Anoka County/Blaine Airport. First, I begin by stating that I have one of the best assignments at MAC. I get to work with a great team of professionals and interact with the life blood of aviation, small business owners and general/corporate aviation users.

Everyday is a great day at the airport. I take great pleasure in watching the plethora of general, corporate and antique airplanes as well as the helicopters that use the airport for many different reasons. Some flights have a business or training purpose while others are merely for the pure passion of flight.

A great day at the airport is watching a student pilot conduct a preflight check before their first solo flight. Also, watching a corporate jet takeoff with employees on board to attract, build and strengthen relationships for the betterment of the company and the Twin Cities Area. A great day is watching the 175+ full-time and part-time employees tend to their customers' service needs. One of my personal favorites is now speaking with the many people who have taken advantage of watching aircraft operations at the public aircraft viewing pavilion. These are just a few of the many examples that highlight good times at the airport.

I do not think people are surprised at how friendly people are at the airport either. We open the doors to our businesses and hangars to all those interested. We have had several hundreds of school age children tour the airport this summer. Airport tenants have hosted a dozen community events. The 2012 calendar of events are already being planned.

We have such a great airport. People wave at each other from the cars, hangars and airplanes, even if they don't know the person. There is something special about the people at the Anoka/Blaine Airport. Keep up the great work. Please continue to educate, invite and recruit others to share our passion of aviation.

Safe flying,
Joe

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RAAC Report

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3. If the airport is damaged by fire, meteorological event, or other disaster such that MAC decides to discontinue airport operation for 24 months or more:
 - a. Either MAC or the tenant can, within 60 days, terminate the lease by notifying the other party. Rent and other charges stop, but MAC does not compensate tenant for improvements.
 - b. If the lease is not terminated, rent and other charges stop, but MAC does not compensate for improvements.
4. If the tenant's improvements are damaged (but the airport remains open) to where the leasehold cannot be used for its intended purpose, the tenant may terminate the lease (or choose to rebuild) and must notify MAC within 60 days. If the tenant chooses to terminate the lease, the tenant:
 - a. Must remove damaged property, remove or repair partially damaged property, remove debris, clean up any environmental impact, and restore underlying land to buildable condition.
 - b. Is expected to use insurance proceeds as necessary to do this
 - c. Must surrender property to MAC
5. MAC can condemn the property as provided by law. *[Nothing is said about compensation, but I expect that the condemnation laws require it. It would be nice if the lease would call for the same value determination in a condemnation proceeding as would be used if the property was taken for airport improvement. Question: Why would MAC condemn property for any reason other than airport improvement?]*
6. MAC may take all or part of the leasehold for the "betterment of the airport and the aviation community":
 - a. MAC may unilaterally terminate the lease or amend it to exclude a portion of the leased property
 - b. Commission must approve at a public meeting
 - c. MAC must give 365 days notice
 - d. MAC will compensate tenant for loss
 - e. MAC may rescind decision
 - i. If within 90 days, no obligation to tenant
 - ii. If after 90 days, MAC must compensate tenant for any resulting tenant loss or expense
 - f. If part of the leasehold is being taken, tenant may notify MAC within 14 days that remaining property is insufficient to continue operations and may request lease termination
 - i. If MAC does not agree within the next 60 days, tenant has 45 days to commence district court action
 - ii. Burden of proof is on tenant that remaining leasehold is insufficient to continue operations
 - iii. Compensation will be withheld pending court decision
 - g. If property has not been put to use within 5 years and MAC decides it is no longer needed, tenant will be offered the right of first refusal to re-lease and to repurchase the improvements if they still exist.
7. Another government agency or entity may take all or part of the leasehold, and/or all or part of the airport sufficient to prevent continued operation as an airport
 - a. If all or part of leasehold is taken, either MAC or tenant can terminate lease
 - b. If airport property and/or all or part of leasehold is taken such that airport cannot continue to operate, either MAC or tenant may terminate lease by notifying the other party within 30 days.
 - c. Price or award from the taking entity goes to MAC, minus the unamortized cost of improvements (not including personal property or trade fixtures) based on straight-line amortization, without interest, of the original capital cost of the improvements, from the time of

acquisition to the expiration of the current lease. For example, if you bought a hangar for \$50,000, and are three years into your first (5-year) renewal (so you've had it for 10+3 = 13 years), your compensation would be 2/15 of \$50,000 or \$6,667.)

- i. Tenant compensation will not exceed what MAC was paid from the taking entity
 - ii. Tenant has a right to make a claim for uncompensated damages provided it doesn't diminish MAC's award. *[I'm not sure exactly what this means, but it looks like tenant would have to go back to the taking entity.]*
8. The tenant can be evicted for default of the lease terms
 - a. Twelve specific default events are listed in section 19.1 of the lease forms. (One is non-compliance with any of the lease terms and conditions not included in the other eleven.)
 - b. MAC must provide written notice and designate a cure period. Cure periods are 10 days for some defaults, and 30 days for others. In two cases (maintenance issues and non-compliance with an unlisted lease term or condition) tenant can negotiate a reasonable cure period.
 - c. Tenant may be allowed to sell if buyer agrees to cure default.
 - d. Tenant is liable for MAC loss of rents and expenses during the remainder of the lease term, unless and until MAC recovers them from a new tenant.
 - e. Tenant is liable for all reasonable MAC costs incurred by the default action.

Non-Aeronautical Revenue. Flight Line is working to resolve two environmental issues regarding wetlands and an endangered plant species. They are working with expert consultants, and expect to present a mitigation plan for DNR approval soon. Then they need to renew their development agreement with MAC and talk to the bank about financing. Meanwhile, their efforts to sell shares continue.

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

ANE Picnic: The ANE picnic was a great success. The weather was terrific, the brats, hot dogs, and hamburgers were cooked to perfection by the MAC maintenance crew, and the turnout was fantastic. Commission Chair Dan Boivin presented appreciation awards to the volunteers who built the viewing pavilion, and all who attended seemed to have a good time. Thanks to Joe Harris and the MAC organization, and to Michael Lawrence and the ACAA, for organizing and sponsoring this event. See Vivian Starr's excellent writeup in the "September Minutes" column.

Officer Elections: We'll be holding officer elections at the November meeting. If you have any interest at all in getting involved in what's going on, put your hat in the ring. We'll be electing a President, a Vice President, a Secretary, and a Treasurer. New blood is always welcome, and none of the current officers will be offended if someone else wants to give it a shot. If you're interested, let one of the officers know, or show up at the meeting and nominate yourself. And if you're interested in working on the Newsletter, let me know.

In Memoriam – John Ysker: It is with sadness that we report the October 5 passing of John Ysker, owner of Thunderbolt Aviation, after a 5-month battle with anaplastic thyroid cancer. John was a fixture at ANE, having served there for 42 years as an aviation mechanic. His real love, however, was motorcycles, and he designed and built a variety of different bikes, from three-wheelers for the aging baby boomers to V8-powered crotch rockets for those wanting a more exhilarating challenge. He was an engineering aficionado, always seeking the perfect clutch or shifter or drivetrain, and his workmanship was impeccable. When I'd stop by the shop, he was always excited to walk me through his latest ideas and designs.

John told me once that in his younger years, his dream was to design and build an aerocar, based on motorcycle technology. He even had a

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The View From Here

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conceptual drawing tacked on his wall. His plan was to get well-grounded in motorcycles, then move on to the flying version. He must have been so enthralled with motorcycles that he got stalled there, as I don't think he ever got to the next step.

Years ago, at annual time, I'd take a day off of work, taxi over to Thunderbolt early in the morning, and start pulling off belly panels and inspection plates (hundreds of screws on a Mooney) while John worked on the engine. Then he'd hand me a can of spray lubricant and have me start lubing hinges and bearings. As he finished inspecting parts of the aircraft, I'd put things back together, and we'd have it done in a day. Then one year John advised me that his insurance carrier nixed owner-assisted annuals. Disappointing, but fun while it lasted, and it made for some fond memories.

John was truly one of a kind, and will be missed. We extend our condolences to his family and many friends.

Blaine Airport Promotion Group: The BAPG continues to actively promote the airport. Most of the focus so far has been on the education front, working with local schools to arrange airport tours and promote aerospace careers. Approximately 600 students visited the September 16th BAPG display at the Aerospace magnet school in Blaine. Altogether, BAPG estimates that they've exposed about 900 students to the airport and its opportunities through airport tours and the open house, and they're now planning a career night or career day to communicate opportunities for further education and careers. They'd like to establish a classroom setting on the field, so they could bring groups in, orient them in a classroom setting, then do the tours. Any suggestions (low budget, of course) would be welcomed. Check out their website at www.aneairport.org for contact information, as well as more background on the group and its activities. Feedback and suggestions on the website itself are also welcome.

Now that the education initiative is well under way, we expect BAPG's attention to be turning to promotion of the airport to the general public, such as positive stories of how we use our airplanes, and why the airport is a valuable asset.

The group meets the second Thursday of the month. The most recent meetings have been at Twin Cities Aviation at 0800, but the time and place may vary, so check the website prior to meeting day if you're interested in attending.

Show Me How

By Dick McKenney

Recently I had a biannual check flight with a young woman instructor. This is the first time I had been checked out by a woman (CFI, that is) and we got along just fine. She flew the Grumman TR-2 for a while and liked its light controls. She survived one of my sloppy power off landings and I promised myself to practice this more often. Back on the ground we went through the airspace regulations and I reminded myself that I was a little rusty on some of the details. Afterwards I recalled some of the experiences I had with instructors. I'm sure you have similar stories.

We all had to learn flying with hands-on coaching from an instructor. That first takeoff, flight, and landing were all accomplished with someone risking their neck while we ham-fisted the controls and tried to make the aircraft do what we were told it would do. We just had to follow through with what the instructor just demonstrated with such ease. After I have let a young eagle handle the controls, I often ask him or her if it feels the same as their computer flight program. They all say, "noooooo." And when I ask them, "What is more fun?" they all say, "The real thing."

An instructor told me recently that he could tell if a new student had been practicing on a computer flight simulator because they had some idea of what to do in the air. On the ground they had no idea how to

taxi because flight simulators do not taxi. He also told of the time he landed and taxied in with a J-3 Cub one day doing the usual zigzag in order to see ahead. As he got out of the J-3 in front of several new students who were waiting to fly in the tri-gear trainer, one of them remarked, "He made a good landing but he sure needs to learn how to taxi that thing."

My first instructor was a WWII Navy instructor. He was tall and broad-shouldered. I had to look around his arms to see a couple of instruments. When he talked, he reduced throttle, turned his head to the side, and yelled at the top of his voice what to do next. Not a very effective way to instruct compared to the intercom headsets we have today. Starting our fifth hour of dual, he said it was time to learn how to spin and recover because this is the one thing that will kill you if you don't know how to do it right. Now was the fun thing I had been waiting for. As he did the stall we were suddenly rolling to the left and then it seemed we were headed straight down while the cornfield below went turning to our right. Without a horizon I had no idea what was happening. After a couple of turns I was sure we were going to tear into the field below and someone would have to come and dig out our remains. Then we popped into a 3G pullout and were flying along like nothing had happened. After following him through on the next one, it was my turn to do it alone. I recalled reading flying stories where the instructor had to hit a student on the head with a wrench when he froze on the controls while in a spin. I hoped I wouldn't freeze and I doubted if he could turn around and hit me while we were headed for that darn cornfield again. I stalled it power off and kicked left rudder. After I don't know how many turns, I felt a nudge on the rudder. This was the signal to ease off the locked controls. Now the old falling Cub was doing a nice straight dive and I could carefully pull it out. After a few more spins to the right and left, we headed back to Wold-Chamberlain field and the pucker factor began to go away. This was REAL flying. In the time after my eight-hour solo, I never flew away from the field without doing at least one and usually more than one stall-spin. Too bad the new private pilot students of today don't get a chance to have this experience. Fifty-three years later I had the fun of spinning in a Citabria that we bought so three of our sons could learn to fly in a taildragger. I believe we would have better-trained pilots if every student knew what a spin was and how to recover from it.

If you ever tried to teach a teenager how to drive a car, you get a good idea of what a flight instructor goes through every day. I always tell people who are learning the art and skill of flying, if you don't seem to be progressing or communicating with your flight instructor, try another one. Sometimes a flight instructor is like the personal body massager who was fired from his job because he was always rubbing his clients the wrong way.

MAC Committee and Commission Meetings

By Vivian Starr

MAC Commission 19 September 2011

At the September Full Commission meeting, Gary Schmidt, Director of Reliever Airports, presented Thunderbird Aviation's Redevelopment (at Flying Cloud Airport) Agreement and new lease for Commission approval. This agreement had, in early September, passed the Management and Operations Committee by majority vote. This placed the proposal on the Full Commission discussion agenda. After Mr. Schmidt's summary, there was a lengthy discussion among the Commissioners and testimony by Thunderbird's attorney.

Since December, 2010, Thunderbird has been in discussions with MAC staff regarding their intention to erect a new terminal facility and connect it to sewer and water. Thunderbird has finalized plans and has financing available. The Commissioners expressed their support and enthusiasm for this project, but there remained one serious philosophical difference of opinion among the Commissioners.

Thunderbird's redevelopment project is progressing in tandem with MAC's preparation of new commercial operator standards. These draft standards are currently in the hands of a MAC consultant. Next they will go to MAC staff for review. Then staff will meet with commercial operators for a review following which there will be public hearings. Eventually, the final version of new commercial standards will be voted on by the Commission. Obviously, this is a lengthy process.

Thunderbird's redevelopment plans have been made using current commercial operator minimum standards. When Thunderbird completes

construction, on or before August 31, 2012, the new minimum standards may have been adopted. Thunderbird and their bank have requested that the development agreement and new lease specify that current minimum standards are the ones that apply during the duration of Thunderbird's initial lease.

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MAC Committee and Commission Meetings

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Some of the Commissioners, as a matter of principle, objected to including a reference as to which version of standards would apply. Their concern being that this would be a very significant precedent setting decision. Other Commissioners expressed that this situation was unlikely to reoccur and inclusion of the requested language would not create future problems. Many felt that this redevelopment project at FMC needed to be supported for the economic good of Flying Cloud Airport.

Commissioner Rick King called the question, seconded by Commissioner Mike Landy. The redevelopment agreement was passed by majority vote.

MAC Committees 3 October 2011

Finance & Administration

The F&A agenda included a review of the 2012 draft budget. Of interest to Reliever tenants was a chart showing Reliever Airport rentals & fees. In 2010, the actual rentals/fees collected totaled \$5,065,154. In 2011, the budgeted total was \$4,913,159. In 2011, the current estimated total is \$5,000,000. For 2012, the budgeted total is \$5,105,513.

Under the topic of Accounts Receivable, past due Reliever accounts (varying from zero to 61+ days) totaled \$343,782.76. By comparison, the past due accounts at Wold-Chamberlain Field (MSP) totaled \$1,166,019.75. Both sets of numbers are as of Sep. 22, 2011

Planning, Development & Environment

Richard Biddle, Airport Development Contracts and Grants Manager, reviewed the current status of Federal and State Grants including FAA Non-Primary entitlement (NPE) funding for Reliever Airports.

Each Reliever is entitled to \$150,000 per year. This money can be accumulated for 4 years. MAC is permitted to transfer these funds among eligible projects on Reliever Airports. In 2011, MAC continued its policy of not forfeiting the earliest year's funds by using federal NPE funds on the following projects:

Anoka Co. Blaine Airport pavement rehabilitation included the rehab of Taxiway D and taxilanes in the south hangar building area. \$231,445 had been accumulated as follows:
Fiscal Year 2009 grant: \$55,945
FY 2010 grant: \$25,500
FY 2011 grant: \$150,000

Crystal Airport Pavement rehab which included most of the alleyways in the northeast building area cost \$300,000 which had been accumulated as follows:
FY 2010 grant: \$150,000
FY 2011 grant: \$150,000

St. Paul Downtown Airport pavement rehabilitation, part of an ongoing program to rehab operational areas, included reconstruction of Taxiway A south of Runway 9/27 cost \$913,758. Accumulation of this amount necessitated transfers of grant monies from other Reliever Airports as well as use of STP grant money.
FY 2008 grants: \$149,757 (includes \$145 from FCM and \$149,612 from LVN)
FY 2009 grants: \$302,933 (includes \$150,000 from STP, \$2,933 from 21D, and \$150,000 from LVN)
FY 2010 grants: \$232,558 (includes \$150,000 from STP and \$82,558 from LVN)

FY 2011 grants: \$228,510 (includes \$101,010 from STP and \$127,000 from LVN)

In addition, the STP pavement rehab also received a grant from MNDot Aeronautics in the amount of \$300,000.

Interestingly, the state grant was received by MAC on May 9, 2011 whereas the FAA grants were all received on Sept 6, 2011.

MAC Commission 24 October 2011

New business at the October Full Commission meeting was the appointment of a Commissioner Representative to the Anoka County-Blaine Airport Northwest Building Joint Powers Board.

Six years ago at ANE, a groundbreaking ceremony marked the beginning of a project to extend runway 9/27 to 5000 ft. This was followed in 2008 by the grand opening of Key Air FBO. The complex financial arrangements that led to these improvements involved three partners. MAC owned (and continues to own) the land comprising the Northwest Building Area and needed financing for the 9/27 project. Anoka County provided funding for the runway by taking out a long term lease on the entire NW Building Area. Anoka County (without MAC's involvement) selected Key Air to develop an FBO facility. This three-way partnership needed a way to manage the relationship so a Joint Powers Board was created.

MAC Chair Dan Boivin asked Commissioner James Deal if he was willing to be the MAC Commissioner Representative. Commissioner Deal replied that he was 'happy to do it' noting that Anoka County is his home territory. The Commissioners voted and Mr. Deal was elected to the position.

September 12 ACAA General Meeting Minutes

The September 12 meeting was the annual airport barbeque. Since no business meeting was held, there are no minutes. However, Vivian Starr wrote an excellent summary of the picnic, which follows:

Anoka Co.-Blaine Airport Annual Picnic 2011

The Anoka Co. Blaine Airport Annual Picnic was held on September 12, 2011. A large crowd estimated at nearly 300 people enjoyed a lovely evening. This event was held in MAC's maintenance building next to the Tower. Joint sponsorship was courtesy of Metropolitan Airports Commission and Anoka County Aviation Association. The menu featured expertly grilled hamburgers and brats as well as several side dishes. Atmosphere was added by a view of the new picnic pavilion/aircraft observation area with one of Greg Herrick's Tri-Motors parked nearby.

Joe Harris, ANE airport manager, acting as master of ceremonies, introduced Dan Boivin, Chairman of the Metropolitan Airports Commission who addressed the crowd. Next Joe introduced the airport tenant volunteers who had constructed the picnic pavilion and presented them with plaques of appreciation. These volunteers included Don Rosacker, Tim Loth, Bob Johnson, Tony Loth, Doug Solseth, and John Streeter. It must also be noted that our airport's maintenance crew did a marvelous job landscaping the Public Aircraft Viewing Area around the picnic pavilion. Also, Joe Harris arranged for a radio connection to the Tower frequency to be installed in the pavilion. This will give the general public an opportunity to listen to radio communication between Tower controllers and pilots while enjoying watching aircraft arrive and depart.

MAC staff attending included Tim Anderson, Gary Schmidt, and Joe Harris. Community leaders included Anoka County Commissioners Andy Westerberg and Robyn West.

ACAA President Mike Lawrence (Key Air manager) made arrangements for food and other supplies.

It was great to see Carrie Krack dishing out potato salad and baked beans to all comers. She had been extremely ill last winter and has made an amazing recovery.

WANT Ads

HEATED HANGAR FOR SALE: 40x60 south facing 14' high door at 2525 New York Lane. Forced air heat, insulated and sheet rocked. Full width concrete ramp. 79K. Paul Thomas, 612-804-9792, thomaspr@comcast.net

Revised Lease Policies and Forms Comments

By John Krack

Following is my summary, with questions and comments, of the major changes made between the original lease document (Storage Lease Form, Commercial Lease Form, and Lease Policies) drafts and the revised drafts. I sent these to MAC on behalf of the RAAC. I expect to review with MAC staff later this month. The text marked in *bold italics* are items we need to discuss with MAC.

Please send any comments you might have to me at av8r00@gmail.com.

Storage Lease Form

1. Added Section 2.2, "Right of First Refusal," which guarantees an offer of a new lease to the current tenant provided seven conditions are met, six of which are under the tenant's control. Basically, the tenant must be in compliance with the lease at the time the current lease expires, and until a new lease is signed if after the term expiration, up to one year.

Notes:

- a. The tenant must not be in default on any leases with MAC
- b. The tenant must show aircraft ownership or a valid sublease for aircraft storage
- c. The only condition that the tenant does not control is if MAC requires the property for "betterment of the airport and the aviation community."

Comments:

- a. In my view, this is a huge improvement. (1) It puts the language right in the lease, which is a binding legal contract. (2) It ensures that the tenant will be able to continue to use the premises unless MAC needs it for the betterment of the airport (in which case the tenant will be compensated). Gone is the provision whereby MAC can arbitrarily deny lease renewal.
- b. *Criteria for "betterment of the airport and the aviation community" are not defined or exemplified.* (It's not clear, for example, if the property could be taken and turned over to an FBO, but I presume it could be.) MAC can presumably use any criteria they wish, but presumably would have to demonstrate how it would improve the airport. Also, the decision to do this must be approved by the Commission, so there would have to be a pretty good reason, and any affected tenants could argue their case.
- c. Although the possibility of "reversion" can never be completely eliminated (except by court order or legislative statute), I think this provision makes it very remote. It sets a precedent, and any attempt to change it by ordinance or a future revised lease form would likely elicit a court challenge.

2. Lease Renewal

Notes:

- a. Renewal provisions (through the Right of First Refusal) are now included in the lease itself.
 - b. The language that gives MAC the option to arbitrarily not renew the lease has been removed. The circumstances under which a lease may not be renewed are defined.
3. There are numerous references made to "Ordinance 107." Typically, when an ordinance is changed, the number changes as well. *What implications will it have on the lease document if Ordinance 107 becomes Ordinance 112?*
 4. The Compensation section (16.6) has been completely revised. Except for a few deadlines, it is essentially the same as in the existing leases:
 - a. MAC and tenant have 45 days to attempt to reach an agreement
 - b. If no agreement is reached, MAC has 30 days to hire an appraiser and an additional 60 days to get the report.
 - c. If tenant disagrees, tenant may hire an appraiser and provide a report to MAC within 90 (or 60?) days. *(Initially in section 16.6.1 it says 90 days, and then refers to 60 day timeframes in the next two sentences.)*
 - d. If the two appraisals are within 10%, they are averaged. If more than 10%, MAC may either attempt to negotiate a settlement, or invoke the reconciliation step.
 - e. Reconciliation involves jointly hiring a third appraiser. If the third appraiser's number is between the other two, the three are averaged. If outside, the two closest appraisals are averaged.
 - f. MAC will pay reasonable (actual) relocation expenses up to 10% of the compensation.

Comments:

- a. This process is much fairer than the one in the original draft.
- b. This process only applies if the property is taken for the betterment of the airport. It does not apply to any of the other involuntary lease termination scenarios.
- c. *Exactly what constitutes "Compensation" is a little troubling.* The lease form says that "'Compensation' shall mean the market value of the Improvements in terms of money to persons in the market for aircraft hangars or aviation facilities Compensation shall take into consideration all elements of depreciation (i.e. physical depreciation, economic obsolescence and functional obsolescence), as well as all other factors pertaining to the market value of the Improvements, including the existing use of the Improvements, all as negotiated between MAC and Tenant or as determined by this Section 16.6 and the appraisal procedures set forth in Sections 16.6.1 and 16.6.2. [The last sentence is right out of the existing lease.] However, in a subsequent paragraph it goes on to say: "MAC will not pay for any claims other than Compensation with respect to the Improvements. Under no circumstances will MAC be responsible for any other claims, such as: value attributable to the location of the Improvements; value attributable to the land;" This paragraph is essentially the same as in the existing leases, except for the phrase "value attributable to the land."

What's not clear is whether this means the market value of what an arms-length buyer would pay for the improvements in their current condition and location, or whether it means the market value of the improvements only. Since location is a key element in the market value of any non-portable structure, to be made whole, the tenant should be compensated for the value he/she would likely receive if the property were sold. Consider:

- i. The tenant has made a good-faith investment in the property, expecting to someday recover all or part of that investment based on its future value.
- ii. The tenant has complied with all the rules and keeps the property in good repair.
- iii. Over time, the property changes value, either up or down based on the market.
- iv. MAC comes along and says they're taking the property. The tenant has been deprived of an asset that has a determinable market value. The tenant should be compensated for that value, and here's why:

Let's say that a tenant buys out another tenant for \$50,000, receiving a hangar and a 10-year lease. Let's say that the structure itself is only worth \$35,000 given its condition. Now let's say that three years into the lease, the tenant could sell the building for \$55,000 because of an increased demand for hangar space, even though the structure itself is still worth \$35,000. The tenant has made an investment (tied up the money), and incidentally the value increased (which isn't a given). Now MAC comes along and wants to take the property for airport improvement. Since they're depriving the tenant of a \$55,000 asset, that's the value that should be compensated. If MAC says, "the structure is only worth \$35,000 and that's all we'll pay," they've suddenly deprived the tenant of \$20,000 of asset value and \$15,000 out of pocket. Why would anyone want to make such an investment with that kind of risk?

We need to get this clarified.

5. Although the Complexity issue (discussed at our 9 May meeting) has not been addressed directly, a number of sections toward the end of the document are annotated with the comment that the FAA requires this provision. This helps to explain why there's so much "boiler plate" at the end.

Commercial Lease Form

I have not reviewed the Commercial Lease document in detail, but it appears that most of the Storage Lease changes and comments also apply to the Commercial Lease.

Lease Policies

1. Section IX, Lease Term, has not changed the lease terms from the original draft
 - a. Ten years initial plus five years renewal for storage leases
 - b. Fifteen years initial (twenty if substantial investment) plus ten years renewal

Comments:

- a. We wanted a ten year renewal for storage leases. MAC wants five years to give them more flexibility to change things. Our main concern was assurance to tenants that they'd be able to continue using the premises. The "Right of First Refusal" provision seems to address that.
 - b. ***If we want to push for a ten year renewal, what is our justification?***
2. Section IX(C) incorporates the Right of First Refusal for lease renewal, and removes the option for MAC to arbitrarily refuse to renew the lease. It also:
 - a. Calls for the new lease to be issued 90 days prior to lease expiration if tenant is in full compliance.
 - b. Provides for interim lease renewal periods while certain non-compliances are cured:
 - i. If improvements do not meet acceptable physical condition standards, a 1-year extension will be offered, as long as tenant is making a good faith effort.
 - ii. If the property is targeted for airport improvement, an extension of less than the normal renewal term may be offered.
 - iii. If a storage tenant does not own an aircraft and does not have a valid subtenant, a 1-year extension will be offered for the tenant to comply.
 - iv. Tenant has 30 days to accept the lease renewal offer.

Comments:

- a. Given the policy to issue the new lease 90 days prior to the expiring lease, it appears that the past practice of offering 1-year leases while revising the lease policies and forms is gone.
- b. The renewal provisions seem reasonable, ***though 30 days to respond may be a bit short.***
- c. The last sentence in the next to last paragraph in section IX(C) says "As an alternative to offering a new lease per Section 2.2 of the Lease and this Section IX.C. [Right of First Refusal], MAC may, at its sole discretion, decide to offer an amendment to the existing Lease." ***It's not clear what such an amendment might include. Would it simply extend the existing lease intact, or could it make substantial changes?***
- d. The last paragraph of section IX(C) says "MAC will not purchase the Improvements or provide compensation in the event a new lease is not offered pursuant to Section 2.2 [Right of First Refusal] of the Lease. ***This should include an exception for 2.2(v) where MAC requires the property for airport improvement.***

ACAA OFFICERS AND COMMITTEES

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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 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:

John Krack
7629 Lakeside Rd. NE
Fridley, MN 55432
(h) 763-786-5876

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.

ANOKA COUNTY AVIATION ASSOCIATION MEMBERSHIP APPLICATION

Name _____
Address _____
City _____ State _____ Zip _____
Home Phone (____) _____ - _____

Work Phone (____) _____ - _____
Cell Phone (____) _____ - _____

Email Address _____

____ New Member ____ Renewal

Please tear off this information sheet and mail along with a check (payable to ACAA) for:

\$15 - 1 Year \$27 - 2 years \$35 - 3 years

(Please check desired membership term)

To: John Krack
 7629 Lakeside Rd. NE
 Fridley, MN 55432

Your renewal date is shown on your mailing label.

Do you have any special concerns or issues you would like to communicate?

To help us keep current with our members' interests, please fill out this survey.

Are you an: Aircraft Owner? _____
 Type of Aircraft? _____

 Hangar Owner? _____
 Hangar Street and #? _____

 Pilot? _____
 FBO? _____

Do you have any special interests, such as:

Aircraft Restoration? _____
Homebuilding? _____
Recreational Flying? _____
Other? _____

Office Use Only: Check #: _____ Entered: _____

Anoka County Aviation Association
7629 Lakeside Rd. NE
Fridley, MN 55432